



NATIONAL OPEN UNIVERSITY OF NIGERIA

SCHOOL OF MANAGEMENT SCIENCES

COURSE CODE: MBA 835

COURSE TITLE: MANAGERIAL PROBLEM SOLVING

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MANAGERIAL PROBLEM SOLVING

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FRED EBURM

COURSE GUIDE

INTRODUCTION

This Course, MBA 835: Managerial Problem Solving is a course in the School of Management Sciences. It has been arranged into three modules which are all related, beginning with a kind of introduction to what management is, then problem solving and Decision Making in Organisations, and the issue of communication and Team building in organizations. Each of the modules is further arranged into units to help you understand the course better.

The course arose out of the fact that in contemporary society, both public and private organizations are challenged by increasingly complex tasks and problems

which they are expected to take the lead in solving. Public organizations are faced with societal problems, while private organizations are confronted with the problem of how to conduct their business in a socially responsible manner. At the same time, both public and private organizations are also increasingly confronted with uncertainty. As a student of management, you are expected to learn about such problems, in order to understand the way managerial decisions are taken.

The Course Aim

The course is aimed at acquainting you with knowledge in the field of management and to develop certain skills necessary for your success in the field of management. It is specifically designed to enable you to understand that while managers are expected to perform those managerial duties, some problems do surface in the process and one of the skills that every manager must possess is that of problem-solving. And the process of problem-solving also requires that decisions be made by the manager in a way that will facilitate the success of the organization. The essence of you studying this course is to expose you to the rudiments of management, problem solving, decision making, communication in organization and Team building.

Course Objectives

At the end of the course, you should be able to:

1. Define and explain the nature of management
2. Explain the relationship among the element of management, problem-solving, and decision-making.
3. Define and describe the steps to solving Managerial Problems

4. List and explain four types of managerial decisions
5. Link communications processes to the management processes of planning, organizing, leading and controlling.
6. Identify the types of Teams that are found in Organizations.
7. Explain Work Team characteristics.

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MODULE 1

- Unit 1 The Nature of Management and Managerial Work
- Unit 2 Values of Management: Is Management an Art or Science?
- Unit 3 Management vs Administration and the Environment Factors of the
 Manager
- Unit 4 Management Objectives and Management Skills
- Unit 5 Forecasting and Planning

UNIT 1 THE NATURE OF MANAGEMENT AND MANAGERIAL WORK

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1.0 INTRODUCTION

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- Define and explain the nature of Management
- Describe the management process.

3.0 MAIN CONTENT

Society and organizations have metamorphosed over time from simple to complex. This element of complexity has necessitated the concept of Management. It is therefore, imperative to understand the meaning of Management and what management entails.

3.1 Definition of Management

Mary Parker Follett (1941) defined Management as “getting things done by other people” This is a very simple way of defining management.

Stewart (1967) went on to describe a manager as: “someone who gets things done with the aid of other people”. But in order to incorporate the various aspects of an organization and the work process, Management has been further defined as: “the activity of getting other people to transform resources so that the results add value to the organization in terms of reaching its organizational goals” (Smith, 2011).

This definition shows that management involves working with people and other resources, which are transformed to bring out such outputs that add value to an

organization by assisting that organization to be able to reach the goals which it has designed for itself.

3.2 Elements of Management

Henry Fayol, one of the early Scholars in the field on Management, explained that the activities of industrial undertakings can be grouped into the following:

- a. Technical – This involves production, manufacture and adaptation;
- b. Commercial – This has to do with buying, selling, exchange and market information;
- c. Financial – This includes obtaining capital and making optimum use of available funds;
- d. Security – This is safeguarding property and persons;
- e. Accounting – This involves information on the economic position, stocktaking, balance sheet, costs and statistics;
- f. Managerial – This has to do with administering the various components of the organization.

The Managerial activity is divided into five (5) elements, those five elements are the ones referred to as the elements of Management.

3.3 Elements of Management

- i. Planning – This includes forecasting, that is, examining the future, deciding what needs to be achieved and developing a plan of action.
- ii. Organising – this providing the material and human resources and building the structure to carry out the activities of the organization.
- iii. Command – This has to do with maintaining activity among personnel, getting the optimum return from all employees in the interests of the whole organization.
- iv. Coordination – This means unifying and harmonizing all activities and effort of the organization to facilitate its working and success.
- v. Control – This has to do with verifying that everything occurs in accordance with plans, instructions, established principles and expressed command.

Another Scholar, Brech identified four elements of management: Planning, control, Co-ordination and Motivation.

It could be seen that planning, control and co-ordination are included in the elements as identified by Henry Fayol, however, Motivation seems not to be included. But what Fayol calls command, which he defines as maintaining activity among personnel and getting optimum return from employees, might be taking to mean what Brech refers to as

motivation, which he describes as getting members of the team to work effectively and to carry out properly the activities allocated to them.

Having defined what management is, and explain the activities and elements of management, it is now imperative to discuss who a manager is.

SELF ASSESSMENT EXERCISE

Discuss the elements of managerial activity.

3.4 Definition of a Manager

A manager can be defined as a person responsible for controlling or administering an organization or group of staff.

The Business dictionary defines a Manager as “an individual who is in charge of a certain group of tasks, or a certain subset of a company. A Manager often has a staff of people who report to him or her”.

For example, in a restaurant, there will be a Front-of-house Manager whose responsibility is to assist the patrons, as well as to supervise the hosts; a particular project can have a manager known as Project Manager. In a company, there may be different managers depending on the various departments within the company, as well as the different functions that are performed in each department of the company.

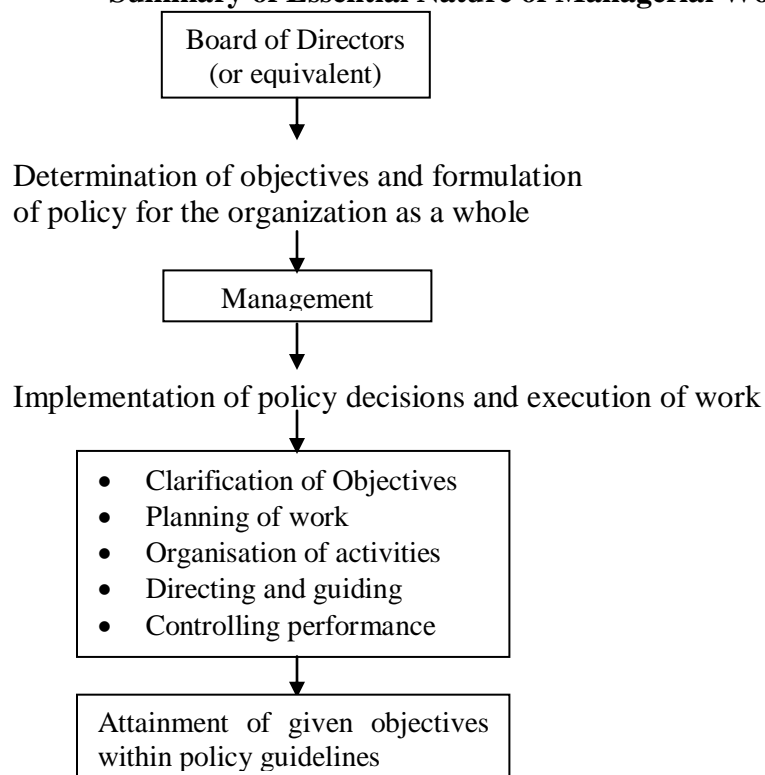
The important thing to note here is that a manager, no matter where he works, has certain tasks which he has to perform. Drucker (1977) identifies the following as the tasks of a manager:

- i. Fulfilling the specific purpose and mission of the institution, whether business enterprise, hospital, or university.
- ii. Making work productive and the worker achieving;
- iii. Managing Social impacts and social responsibilities Drucker, according to Mullins (2007), then goes further to identify five basic operations in the work of a manager, which are listed as follows:
 - Sets objectives – determines objectives and the goals for each area of objectives, and describes what needs to be done to achieve these objectives.
 - Organises – analyses the activities, decisions and relations required, classifies and divides work, creates organization structure and selects staff.
 - Motivates and communicates – creates a team out of people responsible for various jobs.

- Measure – establishes targets and measurements of performance which focus on both the individual and the organization as a whole.
- Develops people – directs, encourages and trains. How well subordinates develop themselves depends on the way a manager manages.

All these categories are said to require a combination of analytical ability, synthesizing ability, integrity, human perception and insight, as well as social skill. From all these, it could be seen that who a manager is, can be defined only by the person’s function and by the contribution he or she is expected to make. Managers are usually judged not just on their own performance but on the results achieved by subordinate staff. And as Mullins (ibid) points out, we can see management as clarifying objectives and the planning of work, organizing the distribution of activities and tasks to other people, direction of subordinate staff and controlling the performance of other people’s work; and this provides us with a convenient description and summary of managerial work as clarification of objectives, planning, organizing, directing, and controlling.

Figure 1.1 Summary of Essential Nature of Managerial Work



Source: Mullins, L (2007). Management and Organisational Behaviour, Harlow: Pearson Education Limited. Eighth Edition. Page 419.

SELF ASSESSMENT EXERCISE

Who is a “Manager?”

3.5 Skills and Abilities Needed by Managers

Managers are found in different fields of endeavours; but whatever the role of the manager or whether in the private or public sector, for him or her to be able to carry out the process of management and the execution of work, the manager requires a combination of the following skills:

- i. Technical Skills – these consist of specialized knowledge of an industry or a process. Technical skills can involve engineering, scientific, financial, legal knowledge and so on. It relates to the application of specific knowledge, methods and skills to discreet tasks. In most cases, technical skills are obtained initially through formal education and are later developed by formal training.
- ii. Conceptual Skills – these refer to the ability to view situations broadly, think analytically and to solve problems. This ability is required in order to view the complexities of the operations of the organization as a whole, including environmental influences. It involves breaking problems into smaller parts and understanding the relationship between these parts. It also involves decision – making skills. However, the manager’s personal contribution should be related to the overall objectives of the organization and to its strategic planning.
- iii. Interpersonal Skills – these can be referred to as social and human skills. These skills have to do with the ability to work effectively with other people and teams within the organization. They involve listening carefully to the views of other people and tolerating their differing perspectives. The components of this skill are:
 - Communication – ability to carry out effective communication
 - Motivation – ability to motivate
 - Political acumen – needed to be able to build a power base and establish the right connections as well as to enhance one’s own position.
 - Flexibility in adopting the most appropriate style of management.
 - Team building
 - Conflict management
 - Problem solving
 - Decision Making
 - Managing change
 - Delegation

SELF ASSESSMENT EXERCISE

Discuss the skills needed by Managers.

4.0 CONCLUSION

Management has increasingly become more about managing people than managing operations. In this unit, we have defined management and the skills needed by Managers in organizations.

5.0 SUMMARY

This is a foundation unit. It provides an introduction to the subsequent topics to be learnt in the course. The unit tries to define management and who a manager is. It also discusses the activities of management, the elements of managerial work and the skills needed by a manager. With this background knowledge, we will now proceed with our study.

6.0 TUTOR MARKED ASSIGNMENT

Enumerate and discuss Drucker's tasks of a manager.

7.0 REFERENCES/FURTHER READINGS

Brech, E. F. L. (1975). Principles and Practice of management, London: Longman. Third Edition.

Drucker, P. F. (1977: 28). People and performance, Canada: Harper Collins Limited.

Mullins, L. (2007). Management and Organisational Behaviour, Harlow: Pearson Education Limited. Eighth Edition.

UNIT 2 VALUES OF MANAGEMENT: IS MANAGEMENT AN ART OR SCIENCE?

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Values of Management
 - 3.1.1 To keep pace with the environment
 - 3.1.2 Combining the factors of production
 - 3.2 Classification of Management
 - 3.2.1 Characteristics of Science
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1.0 INTRODUCTION

We are going to consider in this unit the values of management. Also to be discussed is the issue of whether management is an art or science. In the first unit of this course which was discussed last week, we had two working definitions of management. The first definition was given by Weirich and Koontz and the second definition was provided by Sir Reynolds. With these two definitions, we were able to derive the nature as well as the purpose of management. We have to bear these in mind particularly when we find ourselves in the process of managing an organization.

But knowing the nature and purpose of management is not enough. In this early stage of the course on Introduction to Management, it is well to state clearly the values or the essence of studying management. Even though we stated briefly in our last discussion that management remains one of the best things that happen to an organization, we still need to pinpoint clearly why it is so. Further, probing into management, argument sometimes arises whether to classify management in the domain of pure science or to remove the cap of science from management and replace it with another cap of Art. That is, to situate management in the door step of Art. We shall be looking at these issues and resolve the apparent contradictions.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- State the values of management
- Distinguish management from administration

3.0 MAIN CONTENT

3.1 Values of Management

Management has values. A value is the importance we attach to something. This means that something is of importance to us simply because we have placed some values on it. The same consideration goes to management. Management has importance because there are core values associated with it. These values constitute the reasons why we bother to study management.

3.1.1 To keep pace with the environment

To keep pace with the environment is one of the values of management. The environment of management is a dynamic one; that is, it is always undergoing changes. It is never static. The practice of yesterday becoming obsolete today. To be a breast with these changes demands thorough planning, plan execution, control and evaluation. All these and more demand careful thinking and analysis so that we may not make mistakes in our decisions.

Every economic activity must be directed towards ensuring that the desired goods and services are produced and made available to the consumers at a profit too to the organization. Committing mistakes along the line in the process of taking decisions can be fatal. This is because every business decision or any management decision necessitates the expenditure of organization resources. To spend organization's resources on unprofitable projects does not indicate sound management. It has to be avoided at all cost.

3.1.2 Combining the factors of production

Beyond the desire not to make mistakes in management decisions, another value of management is to be able to combine in the right proportion the factors of production or simply the resources of an organization to achieve a given output. The resources of any organization include: Finance, Material, Human, Information and Time resources.

Management has to work out the portion from each of these resources and combine them technically in the desirable proportion in order to get an output. There should be no wastage. Remember in our last lesson in unit one, we emphasized the need for management not only being effective but also being efficient. Consequently, efficiency in the productive use of organization's resources is one of the strong values of management. Related to this is the fact that the resources of an organization are inert. That is, they do not have consciousness except of course the human resources. As a result, the usefulness of the resources can only be seen in the manner in which they have been combined in order to get result through the output. All these demand tools and relevant techniques which we can get through management principles and theories plus some supporting courses.

3.1.3 To get the best from Human Resources

We have already emphasized that human resources are among these sources available to an organization. But of all the resources, only the human resources have consciousness. But human beings are unpredictable. No one knows what is going on in the mind of another person; only God knows. This is so because the mind of man is like a black box. Nobody sees what is going on there. The physical appearances and expressions can be deceptive. We will be smiling outwardly but what is going on inside is an accumulation of venom, to be spat on the same person we are smiling at. But these same human beings whose behaviours we cannot predict play important roles in an organization.

As managers, they are creative and problem Solvers, taking vital decisions necessary for the survival of the organization. As subordinates, they perform the routine tasks necessary to get the products and/or services for the customers. To get the best from them either as employees or a manager calls for sound human relations through the practice of management. The workers must be blended harmoniously and make them to work as a team. The rough edges in their personalities must be smoothen. And that is the work of management.

SELF-ASSESSMENT EXERCISE

You are going to do some thinking based on what you have just studied.

- But make sure you thoroughly understand the points we have been making on the needs to study management. Close your book and relax.
- Reflect in your mind and try to figure out why there are differences in behaviour among human beings. To put it simply, why is it that no two individuals even siamese twins can behave exactly the same way?

3.2 Classification of Management

Argument sometimes arises as to whether management can be classified as an art or science. To address this issue, we need to know the features of science so that we can eventually ask ourselves whether management has these features. Thereafter, we also need to consider what is an art and then find out whether management has any bearing in being 'art'.

3.2.1 Characteristics of Science

The essential characteristic of science is that knowledge is based not on emotions or sentiments but on systematic measurement and objectivity. This has arisen through the application of scientific method to such an extent that whoever follows the same method will ultimately arrive at the same conclusion. The scientific method itself concerns the determination of facts, which is carried out through the observation of events or things. It is not just enough to observe things, the events or what is being observed must be verified. The verification becomes necessary so as to establish the accuracy of the facts. Consequently, continuous observation of the events is necessary for a period of time. After a period of continuous observation, the next stage is to classify the facts so as to be able to analyze them objectively. When the facts have been classified and analyzed, scientists then look at them so as to find some cause and effects which they believe to be true. That is, for something to happen, there must be a cause, for there is no smoke without fire. It is the fire which is the cause that produces the smoke. This is true. This is generalization which scientist called hypothesis. The hypothesis must be tested further for accuracy. When this is done and the hypothesis is found to be true, that is, it is capable of explaining a reality and therefore possesses value of predicting what will happen in similar circumstances, it is no longer hypothesis but a principle. And a group of principles explaining some realities is what is called a theory. And a theory which has not been rejected or refuted over a long period of time becomes a law, such as the law of gravity.

The above scientific procedure of making principles and theories is applicable to management. In other words, management principles and theories are also derived - through similar manner. To this extent, it is safe to say that management belongs to the realm of science. But with a qualification. And the qualification is that it is not an exact science like mathematics or physics. It is a social science and managers, that is, those who practice management are known together with management scholars as social scientists.

3.2.2 What is An Art?

The application of principles is what is referred to as art. And is common to many professions. The doctor has been trained scientifically for many years in the university and in so many areas. A sick patient before him has to receive treatment. But in treating him the doctor needs to ask him some relevant questions. Further probing may necessitate asking the patient to go for laboratory tests. The answers for all these will make the doctor to fall back on his training. He has learnt the causes and treatments of ailments and from the responses from the patient and outcome of the laboratory tests will make the doctor to isolate the cause of the ailment and on that basis makes his prescription. While prescribing, he is carrying out the art nature of his profession.

For further example, the civil engineer constructing a bridge has to fall back on the body of scientific knowledge he has learnt. He knows through the source the expansion of objects when heated. He knows that the concrete he is pouring or the slabs he is making will expand when heated by the sun. He has to create space if he is to avoid people calling him a quack engineer. The spaces he creates are the expansion gaps. You might have seen them in bridges. They are necessary so that when the concrete is heated, instead of the bridge cracking and collapsing, the expansion gap accommodates the lengthening. In creating the expansion the engineer is merely relying on his scientific knowledge he has acquired.

In the same manner as above, the manager also draws from the body of knowledge which has been accumulated scientifically when solving management problems. As a result, a person who is managing without the body of knowledge is trusting on luck or intuition or is simply practicing witchcraft. He is shallow. But with the scientific knowledge behind him in addition to his intelligence, imagination and foresight, he could be an excellent manager.

From what we have been discussing, we can safely conclude that management is both art and science. It is in the realm of science because there exists a body of knowledge which has been scientifically determined. And the application of the knowledge in giving viable solution to management problems in organizations bring out the art nature of management.

SELF-ASSESSMENT EXERCISE

- i. There are many professions that have the twin nature of art and science.
- ii. List five of such professions which are commonly found in Nigeria.

4.0 CONCLUSION

We have taken a step further in our analyses of management. We have seen that management is important because it makes us to be responsive to the environment so that we can avoid making costly mistakes.

Management is also important in the sense that it enables us to know how to combine optimally the factors of production or the organization's resources so that we can have greater output. And yet again, we have seen the importance of management in enabling the manager to know the techniques to employ to get the best from human beings whose behaviours ordinarily cannot be predicted.

We did look again into the nature of management so as to determine whether to situate management in the abode of science or in the domain of art. Our conclusion is that management is in both.

5.0 SUMMARY

We have discussed the importance and values of management. We have also seen that management is both science and art. Our knowledge on management has further increased through the contents of this unit. We are still going to increase our knowledge further in the next and subsequent units. However, in our next unit we will be discussing management and administration as well as the environment of the manager.

6.0 TUTOR-MARKED ASSIGNMENT

1. Explain the core values of management.
2. Is management art or science? Give reasons to your answer.

7.0 REFERENCES/FURTHER READINGS

Koontz, H and O' Donnell ():

UNIT 3 MANAGEMENT VS ADMINISTRATION AND THE ENVIRONMENT FACTORS OF THE MANAGER

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 - 3.2.7 Technological Environment
 - 3.2.8 Economic Environment
 - 3.2.9 Cultural Environment
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
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1.0 INTRODUCTION

In our previous discussion in unit 2, we looked at the values and importance of management so that when we are managing we should appreciate our efforts in contributing to the achievement of organizational objectives. In the same vein, when we see managers we will always respect their offices and duties for the roles they are playing, irrespective of the levels they are occupying. Such a manager can be a top level manager like the Managing Director, or a middle level manager such as the product manager of an organization or even a supervisor down the organization line; lie is also managing. We should also recognize the roles others are playing in non profit organizations but applying the principles and techniques of management to get results. Such persons may be found in the church, in the mosque, in ministries, in Rotary club and in similar organizations; they are managing too. And they recognize the values of management.

We discussed too the issue of whether management is an art or science.

We analyzed briefly the features of science as the organized body of knowledge; management too has these features. Our conclusion was in the positive and it was on this basis that we classified management as belonging to science. But not an exact science, it is in the social sciences. Management has professionals, those that practice it. And the practice of management brings the art component.

We are going to look into management and administration so as to find out whether there is any difference between them. We said that management has to be practiced. The practice of management is done in an environment. Therefore, we shall be discussing in this unit too, the environment of the manager or simply put, management environment.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- Explain the relationship between Management and Administration.
- List the external environmental factors of the manager
- Describe the environmental factors of the manager.

3.0 MAIN CONTENT

3.1 Management and Administration

Confusion sometimes arises between the use of the words, "Management and Administration". These words are used by different people and often by the same persons as if they are synonymous. There are differences at least in concept.

3.1.1 Administration

The word "Administration" concerns the laying down of policies. And this is done at the top level, that is, the level of the Board of Directors and the Managing Director which we regard as the first layer in the structure of an organization. A policy is a guide to action and provides the direction that all organizational efforts will follow. Associated with the laying down of policies is the need to provide broad plans and programmes through which the laid down policies can be effectively implemented. Associated with all these is the need too to provide the yardstick through which performance can be measured. That is, there is the importance of working out performance standards which can be measured against actual performance. This is important so as to find out whether the policy

guidelines have to be followed. If it has not been followed, then there is a deviation. The Administrator needs to find out and investigate the reasons for the deviation and make the necessary correction. This is to avoid future occurrence of such negative incident. Consequently, as a process, administration determines aims and objectives for which the organization operates.

3.1.2 Management

Management on the other hand does not only concerns itself with policy formulation. Creating standards for performance evaluation, determining aims and objectives but goes further. Remember in our first unit, when we were looking at the nature and purpose of management, we saw that management runs across the entire organization. That is why, there are top level management which also carries out administration through strategic management. We can then say that top level management is the same thing as administration. And there are also other levels, such as the middle and low or supervisory levels.

Consequently, as one descends down the organization line, what one is going to find is no longer the question of laying down policy and performance standards as well as strategies for implementation but execution. And you cannot be formulating policy and at the same time be the one to execute it. The executive officers can be regarded as the middle level managers and supervisors and not the administrators or top level managers. From all these, administration is at the top which is the same as top level management. But as we find other levels of management below, we do not find administration. Management is consequently more embracing and pervasive.

3.1.3 What Happens in Practice?

We have analyzed the relationship between management and administration. But what happens in practice is that it is difficult to separate the thinking (i.e top level management and administration) from the doing aspects. Actually, every manager or whatever designation that is used, discharges both administrative and executive functions. You may be the Chief Executive of an organization which means that you are a top level manager or an administrator.

But you may find yourself in some day typing your own letter, a task that is supposed to be performed by your secretary who occupies a low level position. In this circumstance, rather than performing your top level management job, you are now executing.

But it has to be pointed out that though every manager discharges both administrative and executive functions, the extent of such performances generally vary with the management level that an officer finds himself. At the top level, managers spend more time on

planning and organizing (administration). Leading the subordinates in the process of executing what has been planned takes a great deal of time of low level managers (supervisors). Middle level managers devote equal time to planning, organizing and leading, that is, equal time to administration and execution. We shall be taking the functions of management at future units.

SELF-ASSESSMENT EXERCISE

Outline the major relationships between Management and Administration.

3.2 The Environmental Factors of the Manager

In one of our working definitions of management, that is, the one given by Wehrich and Koontz, the purpose of management is to create an environment. But the manager operates in two environments. These are the internal environment and the external environment. The manager has control over the internal environment in the process of managing. Such internal environmental factors include: the employees, arranging the roles of the employees, assets of the organizations, supplies including raw materials. But while doing all these, he takes into careful consideration the external environmental factors which he has little or no control on/of. He responds to them and the responses have to be decisive. We are going to consider these external environmental factors and management responses to them in the process of managing.

3.2.1 Physical Environment

This relates to the land area, climate, topography, drainage system, vegetation and soil types as they affect the sources of inputs, the conversion of inputs to output, the location of business and the consumer locations. Nigeria has an estimated area of 941,849 square kilometer, incorporating a wide area of arable land. The manager has to find out which resources, available in the country are relevant to his business. For example, agro allied business can be established using such raw materials as: cassava, yam, rice, maize, Soya beans, groundnuts among others; building and road construction can be established using bitumen, timber and wood, sands, clay materials, limestone, iron among others; and petrol chemicals can flourish using crude oil, natural gas, chemical derivatives, electrodes, rubber, metals, iron scraps etc.

3.2.2 Legal Environment

The manager must comply with the legal requirements for establishing and operating his business. For example, he has to register his business through the appropriate Nigerian law, such as: the Registration of Business name Act of 1961; the Partnership Law of the various states of the federation; and the Companies and Allied Matters Decree (CAMD)

of 1990. The appropriate Law(s) to register the business depends on the type of business and we have different forms of business organizations.

They include: Sole Proprietorship or one man business or one woman business.

Advantages

1. It is simple to start
2. Small registration fee is required
3. There is minimum government regulation
4. The owner is the overall boss
5. All profits belong to the owner

Disadvantages

1. There is difficulty in finding suitable partners
2. There is difficulty in raising capital
3. It may need the experience of others
4. There is unlimited liability
5. There is high failure rate

Partnership which is formed by at least two persons.

Advantages

1. More capital is put into the business
2. More experience of others are received
3. Liability is shared

Disadvantages

1. Finding suitable partners may be difficult
2. There may be disagreements between partners
3. Partnerships agreements (deeds) require legal fees
4. Profits are shared
5. Death of a partner brings the partnership to an end.

Limited liability Company

Advantages

1. There is access to additional capital
2. There is ease of ownership transfer
3. Limited liability is possible
4. There is continuity

Disadvantages

1. It costs more to set up
2. More legal requirements are involved
3. More government regulations

Co-operative Society

You are well familiar with what a cooperative society is. It is also a form of business. In our previous courses (BHM 101 and BHM 104) the advantages and disadvantages of cooperatives have been well explained.

3.2.3 Financial Environment

This is an important factor. And the manager has to take decisions connected with capital investment, operating capacity, prices of his products, sources of funds and how the funds will be applied among other decisions.

3.2.4 Social Environment

The social environment concerns the norms, tastes, and habit of the target population in the community.

These must be taken into consideration in deciding what product and/or service to produce.

3.2.5 Political Environment

Government policies determine business practices and investment climate in the economy. As a result, the stability of government, the priority of the political party in power etc. would definitely affect business operations.

3.2.6 Demographic Environment

Population and its distribution constitutes the target markets for goods and services. The manager has to take into consideration the composition of the population and work out which area(s) e.g. men or women or children his market lies.

3.2.7 Technological Environment

Technological changes make previous practices obsolete, such as the use of computer in business operations. The manager has to adjust positively to changes in technology. Remember that technology is simply the manner of doing something. It has to be updated from time to time.

3.2.8 Economic Environment

The manager, in order to ensure that the business is viable has to be familiar with:

- (a) The general state of the economy. If the economy is buoyant, there will be more demands for goods and services and as a result, more revenue for the organization. Similarly, if the economy is depressed, fewer goods will be demanded and fewer revenue for the organization.
- (b) Income distribution, expenditure patterns, saving capability of consumers all affect demands. The manager should always find out information concerning all these.

3.2.9 Cultural Environment

Such as the values of the people which affect consumption of goods and services.

SELF-ASSESSMENT EXERCISE

You are required to list all the external environmental factors. Give two reasons why a manager should pay attention to them.

4.0 CONCLUSION

In this unit, we have discussed the relationship existing between Management and Administration. Top level management is the same as Administration because they are concerned with policy formulation and standards through which performance can be measured.

But whereas Administration is largely at the top, management, however, permeates the entire organization. We concluded that the apparent difference is mainly in concept

because in practice a top level manager or an administrator can also execute. But the extent depends on the level in which the manager finds himself.

We did look at the environmental factors that affect management. We emphasized the external environmental factors which are economic, technological, cultural, legal, political, social, demographic and physical factors. The manager has to respond to all these.

5.0 SUMMARY

We have looked at the relationships between Management and Administration. Having done that, we went further in this unit to examine the external environmental factors that affect the practice of management, which in turn affect management decisions. And we identified and explained nine of such factors. In our next unit, we shall be looking at objectives of management and the management skills required to carry out these objectives.

6.0 TUTOR-MARKED ASSIGNMENT

1. List the external environmental factors that affect the practice of management.
2. Show how the manager responds to any five of them.

These areas are:

- (a) Top level management is the same as administration.
- (b) Management at the top and Administration are involved in policy formulation, setting standards for evaluating performance, taking corrective actions and so on.
- (c) Both depending on the circumstance can be involved in execution as well.

The external environmental factors are: Economic, physical, legal, financial, social, political, demographic, technological, and cultural.

Attention has to be paid to them because:

1. That is where the manager gets his inputs which he changes to goods and services as output.
2. Some decisions e.g. legal can affect his business either positively or negatively.

7.0 REFERENCES/FURTHER READINGS

Ebunu, F.C (1998) Revision notes on Business Management. Federal Cooperative College, Ibadan. Unpublished.

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UNIT 4 MANAGEMENT OBJECTIVES AND MANAGEMENT SKILLS

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Definition and Characteristics of Business Objectives
 - 3.1.1 Characteristics of Business Objectives
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 - 3.2 Examples of Business Objective
 - 3.2.1 Nature of Business (Mission Statement)
 - 3.2.2 Survival Objective
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- 4.0 Conclusion
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- 6.0 Tutor-Marked Assignment
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1.0 INTRODUCTION

An examination was made concerning the relationship between Management and Administration. We had a conclusion that there exists a difference between the two conceptually but in practice there is little or no difference. This is because at one stage the administrator or the top level manager carries out some task which is executive in scope.

In our present unit we are going to take further aspects of management.

We will be discussing objectives of management. It would be recalled that in our first unit when we were discussing the nature and purpose of management, we did say that a manager must accomplish result. That is being effective. But in accomplishing result, the manager should be prudent in the use of resources. This is efficiency. The output is greater than the input. But to achieve demands that the manager must set a predetermined objectives, bring together the necessary resources and set out together with his team

toward the attainment of the organizational objectives. We shall discuss the various forms of business objectives which also constitute management objectives. Also to be discussed are management skills necessary for the attainment of organizational objectives. The skills are emphasized because in most cases some organizations set objectives, but the realization of such objectives is not emphasized. This is unsound management which must be rejected and discouraged.

2.0 OBJECTIVES

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

- List organizational objectives
- Discuss features of business
- Explain management skills

3.0 MAIN CONTENT

3.1 Definition and Characteristics of Business Objectives

An objective generally is an end in view. It represents the point an organization wants to attain and it is futuristic, that is, it concerns the future. Since an objective is an end in view, it represents future expectation of management. That is why enterprise activities must be directed towards the attainment of the set objectives.

3.1.1 Characteristics

Objective has important characteristics which must be taken into consideration. These characteristics stamp the mark of seriousness in business objective or any objective in non business organization set by a serious manager. These features or characteristics of a good objective are:

- (a) It must be specific: An objective should be targeted at specific result. This is necessary so as to avoid too much generalizations which make it difficult for an organization to know whether it is on the right track or not. A good business objective should be targeted and focused at a specific spot. This will enable management to concentrate at that point for the fulfillment of the objective.
- (b) Action: A good objective commands not only the focus of management but also management action. Management by its very nature as a process is action oriented which is on going. But the action must be in the desired direction which has been provided by the specificity of the business objective. Action demands that the

required resources in terms of human, material, time, information and other necessary resources must be put in place toward the attainment of the objective. That is why, the goodness of an objective depends on how resources are channelled towards its accomplishment, otherwise it becomes merely a formality.

- (c) **Realistic:** An objective should not be set for setting sake or simply another organization has its own objective. A realistic assessment needs to be made concerning the organizations strengths and weaknesses. This is important so that right from the early stage the organization will be able to determine whether it has the required resources with which to accomplish the objective. If the resources are not available in sufficient quality and quantity, then a more realistic objective compared to the resources available should be set.
- (d) **Measurable:** An objective should be quantified, that is some figures should be attached. This is necessary for verification which means that at a required time, performance must be compared with the standard. The essence is to find out if efforts being made are in the right direction. If this is not the case, the necessary corrective measure should be put in place to rectify the situation.
- (e) **Time:** The objective should be time bound. This indicates that within specific period, the objective must be accomplished.

Another element concerning this feature of an objective is that it has to be formulated at the relevant period. In other words, the timeliness of the objective is important otherwise, events would overtake it.

All these features and attributes of an objective go together; they can not be separated from one another. This is why they should all be considered in the process of objective formulation, objective implementation and objective evaluation.

3.1.2 Types of Objectives

The types of objectives are indicated in the time in which the objectives are to be accomplished. There are therefore short term objective, medium term objective and long term.

(a) Short term Objective

For the Nigerian environment which is erratic and turbulent, short term objective is usually less than on year. Compared to advanced economies, this is too short. But in those advanced economies, they are a stable and one can plan over a long range of time. In short term objectives, the nature of such objectives are tactical and operative. That is, they are objectives which are often yearly for departmental functions (tactical objectives)

and they command activities which are specific, determined and for more immediate implementation (Operating objective/activities).

(b) Middle term Objective

Again, in respect of the Nigerian environment, the middle term objective is usually lesser than five years.

(c) Long term Objective

This is usually more than five years. The middle term and long term objectives are usually formulated through corporate objectives and mission statements. The corporate objectives in commercial organizations are often expressed in profit figures. In respect of the mission statements, they indicate in general terms the organization self-identify, that is, the way it sees itself and wants to be perceived.

SELF-ASSESSMENT EXERCISE

Describe the following terms:

- Tactical Objective
- Mission Statement Operating Objective

What are the durations for the objectives and the names?

3.1.3 Multiplicity and Hierarchy of Objectives

(a) Multiplicity of Objectives

An organization may have more than one objectives and resources are committed toward their attainment. When this is the case we say that such an organization has a multiplicity of objectives.

(b) Hierarchy of Objectives

There may be corporate objectives reflecting the medium and long range plans of the organizations as well as the mission statements. There are also departmental objectives.

When there exist the corporate objectives for the entire organization at the top, and below are arranged the departmental and sectional objectives. We say that such organization has hierarchy of objectives.

3.2 Examples of Objectives

There are different types of objectives depending on the organization.

Below are examples of business objectives:

3.2.1 Nature of Business

A business organization must have an objective showing its nature, that is its mission statement. To be able to set this type of objective, the organization must be able to identify those that constitute its customers. This is achieved by identifying their needs and how these needs can be satisfied by the provision of some goods and/or services. Management should not only think of the immediate needs of the customers but also their future needs as well. The objectives must be broad so that future opportunities are not lost through too specific objectives.

3.2.2 Survival Objective

Every organization wishes to survive. To be able to survive demands the provision of goods and/or services which the customers need. That the output of the organization should be capable of meeting the needs of the customers. If this is not the case, then the sustainability or survival of the business over a long period is doubtful.

3.2.3 The Growth Objective

A business organization grows or dies especially in a competitive environment. Growth is a quantity shift from one point positively to another point. Adequate growth provides more revenue to the organization and promotion opportunities for the employees. It increases the strength of the organization in the face of competition.

3.2.3 Profit Objective

The very survival of an organization dictates that a certain minimum profit has to be made. Profit is important also because it measures the performance of management in a business organization. It makes it possible for the shareholders to have a return on their investment. It is again through profit that other business organization can be attained.

3.2.4 Increasing Productivity Objective

Linked to profit objective is the productivity objective. Increasing productivity lowers unit cost of the product. Through this, the organization can be able to compete and penetrate the market.

3.2.5 Social Obligation Objectives

These objectives are many. They range from supplying of adequate product/services at reasonable prices to the customers, ensuring that the share holders get good dividends, giving employment to the members of the public, paying taxes to the government among others. We shall be taking the social responsibilities of the manager in due course in one of the subsequent units.

SELF-ASSESSMENT EXERCISE

There are many business organizations around especially in the urban centers in Nigeria. Visit about three of them and write the following concerning them:

- i. Their mission statements
- ii. The types of objectives they have
- iii. Examples of objectives

3.3 Management Skills

For a manager to perform well and be seen to be performing creditably, he needs some skills which must be brought to bear in his functions.

These skills are:

3.3.1 Technical Skills

Technical skills form the knowledge of and proficiency in activities involving methods, procedures and processes. They involve working with tools and techniques. As an example, the mechanics work with tools and their supervisors should teach them the ability of how to use the tools. Also, accountants require specific techniques based on principles on how to do accounting work.

3.2.2 Human Skills

These are the ability to work with people. They involve cooperating with one another as a team by creating an environment when people feel secured and free to express their opinions.

3.3.3 Conceptual Skill

This is the ability to see the big picture of the end in view (objective) of where you are going. It also demands that you should be able to see those activities that are necessary to

realize the big picture. The picture must be clear, capable of excitement. Remember, the scripture says people perish for lack of vision. We should be able to see the picture of what we want. It is a skill which must be learnt.

3.3.4 Design Skill

This is the ability to solve problems in ways that will benefit the organization. This is done by working out practical solutions to identified problems.

4.0 CONCLUSION

Throughout this unit, we have discussed important aspects of management. One of these is that the manager must have management objectives. We did identify the features of a good management objective. We also describe types of management objectives as well as examples of business objectives. We went a step further that for the objectives to be achieved there is the need for the manager to possess specific skills which he has to learn through training and retraining.

These skills are technical, human, conceptual and design skills.

5.0 SUMMARY

We have learnt the objectives of management and different forms of management objectives. There are also important skills which the manager needs to possess in order to be able to perform his functions. We have discussed these skills. In our next unit we will be discussing management functions which separate him from his subordinates.

6.0 TUTOR-MARKED ASSIGNMENT

There are three levels of management: top, middle and low levels. Show clearly how management skills are reflected in each level.

7.0 REFERENCES/FURTHER READINGS

Wehrich, H and Koontz, H (1993): Management, A Global Perception. McGrawHill Inc N. J. USA 10th Edition.

Richardson B. and Richardson, R (1992): Business Planning, An Approach to Strategic Management. Financial Times Management. Great Britain 2nd Edition.

UNIT 5 FORECASTING AND PLANNING

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Forecasting
 - 3.2 Planning
 - 3.2.1 Definition of Planning
 - 3.2.2 Features of Planning
 - 3.2.3 Planning and Decision Making
 - 3.2.4 Steps in Planning
 - 3.2.5 Advantages of Planning
 - 3.2.6 Disadvantages of Planning
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
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1.0 INTRODUCTION

We have been discussing the very basic aspects concerning management. We have looked into the definitions of management including their analyses. This activity enabled us to know the meaning, nature and purpose of management. We then examined the core values of management, the relationship between management and Administration as well as whether management is an art or science. We further progressed in this introductory course by looking at the basic objectives of management and the skills necessary to attain organizational objectives. These topics and the sub-topics related to them are necessary to proper understanding of management. They give us the essence or the spirit behind management; and it is well we come back to them in future as we continue to make progress.

Starting from this unit, we are going to start discussing the management functions and we are going to start with forecasting and planning. You must understand that even though we are separating forecasting and planning in our discussions, in practice, it is always difficult to draw the distinction between forecasting and planning. That is to say that forecasting and planning go hand in hand in the process of carrying out management functions.

In classifying management functions, it is important we separate clearly those operations of an organization which are peculiar to that organization, such as sales, marketing,

accounting, maintenance, quality among others from the functions of management. The enterprise functions or an organization's activities vary from one organization to another while management functions are applicable to every organization. Also, while we are classifying these functions of management, it should not be done as if it is air-tight. "They relate to one another and they operate as a system.

2.0 OBJECTIVES

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

- Define forecasting and planning
- Describe the steps in planning
- List the advantages and limitations of planning

3.0 MAIN CONTENT

3.1 Forecasting

This is a management function that reduces areas of uncertainty that surround management decision. Such decisions can be on sales, costing, profit, manpower among others. Forecasting is aimed at calculating or predicting what is likely going to happen in the future. That is, the events or conditions are predicted in advance. By so doing, forecasting gives management the basis for expecting the desired outcome arising from management decisions. It also gives the manager an understanding of alternative courses of action. This means that a manager does not rely on a course of action; if the action fails, the manager is helpless. Through forecasting a manager has alternatives. Out of the alternatives he selects the one that can maximize his objective(s). As a result, management has explicit method of taking decision based on rational assumptions and calculations. You will learn the techniques of forecasting in statistics and quantitative techniques which are some of the technical courses you have to offer.

SELF-ASSESSMENT EXERCISE

List the importance of forecasting to a manager.

3.2 Planning

This is another management function which is futuristic. It goes together with another management function of forecasting. It involves deciding in advance what to do, how to do it, when to do it and who is to do it.

Consequently, planning has to do with the conscious choice of patterns of influence on the manager in his attempt to make decisions. For planning to be effective there must be the establishment of objective.

3.2.1 Definition of Planning

Planning is defined as the design of a desired future and of effective and efficient way of bringing it about. We can also look at planning as examining the future and drawing up a plan of action.

From the above two definitions of planning, we can identify some features of planning.

3.2.2 Features of Planning

- (a) Planning involves design. Remember to design is to create which is one of the skills of management. This means that before any other management function can take place, there must be first of all planning. Consequently, planning precedes action in respect of other management functions.
- (b) Planning attempts to bring necessary actions and fit them together to something we want to make sense of before it happens. This means that before we realize an objective, there must be series of actions which must be well fitted together in a logical sequence.
- (c) Arising from (b) above, planning is focused on the need to achieve stated and well defined objectives. This means that the end-product of planning is the realization of organizational objectives.
- (d) Planning is also a conscious deliberate response to the negative belief that unless something is done a desired future state will not occur, and to the optimistic belief that we can do things to improve our chances of achieving the desired state.

3.2.3 Planning and Decision Making

We have seen what planning is through two definitions on planning.

Arising from the definitions we have selected some features of planning. We are going further to see the relationship between planning and decision making.

Decision Making

In the process of planning in an organization decision is being made. This is because decision making is that activity that which makes the choice of which activity is to be carried from different activities. What this means is that before a decision can be made, there must be alternative or different ways to do something. Out of these ways, there must be an action to pick one alternative out of the several alternatives. A decision is therefore regarded as commitment to action. This is why a plan is useless unless it is committed into concrete action. A complete activity of planning/decision making process is shown below.

Figure 5.1: Planning/Decision Making Cycle

3.2.4 Steps in Planning/Decision Making

We have just seen that decision making is the heart of planning. Without taking decision and committing planning to action, the plan is useless and is of no value. It soon collapses because there is nothing to pump blood in it.

Figure 5.1 shows the relevant steps in planning. These steps are also the steps in decision making and we are going to consider them, though briefly, one after the other.

(a) Define problem/issue

This is the first step in planning/decision making. The objective has been set, and there is an obstacle toward the realization of the objective. As a result, before a problem does exist and becomes an issue there must be an objective which the problem is threatening. That problem must be identified and isolated. Care must be taken here so as not to confuse symptom of a problem to the problem at stake. For example, there can be smoke in the factory but what is causing the smoke is the fire.

Attacking the smoke is a sheer waste of time because the fire will continue to produce fresh smoke. The only way to put an end to the smoke is to quench the fire by a relevant means or a combination of Define problem/issue Measure result Collect relevant Data Develop alternative solutions Implement Action Assess the consequences Select maximum solution means. The same situation goes to management function of planning/decision. The exact problem has to be identified. The manager must therefore be diligent and painstaking.

(b) Collect relevant data

Planning and decision making cannot take place unless there is data. But the data should be meaningful to the problem already identified. This is where the information gathered in the management function of forecasting will be useful. The assumptions made will be

further subjected to analysis so as to determine the relevance to the problem at stake. Company records are also part of the data which have to be processed. Outcome of researches can also be part of the data if such outcome is relevant to the issue.

(c) Develop alternative solutions

The data having been assembled, the next stage is for management to work out possible solutions. The solution can never be one because if it is so then there can be no choice. The idea of choice suggests that at least there must be two solutions to the existing problem. Out of these solutions, there can be a choice.

(d) Assess the consequences

But before there can be a choice, there should be consequences which must be carefully considered in the light of the problem threatening the objective. The manager should determine the required resources needed in selecting an option. He should find out if such resources do exist and if they can be put to alternative use that can bring better benefits. He must be sure too that the organization can handle the option that is eventually and the option is capable of tackling the problem effectively.

(e) Select the Optimum Solution

The solutions having been worked out and ranked in order of preference, the next stage is to choose. And the choice should be the most feasible one after taking several factors into consideration vis-à-vis the objective and the problem at stake.

(f) Implement Solution

Once the choice has been, management should go ahead to implement. While implementing, there should be built-in motivational system that will enable problem to be tackled satisfactorily. Job plan should be developed spelling out the necessary activities to be done, who is to do them, how they are going to be done and at what time.

(g) Measure result

While implementing, there must be control and feedback. To achieve this, there should be regular reports on performance. The reports should then be compared with the objective. If there is a deviation, this means that there is no effective solution yet to the problem. Such deviation should be quickly corrected.

SELF-ASSESSMENT EXERCISE

- i. Assuming you want to buy a car to ease your transportation problem of going to work and other places. Show how you will use the model in 5.1 to take a decision and solve the problem.
- ii. The above steps constitute the relevant steps in planning/decision making. They bridge the gap between where we are and where we want to go and making it possible for things to happen which otherwise would not have occurred. Planning is a rational and intellectual process which precedes other management functions.

3.2.5 Advantages of Planning

Planning has the following advantages:

- (a) Planning focuses on objectives. This is important so as not to commit the limited resources of the organization into unprofitable actions.
- (b) It off sets uncertainties by making the manager to develop some confidence which will enable him to take decisions with some degree of certainty.
- (c) It minimizes waste before careful analysis would have been made with respect to the critical activities that need to be performed in order to realize the objective or give solution to the problem. All unwanted activities are isolated and thrown away.
- (d) Planning also ensures control through measurement and feedback. This is important so as to avoid unnecessary expenditure of resources.

3.2.6 Disadvantages of Planning

- (a) The effectiveness of planning depends on the quality of data gathered and the assumptions made from them. If the quality is poor and assumptions not correct. They can adversely affect future of the results.
- (b) Planning is expensive as it involves considerable amount of time and money
- (c) Planning delays action because it is only when the plan is completed that the desired action can take place.

4.0 CONCLUSION

We have seen what forecasting is and the usefulness of forecasting in the management process. Also, that in practice, both forecasting and planning goes hand in hand together. We examined the features of planning as well as the relevant steps that the manager needs to follow in order to draw an effective plan. These steps involve defining the problem, collecting relevant data, analyzing the data to separate the grains from the chaff and then building viable solutions. Other steps are selecting the most feasible solution from the alternatives, implementation and then controlling through measurement and feedback. Planning also has its own advantages and limitations and we considered all these.

5.0 SUMMARY

We have treated two management functions - forecasting and planning, though in practice the two become one since they cannot be separated.

We saw the steps in planning as well as the advantages and some setbacks of planning. We drew an important conclusion, namely, that the steps in planning are also the relevant steps in decision making. This means that the planning process is also the decision making process.

ANSWERS TO SELF-ASSESSMENT EXERCISE

- i. The importance of forecasting are:
 - It narrows uncertainties
 - It gives management the basis for future expectation (results)
 - Gives management an understanding of alternative course of action
 - Makes the manager to have explicit method of taking decision.
- ii. Students are to relate the steps in planning to the decision to buy a car.

These steps are:

- Define the problem/issue
- Collect relevant data
- Develop alternative solution
- Assess the consequences
- Select maximum solution
- Implement action and
- Measure result

6.0 TUTOR-MARKED ASSIGNMENT

1. List the steps in Planning. Describe any 2
2. Explain the advantages and disadvantages in planning

7.0 REFERENCES/FURTHER READINGS

Ebunu, F L (1998): Revision Notes on Business Management. Federal Cooperative College, Ibadan. Unpublished.

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MODULE 2

Unit 1	Meaning and nature of managerial problem
Unit 2	Steps to solving managerial problems
Unit 3	Managerial Decision Making
Unit 4	The Decision Making Process
Unit 5	Techniques for stimulating creativity.

UNIT 1 THE MEANING AND NATURE OF MANAGERIAL PROBLEM

CONTENTS

1.0	Introduction
2.0	Objectives
3.0	Main Content
3.1	Meaning of a Problem
3.2	Recognising a Problem
3.3	How problem situations occur
3.4	Types of Managerial Problem
4.0	Conclusion
5.0	Summary
6.0	Tutor-Marked Assignment
7.0	References/ Further reading

1.0 INTRODUCTION

In every organization, objectives are usually set. Every manager is expected to meet the objectives assigned to him or her. However, when he or she is not able to meet the objectives, it means there is a “problem”, and decisions must be made by the manager to solve the problem. Hence, the need for managerial problem – solving.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- Define a Problem

- Explain the nature of Managerial Problem

3.0 MAIN CONTENT

3.1 Meaning of a Problem

The Oxford Advanced Learner's Dictionary (2010) defines a problem as: "a thing that is difficult to deal with or to understand", while the concise Oxford Dictionary (1995) defines it as: "a doubtful or difficult matter requiring solution". In management terms, a problem is defined as:

- Any difference an actual situation and an expected situation
- An obstacle that remains perplexing until solved.
- A situation in which objectives are not being met. A problem exists whenever a difference exists between what is actually happening and what you and your boss want to happen. (Lussier, R. N; 1997).

For example, if your organization sets an objective for your department to produce 1,500 units of a particular item, but your department produced only 1,490 units of that item, then a problem exists.

Problems can be simple or complex. They can be personal or organizational in nature. We all encounter problems on a daily basis, and no matter how well prepared we may be, there is always the element of the unknown, hence, the need for problem- solving skills. Interpersonal relationships fail and businesses fail because of poor problem solving. All problems have two features in common: goals and barriers.

Goals have to do with anything you wish to achieve, where you want to be, or the desired state of affairs. For example, if you are hungry, your goal will be to eat something that will satisfy your hunger.

If you are a managing Director of a Company, your goal will be to ensure maximum profit within the organization; even though this goal may need to be split into numerous sub-goals in order to fulfill this ultimate goal of increasing profits.

Barriers are those obstacles or limitations that come between the person and the goals which he wants to achieve. Barriers hinder the achievement of a goal and make it difficult to achieve. For example, the goal of eating food when there is hunger may be hindered by the unavailability of food (this unavailability constitutes the barrier), the solution may be to go to the market or where you can get food to buy and eat. The Managing Directors goal of maximizing profits may be hindered by many issues, these are the barriers.

If there were no barriers in the way of achieving a goal, then there would be no problem. Problem solving involves overcoming the barriers or obstacles that prevent the immediate achievement of goals.

A problem is usually seen as a problem because of two main reasons: it has to be solved and the person is not sure of how to find the best solution, and there will probably be conflicts about what the best solution is. Most people tend also to be averse to conflict; people do not feel comfortable dealing with conflict and tend to have the feeling that something bad is going to happen.

But it is important to understand that problems and conflicts happen all the time and they are opportunities to improve the system and the relationships; they are actually providing people with the information that can be used to fix what needs to be fixed and to get a better job done. Therefore, the goal of a good problem-solving process should be to make the organization more “conflict-friendly” and “conflict-competent”.

(E-mail 3rd Sept).

In most cases, a problem may be an opportunity in disguise. For example, if customers complain about slow delivery of orders, the complaint is regarded as a problem. However, that may be an opportunity for management to redesign production processes and customer service.

Because managers face many problems and opportunities, it is necessary to look at the factors that help effective managers to recognize both problems and opportunities.

3.2 Recognizing a Problem

The following are situations which usually alert managers and make them to know that there is a problem:

- A deviation from the past experience – this is when a previous pattern of performance in the organization has been broken. An example is if the sales this year are falling behind last year sales; if expenses in an organization or a department have suddenly increased; or if employee turnover suddenly increases. All these events signal to the manager that a problem has developed.
- A deviation from a set plan – this is when a manager’s projections or expectations are not being met. For example, when profit levels are lower than what was anticipated; or a project is off schedule; or a department is exceeding its budget. These situations are signals to the manager that something must be done to get the plan back on course.
- Other people often bring problems to the manager – this happens because many decisions that managers make daily, involve problems presented by others. For

example, customers may complain about late deliveries; higher-level managers may set new performance standard for the manager's department.

- The performance of competitors can also create problem-solving situations. For example, when other companies develop new processes or improvements in operating procedures, the manager may have to re-evaluate processes or procedures in his or her own organization.

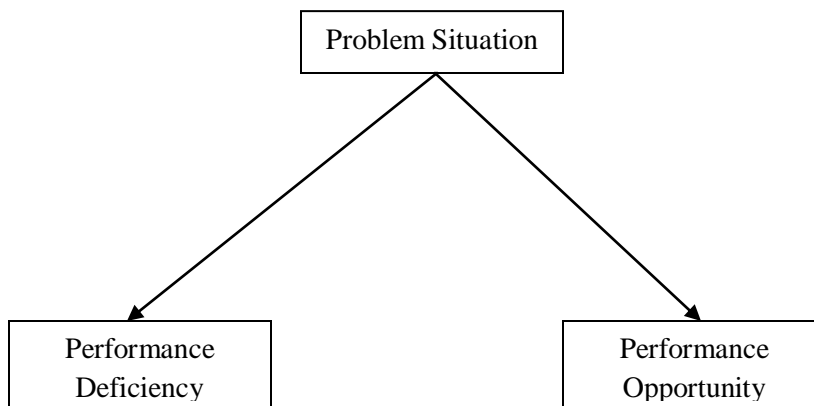
SELF ASSESSMENT EXERCISE

Explain situations which alert managers to the fact that problems exist in their department.

3.3 How Problem Situations Occur

Problems situations can occur when there is performance deficiency, it can also occur when there is performance opportunity.

Fig. 1.2



- Performance Deficiency – this occurs when actual performance is less than desired performance.
- Performance Opportunity – this occurs when actual level of performance is better than what is anticipated.

3.4 Types of Managerial Problems

Managerial problems do occur from time to time, they also vary in their manifestations, hence they have been grouped into the following types:

3.4.1 Structured Problems

Structured Problems – these are types of problems which are familiar and straightforward. The information needed to resolve them are equally clear. They are sometimes expected, and managers can plan ahead as well as develop specific ways to deal with them. Managers may even sometimes take specific actions to prevent their occurrence.

3.4.2 Unstructured Problems

Unstructured Problems – these are problems which may occur as new or unexpected situations. They usually involve ambiguities and information deficiencies, and they usually require novel solutions. Such problems are not always anticipated.

3.4.3 Crisis Problems

Crisis Problems – these refer to problems which are unexpected and which can lead to disaster if not quickly resolved or appropriately dealt with. Managers are now developing crisis management plans to deal with such problems, as well as installing “early warning” crisis information systems.

SELF ASSESSMENT EXERCISE

Discuss three types of Managerial Problems.

3.5 Reactions to Problems

Problems occur everywhere and at all times, but people react to problems in different ways. The following are the different ways by which people react to problems:

- 3.5.1 A problem exists, but the individual is not aware of it.
- 3.5.2 A problem exists, the individual is aware of it, but lacks the motivation to solve it.
- 3.5.3 A problem exists, but the individual does not know how to solve it, or the individual is in the process of solving it, but shows distress.
- 3.5.4 A problem existed; the individual has solved the problem and shows satisfaction.

4.0 CONCLUSION

In this unit, we have discussed the meaning of problem, types of managerial problems, and reactions to problems.

5.0 SUMMARY

Managers in both public and private organizations are faced with challenges of increasingly complex tasks and problems in their organizations. They are therefore required to take the lead in solving such problems. In this unit we have discussed the meaning and nature of problems. We also discussed types of managerial problem, how to recognize a problem and reactions to the problems.

6.0 TUTOR-MARKED ASSIGNMENT

Discuss three major situations under which managers are usually alerted to the fact that a problem exists in their organization.

7.0 REFERENCES/FURTHER READING

Simon, H. A. (1977). *The New Science of Management*. Englewood Cliff, New Jersey: Prentice – Hall.

UNIT 2 STEPS TO SOLVING MAMAGERIAL PROBLEMS

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Meaning of Problem Solving
 - 3.2 Problem Solving Model
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/ Further Readings

1.0 INTRODUCTION

In unit 1, we discussed the meaning of a problem. We then went on to discuss ways of recognizing a problem, how problem situations occur and the different types of Managerial Problem. In this unit, we will discuss the meaning of Problem Solving and the model can be used in problem solving.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- Define Problem Solving
- Know the Problem Solving steps

3.0 MAIN CONTENT

3.1 Meaning of Problem Solving

Problem Solving is the process of taking corrective action in order to meet objectives (Lussier, 1997). In order to expatiate on this, we can go further to explain problem solving as: “a set of activities designed to analyze a situation systematically and generate, implement and evaluate solutions.

The challenge which managers have usually in dealing with any problem, whether the problem is that of performance deficiency or an opportunity, is how to proceed with effective problem-solving – which is the process of identifying a discrepancy between an

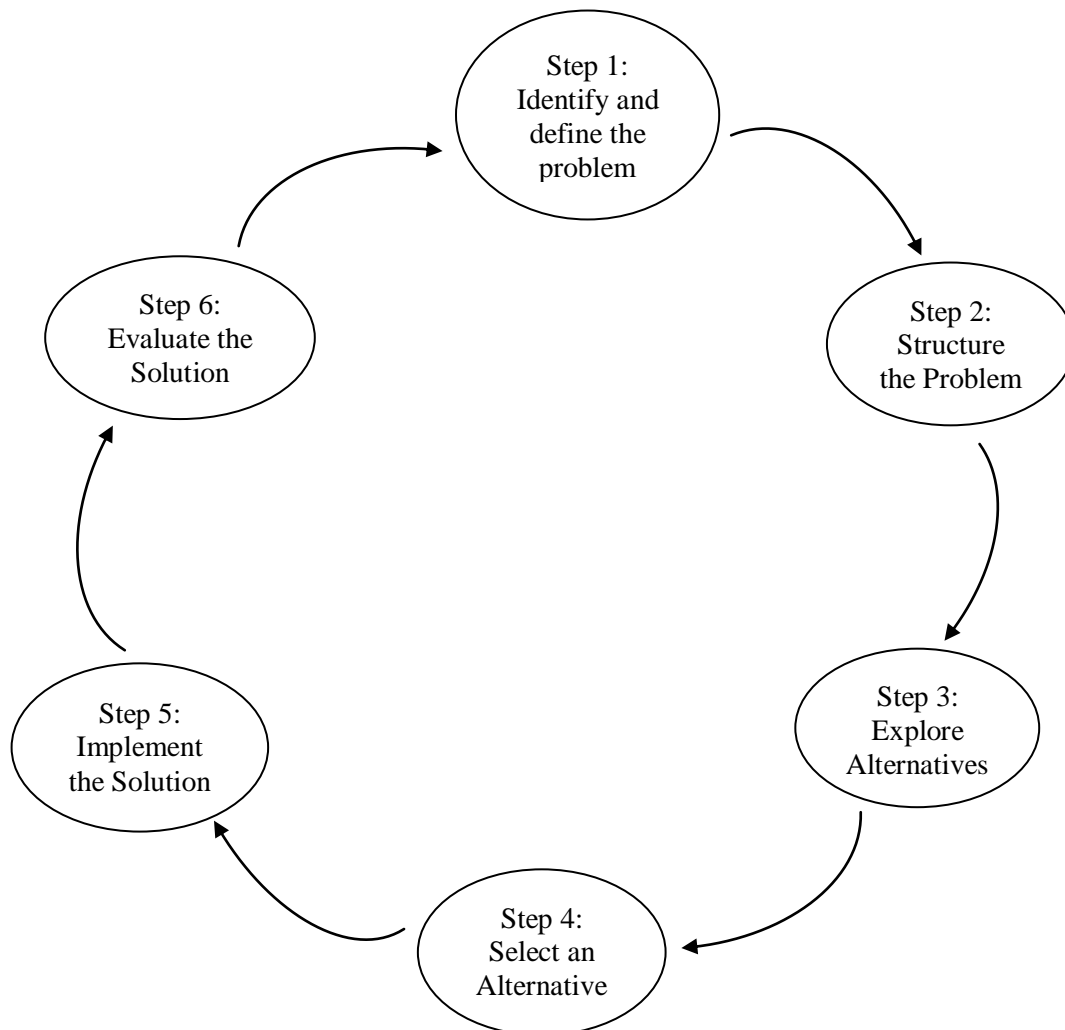
actual and desired state of affairs and then taking action to resolve the deficiency or take advantage of opportunity.

The entire problem-solving process is dependent upon the right information being available to the right people at the right time.

3.2 Managerial Problem-Solving Model

One of the major reasons managers are hired is to resolve problems and make decisions. The ability to solve problems in innovative ways is one of the top qualities employers want. Effective problem solving usually involves working through a number of steps or stages; and there are different problem-solving models. One of the models can be seen below:

PROBLEMS – SOLVING MODEL



Adapted from Lussier,R. N.(1997)

Step 1: Identify and Define the Problem

This stage involves: detecting and recognizing that there is a problem; identifying the nature of the problem; defining the problem. This stage requires more thought and analysis; it is the stage of information gathering, information processing and deliberation. Identifying a problem can be a difficult task in itself because it involves asking these questions:

- Is there a problem at all? This often begins with the appearance of problem symptoms, which signal the presence of a performance deficiency or opportunity.
- What is the nature of the problem? Are there numerous problems?
- How can the problems be best defined? – by spending some time defining the problem, you will not only understand it more clearly but be able to communicate its nature to others, this leads to the second stage.

The way a problem is originally defined can have a major impact on how it is eventually solved. Three common mistakes may occur at this step:

- i. Defining the problem too broadly or too narrowly.
- ii. Focusing on symptoms instead of causes.
- iii. Choosing wrong problem to deal with. Managers should set priorities and deal with the most important ones first.

Step 2: Structuring the Problem

This stage involves: a period of observation, careful inspection, fact-finding and developing a clear picture of the problem. At this stage, there must be fact-finding and analysis of the problem; a more comprehensive picture of both the goals and the barriers should be built. This stage may not be necessary for simple problems, but quite essential for problems that are more complex in nature.

Step 3: Generate and Evaluate Possible Alternatives

From the information gathered in the first two stages of this problem-solving model, this stage is where to generate a range of possible courses of action towards solving the identified problem. It involves thinking through as many practical alternatives as possible. The alternatives must be looked at in terms of the time, money, skill, level, or amount of energy that will be expended on it – you must consider whether it is indeed worth it. Also, it is important to get other people involved by letting each person in the group express their views on the possible solutions, especially in a group situation. This stage is often carried out as a brain-storming session in a group situation.

This is because in an organization, different people will have different expertise in different areas and it is useful to hear the views of each concerned party in order to maximize information and build commitment. The common errors in this stage include:

- Selecting a particular solution too quickly.
- Choosing an alternative that has damaging side effects.

3.2.1 Criteria for Evaluating Alternatives

The following are the criteria used for evaluating alternatives:

- i. Benefits
- ii. Costs
- iii. Timelines
- iv. Acceptability
- v. Ethical Soundness

Step 4: Choose an Alternative/Make a Decision

This stage involves a careful analysis of the different possible courses of action, that is looking at each alternative and select the best one, keeping in mind the important values, the goals you are working towards, and the resources which you have to work with. At this stage, a “decision” on which course of action to take is made. How this is done and by whom, must be resolved in each problem situation. In some situations, the best alternative may be selected using a cost-benefit criterion; in others, additional criteria may come to play.

Step 5: Implementation of the Solution

Implementation here means acting on the chosen solution. This means that after selecting the preferred solution, appropriate action plans must be established and implemented (do not sit on it). It must be noted here that nothing new can or will happen according to plan unless action is taken. Managers need the ability and willingness to implement the decision. During the implementation, more problems may arise especially if identification and structuring the original problem was not carried out fully; also difficulties at this stage can be traced to the lack of participation, or the failure to involve those whose support is necessary.

Step 6: Evaluate the Solution

This stage involves checking if the process was successful; it is about reviewing the outcomes of problem solving over a period of time. It also includes seeking feedback with regards to the outcomes of the chosen solution.

Regular evaluation of the solution is necessary to ascertain if the desired results have been achieved or not. Decisions may need to be changed because decisions are rarely cast in stone.

If the desired results are not achieved, the process must be renewed to allow for corrective action. And in any evaluation, both the positive and negative consequences of the chosen course of action should be examined. Problem solving is a dynamic but on going activity within the management process, and evaluation is a form of managerial control. It is important to obtain feedback from people affected by any changes that occurred; it is also good practice to keep a record of outcomes and any additional problems that occurred.

6.0 TUTOR-MARKED ASSIGNMENT

Discuss five criteria used for evaluating problem solving alternatives.

7.0 REFERENCES/FURTHER READINGS

Lussier, R. N. (1997). *Management Concepts, Applications, Skill Development*. Cincinnati Ohio: South-Western College Publishing.

Mullins, L. J. (2007). *Management and Organisational Behaviour, Eighth Edition*. England: Pearson Education Limited.

UNIT 3 MANAGERIAL DECISION MAKING

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Meaning of Decision
 - 3.2 Meaning of Decision-Making
 - 3.3 Types of Decision-Making
 - 3.4 Decision-Making conditions
 - 3.5 Decision-Making steps
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

Decision Making is a primary function of modern management. One of the major aspects of a manager's job is taking sound and rational decisions. He/ she has to take a lot of decisions consciously or unconsciously, this is because decisions are important in determining both managerial and organizational actions. In this unit, we shall discuss the meaning of managerial decision making, types of decisions and problems, Decision – Making Problems, Decision – Making steps.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- define decision

- define decision-making
- understand types of decisions
- differentiate decision-making models
- understand decision-making steps.

3.0 MAIN CONTENT

3.1 Definition of Decision

A Decision can be defined as a choice made from available alternatives. For example, an accounting Manager's selection among Biodun, Emeka, Ene, Musa, Hafsa and Onome for the position of Junior Auditor is a decision. Many people assume that making a choice is the major part of decision-making, but it is only a part.

3.2 Definition of Decision-Making

Decision-Making is the process of selecting an alternative course of action that will solve a problem. It can also be seen as the process of identifying problems and opportunities and then resolving them. Decision-making involves effort both before and after the actual choice. In the example above, the decision as to whether to select Biodun, Emeka, Ene, Musa, Hafsa or Onome, requires the accounting manager to:

- Ascertain whether a new junior staff auditor is needed.
- Determine the availability of potential job candidates
- Interview candidates to acquire necessary information
- Select one candidate
- Follow up with the socialization of the new employee into the organization to ensure the decision's success.

Decision-Making therefore, involves making clear, consistent and transparent decisions, acting with integrity in all decision making, and distinguishing relevant from irrelevant information and making timely decisions.

3.3 Types of managerial Decisions

The following are the types of Managerial Decisions:

3.3.1 Programmed Decisions

These are decisions that involve situations that have occurred often enough to enable decision rules to be developed and applied in the future. This means that such decisions

are made if a particular situation occurs and a routine procedure or policy has been established to handle it. But even though such decisions are repetitive and routine, they must be made with care and concern about effectiveness; also they should be made with consideration for efficiency, such that they do not needlessly tie down organizational resources. For example, managers rarely have to worry about salary range for a newly hired employee; this is because organisations generally have a salary scale for all positions. This is a routine procedure; hence it is a programmed decision. Routine procedures exist for dealing with routine problems.

3.3.2 Non-Programmed Decisions

Non-Programmed decisions are decisions that have no pre-existing structure or decision making procedure in place. If a problem has not come up often enough to be covered by policy or it's so important that it deserves special treatment, it must be handled as a non-programmed decision. Non-programmed decisions often have significant implications for the future of the organization and must be made only after careful analysis.

In organizations, most of the significant problems that managers face usually require non-programmed decisions. For example, sports shoe making factories such as Adidas and Nike will have to make decisions about how to design and market newer, more advanced sports shoes, such decisions are regarded as non-programmed decisions. Non-programmed decisions involve strategic planning because uncertainty is great and decisions are complex. Hence, they must be made only after careful analysis.

3.3.4 Proactive Decisions

These are decisions made in anticipation of an external change or other decisions. Such decisions can be made to prevent many common problems. For example, if a manager in a drink manufacturing company stocks up on cocoa (their raw material) in anticipation of a rise in cocoa price due to poor harvest, such a decision is a proactive one.

3.3.4 Reactive Decisions

Reactive Decisions are decisions made in response to changes that have already occurred. For example, if a manager takes a decision to replace an employee that has resigned from the organization, that decision is a reactive decision.

3.4 Decision Making Conditions

Managers make decisions often, because they are usually confronted by challenges as they carry out their duties. Decision – making is usually done under the following conditions:

- i. **Certainty:** This is a situation in which a manager can make accurate decisions because the outcome of every alternative is known. Under conditions of certainty, a manager knows his objective and has accurate, measurable, reliable information about the outcome of each alternative he is considering. For example, a manager of a company who has excess funds and is wondering which bank to deposit the excess funds. He knows exactly how much interest each bank is offering, and how much will be earned on the funds. This means that the manager is certain about the outcomes of each alternative, he can therefore make a decision easily.

It must however be pointed out that this condition of certainty is not characteristic of most managerial decision situations. It is rather an idealistic condition than a realistic one.

- ii. **Risk:** This is a condition in which it is not easy to predict the outcomes with certainty, but the manager may have enough information to predict the probability that it will lead to the desired state. Under this condition, the manager usually has historical data such as personal experience or secondary information, to guide him and allow him to assign probabilities to the different alternatives. For example, when banks in Nigeria made a decision to increase efficiency through the use of computers, little did they realize that such efficiency will eventually lead to downsizing of the bank staff. As more computers were introduced to do the jobs of the staff, more people were laid off and this led to adverse consequences for the society.
- iii. **Uncertainty:** This is a situation in which the manager is not certain about the outcomes of the alternatives and cannot even make reasonable probability estimates. Here, the choice of alternative is influenced by the limited amount of information available to the decision maker. Uncertainty can arise when for example the manager is faced with external conditions that are either partially or entirely beyond his control, such as weather conditions when certain types of crops are to be planted or an outdoor festival is to be embarked upon. It can also arise when the manager does not have access to certain key information that should guide him in making a decision. Uncertainty is the most difficult problem environment. It also forces managers to rely heavily on creativity in solving problems.

3.5 Decision-Making Steps

Most managers adopt the rational model of decision-making. This model refers to a situation in which managers weigh their options and calculate optimal levels of risk before taking a decision. Even though no approach to decision making can guarantee that

a manager will always make the right decision, but managers who use a rational, so intelligent and systematic approach, are more likely than others to come up with high-quality solutions.

The process of such rational decision making can be seen as follows (they are also known as stages or steps of decision making);

i. Investigate the Situation

This investigation involves:

- a. Defining the problem – problems are defined as the realization that a discrepancy exists between a desired state and current reality.
- b. Diagnose the causes- this has to do with considering an issue from a variety of perspectives. Examples of diagnostic questions are: what changes inside or outside the organization may have contributed to the problem? What people are most involved with the problem situation? Do they have insights or perspectives that may clarify the problem? Do their actions contribute to the problem? All these questions in some way, involve human relationships.
- c. Identify the decision objectives – this means that the manager has to decide what would constitute an effective solution. A manager’s education about the world and his or her imagination will come in to play here. He must consider the issue from a variety of perspectives and also consult various perspectives before making a decision.

ii. Develop alternatives

No major decision should be made by a manager until several alternatives have been developed.

In order to do this, the manager has to:

- a. Examine the organisation’s internal and external environments for information and ideas that may lead to creative solutions to a problem.
- b. Encourage creativity and innovation among the employees.
- c. Encourage a diversity of approaches to problem solving that can lead to better solutions and courses of action.

iii. Evaluate Alternatives and select a course of action.

- a. In order to do this, a manager must evaluate each alternative among them, on the basis of these three questions: “Is this alternative feasible?” that is, does the

organization have the money and other resources needed to carry out this alternative?, does the alternative meet all the organisation's legal and ethical obligations? Is the alternative a reasonable one, given the organisation's strategy and internal politics?

b. Is the alternative satisfactory solution?

This has to do with whether or not the alternative meets the decision objectives, and whether that alternative has an acceptable chance of succeeding. However, managers must realize that the definition of "acceptable" may defer from one organization to another, it also depends on the persons involved. In addition, the organisation's culture and the risk tolerance of those involved in the decision must also be considered. Another question that should be asked is: "What are the possible consequences for the rest of organization?" – this means that a manager must try to anticipate how a change in one area will affect other areas now and in the future.

- iv. Implement the selected course of Action

Once the best available alternative has been selected, managers must put it into action.
i.e. implement it.

In implementing it, it means that resources must be acquired and allocated as necessary. Managers must also be ready to cope with the requirements and problems that may be encountered in putting it into effect. Managers must set up budgets and schedules for the actions they have decided upon; they must assign responsibilities for the specific tasks involved; a procedure for progress reports also has to be set up.

- v. Control and Assess the consequences of the Action.

This has to do with monitoring the decision taken. Actions taken to implement a decision must be monitored in order to find out if things are working according to plan; what is happening in the internal and external environments as a result of the decision and whether people are performing according to expectations. If actual results are not meeting planned results, changes must be made.

4.0 CONCLUSION

In this unit, we discussed some of the important elements that must be considered in decision-making, such as the meaning of decision-making, types of decision and the steps or stages in decision making. This will enable the student to understand how decisions are made.

5.0 SUMMARY

This unit treats the meaning of decision and decision-making, types of decisions, and decision – making steps.

6.0 TUTOR-MARKED ASSIGNMENT

Enumerate and discuss the condition under which managers make decisions.

7.0 REFERENCES/ FURTHER READINGS

Vaughn, R. H (2007). Decision Making and problem solving in management. London; Crown Custom Publishing.

Daft, R. L. (1977). Management, 4th Edition. New York: The Dryden Press.

UNIT 4 INDIVIDUAL AND GROUP DECISION MAKING

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Influences on Individual Decision Making
 - 3.2 Group Decision Making
 - 3.3 Individual vs Group Decision Making
 - 3.4 Creativity in Group Decision Making
 - 3.5 Effective Decision Maker
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

In unit 3, we discussed the meaning of decision and decision making, which laid the foundation for unit 4. In this unit, we want to examine those factors that influence individuals in making decisions, we shall also compare and contrast decision making by groups and by individuals, as well as what role information technology plays in decision making.

2.0 OBJECTIVES

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

- understand the factors which act as influences on individual decision making
- explain how decisions are made in a group
- compare and contrast individual decision making and group decision making.
- understand what techniques are employed to stimulate creativity in group decision making.
- explain what role technology plays in decision making.

3.0 MAIN CONTENT

To make a decision involves careful analysis of the different possible courses of action, and then selecting the best solution for implementation. This is the most complex part of

the problem solving process. However, decision-making is the key part of managers' activities, because decisions are important in determining both managerial and organizational actions.

3.1 Influences on Individual Decision Making

The following are the factors which influence individual decision making:

- Importance of the decision
- Time pressures
- Manager's values
- Manager's propensity for risk

3.1.1 Importance of the Decision

There are various yardsticks for measuring the importance of a decision, which include the amount of resources involved, the number of people influenced by the decision, and the time required to make that decision. But managers must give more of their time and attention to problems or issues which are considered important.

3.1.2 Time Pressures

Managers must cultivate the habit of Time Management and make it a priority. This is because when time pressures are significant, managers may be unable to gather enough information. Managers must make the most of their decisions in others' time frame, hence the need for time management. Managers who effectively manage their time feel less stress and tend to make better decisions than their stress-filled counterparts.

3.1.3 The Manager's Values

Values are the likes, dislikes, should, oughts, judgments and prejudices which an individual holds and from which he or she views the world. Such values constitute important influences on human behavior, because they become guidelines when an individual is confronted with making a choice.

Although people do not think consciously about their values, and they rarely arrange them in any kind of order, managers must be aware of their values and ensure that organizational values enter into all major decisions. However, sometimes, serious conflicts can occur among values.

3.1.4 The manager's Propensity for Risk

People vary greatly in their propensity to take risks. But the issue for managers is not whether to take risks, but how to take reasonable risks. This also influences decision-making.

3.2 Group Decision Making

The use of collective approach to decision making is increasing, this is known as group decision making. A great deal of decision making is achieved through committees, Teams, Task Forces, “Virtual Teams”, among others.

Many Managers spend as much as 80% of their working time in committee meetings. It is unusual for decisions on non-programmed problems to be made by one individual on a regular basis.

3.3 Individual vs Group Decision Making

- Groups usually take more time to reach a decision
- Consensus decisions with five or more participants are superior to individual decision making, majority vote, and leader decisions.
- The problems with group decision making are: pressure to conform; influence of a dominant personality; status incongruity; and attempt of certain participants to influence others.
- Non-programmed decisions appear to be better suited to group decision making.
- As people move from “individual” to “consensus” the quality of the decision improves.
- For a complex problem requiring pooled knowledge, the quality of the decision is likely to be higher as the group moves toward achieving consensus.

3.4 Creativity In Group Decision Making

If groups are better suited to non-programmed decisions than individuals, then it is important that an atmosphere fostering group creativity be created.

The techniques for stimulating creativity are as follows:

- Brainstorming
- The Delphi Technique
- The Nominal Group Technique.

3.4.1 Brainstorming

Brainstorming promotes the generation of ideas, while at the same time avoiding the inhibitions many people feel in group settings.

The basic rules are:

- No idea is too ridiculous
- Each idea presented belongs to the group not to the person stating it.
- No idea can be criticized.

3.4.2 The Delphi Technique

The Delphi Technique is used to combine expert opinions from different perspectives about an ambiguous problem. Here, the participants do not meet face to face. This technique calls for a group leader to solicit and collate written, expert opinions on topic through the use of questionnaires. After the answers are received, a summary of the opinions is developed and distributed to participants. Then a new questionnaire on the same problem is circulated. In this second round, participants have the benefit of knowing other people's opinions and can change their suggested answers to reflect this new information. The process of sending out questionnaires and then sharing the results continues until a consensus is reached.

3.4.3 The Nominal Group Technique

The Nominal Group Technique (NGT) evolved out of the fact that some participants in a group may talk more than others, and may tend to dominate group discussions. The NGT was developed to ensure that every group participant has equal input in the decision-making process. The nominal group technique is structured in a series of steps that equalize participation:

- i. Each participant writes down his or her ideas on the problem to be discussed. These ideas usually are suggestions for a solution.
- ii. A round robin in which each group member presents his or her ideas to the group is set up. The ideas are written on a chalkboard for all members to see. No discussion of the ideas occurs until every person's ideas have been presented and written down for general viewing.
- iii. After all ideas have been presented, there is an open discussion of the ideas for the purpose of clarification and evaluation. This part of the discussion tends to be spontaneous and unstructured.
- iv. After the discussion, a secret ballot is taken in which each group member votes for preferred solutions. The adopted decision is the one that receives the most votes.

3.5 Information Technology and Decision Making

In decision-making situations, managers cannot possibly use “all available information”. The challenges for managers therefore, are to collect, process, and warehouse the most relevant information to make effective decisions in the present and future.

3.5.1 The Following are the Tools that can be Used for Warehousing and Retrieving Information for Use by Managers Throughout Their Firms

- Data warehousing
- Data mining
- Data marts
- Search engines
- Software agents

3.5.2 Attributes of Useful Information

The attributes of useful information can be seen as follows

They are:

- Accessible
 - Timely relevant
 - Accurate
 - Verifiable
 - Complete
 - Clear.
- i. Accessible – Stored in a manner that it can be reached and utilized whenever it is needed.
 - ii. Timely relevant – The information must be useful and appropriate to the situation.
 - iii. Accurate – The information must be correct in all details. It must provide exact and reliable representation.
 - iv. Verifiable – It must be true and supported with facts.
 - v. Complete – It must have all the necessary facts.
 - vi. Clear – It must be easy enough to be understood and interpreted.

3.6 Who is an Effective Decision Maker?

An effective decision maker is expected to be someone who makes decisions with competence and confidence and whose decisions seem to work out right.

3.6.1 Attributes of an Effective Decision Maker

Effective decision makers tend to have the following attributes:

- i. Knowledge – The most important requirement for making sound decisions is a deep understanding of all factors surrounding a problem on which a decision is required. Therefore, the decision maker must be thoroughly informed in order to be able to make sound decisions.
- ii. Initiative – He/she must assume responsibility for beginning the decision-making process and seeing it through. They take an active part in making things better.
- iii. Advice-seeking – Effective or good decision-makers recognize that they need help from others. They usually identify people who can make specific contributions to the decision-making process and ask them for their advice and counsel.
- iv. Selectivity – He or she must be selective in terms of identifying useful data and dwelling only on such data, rather than getting bogged down by unnecessary facts and figures.
- v. comprehensiveness – An effective decision-maker must however be able to look at things in a comprehensive manner, he or she must look at all available options and consider every possible alternative so as to be able to make the best choice.
- vi. Currency – A good decision-maker must consider current conditions and take advantages of opportunities that exist at that particular time.
- vii. Flexibility – An effective decision maker is expected to be open-minded to new concepts and ideas. He or she must be willing to change course or to try a different approach if better results seem likely.
- viii. Good Judgment – Sound decisions will not always result from merely following procedures. Therefore, a decision maker must exercise his best judgment in considering those factors that are particular to that situation.
- ix. Calculated Risk Taking – He r she must be willing to weigh the risks and results of various alternatives, take decision, accept the consequences whether positive or negative.
- x. Self-knowledge – He or she must exercise honesty by knowing their own abilities, biases and limitations.

In conclusion, effective decision makers are expected to be smart enough to begin with a review of the information at hand and in the process be able to anticipate many common situations that may arise, and be able to know what to do if such things should arise.

3.7 Common Error committed by Decision Makers

Some Common Errors that are committed by Decision Makers can be seen as follows:

- i. Plunging In – This is a situation in which a Decision Maker gathers information and reach conclusions without first taking a few minutes to think about the crux of the issue which he/she is faced with. A manager must understand the problem or issue at hand before jumping into conclusions.
- ii. Framing Blindness – This has to do with setting out to solve the wrong problems because one has created a mental framework for one’s decision. Overlooking the best options or to lose sight of important objectives.
- iii. Lack of Frame control – This means failing to consciously define the problem in more ways than one, and being unduly influenced by the frames of others. This is also referred to as “Groupthink” (Smith, 2011), which is a mentality among members of a decision team to suppress their own disbelief in order to show solidarity and maintain agreement at any cost. Members suspend their critical judgments, which could lead to a better decision.
- iv. Overconfidence – This has to do with a Decision Maker being overconfident in his/her judgment and refusing to collect key factual information about the problem, which ordinarily might even help to produce a better decision.
- v. Anchoring – This is the tendency for a decision marker to give undue importance to information that is received early. It is called the “primary effect”. Early information tends to act as the standard by which other information is contradictory it will be ignored or dismissed. Unfortunately, early information may be inaccurate because it may have been assembled in a hurry, without the ability to perform crosschecks to ensure that it is comprehensive.
- vi. Shooting From the Hip – This is the error of believing that you can keep straight in your head all the information you have discovered and failing to follow a systematic procedure when making the final choice.
- vii. Failure to Audit decision Process – This is when the decision maker fail to create an organised approach to understanding his own decision making.

- viii. Fooling Oneself About Feedback – Failure to interpret the evidence from past outcomes for what it really says. It either one is protecting one's ego or because one is tricked by hindsight.
- ix. Not Keeping Track – This is assuming that experience will make its lessons available automatically, and therefore failing to keep systematic records to track the results on his/her decisions. Failing to analyse these results in ways that reveal their key lessons.
- x. Failure of Communication – A decision needs to be communicated to those involved in its implementation. It is slightly less obvious that it should also be communicated to those, such as suppliers, customers and stakeholders, who will also be affected by the decision. Communication should not be confined to the actual decision. The need, the diagnosis and the range of alternatives underlying the decision must be explained. Particular effort must be made to explain the advantages and the disadvantages of the chosen alternative (Smith, 2011).

4.0 CONCLUSION

In this unit, we have discussed the meaning of Decision making, Decision Making model, who is an Effective decision Maker, and the Common Error Committed by Decision Makers. It must however be noted that a well-trained Decision-maker will sometimes make a mistake, just as a great athlete can lose a big game!

5.0 SUMMARY

This unit has given us a good understanding of what Decision-Making either individually or in a group is all about. It also discusses the errors which Decision Makers may sometimes commit in their bid to make decisions in their organisations.

6.0 TUTOR-MARKED ASSIGNMENT

Why do people make bad decisions?

7.0 REFERENCES/FURTHER READING

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MODULE 3

Unit 1 The Meaning and Nature of Effective Communication
Unit 2 Organisational Communication

UNIT 1 MEANING AND NATURE OF EFFECTIVE COMMUNICATION

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
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1.0 INTRODUCTION

Good communication ability is an essential skill for all managers. They spend more time in communicating than in any other activity (Smith, 2011). In this unit, we will discuss the meaning of communication, the nature of effective communication, barriers to effective communication and stages of communication.

2.0 OBJECTIVES

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

- define communication
- explain the concept of effective communication

- describe at least five barriers to effective communication
- explain the stages of communicating

3.0 MAIN CONTENT

Managers spend at least 80 percent of every working day in direct communication with others (Daft, 1997). Communication permeates all the areas of management function as described in unit one of this course. For example, for the manager to be able to perform the planning function, he/she has to gather information; write letters, memos and reports; and then meet with other managers to explain the plan. When managers perform the leading function, they have to communicate with their subordinates in order to motivate them. In organizing, managers have to gather information about the state of the organisation and communicated a new structure to others. From this, it could be seen that communication skills are a fundamental part of every managerial activity.

3.1 Definition of Communication

Communication can be defined as the process by which information is exchanged and understood by two or more people, usually with the intent to motivate or influence behaviour (Daft, 1997). It can also be defined as an interactive process of providing and passing of information that enables an organisation to function efficiently and for employees to be properly informed about developments. It covers all kinds of information and the channels of transmission (Smith, 2011). From all these definition, it could be seen that the essence of communication is the transfer of information from one person to another; information is transferred (using symbols such as words, numbers, diagrams, gestures, among others) using some channel (such as face – to – face, telephone, text message, newspaper, letter, etc). Communication can be good or bad. It can be used by managers to co-ordinate their activities and make important decisions. Conmen also use communication to defraud people. But communication, whether good or bad, parades every organisation. Communication can be simple (i.e. communicating without conscious thought or effort), it can also be complex (especially when it involves complex situations, messages, channels and feedback).

3.2 Effective Communication

Communication can be effective or ineffective. Organisations require effective communication to be successful. Effective communication is a two –way information sharing process which involves one party sending a message that is easily understood by the receiving party. Effective communication business managers facilitate information sharing between company employees and can substantially contribute to its commercial and success effective communication occurs when a desired effect is the result of

intentional or unintentional information sharing, which is interrupted between multiple entities and acted upon in a desired way. This effective also ensures that messages are not distorted during communication process. Effective communication must generate the desired effect and maintain the effect, with the potential to increase the effect of the message; this means that effective communication serves the purpose for which it was planned or designed. The possible purpose might be to elicit change, generate action, create understanding, inform or communicate a certain idea or point of view. When the desired effect is not achieves it means that certain barriers must have affected the communication process.

3.3 Barriers to Effective Communication

Barriers to effective communication distort the message and the intention of the message that is being conveyed, this may either result in the failure of the communication process, or it can lead to an effect that is undesirable.

Barriers to effective communication include the following:

- i. Physical barriers – these are brought about by the nature of the work environment. Examples of such physical barriers are when staff are located in different buildings or on different sites, the use of outdated equipment or poor equipment, especially when management fails to introduce new technology; staff shortages. All these can cause communication difficulties for an organisation.
- ii. System design faults – these refer to problems with the structures and systems in place in an organisation has a structure which is unclear to the staff, such a structure or system can be confusing and they may not understand or know whom to communicate with. This system design fault can also include situations in which there are inefficient or inappropriate information systems; a lack of supervision or training; as well as a lack of clarity in roles and responsibilities which can lead to staff being uncertain about what is expected of them.
- iii. Attitudinal barriers – attitudinal barriers happen when there are problems with the staff in an organisation. Such problems may come about as a result of poor management; lack of consultation with employees, personality conflicts which can result in people delaying or refusing to communicate; the personal attitudes of individual employees which may be due to lack of motivation or dissatisfaction at work brought by insufficient training to enable them to carry out particular tasks, or simply resistance to change due to entrenched attitudes and ideas.
- iv. Ambiguity of words/Phrases – these refers to situations when the communicator uses words or jargons that are not understood by the receiver of the information. It is important that the person communicating uses simple words that can be easily understood by the receiver.

- v. Physiological barriers – in organisations, employees can experience physiological disorders from time to time. Such disorders can constitute barriers to communication. Examples of physiological barriers are personal discomfort which could be caused by ill health, poor eyesight, hearing difficulties and limb dysfunctions.
- vi. Cultural differences – cultural differences affect communication between people in an organisation. It usually occurs between people who have experienced different social and religions environments. For example, the shaking of hands among colleagues is a sign of love and friendship in many parts of the world, but in some places, it may not be tolerated especially if it happens between people of the opposite sex.

Other barriers may include information overload, emotions, language, silence, communication apprehension, gender differences and political correctness of a message.

Effective communication is important to managers because it is useful for planning, organizing, leading and controlling; it is an important tool for activating the process of motivational policies, leadership and team work. Also, the globalization of business which has become a challenge to managers' communications abilities, require that managers develop the ability for effective communication.

3.4 Stages of Communicating

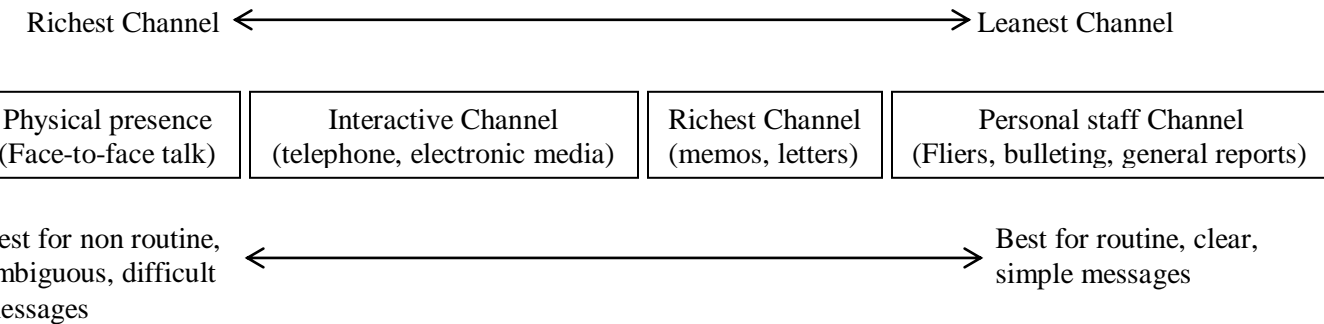
Usually, communication involves: a message, the sender, the channel, the receiver and feedback. But according to Shannon and Weaver, information passes through the following stages.

- a. Deciding to communicate – this has to do with making a decision as to whether or not there is a message or an information that need to be shared with people.
- b. Encoding the message – once the need to communicate has been recognised, the information has to be put into symbols that can be transmitted. This is known “encoding”. Encoding is necessary because information can only be transferred from one person to another through representations or symbols. Wrong symbols or lack of mutuality of meaning can cause misunderstanding or failure of communication. There are many types of symbols but, generally, they are divided into two types: verbal and non-verbal.
 - i. Verbal communication consists of words, numbers, diagrams or pictures. It is used to convey factual information; it is also used to convey emotions. It usually flows from a conscious decision to transmit information to other people.

- ii. Non-verbal communication – this consists of postures, gestures and grunts, and is usually unconscious. Non-verbal communication conveys powerful but simple emotional messages, it gives the details of non-verbal communications. This is why a general saying states that “action speak louder than words”. Examples of non-verbal communication include: gestures of limbs and fingers, nods, biting or trembling lips, frowns, smiles and so on. However, non-verbal communication is also subjected to different interpretations depending on the cultural context in which it is used.
- c. Transmitting message via a channel. Once a message has been encoded, it has to be transmitted via a channel. There are many types of communication channels. A channel of transmission must be selected. A channel is a formal medium of communication between a sender and a receiver. A manager may choose to discuss a problem face – to face, or use the telephone, write a memo or letter, or put an item in a newsletter, or the computer, depending on the nature of the message. Channels however differ in their capacity to convey information. The channels available to managers can be classified into a hierarchy based on information richness. Channels richness is the amount of information that can be transmitted during a communication episode.

FIGURE 3

HIERARCHY OF CHANNEL RICHNESS AND APPLICATION TO MESSAGES



Adapted from Daft, R. (1977) Management. Page 564

The capacity of an information channel is influenced by three characteristics.

- a. the ability to handle multiple cues simultaneously
- b. the ability to facilitate rapid, two-way feedback

- c. the ability to establish a personal focus for the communication.

However, it is important for managers to understand that each communication channel has advantages and disadvantages, and that each can be an effective means of communication in the appropriate circumstances. Channels selection therefore depends on whether the message is routine or non-routine.

Routine messages convey what managers already agree on and understand e.g. official data or statistics. Such messages can be efficiently communicated through a channel lower in richness. But when the audience is widely dispersed or when the communication is “official” and a permanent record is required, such messages can be passed through written communication channels.

Non-routine messages are ambiguous, they concern novel events and impose great potential for misunderstanding. They are often characteristic by time pressure and surprise. They can be communicated effectively only by choosing rich channels.

- d. Receiving the Message – After encoding and sending a message via a channel, the next stage is that of receiving the message. Efforts must be made to ensure that a message is received. Sometimes, a message may not be received because: that message is blocked electronically; or blocked out of consciousness because it is painful to the recipient or the recipient does not trust the source of that information; or because the recipient is busy attending to other things; or because the recipient has poor listening skills. However, for a message to be received, there are certain skills needed, which are known as receiving skills in communication. There are five main receiving skills:
 - i. Setting aside time to receive messages- Often times, managers are so busy sending signals or information, that they leave no time to receive them. A manager who uses the face – to – face channels of communication for example, must also learn to pause, stop talking and listen to others as well.
 - ii. Understanding the overt message – this means that the receiver must develop the ability to comprehend what is actually said or written. This can be done by re-reading the message all over again, or asking others to read it in order to have an independent opinion. By doing this, the manager will be able to have a better comprehension of the message.
 - iii. Understanding the motives for issuing the message – this refers to trying to have an insight into the motive of sender of the message. The way to do this is to ask certain pertinent questions such as “why is this message being sent to me at this time, in this way?” Such questions may help to reveal the sender’s motive, and

also place the message in context. For example an unexpected memo on the importance of distinguishing between the employees' private money and office money, probably means that a manager somewhere has been dipping his/her hands into official funds.

- iv. Understanding the emotion behind the message – Often a message might appear to convey no new information but it may be said in an angry voice or a happy voice. In the same way, a memo or a letter that contains many emboldened or underlined words often indicates that the sender is angry or impatient. Therefore, a recipient must endeavour to understand the emotion behind the message sent to him or her.
- v. Avoiding criticisms – a recipient must endeavour to receive a message without being first judgmental or argumentative.

Receiving messages require being sensitive to both verbal and non-verbal cues. It also involves paying attention to what a speaker or writer is trying to communicate rather than multitasking by e.g. trying to read an email at the same time as conducting a telephone conversation.

- e. Decoding the Information – Once a message has been correctly received, its meaning needs to be understood. This is called “decoding”. Decoding is the process by which the receiver interprets the message and translates it into meaningful information. Decoding is affected by the receiver's past experience; his personal assessments of the symbols and gestures used; his expectations (this is because people tend to hear what they want to hear); and mutuality of meaning with the sender.

Usually, the more the receiver's decoding matches the sender's intended message, the more effective the communication has been.

This model by Shannon and Weaver is a simple and straight forward series of communication stages. However, another stage has been added to it by Schramm (1954), which is the Feedback stage.

- f. Feedback stage – For communication to be effective, there has to be feedback. This is because the recipient of a message is not passive, in most cases, as soon as a message comes in, a human being starts to react in different ways such as, non-verbal frowns, questions and suggestions, all these are forms of feedback. The techniques for developing a good feedback according to Smith (2011), involves the following:
 - i. Give feedback as quickly as possible after the receipt of a communication or observing behaviour. But if the feedback is negative, it may be better to wait a little while until the recipient may be more receptive.

- ii. Give feedback in frequent, short episodes rather than waiting for a number of issues to accumulate.
- iii. Feedback should be about specific communications or behaviour rather than general attitude or approach.
- iv. Whenever possible, give feedback on things that people do or say correctly. Often good behaviour is assumed or overlooked. In many circumstances positive feedback is two or three times more powerful than negative feedback. Negative feedback often causes denial and defensive or other emotional reactions. Negative feedback tends to teach people to avoid getting caught rather than doing things right – with the possibility that they may reduce the amount they communicate so that there is less likelihood of attracting criticism.

SELF ASSESSMENT EXERCISE

Discuss five receiving skills needed in communication.

4.0 CONCLUSION

In this unit, we discussed communication. We discussed definition of communication, the nature of effective communication, barriers to effective communication and stages of communication. All these have enabled us to have an understanding of what communication means.

5.0 SUMMARY

This unit treats the definition of communication and the meaning of effective communication. It focuses on what constitute barriers to effective communication. It treats the stages of communication.

6.0 TUTOR-MARKED ASSIGNMENT

What are the main barriers to good communication?

7.0 REFERENCE/FURTHER READINGS

Smith, M (2011), Fundamentals of Management, Second Edition.

Berkshire: McGraw-hill.

UNIT 2 ORGANISATIONAL COMMUNICATION

CONTENTS

- 1.0 Introduction
- 2.0 Objectives

3.0	Main Content
3.1	Meaning of Organisational Communication
3.2	Factors Influencing Organisational Communication
3.3	Formal Communication Channels
3.4	Informal Communication Channels
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5.0	Summary
6.0	Tutor-Marked Assignment
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1.0 INTRODUCTION

In unit one, we discussed the meaning of communication in general. In this unit, we will discuss organisational communication in terms of its meaning, the factors influencing organisational communication, formal communication channels as well as the informal communication channels.

2.0 OBJECTIVES

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

- explain organisational communication
- explain the difference between formal and informal organisational communications.

3.0 MAIN CONTENT

Organisational communication is very important to the day – to – day running of organisations. This is because managers need to pass information to their subordinates and the subordinates also have to send messages to the managers, as well as their colleagues.

3.1 Meaning of Organisational Communication

Organisational communication can be defined as the process by which activities of a society are collected and coordinated to reach the goals of both individuals and the collective group. It is a subfield of general communications studies and is often a component to effective management in a workshop environment. It involves the exchange of information among organisational participants from which meaning is inferred.

In every organisation, communication can flow in three main directions: it can flow downward, it can flow upward, it can also flow horizontally. Managers can use both formal and informal channels to gather information. They however try to maintain the formal channels to disseminate informal in the organization.

3.2 Factors Influencing Organisational Communication

The major factors which influence the effectiveness of organisational communication are:

- a. Formal channels of communication – a formal channel of communication is a means of communication that is endorsed, and probably controlled, by managers. Examples include newsletter, regular memos, reports and staff meetings.

The formal channels of communication influence communication effectiveness in two ways:

- the formal channels cover an ever – widening distance as organisations develop and grow.
 - the informal channels can inhibit the free flow of information between organisational levels. For example, an assembly-line worker will often communicate problems to a supervisor rather than to the plant manager. This may prevent the higher-level managers from receiving some information which they should have.
- b. Authority structure – the status and power differences in the organisation help to determine who will communicate comfortably with them, this can influence communication effectiveness. The content and accuracy of the communication will also be affected by authority differences. For example, conversation between a company CEO and a clerical worker may somewhat be characterized by strained politeness and formality.
 - c. Job specialization – Job specialization usually facilitates communication within differentiated groups. Members of the same work group are likely to share the same type of jargon, time horizon, goals, tasks, and personal styles. But communication between highly differentiated groups is likely to be inhibited, and this can affect or influence organisational communication.
 - d. Information ownership – information ownership means that individuals possess unique information and knowledge about their jobs. For example, a salesperson may know who the key decision makers are in his or her major accounts. A department head may have a particularly effective way of handling conflict among employees. A darkroom employee may have found a particularly efficient way to

develop photo prints. Such information is a form of power for the individuals who possess it. They are able to function more effectively than their peers and may be unwilling to share this information with others. This will inhibit completely open communication within the organisation.

3.3 Formal Communication Channels

Formal communication channels are those that flow within the chain of command or task responsibility defined by the organisation. They are usually the means of communication that are endorsed, and probably controlled by the managers. Formal communication can be vertical or horizontal.

i. Upward Communication

Formal upward communication includes messages that flow from the lower to the higher levels in the organization's hierarchy. Most organizations take pains to build in healthy channels for upward communication. Employees need to air grievances, report progress, and provide feedback on management initiatives. Coupling a healthy flow of upward and downward communication ensures that the communication circuit between managers and employees is complete. Five types of information communicated upward are the following:

1. Problems and exceptions. These messages describe serious problems with and exceptions to routine performance in order to make senior managers aware of difficulties. Example: "The printer has been out of operation for two days, and it will be at least a week before a new one arrives."
2. Suggestions for improvement. These messages are ideas for improving task-related procedures to increase quality or efficiency. Example: "I think we should eliminate step 2 in the audit procedure because it takes a lot of time and produces no results."
3. Performance reports. These messages include periodic reports that inform management how individuals and departments are performing. Example: "We completed the audit report for Smith & Smith on schedule but are one week behind on the Jackson report."
4. Grievances and disputes. These messages are employee complaints and conflicts that travel up the hierarchy for a hearing and possible resolution. Example: "The manager of operations research cannot get the cooperation of the Lincoln plant for the study of machine utilization."
5. Financial and accounting information. These messages pertain to costs, accounts receivable, sales volume, anticipated profits, return on investment, and other matters of interest to senior managers. Example: "Costs are 2 percent over budget, but sales are 10 percent ahead of target, so the profit picture for the third quarter is

excellent.

Many organizations make a great effort to facilitate upward communication. Mechanisms include suggestion boxes, employee surveys, open-door policies, management information system reports, and face-to-face conversations between workers and executives.

Despite these efforts, however, barriers to accurate upward communication exist. Managers may resist hearing about employee problems, or employees may not trust managers sufficiently to push information upward.

ii. Horizontal Communication

Horizontal Communication is the lateral or diagonal exchange of messages among peers or coworkers. It may occur within or across departments. The purpose of horizontal communication is not only to inform but also to request support and

Coordinate Activities Horizontal Communication falls into one of three categories:

1. Intradepartmental problem solving. These messages take place among members of the same department and concern task accomplishment. Example: "Betty, can you help us figure out how to complete this medical expense report form?"
2. Interdepartmental coordination. Interdepartmental messages facilitate the accomplishment of joint projects or tasks. Example: "Bob, please contact marketing and production and arrange a meeting to discuss the specifications for the new subassembly. It looks like we may not be able to meet their requirements."
3. Staff advice to line departments. These messages often go from specialists in operations research, finance, or computer services to line managers seeking help in these areas. Example: "Let's go talk to the manufacturing supervisor about the problem he's having interpreting the computer reports."

Recall from Chapters 10 and 11 that many organizations build in horizontal communications in the form of task forces, committees, or even a matrix structure to encourage coordination. For example, Carol Taber, publisher of Working Woman, was bothered by the separation of departments at her magazine. She instituted frequent meetings among department heads and a monthly report to keep everyone informed and involved on a horizontal basis.

3.4 Informal Communication Channels

Informal communication channels exist outside the formally authorized channels and do not adhere to the organization's hierarchy of authority. Informal communications coexist with formal communications but may skip hierarchical levels, cutting across vertical chains of command to connect virtually anyone in the organization. For example, to improve communications at SafeCard Services of Jacksonville, Florida, Paul Kahn propped open the door to the executive wing, made the "executives-only" fitness center available to all employees, and began scheduling regular breakfasts and lunches for employees and managers to get together in a relaxed, informal atmosphere. Providing greater opportunities for informal communications helped Kahn turn the struggling company around. An illustration of both formal and informal communications is given in two types of informal channels used in many organisations are "management by wandering around" and the grapevine.

i. Management by Wandering Around

MBWA works for managers at all levels. They mingle and develop positive relationships with employees and learn directly from them about their department, division, or organization. For example, the president of ARCO had a habit of visiting a district field office. Rather than schedule a big strategic meeting with the district supervisor, he would come in unannounced and chat with the lowest-level employees. Andy Pearson of PepsiCo started his tours from the bottom up: He went directly to a junior assistant brand manager and asked, "What's up?" In any organization, both upward and downward communication are enhanced with MBWA. Managers have a chance to describe key ideas and values to employees and in turn learn about the problems and issues confronting employees. When managers fail to take advantage of MBWA, they become aloof and isolated from employees

ii. The Grapevine

The grapevine is an informal, person-to-person communication network of employees that is not officially sanctioned by the organization." The grapevine links employees in all directions, ranging from the president through middle management, support staff, and line employees. The grapevine will always exist in an organization, but it can become a dominant force when formal channels are closed. In such cases, the grapevine is actually a service because the information it provides helps makes sense of an unclear or uncertain situation. Employees use grapevine rumors to fill in information gaps and clarify management decisions. The grapevine tends to be more active during periods of change, excitement, anxiety, and sagging economic conditions. For example, when Jel, Inc., an auto supply firm, was under great pressure from Ford and GM to increase quality, rumors circulated on the shop floor about the company's possible demise. Management changes to improve quality-learning statistical process control, introducing a new compensation

system, buying a fancy new screw machine from Germany-all started out as rumors, circulating clays ahead of the actual announcements, and were generally accurate.

COMMUNICATING IN TEAMS

The importance of teamwork in organizations, emphasizes the need for team communication. Team members work together to accomplish tasks, and the team's communication structure influences both team performance and employee satisfaction. Research into team communication has focused on two characteristics: the extent to which team communications are centralized and the nature of the team's task.

In a centralized network, team members must communicate through one individual to solve problems or make decisions. In decentralized network, individuals can communicate freely with other team members. Members process information equally among themselves until all agree on a decision.

4.0 CONCLUSION

In this unit, we discussed the meaning of organisational communication, the factors influencing organisational communication, the formal and informal channels of communication.

5.0 SUMMARY

This unit treats specifically organisational communication. It also explained those factors influencing organisational communication. The formal and informal channels of communication were discussed.

6.0 TUTOR-MARKED ASSIGNMENT

Distinguish between the formal and informal channels of communication.

7.0 REFERENCES/FURTHER READING

Lussier, R. N. (1997), Management Concepts, Applications and Skills Development. Ohio: South-Western College Publishing.

UNIT 3 TEAM BUILDING

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Meaning of Team
 - 3.2 Types of Team
 - 3.3 Characteristics of Work Team
 - 3.4 Qualities of a Team Leader
- 4.0 Conclusion

- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

2.0 OBJETIVES

3.0 MAIN CONTENT

3.1 Meaning of Team?

A team is a unit of 2 or more people who interact and coordinate their work to accomplish a specific goal.' This definition has three components. First, 2 or more people are required. Teams can be quite large, running to as many as 75 people, although most have fewer than 15 people. Second, people in a team have regular interaction. People who do not interact, such as when standing in line at a lunch counter or riding in an elevator, do not compose a team. Third, people in a team share a performance goal, whether it be to design a new type of hand calculator or write a textbook. Students often are assigned to teams to do classwork assignments, in which case the purpose is to perform the assignment and receive an acceptable grade.

Although a team is a group of people, the two terms are not interchangeable. An employer, a teacher, or a coach can put together a group of people and never build a team. The team concept implies a sense of shared mission and collective responsibility.

3.2 Types of Teams

Many types of teams can exist within organizations. The easiest way to classify teams is in terms of those created as part of the organization's formal structure and those created to increase employee participation.

a. Formal Teams

Formal teams are created by the organization as part of the formal organization structure. Two common types of formal teams are vertical and horizontal, which typically represent vertical and horizontal structural relationships. A third type of formal team is the Special-purpose team.

i. Vertical Team

A vertical team is composed of a manager and his or her subordinates in the formal chain of command. Sometimes called a functional team or a command team, the vertical team may in some cases include three or four levels of hierarchy within a functional department. Typically, the vertical team includes a single department in an organization. The third-shift nursing team on the second floor of any Hospital is a vertical team that includes nurses and a supervisor. A financial analysis department, a quality control department, an accounting department, and a human resource department are all command teams. Each is created by the organization to attain specific goals through members' joint activities and interactions.

ii. Horizontal Team

A horizontal team is composed of employees from about the same hierarchical level but from different areas expertise. A horizontal team is drawn from several departments, is given a specific task, and may be disbanded after the task is completed. The two most common types of horizontal teams are task forces and committees.

As described in our earlier discussion, a task force is a group of employees from different departments formed to deal with a specific activity and existing only until the task is completed. Sometimes called a cross-functional team, the task force might be used to create a new product in a manufacturing organization or a new history curriculum in a university. Several departments are involved, and many views have to be considered, so these tasks are best served with a horizontal team. IBM used a large task force to develop the System 360. Contact among team members was intense, and principal players met every day (Stoner, Freeman and Gilbert Jnr1995).

A committee is generally long-lived and may be a permanent part of the organization's structure. Membership on a committee is usually decided by a person's title or position rather than by personal expertise. A committee often needs official representation, compared with selection for a task force, which is based on personal qualifications for solving a problem. Committees typically are formed to deal with tasks that recur regularly. For example, a grievance committee handles employee grievances; an advisory committee makes recommendations in the areas of employee compensation and work practices; a worker-management committee may be concerned with work rules, job design changes, and suggestions for work improvement.

As part of the horizontal structure of the organization, task forces and committees offer several advantages: (1) They allow organization members to exchange information; (2) they generate suggestions for coordinating the organizational units that are represented; (3) they develop new ideas and solutions for existing organizational problems; and (4) they assist in the development of new organizational practices and policies.

iii. Special-Purpose Team

According to Stoner, Freeman and Gilbert (1995) Special-purpose teams are created outside the formal organization structure to undertake a project of special importance or creativity. McDonald's created a special team to create the Chicken McNugget. E. J. (Bud) Sweeney was asked to head up a team to bring bits of batter-covered chicken to the marketplace. The McNugget team needed breathing room and was separated from the formal corporate structure to give it the autonomy to perform successfully. A special purpose team is still part of the formal organization and has its own reporting structure, but members perceive themselves as a separate entity.

The formal teams described here must be skillfully managed to accomplish their purpose. One important skill they must learn is knowing how to run a team meeting.

iv. Self-Directed Teams

Employee involvement through teams is designed to increase the participation of low-level workers in decision making and the conduct of their jobs, with the goal of improving performance. Employee involvement represents a revolution in business prompted by the success of teamwork in Japanese companies. Hundreds of companies, large and small, are jumping aboard the bandwagon, including Boeing, LTV Steel, Cummins Engine, and Tektronix. Employee involvement started out simply with techniques such as information sharing with employees or asking employees for suggestions about improving the work. Gradually, companies moved toward greater autonomy for employees, which led first to problem-solving teams and then to self-directed teams.

Problem-solving teams typically consist of 5 to 12 hourly employees from the same department who voluntarily meet to discuss ways of improving quality, efficiency, and the work environment. Recommendations are proposed to management for approval. Problem-solving teams are usually the first step in a company's move toward greater employee participation.

The most widely known application is quality circles, initiated by the Japanese, in which employees focus on ways to improve quality in the production process. USX has adopted this approach in several of its steel mills, recognizing that quality takes a team effort. Under the title All Product Excellence program (APEX), USX set up 40 APEX teams of up to 12 employees at its plant in West Mifflin, Pennsylvania. These teams meet several times a month to solve quality problems. The APEX teams have since spread to mills in Indiana, Ohio, and California.

As a company matures, problem-solving teams can gradually evolve into self-directed teams, which represent a fundamental change in how employee work is organized. Self-

directed teams consist of 5 to 20 multi-skilled workers who rotate jobs and produce an entire product or set-Nice. Self-directed teams are permanent teams that typically include the following elements:

- The team includes employees with several skills and functions, and the combined skills are sufficient to perform a major organizational task. A team may include members from the foundry, machining, grinding, fabrication, and sales departments, with each member cross-trained to perform one another's jobs. The team eliminates barriers among departments, enabling excellent coordination to produce a product or service.
- The team is given access to resources such as information, equipment, machinery, and supplies needed to perform the complete task.
- The team is empowered with decision-making authority, which means that members have the freedom to select new members, solve problems, spend money, monitor results, and plan for the future.

In a self-directed team, team members take over managerial duties such as scheduling work or vacations or ordering materials. They work with minimum supervision, perhaps electing one of their own as supervisor, who may change each year. At AT&T Credit Corporation, teams of 10 to 15 workers make their own decisions about how to deal with customers, schedule their time off, reassign work when people are absent, and interview prospective employees. The teams are able to process up to 800 credit applications a day, versus 400 previously, and are often able to reach a final answer in 24 hours rather than the three or four days it once took.

Self-directed teams can be highly effective. Service companies like Federal Express and IDS have boosted productivity up to 40 percent by adopting self-directed teams. Volvo uses self-directed teams of 7 to 10 hourly workers to assemble four cars per shift. However, there is still a reluctance among management to entrust workers with managerial responsibilities and duties. A survey conducted by the University of Southern California's Center for Effective Organizations found that, although 68 percent of Fortune 1000 companies report using self-directed teams, only 10 percent of workers are involved. The Focus on the changing role of leadership in a company using self-directed teams is also an interesting thing to examine.

One type of self-directed team, the virtual team, has resulted from globalization and advances in technology. Virtual teams use computer technology and groupware to tie together geographically distant members working toward a common goal. Virtual teams can be formed within an organization whose plants and offices are scattered across the nation or around the world. A company may also use virtual teams in partnership with suppliers or, in many cases, with competitors to pull together the best minds to complete a project or speed a new product to market. Leadership among team members is shared or

altered, depending on the area of expertise needed at each point in the project. The success of virtual teams is dependent upon several crucial elements, including careful selection of partners and team members, strong management support of the team and its goals, clear goals, utilization of the best communications tools and procedures, the development of trust among all members, and information sharing.

Corporations are trying to integrate a variety of team approaches into their production plants. For example, when designing the Saturn automobile, General Motors had a blank slate on which to design the plant structure as it wished and gave high priority to teams.

3.3 Work Team Characteristics

Teams in organizations take on characteristics that are important to internal processes and team performance. Two characteristics of concern to managers are team size and member roles.

a. Size

The ideal size of work teams is often thought to be 7, although variations of from 5 to 12 are typically associated with good team performance.

These teams are large enough to take advantage of diverse skills, enable members to express good and bad feelings, and aggressively solve problems. They are also small enough to permit members to feel an intimate part of the group.

In general, as a team increases in size, it becomes harder for each member to interact with and influence the others: A summary of research on group size suggests the following:

1. Small teams (2 to 4 members) show more agreement, ask more questions, and exchange more opinions. Members want to get along with one another. Small teams report more satisfaction and enter into more personal discussions. They tend to be informal and make few demands on team leaders.
2. Large teams (12 or more) tend to have more disagreements and differences of opinion. Subgroups often form, and conflicts among them occur, ranging from protection of "turf" to trivial matters such as "what kind of coffee is brewing in the pot." Demands on leaders are greater because there is more centralized decision making and less member participation. Large teams also tend to be less friendly. Turnover and absenteeism are higher in a large team, especially for blue-collar

workers. Because less satisfaction is associated with specialized tasks and poor communication, team members have fewer opportunities to participate and feel an intimate part of the group.

As a general rule, large teams make need satisfaction for individuals more difficult; thus, there is less reason for people to remain committed to their goals. Teams of from 5 to 12 seem to work best. If a team grows larger than 20, managers should divide it into subgroups, each with its own members and goals.

b. Member Roles

For a team to be successful over the long run, it must be structured so as to both maintain its members' social well-being and accomplish its task. In successful teams, the requirements for task performance and social satisfaction are met by the emergence of two types of roles: task specialist and socioemotional.

People who play the task specialist role spend time and energy helping the team reach its goal. They often display the following behaviors:

- **Initiation:** Propose new solutions to team problems.
- **Give opinions:** Offer opinions on task solutions; give candid feedback on others' suggestions.
- **Seek information:** Ask for task-relevant facts.
- **Summarize:** Relate various ideas to the problem at hand; pull ideas together into a summary perspective.
- **Energize:** Stimulate the team into action when interest drops.

People who adopt a socioemotional role support team members' emotional needs and help strengthen the social entity. They display the following behaviors:

- **Encourage:** Are warm and receptive to others' ideas; praise and encourage others to draw forth their contributions.
- **Harmonize:** Reconcile group conflicts; help disagreeing parties reach agreement.
- **Reduce tension:** May tell jokes or in other ways draw off emotions when group atmosphere is tense.
- **Follow:** Go along with the team; agree to other team members' ideas.
- **Compromise:** Will shift own opinions to maintain team harmony.

3.4 Qualities of a Team Leader

1. Team leaders don't have to know everything. This can be especially daunting in

- leading cross-functional teams. The leader should determine his or her own strengths and how those strengths can benefit the entire group.
2. Team leaders embrace the concept of teamwork in deeds as well as words. That means sharing power and information in order to empower team members and reach goals.
 3. Team leaders enable members to find answers for themselves by asking questions and encouraging balanced participation.
 4. Team leaders coordinate team activities and avoid wasting time on details that can be better handled through transfer of responsibility to the team.
 5. Team leaders accept the concept of continuous, on-the-job learning.

SOURCES: Susan Caminiti, "What Team Leaders Need to Know," *Fortune*, February 20, 1995, 93-100; and Lawrence Holpp, "New Roles for Leaders: An HRD Reporter's Inquiry," *Training & Development*, March 1995, 46-50.

Around the world. A company may also use virtual teams in partnership with suppliers or, in many cases, with competitors to pull together the best minds to complete a project or speed a new product to market. Leadership among team members is shared or altered, depending on the area of expertise needed at each point in the project. The success of virtual teams is dependent upon several crucial elements, including careful selection of partners and team members, strong management support of the team and its goals, clear goals, utilization of the best communications tools and procedures, the development of trust among all members, and information sharing.

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UNIT 4 TEAM COHESIVENESS AND MANAGEMENT OF TEAM CONFLICT

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1.0 INTRODUCTION

2.0 OBJECTIVES

3.0 MAIN CONTENT

3.1 Stages of Team Development

After a team has been created, there are distinct stages through which it develops. New teams are different from mature teams. Recall a time when you were a member of a new team, such as a fraternity or sorority pledge class, a committee, or a small team formed to do a class assignment. Over time the team changed. In the beginning, team members had to get to know one another, establish roles and norms, divide the labor, and clarify the team's task. In this way, members became parts of a smoothly operating team. The challenge for leaders is to understand the stage of the team's development and take action that will help the group improve its functioning.

Research findings suggest that team development is not random but evolves over definitive stages. Several models describing these stages exist; one useful model is shown in Exhibit 18.5. The five stages typically occur in sequence. In teams that are under time pressure or that will exist for only a few days, the stages may occur rapidly. Each stage confronts team leaders and members with unique problems and challenges.

a. Forming Stage

The forming stage of development is a period of orientation and getting acquainted. Members break the ice and test one another for friendship possibilities and task orientation. Team members find which behaviors are acceptable to others. Uncertainty is high during this stage, and members usually accept whatever power or authority is offered by either formal or informal leaders. Members are dependent on the team until they find out what the ground rules are and what is expected of them. During this initial stage, members are concerned about such things as "What is expected of me?" "What is acceptable?" "Will I fit in?" During the forming stage, the team leader should provide time for members to get acquainted with one another and encourage them to engage in informal social discussions.

b. Storming Stage

During the storming stage, individual personalities emerge. People become more assertive in clarifying their roles and what is expected of them. This stage is marked by conflict and disagreement. People may disagree over their perceptions of the team's mission. Members may jockey for positions, and coalitions or subgroups based on common interests may form. One subgroup may disagree with another over the total team's goals or how to achieve them. The team is not yet cohesive and may be characterized by a general lack of unity. Unless teams can successfully move beyond this stage, they may get bogged down and never achieve high performance. During the storming stage, the team leader should encourage participation by each team member. Members should propose ideas, disagree with one another, and work through the uncertainties and conflicting perceptions about team tasks and goals.

c. Norming Stage

During the norming stage, conflict is resolved, and team harmony and unity emerge. Consensus develops on who has the power, who is the leader, and members' roles. Members come to accept and understand one another. Differences are resolved, and members develop a sense of team cohesion. This stage typically is of short duration. During the norming stage, the team leader should emphasize oneness within the team and help clarify team norms and values.

d. Performing Stage

During the performing stage, the major emphasis is on problem solving and accomplishing the assigned task. Members are committed to the team's mission. They are coordinated with one another and handle disagreements in a mature way. They confront and resolve problems in the interest of task accomplishment. They interact frequently and direct discussion and influence toward achieving team goals. During this stage, the leader should concentrate on managing high task performance. Both socioemotional and task specialists should contribute.

e. Adjourning Stage

The adjourning stage occurs in committees, task forces, and teams that have a limited task to perform and are disbanded afterward. During this stage, the emphasis is on wrapping up and gearing down. Task performance is no longer a top priority. Members may feel heightened emotionality, strong cohesiveness, and depression or even regret over the team's disbandment. They may feel happy about mission accomplishment and sad about the loss of friendship and associations. At this point, the leader may wish to signify the team's disbanding with a ritual or ceremony, perhaps giving out plaques and awards to signify closure and completeness.

3.2 Team Cohesiveness

Another important aspect of the team process is cohesiveness. Team cohesiveness is defined as the extent to which members are attracted to the team and motivated to remain in it. Members of highly cohesive teams are committed to team activities, attend meetings, and are happy when the team succeeds. Members of less cohesive teams are less concerned about the team's welfare. High cohesiveness is normally considered an attractive feature of teams.

Characteristics of team structure and context influence cohesiveness.

- Team interaction: The greater the amount of contact among team members and the

more time spent together, the more cohesive the team. Through frequent interactions, members get to know one another and become more devoted to the team.

- **Shared goals:** If team members agree on goals, they will be more cohesive. Agreeing on purpose and direction binds the team together.
- **Personal attraction to the team,** meaning that members have similar attitudes and values and enjoy being together.

3.3 Team Norms Development

3.3.1 Meaning of Team Norms

A team norm is a standard of conduct that is shared by team members and guides their behavior. Norms are informal. They are not written down as are rules and procedures. Norms are valuable because they define boundaries of acceptable behavior. They make life easier for team members by providing a frame of reference for what is right and wrong. Norms identify key values, clarify role expectations, and facilitate team survival. For example, union members may develop a norm of not cooperating with management because they do not trust management's motives. In this way, norms protect the group and express key values.

3.3.2 Ways of Developing Norms for Controlling and Directing Behaviour

Norms begin to develop in the first interactions among members of a new team. Norms that apply to both day-to-day behavior and employee output and performance gradually evolve. Norms thus tell members what is acceptable and direct members' actions toward acceptable productivity or performance. Four common ways in which norms develop for controlling and directing behavior are illustrated in Exhibit 18.7

a. Critical Events

Often critical events in a team's history establish an important precedent. One example occurred when Arthur Schlesinger, despite his serious reservations about the Bay of Pigs invasion, was pressured by Attorney General Robert Kennedy not to raise his objections to President Kennedy. This critical incident helped create a norm in which team members refrained from expressing disagreement with the president.

Any critical event can lead to the creation of a norm. In one organization, a department head invited the entire staff to his house for dinner. The next day people discovered that no one had attended, and this resulted in a norm prohibiting outside entertaining.

b. Primacy

Primary means that the first behaviors that occur in a team often set a precedent for later team expectations. For example, when the president of Sun Company set up teams in the Dallas-based exploration division, top managers made sure the initial meetings involved solving genuine company problems. The initial success created a norm that team members carried into other work.

c. Carryover Behaviours

Carryover behaviors bring norms into the team from outside. One current example is the strong norm against smoking in many management teams. Some team members sneak around, gargling with mouthwash, and fear expulsion because the team culture believes everyone should kick the habit.

d. Explicit Statements

With explicit statements, leaders or team members can initiate norms by articulating them to the team. Explicit statements symbolize what counts and thus have considerable impact. Making explicit statements is probably the most effective way for managers to change norms in an established team.

3.4 Managing Team Conflict

3.4.1 Meaning of Team Conflict

The final characteristic of team process is conflict. Of all the skills required for effective team management, none is more important than handling the conflicts that inevitably arise among members. Whenever people work together in teams, some conflict is inevitable. Conflict can arise among members within a team or between one team and another. Conflict refers to antagonistic interaction in which one party attempts to block the intentions or goals of another. Competition, which is rivalry among individuals or teams, can have a healthy impact because it energizes people toward higher performance. However, too much conflict can be destructive, tear relationships apart, and interfere with the healthy exchange of ideas and information.

3.4.2 Causes of Conflict

Several factors can cause people to engage in conflict:

i. Scarce Resources

Resources include money, information, and supplies. In their desire to achieve goals, individuals may wish to increase their resources, which throw them into conflict. Whenever individuals or teams must compete for scarce or declining resources, conflict is almost inevitable.

ii. Jurisdictional Ambiguities

Conflicts also emerge when job boundaries and responsibilities are unclear. When task responsibilities are well defined and predictable, people know where they stand. When they are unclear, people may disagree about who has responsibility for specific tasks or who has a claim on resources. The conflict between owners' and players' associations in both professional football and baseball is often a struggle to see which organization has jurisdiction over such things as drug testing.

iii. Communication Breakdown

Communication, as described in Unit 1, is sometimes faulty. Poor communications result in misperceptions and misunderstandings of other people and teams. In some cases, information may be intentionally withheld, which can jeopardize trust among teams and lead to long-lasting conflict.

iv. Personality Clashes

A personality clash occurs when people simply do not get along with one another and do not see eye to eye on any issue. Personality clashes are caused by basic differences in personality, values, and attitudes. Often it's a good idea to simply separate the parties so that they need not interact with one another.

v. Power and Status Differences

Power and status differences occur when one party has disputable influence over another. Low-prestige individuals or departments may resist their low status. People may engage in conflict to increase their power and influence in the team or organization.

vi. Goal Differences

Conflict often occurs simply because people are pursuing conflicting goals. Goal differences are natural in organizations. Individual salespeople's targets may put them in

conflict with one another or with the sales manager. Moreover, the sales department may have goals that conflict with those of manufacturing.

3.4.3 Conflict Handling Styles

Teams as well as individuals develop specific styles for dealing with conflict, based on the desire to satisfy their own concern versus the other party's concern. A model that describes five styles of handling conflict is as described below. The two major dimensions are the extent to which an individual is assertive versus cooperative in his or her approach to conflict.

Effective team members vary their style of handling conflict to fit a specific situation. Each style is appropriate in certain cases.

1. The competing style, which reflects assertiveness to get one's own way, should be used when quick, decisive action is vital on important issues or unpopular actions, such as during emergencies or urgent cost cutting.
2. The avoiding style, which reflects neither assertiveness nor cooperativeness, is appropriate when an issue is trivial, when there is no chance of winning, when a delay to gather more information is needed, or when a disruption would be very costly.
3. The compromising style reflects a moderate amount of both assertiveness and cooperativeness. It is appropriate when the goals on both sides are equally important, when opponents have equal power and both sides want to split the difference, or when people need to arrive at temporary or expedient solutions under time pressure.
4. The accommodating style reflects a high degree of cooperativeness, which works best when people realize that they are wrong, when an issue is more important to others than to oneself, when building social credits for use in later discussions, and when maintaining harmony is especially important.
5. The collaborating style reflects both a high degree of assertiveness and cooperativeness. The collaborating style enables both parties to win, though it may require substantial bargaining and negotiation. The collaborating style is important when both sets of concerns are too important to be compromised, when insights from different people need to be merged into an overall solution, and when the commitment of both sides is needed for a consensus.

3.4.4 Managing Team Conflict

The various styles of handling conflict can be used when an individual agrees with others. But what does a manager or team member do when conflict erupts among others within a team or among teams for which manager is responsible? Research suggests that several techniques can be used as strategies for resolving conflicts among people or departments. These techniques might also be used when conflict is formalized, such as between a union and management.

a. Superordinate Goals

The larger mission that cannot be attained, a single party is identified as a superordinate goal. A superordinate goal requires the cooperation of the conflicting parties for achievement. People must pull together. To the extent that employees can be focused in team or organization goals, the conflict will decrease because they see the big picture and realize they must work together to achieve it.

b. Bargaining/Negotiation

Bargaining and negotiation mean that the parties engage one another in an attempt to systematically reach a solution. They attempt logical problem solving to identify and correct the conflict. This approach works well if the individuals can set aside personal animosities and deal with the conflict in a businesslike way.

c. Mediation

Using a third party to settle a dispute involves mediation. A mediator could be a supervisor, higher-level manager, or someone from the human resource department. The mediator can discuss the conflict with each party and work toward a solution. If a solution satisfactory to both sides cannot be reached, the parties may be willing to turn the conflict over to the mediator and abide by his or her solution.

d. Providing Well-Defined Tasks

When conflict is a result of ambiguity, managers can reduce it by clarifying responsibilities and tasks. In this way, all parties will know the tasks for which they are responsible and the limits of their authority.

e. Facilitating Communication

Managers can facilitate communication to ensure that conflicting parties hold accurate perceptions. Providing opportunities for the disputants to get together and exchange information reduces conflict. As they learn more about one another, suspicious diminish and improved teamwork becomes possible.

For example, the conflict between different companies over the demonstration tape was eventually resolved by improved communication, clear definition of their respective tasks, and stronger commitment to the superordinate goal of finishing the tape (Daft, 1997).

SELF ASSESSMENT EXERCISE

Discuss the stages of Team development.

4.0 CONCLUSION

In this unit, we have been able to discuss the different stages of team development, the development of Team norms, causes of Team conflict and how to manage Team conflict. All these have enabled us to understand Team cohesiveness and Team conflict.

5.0 SUMMARY

This unit treats Stages of Team building, Team cohesiveness, Team norms development Managing Team conflict. All these have provided us with a better outlook to what constitutes a team, how teams develop, the conflicts that can develop in teams and how such conflicts can be handled.

6.0 TUTOR-MARKED ASSIGNMENT

What are the major types of teams found in organizations?

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