

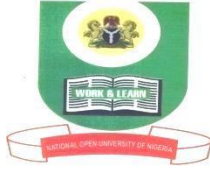


NATIONAL OPEN UNIVERSITY OF NIGERIA

FACULTY OF MANAGEMENT SCIENCES

COURSE CODE: BUS 451

COURSE TITLE: COMPARATIVE MANAGEMENT



**NATIONAL OPEN UNIVERSITY OF NIGERIA**

**COURSE GUIDE**

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# COURSE GUIDE

## **BUS 451: COMPARATIVE MANAGEMENT**

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## **COURSE GUIDE**

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## **INTRODUCTION**

BUS 451 COMPARATIVE MANAGEMENT is a one semester course work having two credit units. It is available to students on B.Sc. Business Administration in the Faculty of Management Sciences at the National Open University of Nigeria.

The course is made up of 15 units covering essential topics in Comparative Management. It also treated in detail, the differences and similarities of managerial systems and management practices in different cultural settings.

This course guide tells you what the course is all about, the relevant textbooks you should consult, and how to work through your course materials to get the best out of it. It also contains some guidelines on your tutor-marked assignments.

## **COURSE CONTENTS**

The aim of this course is to introduce you to the subject of comparative management and management practices in different cultural settings. The course contains core concepts in comparative management, such as, understanding the difference between universalistic and particularistic theories, evaluating then use and usefulness of contingency theory, assessing the explanatory role of culture, comparative approach to management and administration, theories of comparative management and administration, human resources management practices by organizations in different cultural settings.

## **COURSE AIMS**

The course aims to groom the students in the process of comparative management which prepares them for life journey through management positions in organizations. Sooner or later, the students, after their studies, will be involved in managing their own businesses or leading corporate organizations. Good knowledge of comparative management, and the understanding of the intricacies of managing under different cultural settings will be useful to the student in other areas of human endeavour.

## **COURSE OBJECTIVES**

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

- \* Comparative approach to management and administration
- \* Understand theories of comparative management and administration
- \* Human resources management across different cultural background
- \* Recruitment and selection methods in organizations operating in different countries
- \* Nigerian professionals and research in comparative management and administration
- \* Human resources management models for public and private sectors
- \* Streamlining the operations of public corporations such as the railways and airways
- \* Constraints imposed on managerial discretion in public corporations
- \* Comparative management of corporate bodies and non-profit organizations.

## **WORKING THROUGH THIS COURSE**

It is imperative that you read through the units carefully consulting the suggested texts and other relevant materials to broaden your understanding. Some of the units may contain self-assessment exercises and tutor-marked assignments to help you. Only when you have gone through all the study materials provided by the National Open University of Nigeria (NOUN) can you satisfy yourself that indeed you have completed the course. Note that at certain points in the course you are expected to submit assignments for assessment, especially the Tutor-Marked Assignment (TMAs). At the end of the course, there will be a final examination to test your general understanding of the course.

## **COURSE MATERIALS**

Major components and study units in the study materials are:

Course Title: BUS 451 COMPARATIVE MANAGEMENT

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

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### Module 1

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

### Module 2

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

### Module 3

- Unit 1 Profile of Nigerian Executives in the public and private sectors
- Unit 2 Use of Management Consultants/Contracts in Public Corporations
- Unit 3 Military Administrator, Civil Servant, and Manager as interchangeable experts
- Unit 4 Constraints imposed on Managerial Discretion in Public Corporations.

### Module 4

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

## TEXTBOOKS AND REFERENCES

You should use the prepared text for the course made available to you by NOUN. However, in your own interest, do not limit yourself to this study text. Make effort to read the recommended texts to broaden your horizon on the course.

## ASSIGNMENT FILE

The assignment file will be made available to you (where applicable). There, you will find details of all the work you must submit to your tutor for marking. The marks you obtain from these assignments will count towards the final mark you will obtain to hit the required pass-mark for the course.

## ASSESSMENT

Your performance on this course will be determined through two major approaches. The first is through your total score in the Tutor-Marked Assignments, and the second is through the final examination that

will be conducted at the end of the course. Thus, your assessment in the course is made up of two components:

|                         |     |
|-------------------------|-----|
| Tutor-market Assignment | 30% |
| Final Examination       | 70% |

The self-assessment tests which may be provided under some units do not form part of your final assessment. They are meant to help you understand the course better. However, it is important that you complete work on them religiously so that they will help in building you strongly and serving you as mock-examination.

### **TUTOR-MARKED ASSIGNMENT**

At the end of each unit, there is a Tutor-Market Assignment (TMA), which you are encouraged to do and submit accordingly. The study centre manager/ tutorial facilitator will guide you on the number of TMAs to be submitted for grading.

Each unit of this course has a TMA attached to it. You can only do this assignment after covering the materials and exercise in each unit. Normally, the TMAs are kept in a separate file. Currently, they are being administered on-line. When you answer the questions on-line, the system will automatically grade you. Always pay careful attention to the feedback and comments made by your tutor and use them to improve your subsequent assignments.

Do each assignment using materials from your study texts and other sources. Try to demonstrate evidence of proper understanding, and reading widely will help you to do this easily. The assignments are in most cases easy questions. If you have read the study texts provided by NOUN, you will be able to answer them. Cite examples from your own experience (where relevant) while answering the questions. You will impress your tutor and score higher marks if you are able to do this appropriately.

### **FINAL EXAMINATION AND GRADING**

At the end of the course, you are expected to sit for a final examination. The final examination grade is 70% while the remaining 30% is taken from your scores in the TMAs. Naturally, the final examination questions will be taken from the materials you have already read and digested in the various study units. So, you need to do a proper revision and preparation to pass your final examination very well.

### **HOW TO GET THE BEST OUT OF THIS COURSE**

The distance learning system of education is quite different from the traditional or conventional university system. Here, the prepared study texts replace the lecturers, thus providing you with a unique advantage. For instance, you can read and work through the specially designed study materials at your own pace and at a time and place you find suitable to you.

You should understand from the beginning that the contents of the course are to be worked on carefully and thoroughly understood. Step by step approach is recommended. You can read over a unit quickly to see the general run of the contents and then return to it the second time more carefully. You should be



prepared to spend a little more time on the units that prove more difficult. Always have a paper and pencil by you to make notes later on and this is why the use of pencil (not pen or biro) is recommended.

## **FACILITATORS/TUTORS AND TUTORIALS**

Full information about learning support services or tutorial contact hours will be communicated to you in due course. You will also be notified of the dates, time and location of these tutorials, together with the name of your tutors. Your tutor will mark and comment on your assignments. Pay attention to the comments and corrections given by your tutor and implement the directives as you make progress.

## **USEFUL ADVICE**

You should endeavour to attend tutorial classes since this is the only opportunity at your disposal to come face to face with your tutor/lecturer and to ask questions on any grey area you may have in your study texts. Before attending tutorial classes, you are advised to thoroughly go through the study texts and then prepare a list of questions you need to ask the tutor. This will afford you opportunity to actively participate in the class discussions.

## **SUMMARY**

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

Despite this wisdom, however, in general, the field of comparative management is undervalued and few efforts have been made to apply the insights of the field in textbooks. This study material is the first of its kind to take this type of comparison seriously and to show the reader the usefulness of broadening his/her horizon beyond the familiar concepts in the field and hence function more efficiently.

# BUS 451      COMPARATIVE MANAGEMENT



NATIONAL OPEN UNIVERSITY OF NIGERIA

## BUS 451 COMPARATIVE MANAGEMENT

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BUS 451

## Comparative Management

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- Unit 2 Management Skills in the Public and Private Sectors of the Economy
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## Module 3

- Unit 1 Profile of Nigerian Executives in the public and private sectors
- Unit 2 Use of Management Consultants/Contracts in Public Corporations
- Unit 3 Military Administrator, Civil Servant, and Manager as interchangeable experts
- Unit 4 Constraints imposed on Managerial Discretion in Public Corporations.

## Module 4

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

## Module 1

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|--------|---|
| Unit 1 | Comparative Approach to Management and Administration |
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## UNIT 1      COMPARATIVE APPROACH TO MANAGEMENT AND ADMINISTRATION

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#### 1.0. INTRODUCTION

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

Despite this wisdom, however, in general, the field of comparative management is undervalued and few efforts have been made to apply the insights of the field in textbooks. This study material is the first of its kind to take this type of comparison seriously and to show readers the usefulness of broadening their horizons beyond the familiar area and to understand the concept better and thus be able to function more efficiently.

## 2.0 OBJECTIVES

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

- \* Definition comparative management
- \* Understand the elements of Management and Administration
- \* Know the similarities and differences between Management and Administration

## 3.0 MAIN CONTENT

### 3.1 Management and Administration

Comparative management can be defined as the area of study dealing with differences and similarities of managerial systems and management practices in different cultural settings. It requires an understanding of the complexity and diversity of environmental variables and their impact on institutions.

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

#### 3.1.1 Differences between Administration and Management

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

In addition, it is believed that management is dynamic and business-oriented while administration is static, emphasizing the maintenance of the status quo and non-innovation. This distinction may look acceptable but the globalization of political and management systems have rendered the differences insignificant. The realities emerging from these polemics is that, administration is seen as part of management and management as part of administration. The

controversy surrounding this dichotomy between management and administration was as a result of the translation of Fayol's theory. Management was introduced to replace administration.

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

### 3.1.2 Similarities between Administration and Management

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

- (i) Administration and management are distinctive academic discipline, art and science of pursuing knowledge.
- (ii) Both concepts are used in modern organizations. They embrace organizational activities such as organizing, coordinating, budgeting, evaluating other organizational activities for the achievement of the set goals.
- (iii) Management and administration take place in every area of human endeavour. They aim at meeting individual and organizational goals.
- (iv) Management and administration represent global phenomenon, cutting across cultural boundaries. They remain the buzz words in human interaction in the world of work and business.
- (v) Administration and management enhances how far both human and material resources are channeled for purposive enterprise. They enable organizations to effectively and efficiently organize and utilize their resources for productive activities.
- (vi) They are directed towards the enhancement and attainment of goals and objectives of individuals and organizations.

### 3.2 Organization and Administration

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

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

This definition is slightly different from that of Sears (2002) who refers organization as a machine for doing the required work. It may be composed of persons, materials, ideas concepts, symbols, rules, principles or more often than not, a combination of this machine can work automatically. Its operation may be subject to human judgment and will. Professor Stead (2006), stated that organization is an agency by which we achieve our goals. Based on the above statement, we can say that organization stands for a structure, framework, system, organized body, a set of collection, concerned with the process of regulations and facilitating weork. Organization can take the form of organization of materials, organization of human resources, and organization of ideas and principles as discussed below:

### 3.2.1 Organization of materials

This encapsulates organization of building, campus, grounds and accommodation. This implies arrangement of each physical facility in such a way that each item can be most efficiently used and no wastage takes place. Equipment will be proportional to the number of people to be served.

### 3.2.2 Organization of Human Resources

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

### 3.3 Organization of Ideas and Principles

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

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

#### 3.3.1 Functions of Organization

- (i) Organization is the administrative expression of the theory of administration.
- (ii) Organization stands for, an organized body or system, or structure, or framework for human undertakings.



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

### 3.3.2 Functions of Administration

Functions of administration include the following:

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

## 4.0 CONCLUSION

We stated that comparative management is the area of study dealing with differences and similarities of managerial systems and management practices in different cultural settings. This area requires an understanding of the complexity and diversity of environmental variables and their impact on institutions. We also highlighted that management is the process of achieving organizational goals by engaging in the four basic functions of management, namely, planning, organizing, leading and controlling. On the other hand, management is looked at as being dynamic and business-oriented while administration is static, emphasizing the maintenance of the status quo and non-innovation. This distinction may look acceptable but the globalization of political and management systems have made this distinction irrelevant.

## 5.0 SUMMARY

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

## 6.0 TUTOR-MARKED ASSIGNMENT

- \* Define comparative management
- \* What is the basic difference between management and administration?

## 7.0 REFERENCES

- Amble, B. (2000). Institutional Complementarity and Diversity of Social Systems of Innovation and Production. Review of Political Economy, New York, U.S.A.
- Bell, D. (1973). The Coming of Post-industrial Society. New York: Basic Books.
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- Carla, I.K. (2005). Comparative International Management. The McGraw-Hill Companies
- Huntington, S.P. (1996). The Clash of Civilizations and the Re-making of World Order. New York, Simon & Schuster.
- Lugard, M. (2010). Theories and Practice of Administration: A Global View Express Publishers, Lagos.

## UNIT 2 THEORIES OF COMPARATIVE MANAGEMENT &amp; ADMINISTRATION

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## 0.0 INTRODUCTION

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

## 1.0 OBJECTIVES

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

- \* Explain the meaning of universalistic and particularistic theories
- \* The contingency perspective of universalistic theory
- \* Strengths and weaknesses of the theories

## 3.0 MAIN CONTENT

## 3.1 Management and Administration

As earlier discussed, comparative management is the area of study dealing with differences and similarities of managerial systems and management practices in different cultural settings. It requires an understanding of the complexity and diversity of environmental variables and their impact on institutions.

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

Thus, the preferred term for such courses varies from one institution to the other. This duality in the usage of the terms suggests that the distinction along the lines referred to above is not universal. Management literature, in general, shows that the term management and administration can be used interchangeably. Top Management in government often call itself 'Public Administration' and its counterpart in corporate (business) organizations would, for example, attribute the decision made by them to 'Management'.

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

While this distinction may sound elegant on the surface, it ignores the comprehensive, intricate and complex nature of management or administration. Indeed, each entails working with and achieving results through people and putting policies, procedures and methods in place.

Finally, attempts at drawing a line of demarcation between management and administration have been largely unrealistic and unsuccessful. Such distinctions have never won universal acceptance. For all practical purposes, therefore, the terms have continued to be used interchangeably.

### 3.2 The Universalistic Theory of Management

The universalistic theory of management claim that the phenomena of management and organization are subject to the same universal laws everywhere in the world. An example is the positive relationship between the size of an organization and its degree of internal differentiation, which has been found in

,many studies. Universalistic theory posits that this relationship is valid everywhere in the world, because it is based on fundamental characteristics of human behavior

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

### 3.2.1 Universalistic Theories ± The Contingency perspective

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

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

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

### 3.2.2 Strengths of Contingency Theory

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

### 3.2.3 Weaknesses of the Contingency Theory

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

### 3.3 The Particularistic Theory of Management

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

Furthermore, particularistic interpretation of organization and management imply that history matters, as national systems of management and organization are pat-dependent. For instance, the question may be asked whether Japanese management and organization can be truly understood without taking into

in a society that still bore the characteristics of the feudal era.

## 4.0 CONCLUSION

The study of comparative management focuses on the differences in management and organization between countries. It tries to find explore the differences and similarities of managerial systems and management practices across international boundaries. It takes a look at how management and organization are practices in different cultural settings around the world.

The universalistic and particularistic theories tried to explain the basis of differences and similarities in management and organization across different cultural settings. The universalistic theory claims that the phenomena of management and organization are subject to the same universal laws everywhere in the world. The particularistic theory of management, on the other hand, predicts that cross-national differences in management and organization will persist. The reason is that management and organization reflect expectations and preferences that differ between countries. This theory strongly believed that organizations and management in different countries can differ fundamentally, and that different explanations are necessary for different countries.

## 5.0 SUMMARY

Under this unit, we studied comparative management and discussed the issue of differences and similarities of managerial systems and management practices across different cultural settings. The unit taught students the complexity and diversity of environmental variables that affect management and organization across national and international cultural backgrounds.

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

## 6.0 TUTOR-MARKED ASSIGNMENT

- \* What is the definition of Comparative management.
- \* Explain the difference between universalistic and particularistic theories

## 7.0 REFERENCES

- Amble, B. (2000). Institutional Complementarity and Diversity of Social Systems of Innovation and Production. Review of Political Economy, New York, U.S.A.
- Bell, D. (1973). The Coming of Post-industrial Society. New York: Basic Books.
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- Lugard, M. (2010). Theories and Practice of Administration: A Global View Express Publishers, Lagos.

## Module 1

## UNIT 3 NATIONAL CULTURES AND MANAGEMENT

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## 1.0 INTRODUCTION

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

## 2.0 OBJECTIVES

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

- Understand the levels of analysis problem in cultural research
- Evaluate the usefulness of the emic and etic approaches to cultural analysis
- Assess when and how to use the cultural dimensions.



## 2.0 MAIN CONTENT

### 3.1 Etic Versus Emic

The comparison of culture presupposes that there is something to be compared  $\pm$  that each culture is not so unique that any parallel with another culture is meaningless. Throughout the history of the study of culture, there has been a dispute between those stressing the unique aspects (the emic approach), and those stressing the comparable aspects (the etic approach).

The emic approach emphasizes the need for understand social systems from the inside and through the definitions of their members. It attempts to analyze the internal coherence of single examples and condemns any attempt at classification across cultures as denying the uniqueness of each culture. Because of this emphasis on the unique features of each culture, the approach FDQ DOVR EH FKDUDFWHULJHG DV <sup>3</sup>LGLRJUDSKLF\_ Pure idiographic research is usually based on qualitative data analysis such as participant observation and interviews. Etic research, in contrast, attempts to establish general laws governing large numbers of examples. It looks at the variances and covariances of variables between cultures. Because of the emphasis on general ODZV\_ WKLV DSSURDFK FDQ EH FKDUDFWHULJHG DV <sup>3</sup>QRPRWKHWLF\_

7

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

#### 3.1.1 Research Methods

Although the differences between the etic and the emic approach cannot be reduced to issues of method alone, it is clear that the different forces of the two perspectives do call for divergent research methods and that these different methods in the turn further sharpen the differences between the two perspectives. Etic culture research aims to generalize across the boundaries of individual countries. If a researcher wants to identify dimensions in which cultures differ, he or she has to study a sufficient number of different societies in order to be able to verify the general nature of the proposed dimensions. Hofstede, (1980), used factor analysis to identify two of his

dimensions. In such an analysis, the unit of analysis is the culture. This means that in order to have a sufficient number of observations, many cultures need to be studied.

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

Translation into local languages is one aspect of the quest for equivalence. It is standard practice in cross-cultural research to translate a questionnaire into a local language, and then have it back-translated into the original language by a different translator. In this way, inconsistencies between the translated and the original instrument can be identified. However, equivalence issues go beyond translation into different languages. Even if the translation is faithful, the question may have quite different connotations from one country to another. An example is one of the questions used by Hofstede (1980):

“It makes a big difference whether this question is asked of respondents in a country like the USA with bountiful alternative employment options, or in a country like, say, Peru, with at the time of the research far fewer comparable employment possibilities; Hence, differences between answers to the question may partly be due to differences in other context factors than the national culture that is targeted.”

With preference for standardized, equivalent research instruments and large samples, a preference for quantified data becomes inevitable. Quantified data also make it possible to address issues of equivalence post hoc – that is, after the data collection. If we have included in the instrument a number of items that are supposed to measure a particular construct, we can test whether the answers to these items are correlated in the different societies studied. If this is not the case, this is a sign that the items do not measure the construct in question reliably. Items that do not in all countries studied correlate significantly with the other items measuring the construct can then be dropped from the further analysis, and in this way the scale is purified. This procedure would be impossible with qualitative data, of course.

### 3.1.2 Boundaries of Cultures

Another note-worthy problem with cross-cultural research is that the boundaries of the level of analysis cannot always be defined clearly. Within the cross-cultural literature, the dominant approach has been to equate nations with cultures, and thus to study cultures by comparing

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

### 3.3 Levels of Analysis

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

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

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

### 3.3.1 Dimensions and Typologies

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

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

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

## 4.0 CONCLUSIONS

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

In cross-cultural research, one big problem is that the boundaries of the level of analysis cannot always be defined clearly. Within the cross-cultural literature, the dominant approach has been

to equate nations with cultures, and thus to study cultures by comparing samples from different countries which, most of the time, does not produce reliable results.

## 5.0 SUMMARY

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

## 6.0 TUTOR-MARKED ASSIGNMENT

- :KDW GR \RX XQGHUVWDQG E\ μFXOWXUDO GLIIHUHQFHV¶ DPRQJ VRFLHWLHV"
- ([SODLQ WKH ZRUGV μHWLF¶ DQG μHPLF¶ ZLWK UHJDUG WR FXOWXUH\_

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## UNIT 4        MANAGING RESOURCES: HUMAN RESOURCES MANAGEMENT

## CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Relationship at the Workplace
  - 3.2 Work Classification, Design and Coordination
    - 3.2.1 Practices in American Firms
    - 3.2.2 Practices in U.K. Firms
    - 3.2.3 Practices in Japanese Firms
  - 3.3 Functional Specialization
    - 3.3.1 Organizational Hierarchy and Span of Control
    - 3.3.2 Employment Relationships
    - 3.3.3 Recruitment and Selection Methods
- 4.0 Conclusions
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References

## 1.0 INTRODUCTION

From the 1980s, a modest but growing literature started dealing with the comparative and international dimensions of human resources management. At that time, in particular, the field of human resources management has a strong managerialist orientation, assuming that employees and managers have a great deal of freedom in determining the design and implementation of human resources practices and policies. The literature was essentially prescriptive and had an implicit tendency to assume that one model, at that time generally the Japanese or the German one was superior. This model was then elevated as universally applicable, and was seen as one to which all organizations and nations should uphold. The result was that research designed in one country was transplanted to another, as if this was an easy thing to do. This research ignored the fact that knowledge of societies, of their languages, their norms, concepts values and culture is fundamental to understanding the behavior of people within employing organizations(Hofstede, 1983).

## 2.0 OBJECTIVES

At the end of this unit, the student would have been familiar with:

- Different human resources practices between countries
- Societal explanation for the diversity in human resources practices between countries
- 'LIIHUHQFHV LQ KXPDQ UHVRXUFHV V\VWHPV EHWZHHQ GHYHORSHG DQG GHYHOR

## 3.0 MAIN CONTENT

### 3.1 Relationship at the Workplace

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

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

### 3.2 Work Classification, Design and Coordination

#### 3.2.1 Practices in American Firms

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

management. Another force in the same direction was in the USA.

### 3.2.2 Practices in the U.K. Firms

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

### 3.2.3 Practices in the Japanese Firms

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

## 3.3 Functional Specialization

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



### 3.3.1 Organizational Hierarchy and Spans of Control

The contingency theory of organization explains organization structures, that is, the structuring of activities and centralization, largely with reference to the size, technology and task environment of organizations. This approach has been criticized in particular for the fact that it ignores the effect of societal variables. Research that focuses on the interrelationships between the social fields (that is, interaction of people at work, characteristics of jobs, education, training and industrial relations) is able to explain the more detailed differences in organization shape and structure between countries in carefully matched pair comparisons. These differences are played down or ignored by the contingency approach (Maurice et al, 1980).

according to task performance into the same categories of employees, arranged in the same hierarchical manner. It seems that a basic division of labour (between those who engage in conceptual work and those who merely execute these plans, and between those who control and those who submit to control, is an indispensable feature of the capitalist enterprise. Further horizontal division of labour developed with the increasing complexity of the capitalist enterprise.

### 3.3.2 Employment Relationships

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

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

and selection methods. Next, we focus on the alternative of external recruitment versus promotion.

### 3.3.2 Recruitment and Selection Methods

Even in the most democratic organizations, personnel selection criteria are rarely set by a consensus process. More likely, they are the result of trial and error over the years, bound by legal requirements, and subject to many other institutional constraints. Recruitment practices are complex and difficult to comprehend through the filter of written studies. The diversity of practices is such that the same concepts might cover different realities. For example, what does *μLQWHUYLHZ* or curriculum vitae PHDQ WR \*HUPDQ\_ -DSDQHVH\_ RU 86 RAJDQ\_ DWLRQV" recruitment methods used to hire a manual worker, a technician, a technical manager and a top manager will differ from one organization to another. While recruitment and selection covers a wide array of subjects, this section will concentrate on the leading features in some countries.

The selection criteria standing out as the most commonly used in the **USA** are; personal LQWHUYLHZ\_ D SHUVRQ V DELOLW\ WR SXLUHPHQWV RI WKH MRE\_ DQG proven work experience in a similar job. The US system prizes a close match between the requirements of a specialized position and the capacities of a specialized person.

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

Intensively used recruitment methods in **Sweden** (and in all Scandinavian countries) are references, interview panels, and data and biodata approaches. Psychometric testing, aptitude tests and assessment centres are also used, but to a lesser extent. The determination of recruitment and selection policies is decentralized and is done most of the time at site level and not at national level.. Line managers are very much involved in the management of recruitment and selection, the human resources department being supportive of line management.

Since a large internal labour market operates in Germany and the Netherlands, recruitment mainly takes place at entry-level positions, rendering extensive selection methods less essential. German companies emphasize the application form, interview panel and references as recruitment methods. Recruitment is on the basis of specialist knowledge and experience, especially in technical areas. German companies regard university graduates as good abstract thinkers, but prefer recruiting from among the more practically educated graduates from the

senior technical colleges and the MBAs specializing in management because they are considered to be better prepared for jobs.

#### 4.0 CONCLUSION

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

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

#### 5.0 SUMMARY

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

#### 6.0 TUTOR-MARKET ASSIGNMENT

- Discuss the difference between work classification in US and UK companies.
- How would you characterize recruitment and selection in Japanese and Swedish firms?

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**UNIT 1      THE ROLE OF NIGERIAN EXECUTIVES IN UNDERTAKING  
RESEARCH IN COMPARATIVE MANAGEMENT****CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Definition of Comparative Management
    - 3.1.1 Importance of Comparative Management
  - 3.2 Intercultural Management
    - 3.2.1 Need to Consider cross cultural difference
    - 3.2.2 Types of cross cultural Management Research
    - 3.2.3 Approaches to cross cultural Management Research
  - 3.3 Approaches of Comparative Management
  - 3.4 Main results of Comparative Management Research
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

**1.0 INTRODUCTION**

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

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

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

Finally, the results of comparative management research were highlighted.

## **2.0 OBJECTIVES OF THE UNIT**

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

- Define the term comparative management
- Enumerate the comparative management theories
- Explain the intercultural management

## **3.0 MAIN CONTENT**

### **3.1 Comparative Management**

Comparative management analyzes the extent to which management principles are applicable from one country to another.

Comparative management focuses on the similarities and differences among business and management systems from different contexts.

#### **3.1.1 Importance of Comparative Management**

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

In other words, the universality of management science allows it to be transferred from one locale to another. Management is universal because it is critical to the successful operation of an organization. The "universalist" school of management theory believes that certain management principles are fundamental and can be transferred to any organized form of human activity. In contrast to the universalists are those who believe that management practice is culture bound. Cultural differences in various countries exert a si Comparative international management is the field of inquiry that focuses on differences in management and organization between countries. By now, there is sufficient awareness of the usefulness of studying management and organization in an international context. Also, the use of comparison to aid explanation and to enhance understanding of social phenomena has always been recognized as a valuable tool of social scientific research and hence as an end in itself.

For at least the last twenty years, the literature has yielded diverse positions on the transferability of modern management principles into different cultures. A review of the research shows that most cross-cultural studies are actually cross-national studies which means comparing socio-cultural, political, and economic systems and not just culture. Two of the more important models are described in terms of the role of culture-the Farmer-Richman model and the Negandhi-Prasad model. One of the models identifies management as a dependent variable, and the other as an independent variable. The research was conducted to contribute to a resolution of this difference. The research design isolated the role of culture by controlling for the political, economic, and educational variables.

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

Comparative management theories identified are:

- Socio- Economic approach
- Ecological approach
- Behavioural approach
- Eclectic empirical approach

## **3.2 Intercultural Management**

Intercultural management is the combination of knowledge, insights and skills which are necessary for adequately dealing with national and regional cultures and differences between cultures, at the several management levels within and between organisations.

(W. Burggraaf)

### **3.2.1 The Need to Consider Cross Cultural Differences**

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

- Centralized vs. Decentralized decision making. There is variation across national culture in the extent to which important organizational decisions are made by senior managers, or whether decisions are made down the line with authority devolved.
- Safety vs. risk. In some cultures, managers have a very low tolerance of uncertainty and manage in ways to control this. In others, there is a much greater tolerance of uncertainty and much greater risk-taking.
- Individual vs. group rewards. In some cultures, there is emphasis on rewarding individual achievement. In other cultures the emphasis is on rewarding the group collectively.
- Informal vs. formal procedures. In some cultures, there is considerable use of informal procedures. In others, formal procedures are very important.
- High vs. low organizational loyalty. In some cultures, people identify less with their organization or employer and more with their occupational group or profession.
- Co-operation vs. competition. Some cultures emphasize co-operation in the organization, others foster competition.

### 3.2.2 Types of Cross-Cultural Management Research

| Title                 | Culture                  | Approach to Similarity & Difference | Approach to Universality | Type of Study                          | Primary Question  | Main Methodological issues  |
|-----------------------|--------------------------|-------------------------------------|--------------------------|--|---|---|
| Parochial Research    | Single culture studies   | Assumed similarity                  | Assumed universality     | Domestic studies                       | What is the behaviour of people like in work organizations?<br>Study is only applicable to one culture and. Yet it is assumed to be applicable to many cultures | Traditional Methodologies<br>All of the traditional methodological issues concerning design, sampling, instrumentation, analysis and interpretation WITHOUT reference to culture.                               |
| Ethnocentric Research | Second culture studies   | Search for similarity               | Questioned universality  | Replication studies                    | Can we use home country theories abroad? <sup>1</sup><br>Can this theory which is applicable in Culture A be extended to Culture B?                             | Standardization and translation How can research be standardized across cultures? How can instruments be LITERALLY translated? Replication should be identical to original study with the exception of language |
| Polycentric Research  | Studies in many cultures | Search for difference               | Denied universality      | Individual studies of foreign cultures | How do managers manage and employees behave in country X? What is the pattern of relationships in country X?  | Description. How can country X be studied without either using home country theories or models and without using obtrusive measures? Focus is on inductive methods and unobtrusive measures                     |
| Comparative Research  | Studies contrasting many | Search for both similar and         | Emergent universality    | Studies comparing many                 | How are the management and employee styles similar and different across cultures? Which   | Equivalence. Is the methodology equivalent at each stage in the research  |



|                     |                                  |   |                       |  |  |   |
|---------------------|----------------------------------|---|-----------------------|--|--|---|
|                     | cultures                         | difference  |                       | foreign cultures<br>Studies of                             | theories hold across cultures and which do not?  | process? Are the meanings of key concepts defined equivalently? Has the research been designed such that the samples, instrumentation, administration, analysis, and Interpretation are equivalent with references to the cultures. Included?   |
| Geocentric Studies  | International business studies   | search for similarity                             | Extended universality | Studies of multinational organizations                     | How do multinational Organizations function?   | Geographical Dispersion. All of the traditional methodological questions with the added complexity of Geographical distance Translation is often less of a problem I since most MNOs have a common language across all entwines in which they operate. The primary question is to develop an approach for studying the complexity al a large I organization. Culture is frequently ignored        |
| Synergistic Studies | Intercultural management studies | Use of similarities and differences as a resource | Created universality  | Studies of intercultural Interaction within work settings. | How can the intercultural interaction within a domestic or international organization be managed? How can organizations create structures and processes which will be effective in working with members of all cultures? | Interaction models and integrating processes met are effective ways to study cross-cultural interaction? How can universal and culturally specific patterns be distinguished? What is the appropriate nuance between culturally specific and universal processes within one organization? How can the proactive use of cultural I differences to create universally accepted patterns be studied? |

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

### 3.2.3 Six different approaches to cross-cultural management research

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

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

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

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

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

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

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

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

### **3.3 Approaches to Comparative Management**

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

- Socio-economic nature; and
- Behavioural/psychological nature

Model of socio-economic nature identified is environmental (ecological) by farmer/Richman while models of behavioural/psychological nature are:

- Economic development by Harbison and Myers
- Behavioural by Ghiselli and Porter
- Open system perspective by Negandhi
- Culture by Hofstede.

### **3.4 Main Results of Comparative Management Research**

- 1) There is no one way of doing things. The principle of equifinality applies to the functioning of social organizations; managers may achieve given objectives through various methods.
- 2) There is no universal applicability of either authoritarian or participating-democratic management styles. In general the United States can best be characterized as following democratic-participative style, while Germany, France, and most of the developing countries are authoritarian in their management style. The authoritarian style is not necessarily dysfunctional in developing countries. This perhaps may be the "right type" of leadership.
- 3) More objective measures are brought to bear in making managerial decisions with respect to compensation, objectives, goal setting, etc., in the developed countries; subjective judgment (emotions, religious beliefs) often enters the decision making processes in the developing countries.
- 4) There are similarities and differences among the managers around the world. Similarities are explained in terms of industrialization or the industrial subculture. Differences are explained in terms of cultural variables. The cultural factors are considered the most important influencing variables.

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

## **4.0 CONCLUSION**

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

## **5.0 SUMMARY**

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

This unit explains the importance of comparative management and their theories from two different divide which are socio ± economic and behavioural /psychological in nature.

Comparative management theories identified are:

- Socio- Economic approach
- Ecological approach
- Behavioural approach
- Eclectic empirical approach

## **6.0 TUTOR-MARKED ASSIGNMENT**

- Discuss the various ways comparative management can be defined
- Explain the importance of comparative management
- What do you understand by the term intercultural management?

## **7.0 REFERENCES/ FURTHER READING**

Bamidoro J.A (2005) Management and Society: Features, Theory and Concept, Ilorin ,Tim- Sal Nigeria Ltd.

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**UNIT 2      MANAGEMENT SKILLS IN THE PUBLIC AND PRIVATE  
SECTORS OF THEE ECONOMY**

**CONTENT**

1.0 Introduction

2.0 Objectives

3.0 Main Content

    3.1 Management skills in the public sector

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        3.1.4 Directing Skill

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        3.1.6 Personnel Management Skill

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    3.2 Private Sector and the Economy

    3.3 Management Skills in Private Sector

        3.3.1 Technical Competence

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        3.3.5 Political Skills

4.0 Conclusion

5.0 Summary

6.0 Tutor Marked Assignment

7.0 References/Further Reading

## **1.0 INTRODUCTION**

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

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

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

### **Overview**

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

Skills management systems record the results of this process in a database, and allow analysis of the data. To perform management functions and assume multiple roles, managers must be skilled. Robert Katz identified three managerial skills essential to successful management: technical, human, and conceptual\*. Technical skill involves process or technique knowledge and proficiency. Managers use the processes, techniques and tools of a specific area. Human skill

involves the ability to interact effectively with people. Managers interact and cooperate with employees. Conceptual skill involves the formulation of ideas. Managers understand abstract relationships, develop ideas, and solve problems creatively. Thus, technical skill deals with things, human skill concerns people, and conceptual skill has to do with ideas.

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

As the pace of change accelerates and diverse technologies converge, new global industries are being created (for example, telecommunications). Technological change alters the fundamental structure of firms and calls for new organizational approaches and management skills.

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

### **Employees who benefit**

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

### **Individual employees**

As a result of skills management, employees should be aware of the skills their job requires, and any skills gaps that they have. Depending on their employer, it may also result in a personal development plan (PDP) of training to bridge some or all of those skills gaps over a given period. Employees gain from improved identification and understanding of their own strengths and weaknesses, from being able to set personal goals, and to understand the value they bring to the organization (which in turn can boost morale).

### **Line managers**

Skills management enables managers to know the skill strengths and weaknesses of employees reporting to them. It can also enable them to search for employees with particular skill sets (e.g., to fill a role on a particular job.)

### **Organization executives**

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

## **3.1 MANAGEMENT SKILLS IN THE PUBLIC SECTOR**

The public sector managers are presently undergoing a period of change in the economy, which can be seen over the last decade, public spending by the government has been steadily in the rise. This advancement and change present a new set of challenge, leading to managers to contend with the changes brought by the contraction by applying leadership and management skills being developed during the growth in the public sector.

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



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

DOVR WR PHHW XS ZLWK WKH HQG UHVSXOW WKDW¶V SURYLGLQJ WKH VHUYLFH\_

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

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

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

### **3.1.2 Planning Skill**

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

### 3.1.3 Skill

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

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

When leader organize the work, the leader needs to:

- Determine the roles needed,
- Assign tasks to the roles,
- Determine the best resource (people or equipment) for the role,
- Obtain the resources and [allocate them to the roles](#), and
- Assign resources to the roles and [delegate authority and responsibility](#) to them.

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

### 3.1.4 Directing Skill

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

### **Pull, Don't Push Skills**

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

### **3.1.5 Controlling Skill**

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

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

### **3.1.6 Personal Management Skills**

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

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

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

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

### 3.1.7 Leadership Skills

The skill is the ability to lead a group of people or team within a institution in other to achieve

GHVLUHG DLP\_ 7KHUH¶V D GLIfERENCE between managers and leaders. Somehow leadership is an

intangible - D FKDULVPDWLF FRPSRQH QW WKDW VRPH SHRSOH KDYH DQG RWKHUV VLPSO\ C

7KDW¶V  
ZK\ DFFRUGLQJ WR WKH XELTXLWRXV ³WKH\´ LW LV VXFK D UDULW\

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

/HDGHUVKLS LV D FDOOLQJ\_ <RX GRQ¶W KDYH WR EH WDOO\_ ZHOO-spoken and good looking to

VXFFHVVIXO OHDGHU\_ <RX GRQ¶W KDYH WR KDYH WKDW ³VSHFLDO VRPHWKLQJ´ WR IXO

OHDGHUVKLS UROH

What you have to have is clearly defined convictions - and, more importantly, the courage of  
your convictions to see them manifest into reality.

### The Full Management Skills Pyramid

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



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

### 3.2 PRIVATE SECTOR AND THE ECONOMY

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

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

#### Overview

Management developers need working models of managing, which reflect what managers actually do. Without them management development processes become distant

and irrelevant. Management development processes become distant IURP WKH μOLYHG H[SHULHQFH¶ RI PDQDJLQJ DQG ODFN FUHGLELOLW\ ZLWK WKRVH ZKR DUH VXSSRVHG WR GHYHORSHG E\

them. This can mean that managers become disengaged, even alienated from MD as a set of tools

which are irrelevant and ineffective. MD will EH SHUFHLYHG DV VRPHWKLQJ μGRQH WR WKHP¶ QR VRPHWKLQJ WKH\ μRZQ¶ EHFDXVH LW KHOSV them at work. MD of this kind can also perpetuate myths

about managing which are misleading and counter-productive.

The value of the empirical studies, which we have considered is that they prick the pomposity of management and reveal that in essence it is not, some grand thing described by a term like

μVWUDWHJLF PDQDJHPHQW¶ RU μGHYHORSLQJ WKH RUJDQLZDWLRQ¶, QVWHDG LW emerge managing is far more mundane and also chaotic and complex than the abstract categories suggest. The process of

μGRLQJ PDQDJLQJ¶ \_ODQJLQJ DQG 3\H \_\_\_\_\_ HPHUJHV DV VRPHWKLQJ TXLWH FRPPRQSODFH

of small choices, actions and reactions, for example, writing some e-PDLOV\_ VFDQQLQJ VRPHRQH¶V report; talking to a group of staff; having conversations with people who come into the office and so on, which over time come together to form a line of development (which we might call a policy) for the organization.

As well as clear pictures of managing, management developers also need a clear view of the qualities, skills, attributes and competencies (are these synonyms or do they differ in meaning?) displayed by effective managers. Here again there are issues of definition and meaning which are rarely acknowledged by writers in the field, let alone professional developers. However, as Mangham (1988) has perceptively suggested, management vocabulary is full of terms which purport to describe the qualities of managers, for example *PSOH*, *μDQ HPSRZHULQJ OHDGHUVKLS VW\OH*, *μDELOLW\ WR PRWLYDWH RWKHUV*, *μD VWUDWHJLF XQGHUVWDQGLQJ*, *\HW DUH LPSUH PHDQLOJ DQG DUH*, often interpreted very differently by those who use the same phrases. Mangham suggests that these descriptors of management capability are too vague to be operationalized and there is very little professional consensus on the features of behavior by which they can be recognized. The reason lies in our lack of understanding of the management process (especially at the higher levels) and what is involved in distinguishing between ordinary and outstanding performance. This is partly because executive work is usually shrouded in secrecy and because higher managers themselves have difficulty in articulating in a coherent way what they do and how they do it. However, it is also a function of the very subtle socio-psychological-political processes involved which require *GHOLFDPWH MXGJPHQWV GLVJXLVHG E\ WKH ELJ FRQYHQWLRQDO ODE*, *μFOHDU FRPPXQLFDWRU*, *μFUHDWLYH GHFLVLRQ PDNHU*, *μG\QDPLF OHDGHU*, *μHWF*...

### 3.3 MANAGEMENT SKILLS IN PRIVATE SECTOR

The management skill, which has been seen to be of great important in driving an organization to *VXFFHVV LV EHLQJ GLVFXVVHG EHORZ*, *W\ V LPSRUWDQW WR QRWH WKDW LQ D SULYD*, *DQ\ VNLOO adopted* by a manager should be driving towards achieving success in respect to profit making and how to manage the organization in other to meet up with the needs of the shareholders.

In a private sector, any skill adopted is tailored towards achieving two aims, producing quality product and at the same time achieving profit margin for the company. Several skills have been adopted in the present generation to achieve success and organisation-workers relationship to achieve the end result of the stakeholders.

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

### 3.3.1 Technical competence

The technical skills are definitely an important aspect in the private sector, which is accompanied with business activity of the organisation, since it is believed that management activities is more of a practical and technical nature in order to move the organisation ahead. Management is a practical subject, which aims to have an impact on the real world, so it requires functional knowledge and skill in applying a body of professional practice. Here we are talking about knowledge of product technology, marketing techniques, engineering, accountancy, knowledge of relevant legislation, knowledge of basic management principles and theories which purport to KHOS WKH SUDFWLWLRQHU ZLWK µEHVW SUDFWLFH¶ LQ SODQQLQJ\_ RUJDQLzing and control (2001)

Although all levels of management require a technical base, one of the unique aspects of management is that the further you ascend the hierarchy of management, the less direct use is made of techniques and the more emphasis is placed on the social, cognitive and political skills of managing. A major problem for developers is that managers often get promoted to a high level of authority because of their mastery of technical skills. Although they may be highly professional specialists, they may not have had much opportunity on the way up to develop their people skills or to gain a broad appreciation of the organization as a whole. Once installed in a generalist role, they often find that performance requires strategic and political skills for which their former experience has not adequately prepared them (Garratt 1994). Typically, these managers find that their technical skills are not much use but they are not sure how they should behave. This role ambiguity can cause not only great anxiety but also behaviour, which may be dysfunctional for the organization as a whole. It is tempting for them to emphasize what they know best and act as higher-level technicians with a narrow problem-solving view of their job, interfering in issues, which should be left to those lower down. This is often the situation for directors in medium-sized private companies who are rarely trained for their role. The beginnings of wisdom in management is often knowing when you are no longer paid to perform a professional-technical role and the job now requires a strategic appreciation and the use of social-political skills to harmonize the parts in the service of a greater whole (Garratt 1994).

### 3.3.2 Self-awareness Skill

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

This makes sense. How can anyone manage others unless they have first mastered themselves? The knowledge we have acquired about ourselves, which makes up our self-concept, is central to improving our management skills. Knowing ourselves helps us understand our own taken-for-granted assumptions, our categories for defining situations and people, our sensitivities, strengths and weaknesses. This knowledge is self-empowering. It allows us to capitalize on our talents. It is the first step in making any changes to ourselves, which are needed to develop the skills we think we need. Self-reflection is also important because it helps us make our interactions with others more effective and insightful. By understanding ourselves we become more sensitive to the differences and also the similarities between people; it makes us more empathic and more

in a position to look in on his/her own behavior from the perspective of others. We come to

developing a sense of self in the world which is consistent with how we are seen, we have the self-knowledge to present ourselves well ± to use the words and take the actions which will influence others through quiet skills of persuasion and coordination.

There seem to be a number of areas of self-awareness (Whetton and Cameron 2002). However, it seems that self-understanding in about four of these may be particularly linked to management success.



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

### 3.3.3 Interpersonal and social skills

These skills are hard to define but they largely mean working with and through other people and using careful judgment. This method is used by managers to get their subordinate or staffs to actualize and follow their part ways. This process of interpersonal and social skills is used to get your staff to do what you want and this system is usually seen as a manipulative method. They imply sensitivity to people and situations and skill in persuading people to achieve a common

JRDO\_ \$ ORW RI PDQDJHPHQW LV ZDWFKLQJ\_ VHQVLQJ\_ GRLQJ UHGGLQJV RI RWKHUV¶ EHK  
D VHQVH  
managers are doing what we all do in social situations, but they are doing it with purpose and through complex webs of relationships within very diverse role sets (e.g. balancing the often conflicting expectations of customers, suppliers, employees, superiors, etc.). From ideas they have of themselves and their own experience managers try to infer what is going on in the

KHGV RI RWKHUV\_ 0DQJKDP \_\_\_\_\_ WDNV RI WKLW DV µWKH WKHDWUH RI WKH VNXOO¶  
HOJDH LQ D  
IRUP RI µLQWHUQDO GLDORJXH¶ WR GHFLGH RQ WKH EHVV OLQH RI DFWLRQ\_ 7KLV LV UH  
RI µUROH  
WDNLQJ¶ WKDW LV\_ LW UHTXLUHV VRFLDO HPSDWK\ LQ ZKLFK WKH\ LPDJLQDWLYHO\ D  
V\PSDWKHWLFDQ\ SXW

themselves in the minds of others, anticipating their reactions to the flow of events. By accurately modelOLQJ RWKHUV¶ EHKDYLRXU DQG FRUHHFWO\ DWWULEXWLQJ LQWHQWLQJ ZHOO SODEFHG WR act thoughtfully and appropriately. Ethnographers of management (Watson, Hales, etc.) have found that as we interact with others in management we are judging others in terms of their significance for our plans. What are their assumptions? What values guide their management? What do they hope to achieve here? Where do they stand on various issues? Is there a difference between what they claim and what they really want? Through tKHVH µUHDGLQJV¶\_ PDQ- agers develop a sense of the strategy best suited to the circumstances and most likely to allow their agenda to be implemented. The same empathy, feeling and judging are involved in other aspects of the social process. For example, thH VHQLRU PDQDJHU QHHGV WR KDYL D µVHQVH RI KRZ WKL JRLQJ DV D ZKROH¶\_ 7KDW PHDQV KDYLQJ D µIHHO¶ IRU KRZ WKLQJV DUH LQWHUFRQQHFV LV\_ KRZ D micro-situation has implications for the strategy as a whole; how changing the technical system will haYH D µNQRFN RQ¶ HIIHFW IRU WKH VRFLDO V\VWHP\_ IRU H[DPSOH\_ sense-making and mar Researchers such as Weick (1979, 1995) and Pye (2005) suggest that the essence of leadership is µVHQVH-PDNLQJ¶\_ 7KLV PHDQV PDNLQJ VHQVH RI RUJDQLVDWLRQDO EHKDYLRXU WKURX reflection should be considered as the main factor of leadership in an organisation. How do we make the complex, fragmented, behavioural, social and political processes of managing coherent and give them meaning? This approach attempts to penetrate the constructed world of the manager. How do managers make plausible sense of their experience? How do they construct identity? How do they retrospectively review a number of events and happenings and give them meaning? How do they draw on ideologies ad models to define what is happening and what they should do (e.g. scientific management; markets; flexible form organisation, etc.)? This sense-making is interactive, is mediated by language and is constantly developing (e.g. Fisher 1996, talks of us assumLQJ GLIIHUHQW µPDQDJHULDO VWDQFHV¶ LQ RXU FDUHHUV DV ZH VORZO\ F DVVXPSWLQJ DERXW WKH UHDOLW\ RI PDQDJLQJ\_ 7KLV PD\ EH D SURGXFWLYH µWXUQ¶ UHVHDUFK\_ZKLFK provides insights into how managers make meaning through ideas, constructs, metaphors and images. A sense-making perspective seems particularly useful for explaining how the issues in management remain remarkably similar from one decade to another even though the vocabulary XVHG WR GHILQH WKHP VKLIWV \_H\_J\_ µPDQDJLQJ FKDQJH¶ LQ WKH \_\_\_\_V EHFDPH µFRUSRQ JRYHUQDOFH¶ LQ WKH PLOOHQQLXP\_ µHPSRZHUPHQW¶ EHFDPH µVRFLDO FDSLWDO¶\_ µLQQRYPDWLRQ¶ EH µNORZOHGJH management). It is through sense-making and its discourses that the issues of management are

reframed with new vocabulary even if the basic processes remain largely timeless.

### 3.3.4 Thinking skills

Cognitive skills are another essential attribute of the effective manager. Managers need the ability to think. That does not mean that they have to be original conceptual thinkers, but they do need to have good, clear minds and to be able to see the whole picture. Many managers like to believe that their cognitive skills define them, that is, that they are sharp decision makers and smooth problem solvers. Management science models emphasise rigorous thinking and hard strategic analysis. However, all the observational studies of managers agree that in reality management involves a lot of improvising and fudging towards a solution that is good enough in the circumstances. Lindblom (1959) has called this styOH µGLVMRLQWHG LQFUHPHQWDOLVP¶\_ 0DQ\ studies of managers as decision makers show that managers typically do not search for the best possible solution to a problem because that would be too time-consuming. Instead they search for a temporary expedient to the problems involved and usually within the boundaries of previous decisions.

Herbert Simon (1957) Nobel Prize winner for work on decision-PDNLQJ\_ WKLQNV WKDW µ0DQDJHUV do not seek the sharpest needle in the haystack, just one that is sharp enough to sew wiWK\_¶ %\ DQG ODUJH\_ PDQDJHUV QHHG WR EH PDVWHUV LQ PDNLQJ GHFLVLRQV ZKLFK DUH µJRRG WKH circumstances, rather than masters of fundamental decision-making which addresses the complexity of a situation and the underlying forces involved. This is what we meant earlier by µPXGGOLQJ ZLWK D SXUSRVH¶\_ 0LQWJEHUJ \_\_\_\_\_ KHOSV XV WR XQGHUVWDQG PDQDJHPHQW GHFLVLRQ-making by drawing a distinction between left brain thinking which he characterizes as linear, ordered, sequential and analytical and right brain thinking which is holistic, synthetic and intuitive. Mintzberg claims that when you look at management decision-making closely it turns out not to be a regular, planned and systematic process. This is true of strategy as well as more operational decision-making. In fact, it seems discontinuous and proFHHGV LQ µILWV DQG VWDUWV¶\_ Despite the obsession with measurement, quantification and sophisticated modelling in management, Richard Heller (1995) stresses that most business decision-making involves thinking wLWK LQFRPSOHWH LQIRUPDWLRQ\_ µEDFN RI WKH HQYHORSH¶\_ FDOFXODWLRQV DQ ERPPRO-sense FRQVWUXFWV ZKLFK ZH VXEVPXPH XQGHU WKH ODEHO RI µMXGJPHQW¶\_ EHFDXVH ZH DUH DZDUH RI what is involved. Mintzberg thinks that right brain thinking dominates in management. It is the

ability to synthesize bits of information into a whole using robust categories of definition and classification which we have built up from the past. It is the ability to conceptualise and create a picture from pieces of evidence which is most needed in management. Continuing his metaphor

RI OHIW DQG ULJKW EUDLQ WKLQNLQJ\_ LQ 0LQW]EHUJ¶V YLHZ UHDOO\ RXWVWDQGLQJ PDQJHU WKH right (conceptual) hemisphere and develop a whole picture of the organisation and its future but

then programme and carry out plans of action with the left (rationalist) hemisphere.

### ➤ Thinking styles

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

Among the various categories they define are the following.

- ❖ Systematic thinkers ± These managers are particularly sensitive to problem recognition. They are aware that if the problem is wrongly defined, thorough logical analysis will be misdirected and futile. Typically they fend off pressure for an early definition of the problem, instead throwing themselves into the data and thinking inductively, often re-framing issues several times before coming to a final definition. Choosing a plan of action can also be intuitive, based on grasping a general idea and improvising actions which may make it work. Rational search protocols are sometimes used to justify decisions which are based on a logical analysis of the data. These managers are often obsessed with precision in objectives, systems and procedures, the truth is that many decisions in management arise from rough calculations which are more based on vague impressions and feelings. These managers are often very logical and systematic in their thinking process, then they search for solutions in a very orderly way. They give a lot of attention to making the implicit explicit and quantifying variables where they can. They are deductive thinkers who try to calculate the consequences of different approaches and choose the line which seems most likely to optimise value.
- ❖ Intuitive thinkers ± These managers are particularly sensitive to problem recognition. They are aware that if the problem is wrongly defined, thorough logical analysis will be misdirected and futile. Typically they fend off pressure for an early definition of the problem, instead throwing themselves into the data and thinking inductively, often re-framing issues several times before coming to a final definition. Choosing a plan of action can also be intuitive, based on grasping a general idea and improvising actions which may make it work. Rational search protocols are sometimes used to justify decisions which are based on a logical analysis of the data. These managers are often obsessed with precision in objectives, systems and procedures, the truth is that many decisions in management arise from rough calculations which are more based on vague impressions and feelings. These managers are often very logical and systematic in their thinking process, then they search for solutions in a very orderly way. They give a lot of attention to making the implicit explicit and quantifying variables where they can. They are deductive thinkers who try to calculate the consequences of different approaches and choose the line which seems most likely to optimise value.
- ❖ Perceptive thinkers ± These managers seem to use a thinking style which falls between the two previous styles. They are aware that if the problem is wrongly defined, thorough logical analysis will be misdirected and futile. Typically they fend off pressure for an early definition of the problem, instead throwing themselves into the data and thinking inductively, often re-framing issues several times before coming to a final definition. Choosing a plan of action can also be intuitive, based on grasping a general idea and improvising actions which may make it work. Rational search protocols are sometimes used to justify decisions which are based on a logical analysis of the data. These managers are often obsessed with precision in objectives, systems and procedures, the truth is that many decisions in management arise from rough calculations which are more based on vague impressions and feelings. These managers are often very logical and systematic in their thinking process, then they search for solutions in a very orderly way. They give a lot of attention to making the implicit explicit and quantifying variables where they can. They are deductive thinkers who try to calculate the consequences of different approaches and choose the line which seems most likely to optimise value.

broad and the detailed they begin to develop explanatory concepts of the relationship between factors which leads to a definition of a problem and the generation of alternative approaches. Standard analytical processes are then often used to choose a final solution. Other writers on management have suggested a range of typologies to contrast thinking styles, for example, convergent (logical, rational, linear) and divergent (intuitive, expressive, ideational) thinking (Guilford and Hoepfner 1971); romantic and classical thinking; spiral, linear and lateral thinking, etc. There is also the concept of different languages of thinking, for example, spatial, linguistic, mathematical, social thinking (Leavitt and Bahrani 1988). These typifications have their limitations because they seek to capture something fluid and mercurial like thinking with static constructs. However, one consistent finding seems to be that the most effective managers have a broad repertoire of thinking styles, are fluent in various forms of thinking and can adapt their thinking to the needs of the situation. More particularly, they are holistic as well as pragmatic thinkers, they think for themselves, are critically evaluative of orthodoxy, try to learn from experience and avoid the narrow groove.

HQJLQHHULQJ HWF

A recent, and engaging, attempt to categorize management thinking is an article by Gosling and Mintzberg (2004), which

RUJDQLVDWLRQV RI WKH IXWXUH QHHG D UHIOHFWLYH PLQGVH DOVR QHHG SH EDQ SUREH EHQHDKWK WKH VXUIDFH DQG XQGHUVWDQG KRZ WKLQJV UHODWH WRJHWKHU DQ DQ PLQGVH 7KH need managerV ZKR KDYH D VHQVH RI KRZ WKLQJV JR D ZRUOGO PLQGVH 7KH GLYHUV boundary-VSDQQLQJ QDWXUH RI JUHDW RUJDQLVDWLRQV UHTXLUHV D FXOWXUDOO VHQV FROODERUDWLYH PLQGVH LQDOO PDQDJHUV QHHG DQ DFWLRQ PLQGVH ZKLFK PHDQV FUHDWLQJ shared GLUHFWRQ 0DQDJHUV ZLOO EH VWURQJHU XVLQJ VRPH PLQGV UDWKHU WKDQ RWKH DOO PDQDJHUV need to be able to move seamlessly between mindsets as changing circumstances require.

#### ❖ Creativity

Many managers are faced with the obsession and sticking to the one way method of management

DQG OHDGHUVKLS LQ ZKLFK WKH DUH XVHG WRR HVSLWH WKH REVHVVLRQ RI PDQ PD ZLWK WKH ROH ULJKW ZD ZLWK V VWHPV DQG ZLWK EHVW SUDFWLFH VXFHVVIXO PDQDJHUV YDO DOG FUHDWL YLW Heller 1995). The capacity to think freely and to recognize the value of new idea as it emerges

is important cognitive skills for the manager.

Creativity is a special form of thinking where reason, sensitivity and judgment come together. It involves gut feeling and calculated risk-taking, having ideas and knowing how to apply them.

&UHDWLYLW\ LQ PDQDJHPHQW RIWHQ PHDQV μJRLQJ DJDLQVW WKH JUDLQ¶ DQG GRLQJ V GLIIHUHQW

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

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

- Observant of the processes around them. They give attention to things and are there- fore aware of small changes which may be the precursors of new trends.
- [REDACTED]king in conventional categories and in stereotypes. They try to reason things out for themselves.
- [REDACTED]en things. They have a synthesizing ability to relate disconnected things together to form new ways of seeing

### 3.3.5 Political skills

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

Winners in this organisational game are often those who are politically saavy and know how to make a good case and manage organisational rules in their own favour.As John Hunt (1992)

says, senior managers are not in a position to claim that they are above the dirty business of

SROLWLFV\_ ,I WKH\ GRQ¶W SOD\ WKH SROLWLFDO JDPH WKHQ WKH\ DUH DEDQGRQLQJ WK IRU RWKHrs to.

skew the system in their own interests.Organisational politics involves:

- Senior managers building up their departments by fighting for additional resources and authority;
- 6HQLRU PDQDJHUV HQJDJLQJ LQ GHEDWH RYHU WKH μPHDQLQJ¶ RI WKH VWUDWHJLF

definitions favorable to their interests prevail;

- Conflict between cliques over equipment, space, budgets, staff, etc.;
- Individuals jockeying for position to advance their careers.

2UJDQLVDWLRQDO SROLWLFV LV WKH µEDFNVWDJH¶ RI WKH RUJDQLVDWLRQ ZKHUH the en-  
log  
rolling, careerism, interest group lobbying and patronage relationships take place. The skills  
which are needed here involve all the qualities we have considered before and some other, more  
specific ones.

(a) Diagnostic skills ± The best political operators seem to be effective in mapping the political  
terrain. They have a sense of the distribution of power within an organisa- tion, the perspectives  
and cultures of different groups, who are the prime movers of events, the agendas of different  
actors and who has to be won over to build a winning coalition behind an initiative (Hunt 1992,  
Pfeffer 1981).

(b) Tactical skills ± Managers with political skill seem to know how to switch between methods  
of influence. They know how to test the water for a proposal while avoid- ing a commitment on  
which it is difficult to renege. They use formal authority sparingly because they know that the  
overt use of power demonstrates not strength but weakness. They prefer to achieve their

objectives througK PRUH LQGLUHFV PHDQV\_ 7KH VNLOOV KHUH LQYROYH µIL[LQJ¶ PHHWLQJ  
DGYDOFH E\ JHWLQJ WKH SRZHUIXO µRQ VLGH¶ EHIRUH WKH\ JR LQWR FRPPLWWHH\_ FXWWLQJ GHDOV  
PRVW  
powerful players; engaging in social exchange relationships (e.g. support in return for patronage)

to construct critical alliances around core issues; controlling the timing and presentation of  
issues; using outsiders to legitimate activity; using networks to plant and collect confidential  
information (Kakabadse 1983).

(c) Shaping skills ± Sophisticated players seem to be good at shaping the political process so that  
they can achieve their goals indirectly, through influence and per- suasion. Accurately attuned to  
what is at stake for each of the participants in events, the politician-manager concentrates on  
areas of common interest to build consensus while subtly moving perceptions so that change  
becomes possible. This involves the ability to read signals, develop rapport and sell ideas in

WHUPV RI WKH RWKHU¶V LQWHUHVWV\_ /DQJXDJH VNLOOV DUH Lmportant here. Political manag  
to manoeuvre to promote sectional advantage while claiming to speak for the organisation as a  
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RI WKH

FRPSDQ\¶ 7KH\ XVH ODQJXDJH WR µPDQDJH DWWHQWLRQ¶ DQG WR µPDQDJH PHDQLQJ¶ \_%  
Nanus 1985)

#### **4.0 CONCLUSION**

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

#### **5.0 SUMMARY**

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

#### **6.0 TUTOR MARKED ASSIGNMENT**

1. Critically examine the different cognitive styles as given by McKenny and Keen (1976)
2. Evaluate the effects of Management skills in both Public and Private Organization in relation to the Management level
3. How does diagnostic skill affect decision-making skill in an organization



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**UNIT 3     CONSTRAINTS OF ORGANISATIONAL SETTING ON THE  
MANAGEMENT OF GROUP ACTIVITIES****CONTENTS**

|       |   |
|-------|---|
| 1.0   | Introduction  |
| 2.0   | Objectives  |
| 3.0   | Main Content  |
| 3.1   | Meaning and Elements of Organizational Structure    |
| 3.2   | Reasons for Development of Organizational Structure |
| 3.3   | Problems within an Organizational Structure         |
| 3.3.1 | Departmental Loyalty                                |
| 3.3.2 | New Management                                      |
| 3.3.3 | Confusion   |
| 3.3.4 | Company Goals                                       |
| 3.4   | Implications of Bad Organizational Structure        |
| 3.4.1 | Low Productivity                                    |
| 3.4.2 | Employee turnover                                   |
| 3.4.3 | Technology  |
| 3.4.4 | Growth  |
| 4.0   | Conclusion  |
| 5.0   | Summary   |
| 6.0   | Tutor Marked Assignments                            |
| 7.0   | References/Further Readings                         |

**1.0     INTRODUCTION**

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

## **2.0 OBJECTIVES**

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

- Explain what an organisational structure means
- State the reasons for setting up organisational structure
- Identify the problems within an organisational structure
- Explain the implications of bad organisational structure

## **3.0 MAIN CONTENT**

### **3.1 Meaning and Elements of Organizational Structure**

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

- (a) Governance: The first element of structure of a group is governance  $\pm$  some persons or group has to make the decisions within the organisation.
- (b) Rules by which Organisation Operates: Another important part of structure is having rules by which the organisation operates. Many of these rules may be explicitly stated, while others may be implicit and unstated, though not necessarily any less powerful.
- (c) Distribution of work: Inherent in any organisational structure also is the distribution can be formal or informal temporary or enduring; every organisation will have some type of division of labour.

### **3.2 Reasons for Development of Organisational Structure**

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

### **3.3 Problems within an Organizational Structure**

A company with a strong organizational structure benefits from improved communication, a well-defined hierarchy and the ability to create a unified company message. As efficient as organizational structure can be, it can also create problems that can lead to loss of productivity

and internal conflict. In order to maintain a strong company framework, you need to be able to identify the problems within an organizational structure and deal with them as they occur.

### **3.3.1 Departmental Loyalty**

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

### **3.3.2 New Management**

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

### **3.3.3 Confusion**

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

### **3.3.4 Company Goals**

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

## **3.4 Implications of a Bad Organizational Structure in the Management of Group Activities.**

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

### **3.4.1 Low Productivity**

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

### **3.4.2 Employee Turnover**

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

### **3.4.3 Technology**

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

### **3.4.4 Growth**

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

## **4.0 CONCLUSION**

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

## **5.0 SUMMARY**

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

## **6.0 TUTOR MARKED ASSIGNMENT**

1. What is an organisational structure or setting?
2. Enumerate the essence of developing an organisational structure.
3. Highlight the various problem that could be encountered within an organisational setting
4. State the Implications of a bad organizational structure in the management of group activities.

## **7.0 REFERENCES/FURTHER READINGS**

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**Unit 4: HUMAN RESOURCES MANAGEMENT MODEL THAT MEETS THE NEEDS  
OF PUBLIC AND PRIVATE SECTORS****CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Strategy Formulation and Strategy Execution
  - 3.2 Creation of Strategic Human Resource System Component
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References / Further Readings

**1.0 INTRODUCTION**

This unit discusses the human resources management models that meet the need of both the public and the private sectors. Managers in public and private sectors use the term **human resource strategies** to refer to specific human resource management courses of action the company pursues to achieve its strategic aims. These strategies are common to both sectors. Under this unit, Strategy formulation and Execution will be discussed. You will also learn the three main Strategic Human Resource System Components.

**2.0 OBJECTIVES**

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

1. Gain an understanding on the formulation and execution of HR strategies
2. State why a strategy ±oriented HRM system is important in both public and private sector.
3. Explain what the Creation of Strategic Human Resource System Component involves

**3.0 MAIN CONTENT****3.1 Strategy Formulation and Strategy Execution**



## 1. Strategy Formulation

The traditional role of execution of Strategies by human resource management has extended to the formulation of strategies in collaboration with top management. Globalization has brought about, more competition which has led to more performance and most employers are pursuing improved performance. This situation has made the process of formulation.

external opportunities and threats on one hand and its internal strength and weaknesses on the other hand. These strategic plans capitalize on the strengths and weaknesses to maximize or minimize or neutralize its threats and weaknesses.

### i. Opportunities and threats

With regards to opportunities and threats externally, the human resources manager is in a unique position to supply competitive intelligence that may be useful in the formulation of incentive plans, opinion survey data from employees that elicit information about customer complaints and information about pending legislation such as labour laws and mandatory income tax.

### ii. Strengths and Weaknesses

Human resource management also supports strategy formulation for by providing information on the strengths and weaknesses of the organization. This includes the number of those who are computer literate, number of those who have the educational background to assimilate new training, whether the company is able to provide the necessary training in time or whether to turn to outside vendors or to hire new workers. With such inputs firms are even able to build new strategies around human resource strengths.

## 2. Strategy Execution

Once the human resource manager designs the strategies, the policies and practices that are to be implemented, the next step is to execute the strategies. This involves the implementation of the strategies, the policies and practices that are to be implemented. The human resource manager designs the strategies, the policies and practices that are to be implemented. The human resource manager designs the strategies, the policies and practices that are to be implemented.

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employee development helps FedEx, differentiate itself from its competitors by offering  
superior service.

Human resource management supports strategy execution in other ways, for example it  
DGPLQLVWHUV PRVW ILUPV GRZQVLJLQJ DQG UHVVWUXFWXULQJ HIIRUWV\_ UHGXF  
FRVWV  
instituting pay-for-performance plans, retraining employees, etc.

## Self Assessment Exercise

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

### Answer

Globalization has influenced Human Resources Management in such a way that the traditional role of execution of Strategies by human resource management has extended to the formulation of strategies with top management both in the public and private sector. Globalization has brought about, more competition which has led to more performance and most employers are pursuing iPSURYHG SHUIRUPDQFH\_ 7KLV VLWXDWLRQ KDV PDGH KXPDQ UHVRXUFH PDQDJH knowledge and expertise crucial to the strategy formulation process.

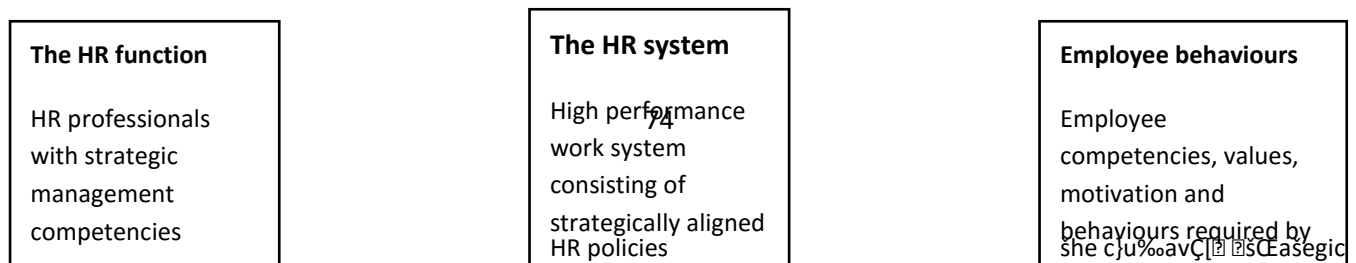
## 3.2 Creation of Strategic Human Resource System Component

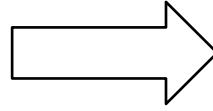
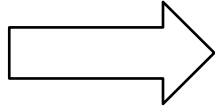
In creating a strategically relevant human resource management system in the private and public sector, it is useful to focus on three main components and these are:

- i. **The Human Resource professionals-** who have the strategic and other skills required to build the strategy-oriented Human Resource system.
- ii. **The Human Resource policies and practices** ± for example, how the company recruits, selects and trains and rewards employees.
- iii. **The Employee behaviour and competencies** ± ZKLFK WKH FRPSDQV VWUDWHJ\ UHTXLUH WKDW HPHUJH IURP WKH KXPDQ UHVRXUFH V\VWHPL SROLFLHV DQ

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

**Figure 3.2 Three Main Strategic Human Resource Component**





#### **4.0 CONCLUSION**

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

#### **5.0 SUMMARY**

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

#### **6.0 TUTOR-MARKED ASSIGNMENT**

1. Why is a strategy important for an organization?
2. In creating a strategically relevant human resource management system in the private and public sector, what are the important areas to focus on?
3. How has globalization influenced the different roles that the human resources managers play in organizations?

#### **7.0 REFERENCES / FURTHER READINGS**

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**UNIT 1:      PROFILE OF NIGERIAN EXECUTIVES THAT HAVE MOVED FROM  
PUBLIC TO PRIVATE SECTOR AND VICE VERSA.****1.0      Introduction****2.0      Objectives****3.0      Main Content****3.1      Features of Public Sector and Private Sector Employment****3.2      PROFILE OF NIGERIAN EXECUTIVES THAT HAVE MOVED FROM  
PUBLIC TO PRIVATE SECTOR AND VICE VERSA****4.0      Conclusion****5.0      Summary****6.0      Tutor Marked Assignment****7.0      References****1.0      INTRODUCTION**

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

**2.0      OBJECTIVES**

By the end of this unit you should be able to differentiate between public and private sector jobs and understand the meaning of private and public businesses.

**3.0      MAIN CONTENT****Meaning of Public Sector and Private Sector Job**

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

### **3.1            Features of Public Sector and Private Sector Employment**

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

### **3.2            PROFILE OF NIGERIAN EXECUTIVES IN PUBLIC AND PRIVATE SECTOR**

## **Prof. Chukwuma C. Soludo, CFR**

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

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

## **PUBLIC AND PRIVATE SECTOR PROFILE**

He has worked at the World Bank both as a short and long-term consultant since 1993 and also at the United Nations Economic Commission for Africa, Addis Ababa. He was a consultant to UNCTAD; European Union (EU); Organisation for Economic Cooperation and Development (OECD); United Nations (UN) New York; United States Agency for International Development (USAID); African Development Bank (ADB); Common Market for Eastern and Southern Africa (COMESA); African Union (AU); International Development Research Council (IDRC) Canada; Council for the Development of Social Science Research in Africa (CODESRIA); Economic Community of West African States (ECOWAS); among others.

Professor Soludo has served as Senior Technical Advisor/Consultant as well as a Visiting Scholar at the IMF since 1994, and also taught IMF's Financial Programming and Policy course to senior staff of Central Banks in West Africa and other developing regions. He has served as: Member, Technical Committees that drafted economic and trade policies for the Federal Government of Nigeria; and Executive Director of the African Institute for Applied Economics (AIAE).

Professor Soludo joined the Federal Government of Nigeria in July 2003 as the Economic Adviser to President Obasanjo and the Chief Executive of the National Planning Commission (NPC). Among other accomplishments during the 10 months in office, he was the Chairman/Coordinator of the team that drafted Nigeria's economic and social reform program (2003-2007), the National Economic Empowerment and Development Strategy (NEEDS), and also pioneered the collaborative planning framework in the Nigerian federation by initiating and assisting state governments in designing their State Economic Empowerment and Development Strategy (SEEDS).

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

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

He is currently a Member of the International Advisory Group for the UK-DFID; a member of the Chief Economist Advisory Council of the World Bank and the International Advisory Group of the UK Department for International Development (DFID). He is also a member of the Initiative for Policy Dialogue (IPD), a global network of more than 200 leading economists, political scientists, and practitioners to help

developing countries explore policy alternatives, and enable wider civic participation in economic policymaking. He holds Nigeria's third highest national honour of Commander of the Order of the Federal Republic (CFR). He is a Fellow of the Chartered Institute of Bankers of Nigeria (CIBN); Fellow of the Nigerian Economic Society (NES) and has been awarded D.SC (Honoris Causa) by the University of Calabar and also by the Federal University of Agriculture, Makurdi.

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

CHIEF (DR.) JOSEPH OLADELE SANUSI, (CON) was born on 24th September, 1938 in Ogbagi-Akoko, Ondo State, Nigeria. He attended South-West London College and Kingston College of Technology, England from 1962 to 1965 and qualified as a Chartered Accountant in England. In 1969, he became a member of the Institute of Chartered Accountants of Nigeria (ICAN) and became a fellow of the Nigerian Institute of Bankers in 1987.

### **PUBLIC AND PRIVATE SECTOR PROFILE**

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

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

### **Pascal Dozie: PUBLIC AND PRIVATE SECTOR PROFILE**

He is helmsman at Diamond Bank and since its incorporation in 1991, Dozie has plotted 'LDPRQG %DQN¶V IRUWXQH V\_XFK WKDW WRGD\\_ LW KDV EHFRPH D EDQNLQJ LQVWLWXV IRU sustained growth. He has brought to bear on the fortune of Diamond Bank decades RI H[SHULHQFH DQG H[SRVXUH DW WKH KLJKHVW OHYHOV RI ILJHULD¶V FRUSRUDWH WH

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

It established three branches in its first year, despite the harsh economic situation. Not wanting to be confined to run-of-the-mill products and services offered by most other banks, Diamond Bank under Dozie has gone a step ahead to package such products and services that are highly personalised. Worthy of particular mention is the Diamond Integrated Banking Services, DIBS. This trailblazer in total-package banking is structured for increased customer satisfaction and has no doubt endeared Diamond Bank to the public.

Dozie has ensured that Diamond Bank continues to grow from strength to strength. Perhaps, there can be no doubt that the president of the Nigeria Stock Exchange, NSE, which ended in 1995. He has also steered the NSE into a veritable instrument for economic growth. His performance as boss of the NSE further confirmed his ability in management as well as his visionary skills in steering institutions to respond to the trends of economic and political realities. He was also the chairman of the highly respected Nigerian Economic Summit Group which strive to advise government on the economic direction to take.

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

**Gaius-Obaseki: The Oil Czar**

## **PUBLIC AND PRIVATE SECTOR PROFILE**

On him, he was a divisional managing director of one of the strategic subsidiaries of NNPC, the Nigerian Gas Company, (NGC). It is the exemplary candour with which he ran the NGC since 1994 that he is bringing to bear in administering the NNPC. Coupled with the NNPC's commitment to excellence, it is the NNPC's commitment to excellence that is bringing to bear in administering the NNPC. Coupled with the NNPC's commitment to excellence, it is the NNPC's commitment to excellence that is bringing to bear in administering the NNPC.

The NNPC now comprises a corporate head office with three broad functional divisions and twelve subsidiary companies. Such a structure is designed to properly position the corporation to be able to compete effectively in the international business environment. Notable among the subsidiary companies over which Obaseki presides are the Nigerian Petroleum Development Company, Integrated Data Services Company, Warri, Kaduna and Port Harcourt Refining and Petroleum Companies, Nigerian LNG Company and International Trading Company, ITCO.

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system made up of optical fibre cable and microwave radio. Also, efforts are underway by the JURXS WR DFWXDOLVH 2EDVHNL\ V PDMRU REMHFWLYH RI XVKHULQJ LQ D PXOWL-product c  
that lays the golden egg. Obaseki affirms his resolve to help transform the economy for the better. And if his antecedent is anything to go by, then it will soon be uhuru for NNPC and indeed the nation.

## **(Late)Alhaji Abdulkadir Ahmed**

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KNDUO\ HGXFDWLRQ LQ -DPD\ DUH DQG %DXFKL EHIRUH SURFHHLQJ WR %DUHZD &ROO  
He graduated from South West London College in 1972 after a stint at the Nigeria College,  
(University of Ife) in 1961.

### **PUBLIC AND PRIVATE SECTOR PROFILE**

He joined the service of the New Nigerian Development Company (NNDC), in January, 1960  
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He was later appointed to the state as the first Commissioner of Finance from March 1976 to  
June, 1977 when he was appointed a Deputy Governor with the Central Bank of Nigeria. He was  
appointed the Governor of the Bank on 27th June, 1982 and retired on 30th September, 1993.

Alhaji Ahmed was a fellow of the Institute of Chartered and Certified Accountants (FCCA) and  
the Institute of Chartered Accountants (FAC)

**Bunmi Oni:** The Cadbury Magic Man

### **PUBLIC AND PRIVATE SECTOR PROFILE**

Winners, they say, never quit and quitters never win. Such is the likes of Bunmi Oni, the then  
managing director of Cadbury Nigeria plc, whose latest trade trick is the recent positioning of  
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He has remained loyal and hardworking ever since he joined Cadbury as a products  
development manager in 1977. Through perseverance, determination and good fortune, he has  
had the privilege of being in high, responsible position and proved that he is always very  
comfortable with challenges anytime and anywhere.

He was the factory HPSOR\ PHQW PDQDJHU IURP ZKHUH KH EHFDPH &DGEXU\ V SHUVRQQHO GL  
from where he moved up to being planning director and sales and marketing director at different  
times. Apparently, each designation then meant new sets of challenges and high expectations.

Bunmi Oni led Cadbury to a greater height despite the difficult economic environment. Cadbury  
plc is ever steadily moving on to higher grounds with so much confidence that while some other  
companies are worrying over how to survive, Cadbury is busy projecting what is to be done in  
the next six months and even one year ahead. The operating units in the last five years show that  
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KRZHYHU\_ QRW

unexpected given the far-sighted managerial approach and pro-active nature of members of staff under the virile leadership of Bunmi Oni.

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

The art of effectively creating and the management of its brands is one that is rather difficult to most companies, but Cadbury has over the years succeeded in making this seemingly difficult

WDVN ORRN YHU\ PXFK OLNH D FKLOG¶V SOD\\_ 7KH VHFUHW RI WKLV VXFFHVV OLHV LQ V  
DSSHTUAWLRQ WKH consumer the centre piece of its operations. This approach has continued to be of immense help to the company because they have through it kept producing brands that have identity, character and with more irresistible customer appeal.

Ever forward looking helmsman that Bunmi Oni is, he has identified the way forward to greater heights for his team of seasoned professionals in Cadbury as being based on two considerations. The first is ensuring an increase in the local contents of its products while the second is seeking for avenues to earn foreign exchange.

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

**Okoya-Thomas: Man of Many Parts**

## **PUBLIC AND PRIVATE SECTOR PROFILE**

Ample in size and ample in achievement is a mild way of describing Chief Molade Okoya-Thomas. Since December 1959 when he joined CFAO as an accountant, Molade Okoya-Thomas has been a kind of ambassador for French companies in Nigeria. Today, apart from being the chairman of the company, which is a major French conglomerate, Okoya-Thomas is equally the chairman of six French-related companies, including Transcap Nigeria Limited, Studio Press Nigeria Ltd. and Cica Nigeria Ltd.

He is also on the board of five others, namely, Nigerian Motors Industries, Nigeria-French Insurance Limited. Okoya-Thomas has also played prominent roles in French-Nigeria associations. Between 1989 and 1992, he was chairman of the Franco-Nigeria Chamber of Commerce. For 18 years now, he has been the president of Alliance Francaise, Lagos .

Okoya-7KRPDV¶ UHODWLRQVKLS ZLWK WKH )UHQFK VWDUWHG ZLWK KLV IDWKHU ZKR ZD  
Nigeria staff in 1902 when it came to Nigeria. As a result of hard work and diligence, Okoya-Thomas has, today, warmed himself into the hearts of the French. He has been honoured with &KHYDOLHU 'H /D /HJLRQ ¶+RQQXU\_ WKH KLJKHVW QDWLRQDO KRQRXU JLYHQ E\ )UDQF

For Nigeria, Okoya-Thomas has also been a worthy corporate ambassador. He has served as member, Lagos State Development and Property Corporation; chairman, National Sports Trust Fund; chairman, 3rd All Africa Games Appeal Fund Committee and chairman, National Sports Development Appeal Fund. In all these assignments, Okoya-Thomas performed creditably. He has been honoured with the national honour of Member of the Federal Republic , MFR and chieftaincy titles of Asoju Oba of Lagos; Babasuwa of Ijebu-Remo and Odofin of Ife. His office at CFAO is full of several awards won by him.

One of his attributes is humility. In spite of his wealth, he maintains a low profile. He also insists on being known for his philanthropy.

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

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

#### **4.0 CONCLUSION**

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

#### **5.0 SUMMARY**

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

#### **6.0 TUTOR-MARKED ASSIGNMENT**

- 1) Explain the features of Public and Private sector employment
- 2) Review profile of two (2) Nigerian Executives.
- 3) Discuss the relevance of public and private service to the development of your community

#### **7.0 REFERENCES**

- Selecting Between Government and Private Industry Jobs
- Benefits Widen Public , Private Workers ' Pay Gap
- [OnlineNigeria.Com](#) © 1998 - 2013 [Privacy policy](#)
- Central Bank Annual Report on 50<sup>th</sup> Anniversary.

**UNIT 2:      USE OF MANAGEMENT CONSULTANTS AND EXPERTS IN  
STREAMLINING THE OPERATIONS OF PUBLIC CORPORATIONS  
(such as: Nigerian Railways, Nigerian Ports Authority, Nigerian Airways,  
and the Nigerian National Petroleum Corporation)**

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3.3 Management Consulting, definitions, functions, duties, advantages, disadvantages, etc.

4.0 Conclusion

5.0 Summary

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**1.0      INTRODUCTION**

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

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

various nations (Boddewyn, 1969). His updated definition in 1970, emphasized cross-cultural aspect of similarities and differences in management, identification, explanation, evaluation of uniformities and differences of managerial phenomena in different countries or regions. He explains the objective of this effort as being to form basis for predictions regarding the degree of managerial effectiveness and productive efficiency (Schollhammer 1969). Negandhi and Prasad ended up with a broader definition of the field, as being to study management phenomena on a comparative basis, its role being to detect, identify, classify, measure and interpret the similarities and differences among the phenomena compared (Neghandi and Prasad, 1971). Although all of the definitions refer to concept of management and a comparative element, they do not explicitly and unambiguously describe the content of the discipline, the appropriate building blocks for theoretical development and what should be researched.

## 2.0 OBJECTIVES

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

‡ Define and explain the concept of comparative management;

‡ List the functions and duties of comparative consultants;

‡ List, examine and describe the functions and duties of comparative consultants;

‡ List, examine and describe the functions and duties of comparative consultants;

## 3.0 MAIN CONTENT

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

#### Brief History of Nigeria National Petroleum Corporation (NNPC)

NNPC was established on April 1, 1977 as a merger of the Nigerian National Oil Corporation and the Federal Ministry of Mines and Steel. NNPC by law manages the joint venture between the Nigerian federal government and a number of foreign multinational corporations, which include Royal Dutch Shell, Agip, ExxonMobil, Chevron, and Texaco (now merged with Chevron). Through collaboration with these companies, the Nigerian government conducts petroleum exploration and production. In 2007, the head of the Nigerian wing of Transparency International said salaries for NNPC workers were too low to prevent graft.

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

## **NNPC Organisational Structure**

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

### **Directorates:**

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

### **Legal premise**

#### Energy law

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

### **Corruption at the NNPC**

#### **KPMG Report**

In December 2011, the [Nigerian](#) government permitted a forensic report conducted by [KPMG](#) to be published. The audit, commissioned by the Ministry of Finance following concerns over the [NNPC](#)'s transparency, detailed the [NNPC](#)'s V VKDUS EXVLQHVV SUDFWLFHV\_ YLRODWLRQ RI UHJXODWLRQV\_ LOC GHGXFWLRQ for the state, and failure to account for several billions of naira that should go to the federation account.

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

#### **Willbros Group Inc**

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

## ABB Vetco Gray

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

## History of Nigeria Airways Limited

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

The airline was managed by a number of foreign companies, including [British Airways](#), [KLM](#) and [South African Airways](#).<sup>13 14</sup> It had its heyday in the early 1980s, just after a KLM team two-year-management period; at that time its fleet comprised about 30 aircraft. Plagued by mis-[management](#), [corruption](#), and overstaffing, at the time of closure the airline had debts of more than [US\\$60,000,000](#) (\$74,880,608 in 2013), a poor safety record, and its operative fleet comprised a single aircraft flying domestic routes as well as two leased aircraft operating the international network. It was succeeded by [Virgin Nigeria](#).

## Early years

The airline came into being on 23 August 1958 under the name *West African Airways Corporation Nigeria Limited* (WAAC Nigeria), otherwise known as *Nigerian Airways WAAC*, to succeed the folded [Nigerian](#) company had previously earned. Initially, the carrier was a tripartite entity in which the [government](#) was the major shareholder (51%), and [Elder Dempster Lines](#) and BOAC held the balance. Operations were handled by [Doves](#), [Herons](#), and [DC-3s](#).

Operations started on 1 October 1958, with a [BOAC Stratocruiser](#) operated on behalf of the new airline linking [London](#) with Lagos. The same day, WAAC Nigeria signed an agreement with BOAC to charter Stratocruisers and [Britannias](#) for serving long-haul flights between Nigeria and the [United Kingdom](#).

In early 1961, Nigeria became the only owner of the company. The first air link between Nigeria and the [United States](#) was launched in early October \_\_\_\_\_ &DOOHG Ž2SHUDWLRQ )DQWDVWLF" \_ LW OLQNHG /DJRV [New York](#) and was operated by [PanAm](#) using [Boeing 707s](#) and [DC-8s](#), but an agreement between both countries allowed Nigeria Airways to sell a limited number of seats on these flights.

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



## Demise

The carrier had accumulated significant debts that outstripped its revenues virtually from the mid-1980s. The [International Finance Corporation](#) (IFC) was commissioned by the [Nigerian Government](#) in 2000 to assist in the process of restructuring and privatisation of the airline. Among three options, one of them was to partner with a large [European](#) airline; [Air France](#), [Lufthansa](#) and [Swissair](#) were all considered. Other option was to liquidate the carrier. A fleet comprising 32 aircraft in 1984 gradually depleted to a three-strong at that time. The IFC withdrew from its advisory position in 2001 citing the unwillingness of both the company and the government to carry out the necessary measures that would make the airline attractive to potential investors.<sup>[28]</sup> Likewise, there were various allegations claiming the airline's failure was accelerated by former Nigerian rulers who [looted](#) and mismanaged the company.

In 1997 the [UK Civil Aviation Authority](#) banned the airline from operating into its territory citing safety concerns; the Nigerian government replied banning British Airways operations.<sup>[31][32][33]</sup> [The United Kingdom](#) cited safety concerns again in 2001 when it refused to allow Nigeria Airways to operate the Lagos±London route, this time regarding the [Boeing 747](#) that was leased from [Air Djibouti](#) to fly the route.

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

## Corporate affairs

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

## Destinations

### [Nigeria Airways destinations](#)

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

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

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

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

## Brief History of Nigeria Railway Corporation

**Nigerian Railway Corporation** (commonly abbreviated as **NRC**) is the government body operating railways in [Nigeria](#).

NRC went more than once into bankruptcy during the last 20 years. Lack of maintenance on infrastructure and rolling stock and a high number of employees the railway produced huge deficits, not taken over by the state. In 2005 after several re-organisations of the system passenger transport was reduced to four departures weekly from Lagos of which two went to Kano, one to Jos and one to Maiduguri; from Port Harcourt four trains every week ran to Kano (two weekly), one weekly to Jos and one to Maiduguri.

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

### Status in 2008

According to the critique by Mazi Jetson Nwakwo, acting managing director of the NRC the rail system is suffering from the lack of political will by the nation's politicians. While the NRC had employed about 45,000 people between 1954 and 1975, current employment is only 6,516.<sup>[3]</sup> He pointed out that no new wagons had been bought since 1993, and some wagons date back to 1948. Track condition limit trains to a speed of 35 km/h.

Nigerian Railway Corporation operates a network of 3,505 kilometers (2,178 mi) of single track lines, all have 1,067 mm (3 ft 6 in) gauge . The network comprises the following lines:

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

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

In the centre of the country a 1,435 mm (4 ft 8 1/2 in) gauge ( standard gauge ) network is very slowly progressing, its main line extends over 217 kilometers (135 mi) from Oturkpo to the Ajaokuta steelwork. A further 51.2 kilometers (31.8 mi) line of standard gauge is operational between the Itakp mines and the Ajaokuta steelworks. There are plans to add more standard gauge lines to these ones: Ajaokuta to Abuja and Ajaokuta to the Port of Warri , together 500 kilometers (310 mi) and from Port Harcourt to Makurdi over a distance of 463 kilometers (288 mi).

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

All these trains offer relatively new rolling-stock consisting of Couchette-type sleepers, air-conditioned first class sitting coaches and non-air conditioned economy class coaches. Trains to/from Lagos also offer buffet cars. Between Lagos and Ifaw, a distance of 48 kilometers (30 mi), a local service operates on working days on behalf of the city of Lagos.

All trains are diesel locomotive operated. The railways owns theoretically nearly 200 locomotives, of which up to 75% are not operational, there are also about 54 shunters, 480 passenger coaches and over 4900 freight wagons, less than 50% of the coaches and wagons are in serviceable conditions.

At all 576 kilometers (358 mi) of main lines are controlled by panel interlocking and tokenless block. Rail tracks are mainly of the 29.8 kg/m, 34.7 kg/m and 39.7 kg/m types fixed by Pandrol K Type fastenings on steel sleepers (cross ties).

No trains have run on the Gusau branch since a bridge collapsed in Tsafe in 2002.<sup>1</sup>

In February 2011, it was announced that construction was about to start on the Abuja - Kaduna railway.

### **Brief History of Nigeria Ports Authority (NPA)**

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

This reversion is however, not in conflict with commercialisation efforts and the commitment to improved services. Nigerian Ports Authority today operates under the supervision of the Federal Ministry of Transport with the responsibility of providing specific ports and harbour services for the country's maritime industry.

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

### 3.2 Definitions of comparative management, differences, etc.

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

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

‡&HQWUDOLzed vs. Decentralized decision making.

There is variation across national culture in the extent to which important organisational decisions are made by senior managers, or whether decisions are made down the line with authority devolved.

‡6DIHW\ YV\_ ULVN\_

In some cultures, managers have a very low tolerance of uncertainty and manage in ways to control this. In others, there is a much greater tolerance of uncertainty and much greater risk-taking.

‡,QGLYLGXDO YV\_ JURXS UHZDUGV\_

In some cultures, there is emphasis on rewarding individual achievement. In other cultures the emphasis is on rewarding the group collectively.

‡,QIRUPDO YV\_ IRUPDO SURFHGXUHV\_

In some cultures, there is considerable use of informal procedures. In others, formal procedures are very important.

‡+LJK YV\_ ORZ RUJDQLVDWLRQDO OR\DOW\\_

In some cultures, people identify less with their organisation or employer and more with their occupational group or profession.

‡&R-operation vs. competition.

Some cultures emphasise co-operation in the organisation, others foster competition.

#### Why Study Comparative Management?

Before one can delve on the above-VWDWHG TXHVWLRQ\_ OHW¶V VWDUW ZLWK DQVZHULQJ DQRWKHU T  
ERPSDWLYH PDQDJHPHQW\_<sup>3</sup>,VQ¶W PDQDJHPHQW NQRZOHGGe gained earlier sufficient for an effective  
PDQDJHU WR KDQGOH PDQDJHPHQW SUREOHPV LQ D IRUHLQ ODQG WRR"´,Q RUGHU WR DQVZHU W

TXHVWLRQ\_ OHW¶V TXHVWLRQ\_ OHW¶V  
management student is reminded that management is not a subject like physics, chemistry or mathematics, where procedures and laws would remain the same all over the globe. It is interdisciplinary in nature and several fields of humanities and social sciences affect it; for instance, languages, sociology, anthropology, religious studies, psychology, economics, and so on. And all these influences make management of one country different from another. Therefore, if a company is to run its business operations smoothly and successfully, it would have to prepare its managers to study comparative management to be prepared to take on the challenges in foreign environment. Other advantages of studying comparative management are appended as under:-

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

‡% \ NQRZLQJ WKH ZD\ foreign managers run their organizations or do their jobs promotes trade and cooperation among nation states.

‡3\$ZDUHQHV RI SRWHQWLDO FRQIOLFW EHWZHHQ WKH PXOWLQDWLRQDO FRPSDQ\ DQG WKH KR  
P&XVDO\ EHQHILFLDO UHODWLRQVKLS\_ \_1HZPDQ\_ \_979)

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

‡3RZHU 'LVWDQFH\_ ,t refers to the degree of inequality among people in a country, which the vast majority of people consider as nearly equal. One can say that all societies are unequal; but some are more unequal than others.

‡,QGLYLGDOLVP YV\_ &ROOHFWLYLVP\_ ,W LV WKH GHJUHe by which people in a country prefer to act as in rather than as a member of some group.

‡0DVFXOLQLW\ YV\_ )HPLQLQLW\\_ 0DVFXOLQLW\ DV D FRQVWUXFW UHIHUV KHUH WR WKH GHJUHH RI ~~SDWK~~ ~~SDWK~~ness, performance, success and competition. On the other end of the continuum, there is feminine side of management dimension, which furthers the values of quality of life, warm relationships, service, care for the weak, etc.

‡8QFHUWDLQW\ \$YRLGDQFH\_ ,W PD\ EH GHILQH DV WKH GHJUHH WR ZKLFK SHRSOH SUHIHr structured unstructured situations.

‡/RQJ-term versus Short-term Orientation: On the long-term side, values like thrift, persistence and outlook for future are important; while on the short-term basis; values like respect for tradition, fulfilment RI VRFLDO REOLJDWLRQV DUH QRWHZRUK\\_ +RIVWHGH\_ \_\_\_\_\_ +RIVWHGH\_¶V PRGHO RI FRPSDUDWLRQDO DJPHQW. We clues about the theoretical framework as well as empirical evidence about comparative management in different cultures. (For detail, please VWXG\ 3&XOWXUDO &RQVWUDLQWV LQ 0DQDJHPHQW 7KHRULHV' E\ \*HHUW +RIVWHGH\_ \_\_\_\_\_

## SELF ASSESSMENT EXERCISE

What is the Significance of Comparative Management for a Manager?

From the preceding discussion, we can infer that management practices in different countries tend to be different due to differences in beliefs, values, attitudes, behaviour patterns and habits. There are different languages, social customs and taboos, religious convictions, etc. Further, different societies operate at different levels of technological usage. All these influences on comparative management can be summed up in one single construct, i.e., culture.

## ANSWERS TO SELF ASSESSMENT EXERCISES

### Culture

Thus , culture of a people affects business operations in numerous ways. Theoretically, it may be defined DV 3WKH XQLTXH OLIHVW\OH RI D JLYHQ KXPDQ VRFLHW\\_ D GLVWLQFWLYH ZD\ RI WKLQN\QJ\_ SHHHHOLQJ and behaving as passed on from one gQHUDWLRQ WR DQRWKHU\_ ' \_7HUSVWUD\_ \_\_\_\_\_ ,W EHFRRP obvious that cultural system has a unity, which as a result of synergistic interaction among its parts, bears much larger value than the sum total of its parts. In order to understand any foreign culture and do business there, one would have to know not only constituent parts of its culture, but also how the whole cultural system is put together; how its parts are interrelated and how they affect the operations of an international organization. In the following paragraphs, we shall briefly discuss each component of culture with its significance in comparative management.

### Language

Language is perhaps the most obvious distinction between countries, the one that a foreign manager or visitor comes across the very moment he or she lands in an alien place. According to one estimate, there are at least 3,000 different languages in the world. Thus, if language is cultural distinction, it implies that

there are at least 3,000 cultures around the world. In order to deal with the problems arising out of language and cultural barriers, the multinational corporations use different methods, which include interpreters, appointing local managers as far as possible, language training programmes for those selected to serve in a foreign land and hiring bilingual or even multi-lingual managers.

### Religion

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

### Values and Attitudes

Values and attitudes largely determine its actions or inactions and ultimately its level of productivity in Indian agriculture than material resources, for that matter. Thus, values and attitudes of people of a country are often reflected in their behaviours at home, at workplaces and in business dealings. For instance, one of the values of a traditional society like Pakistan is their tendency to consider time as a circle, which suggests repetition and another chance to pass through. Thus, values and attitudes of people of a country are often reflected in their behaviours at home, at workplaces and in business dealings. For instance, one of the values of a traditional society like Pakistan is their tendency to consider time as a circle, which suggests repetition and another chance to pass through. Thus, values and attitudes of people of a country are often reflected in their behaviours at home, at workplaces and in business dealings. For instance, one of the values of a traditional society like Pakistan is their tendency to consider time as a circle, which suggests repetition and another chance to pass through.

### Social Organization

Social organization represents the forms and nature of social groupings that are formed to meet the objectives of social and personal values. Companies engaged in business abroad are faced with two major tasks. The first is to observe and organize knowledge about norms and forms of social organizations relevant to international business. Entrants to new cultures should seek to understand the individuals and groups in their environment, family relationships, friendships, class/economic and social status, shopping patterns, government and politics, etc. The second task is a sort of recurring dilemma: How and how much should the foreign firm, refuse to conform to local norms, and introduce new ways of managing an organisation and doing business.

### Education

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

### Technology and Material Culture

Technology and material culture that can be used in policy formulation and decision making on a multinational basis. Only by gaining a fair comprehension of the wide diversity in technology and material culture around the world, can one fully grasp the environment in which international

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

### **Political Environment**

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

### **Legal Framework**

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

### **A Review of the Theoretical Evolution of Comparative Management**

Although incomplete and vague, having defined the field is followed by the question why we should study comparative management. The reasons frequently cited are growing interdependence in the world economies; an inescapable need for comparative approach in assessment; the development of an appreciation of cultural diversity and creating sensitivity toward other cultures; widening knowledge base and helping individuals to appreciate his or her own culture and environment (Adler, 1986). In short, a growing need for knowledge and methods to make managers more effective in cross border operations. Therefore, the ultimate objective of the research in the field must be to satisfy this need. A theoretical framework least must facilitate research for the afore-mentioned purpose. Thus, providing methods and tools for more effective managerial practices must be added to the dimensions listed in the definitions of the field, namely identification, classification, measurement and interpretation of the similarities and differences across nations or cultures.

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

1. The Socio-Economic Approach (The Economic Development Approach) According to Harbison and Myers each management System is comprised of three components: economic resources, systems of authority and class or elite (Harbison and Myers, 1959), and managerial efficiency was depicted as a IXQFWLRQ RI WKHVH WKUHH IDFWRUUV DQG GHIŌQHG DV D FUXFLDO LQ- put playing a significant role in growth and industrial development. This approach has basically a macro orientation -few macro variables can be compared within this framework, but it essentially ignores the micro-variables regarding the managerial behavior and intra- firm differences. It is usually criticized of being able to identify only part

of relevant variables. Size and complexity of organizations, technology, market size and complexity, stage and rate of economic growth, countervailing powers, social structures and cultural values are the variables identified by this model for comparative purposes.

2. The Ecological Approach: The ecological approach is considered as an extension of socio-economic approach and primarily interested in the managerial contribution to the economic development. According to Farmer and Richman economic development results from WKH HFRQRPLF HIILFLHQF\ RI IÖUPV which is a function of managerial effectiveness. They stress how the economic and managerial performance are constrained by a large number of environmental factors like educational, socio-cultural, legal political and economic and they suggest objective and subjective techniques to quantify these critical factors. Farmer and Richman framework fails to differentiate between organizational and managerial effectiveness and also does not acknowledge the impact of a given organization on managerial behavior and performance. Another significant flaw of the model is the ignored interaction among environmental variables.

3. The Behavioral: The behavioral approach in cross cultural management studies attempts to explain behavioral patterns between individuals and groups in organizational settings. Scholars pursuing this approach basically concentrated on three different aspects: \* "National Character Profiles" which are linked with certain organizational behavior variables (Davies 1971; Narain 1967) a Attitudes and perceptions of managers concerning some key management concepts and activities (Barett 1970, 1969; +DLUH\_ \*KLVLHOL DQG 3RUWHU \_\_\_\_\_ 1DWK \_\_\_\_\_ 5\WHUEDQG DQG %DUHWW\_ \_\_\_\_\_ 7KLDJDUDMD 3UHSDOHQW beliefs, value systems, and need hierarchies are functions of a given culture. By establishing relationships between these concepts and managerial practices and effectiveness, one can deduce the impact of cultural variables on management practices and effectiveness (Davis, 1971). Although intuitively the linkage between culture and attitudes, attitudes and behavior, behavior and effectiveness are clear, there are significant problems regarding these linkages at the conceptual and methodological level. Most of these concepts are ill-defined and poorly operationalized. Furthermore empirical evidence support the contention that management practices, behavior and effectiveness are as much functions of such contextual and environmental variables as size, technology, location, market structure, political conditions as they are of socio cultural variables (Neghandi 1975, Child 1981).

\_\_\_ 7KH (FOHFWÖF (PSLULFDO \$\$\$SURDFK\_ 6FKROOKDPPHU \_\_\_\_\_ JDWKHUHG D YDULHW\ RI XQ empirical studies, therefore this approach did not lend itself to either model building or hypotheses testing, resulting in a lack of comparability across studies. The major contribution of this approach is that LW OHG DQ DFFXPXODWLRQ RI HPSLULFDO GDWD GHYHORSHG WR WKH GDWH\_ ùKROOKDPPHU FRO WKDW WKHUH strictly semantic differences in the definition of comparative management as a body of knowledge and noted the inability or unwillingness of the scholars to understand each other. He therefore found it necessary to integrate previous approaches and built up this framework. The logical structure of the theory consists of three steps: describing the relevant phenomena and providing proper explanations, evaluating the observed phenomena by using certain standardized objective measures, and formulating generalizations with predictive properties. Eclectic-empirical approach can be considered as a step towards an open system framework because of apparent interactions of the elements.

5. Linkage to Other Disciplines: Organization Theory & Contingency Theory Negandhi and Estafen (1965) conceptualized a new model basically incorporating the "Management Philosophy of the Firm"



(microvariables) to the "environmental Factors" (macro-variables) hypothesizing that management practices are a function of both Environmental factors and the Management Philosophy of the firm. Model was augmented with a subsequent hypothesis that managerial practices impact upon management and enterprise effectiveness. This approach emerged from an acknowledged need to integrate organizational theory and cross-cultural comparative management. Since the model does not explain the evolution of managerial philosophy, it was criticized of being too superficial, although it facilitated empirical investigation. A comprehensive review of the theoretical, methodological and empirical literature led Negandhi to an open systems framework which acknowledges a dynamic interaction between the organization and the element external to it. This framework is characterized by the interdependence of all the variables which influence the organizational and employee behavior. The open systems model implies multiple causal relationships which complicate the formulation of powerful research designs, when all these relationships taken into account. This methodological complication led Negandhi to propose a "Contingency Theory" perspective, which would stress the patterns of relationships rather than the causal linkages (Negandhi 1975 & 1979).

6. The Systems Approach: Tung, (1986) hypothesized that Outcome variables (economic and non-economic measures of effectiveness), are a function of Organizational Climate of a given firm as perceived by its employees. She describes the Organizational Climate as the psychological atmosphere created by observable realities in the sub-system such as size, organizational strategy and structure, and managers which can change the sensory input of the individuals within the unit, and which, in turn, interact with the individuals' perceptions, needs and values (Personal Variables) to produce a resulting set of behaviors. She also postulates a one way relationship between Societal-Environmental Variables and other variables in the model. She describes her construct as "A Systems Theory for Comparative Management" and aims to eliminate the major limitations of earlier models which she believes are overemphasis on a particular group of variables and failure to examine the relationships between the variables. Although this model perceived to be a serious attempt to construct a Comparative Management Theory, it still cannot escape the testability problem. As in other models, operationalization of the multitude of variables and their interaction (although the direction of the relationships pre-specified in the model) constitute serious problems. The lack of empirical work based on this model is a clear evidence of this shortcoming if not the laziness of scholars.

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

8. Attempts to integrate Culture as a Variable: The role of culture in comparative management has been acknowledged by numerous scholars and culture has been integrated in the related research as an independent variable. \$MLIHUXNH DQG %RGGHZ\Q \_\_\_\_\_ UHYLHZHG \_\_ VWXGLHV LQ WKH IÖHOG WKDV culture as an independent variable. Negandhi (1983) similarly reviewed 36 studies which integrated culture as a variable. But as both review efforts revealed, scholars use cultural variables as residual elements without defining and operationalizing them. They also identify culture with nation. As rightly expressed by Ajifureke and boddewyn (1970, pl54) culture is "one of those terms that defy a single all-purpose definition, and there are almost many meanings of culture as people using the term." Although culture was used as an independent variable, it has a very obscure identity and often used as a residual variable. Use of nation state as a unit of analysis and identification of culture with nation renders many studies to be cross-national rather than cross- cultural. The first serious effort to operationalize culture came from Hofstede (1980). Hofstede defined culture in four dimensions (Power Distance, Uncertainty Avoidance, Msculinity/Feminity, and Individuality/Collectivity) and described countries or societies in terms of these dimensions. Triandis (1983) introduced culture in 30 different dimensions which is not practical for operationalizing purposes. While some of the re- searchers were seeking methods to incorporate culture properly, Kelly and VVorthley (1981) tried the control culture as a variable by separating culture from other environmental factors. Incorporation of culture in the comparative management studies still remains as a problem area since a proper, widely agreed upon operationalizing scheme has not yet been developed in the field. The Concept of Structure An organizational structure defines how job tasks are formally divided, grouped and coordinated. Structure shows the conscious, formal and internal arrangement of an organisation for implementing strategies and realizing objectives and missions. It is a patterned network or framework of relationships among people and positions in an organisation.

### 3.3 MANAGEMENT CONSULTING

#### 3.3.1 History of Management Consulting

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

The first wave of growth in the consulting industry was triggered by the [Glass-Steagall Banking Act](#) in the 1930s, and was driven by demand for advice on finance, strategy, and organization.<sup>[2]</sup> From the 1950s onwards consultancies not only expanded their activities considerably in the United States but also opened offices in Europe and later in Asia and South America. After World War II, a number of new management consulting firms formed, bringing a rigorous analytical approach to the study of management and strategy. Work carried out at [McKinsey](#), [Boston Consulting Group](#), [AT Kearney](#), [Booz Allen Hamilton](#), and the [Harvard Business School](#) during the 1960s and 1970s developed the tools and approaches that would define the new field of [strategic management](#), setting the groundwork for many consulting firms to follow. In 1983, Harvard Business School's influence on the industry continued with the founding of, the now defunct, [Monitor Group](#) by six professors.

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

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

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

**Management consulting** is the practice of helping organizations to improve their performance, primarily through the analysis of existing organizational problems and development of plans for improvement. Organizations may draw upon the services of management consultants for a number of reasons, including gaining external (and presumably objective) advice and access to the consultants' specialised expertise.

As a result of their exposure to and relationships with numerous organizations, consulting firms are also said to be aware of industry "[best practices](#)", although the transferability of such practices from one organization to another may be limited by the specific nature of situation under consideration.

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

## **SELF ASSESSMENT EXERCISE**

- 1) **What is Management Consulting?**
- 2) **Explain the Duties of Management Consultants**

## **ANSWERS TO THE SELF ASSESSMENT EXERCISES**

### **1) Definition of Management**

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

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

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

## 2) Duties of Management Consultants

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

In general, business management consultants:

- **Define** the nature and extent of the project by gathering information (which may include conducting research to determine the current efficiency and effectiveness of managerial policies and procedures).
- **Analyze** the data collected and use their background knowledge to develop proposals for improving methods, systems and/or procedures.
- **Present** their recommendations to the client organization and, if their recommendations are accepted, implement those recommendations.

Professional management consultants are hired when an organization lacks sufficient resources, requires external objective advice, or because they have expertise not available within the client organization. Most management consultants specialize in helping organizations solve particular types of problems, challenges or changes.

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

- **Finance** consultants provide advice on matters such as pricing securities, business valuation and economic forecasting.
- **Human resources** consultants advise about recruitment practices, compensation and benefits packages, pension funding, workforce diversification and employee development programs.
- **Litigation** consultants work with lawyers to develop case strategies, courtroom exhibits and tactics, and provide economic analyses.
- **Marketing** consultants work with companies seeking innovative ways to market new or existing products and services.
- **Operations** consultants help organizations increase productivity by improving business processes.
- **Organizational change** consultants work with clients undergoing a fundamental re-orientation in the way the organization operates.
- **Quality management** consultants help organizations improve the quality of their products and services.
- **Strategic** consultants help organizations with strategic planning for the foreseeable future (which may include developing a growth strategy, restructuring, marketing internationally, buying/selling assets, or revitalizing leadership).
- **Technology** consultants help organizations implement new technologies for optimal effectiveness.

## **Hiring a Management Consultant**

For more on why to hire a **Certified Management Consultant**, please click [here](#).

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

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

## **Identifying the Need**

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

## **Selecting the Consultant**

The more carefully you select your consultant, the more likely you are to be pleased with the outcome of the engagement. Ensure that the consultant has experience dealing with your specific circumstances. Ask about relevant academic degrees that pertain to the tasks you want the consultant to perform. Ask for references from other clients and follow-up on them. In effect, when engaging a consultant you should perform the same due diligence as you would in hiring a permanent employee.

Management consultants typically submit a proposal describing their understanding of the client's needs, their approach, methodology, proposed deliverables, credentials and professional fees. Ask a short list of management consultants to submit a proposal for your review and arrange a meeting to discuss their submission.

Select a management consultant on the basis of:

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

## **Consulting as a Career Option**

Management consulting is a profession with its own objectives, methods, rules and organization. To individuals who join this profession, consulting is a career in which they may spend the main part of their working lives.

As for any profession, there is no one perfect model against which every entrant can be measured, but there are certain characteristics that affect the consultant's chance of success and personal job satisfaction.

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

### ***Qualities of a Consultant***

#### **Intellectual Ability**

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

#### **Ability to understand people and work with them**

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

#### **Ability to communicate, persuade and motivate**

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

#### **Intellectual and emotional maturity**

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

#### **Personal drive and initiative**

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

#### **Ethics and integrity**

- Genuine desire to help others

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

Consultants, like other professionals, hold strong values concerning the conduct of their work. Since a consultant's most valuable asset is his or her reputation, successful consultants have a strong sense of ethics. Professional consulting associations such as CMC-Canada have developed codes of ethics for their members. Since consulting is currently unregulated, these codes offer some protection to the public. Most codes outline the consultant's responsibility to the client and the public. As a general rule, consultants are expected to place their client's interest ahead of their own.

### ***Career Development***

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

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

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

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

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

### ***Employment in a Consulting Firm***

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

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

**Second level** - Operating consultant (associate, management consultant, consultant): The operating consultant is the front-line professional who does most of the consulting work at client organizations. Every operating consultant has a special field of competence, management function or special techniques.

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

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

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

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

### ***An Independent Consultant's Career Path***

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

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

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

The consulting business offers enough opportunities to satisfy a wide range of different career aspirations.

### **3.3.2 Function of Management Consulting**

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

Consultants can function as bridges for information and knowledge, and that external consultants can provide these bridging services more economically than client firms themselves. [Marvin Bower](#), McKinsey's long-term director, has mentioned the benefits of a consultant's externality, that they have varied experience outside the client company.

Consultants have specialised skills on tasks that would involve high internal coordination costs for clients, such as organization-wide changes or the implementation of information technology. In addition, because of [economies of scale](#), their focus and experience in gathering information worldwide and across industries renders their information search less costly than for clients.



## Salary

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

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

## Approaches

In general various approaches to consulting can be thought of as lying somewhere along a continuum, with an 'expert' or prescriptive approach at one end, and a facilitative approach at the other. In the expert approach, the consultant takes the role of expert, and provides expert advice or assistance to the client, with, compared to the facilitative approach, less input from, and less collaboration with the client(s). With a facilitative approach, the consultant focuses less on specific or technical expert knowledge, and more on the *process* of consultation itself. Because of this focus on process, a facilitative approach is also often referred to as 'process consulting,' with [Edgar Schein](#) being considered the best-known practitioner. The consulting firms listed above are closer toward the expert approach of this continuum.

## Specialization

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

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

## Current state of the industry

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

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

### **Revenue model**

Traditionally, the consulting industry charged on a [time and materials](#) basis, billing for staff consultants based upon the hours worked plus out-of-pocket expenses such as travel costs. During the late 1990s and early 2000s, there was a shift to more results-based pricing, either with fixed bids for defined deliverables or some form of results-based pricing in which the firm would be paid a fraction of the value delivered. The current trend seems to favor a hybrid with components of fixed pricing and risk-sharing by both the consulting firm and client.

### **Trends**

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

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

### **Rise of internal corporate consulting groups**

Added to these approaches are corporations that set up their own internal consulting groups, hiring *internal management consultants* either from within the corporation or from external firms' employees. Many corporations have internal groups of as many as 25 to 30 full-time consultants.

Internal consulting groups are often formed around a number of practice areas, commonly including: organizational development, process management, information technology, design services, training, and development.

#### **3.3.3 Advantages of Internal consultants**

There are several potential benefits to employing internal consultants:

- If properly managed and empowered, internal consulting groups evaluate engagement on projects in light of the corporation's strategic and tactical objectives.
- Often, the internal consultant requires less ramp up time on a project due to familiarity with the corporation, and is able to guide a project through to implementation <sup>2</sup> a step that would often be too costly if an external consultant were used.
- Internal relationship provides opportunities to keep certain corporate information private.

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

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

- Internal consultants may be specifically suited to either:
  1. Lead external consulting project teams, or
  2. ~~\$FW DV RUJDQL]DWLRQDO VXEMHFW PDWWHU H[SHUWV μHPEHGGHG¶ ZLWK H[WHUQDO FR~~  
~~XQGHU WKH~~ organizational management.

A group of internal consultants can closely monitor and work with external consulting firms. This would ensure better delivery, quality, and overall operating relationships.

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

### **3.3.4 Disadvantages of Internal consultants**

- The internal consultant may not bring the objectivity to the consulting relationship that an external firm can.
- An internal consultant also may not bring to the table [best practices](#) from other corporations. A way to mitigate this issue is to recruit experience into the group and/or proactively provide diverse training to internal consultants.
- Internal consultants may face corporate politics just as any group in an organization.
- Where the consulting industry is strong and consulting compensation high, it can be difficult to recruit candidates.
- It is often difficult to accurately measure the true costs and benefits of an internal consulting group.
- When financial times get tough, internal consulting groups that have not effectively demonstrated economic value (costs vs. benefits) are likely to face size reductions or reassignment.

## **Government consultants**

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

## **United States**

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

## United Kingdom

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

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

## India

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

## Criticism of Management Consultancy

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

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

More disreputable consulting firms are sometimes accused of delivering empty promises, despite high fees, and charged with "stating the obvious" or lacking the experience upon which to base their advice. These consultants bring few innovations, instead offering generic and "prepackaged" strategies and plans  
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Another concern is the promise of consulting firms to deliver on the sustainability of results. At the end of an engagement between the client and consulting firms, there is often an expectation that the consultants will audit the project results for a period of time to ensure that their efforts are sustainable. Although sustainability is promoted by some consulting firms, it is difficult to implement because of the disconnect between the client and consulting firms after the project closes.

Further criticisms include: disassembly of the business (by firing employees) in a drive to cut costs, only providing analysis reports, junior consultants charging senior rates, reselling similar reports to multiple

clients as "custom work", lack of innovation, overbilling for days not worked, speed at the cost of quality, unresponsive large firms and lack of (small) client focus, lack of clarity of deliverables in contracts, not customizing specific research report criteria and secrecy.

#### 4.0 CONCLUSION

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

#### 5.0 SUMMARY

Comparative management refers to management as a discipline of study and practice in other countries. It draws on a theoretical framework as well as empirical evidence about comparative management in different cultures. Eight major components of cultural environment, namely language, religion, values and attitudes, education, social organisation, technology and material culture, politics and law are known to influence the international businesses and comparative management practices. Sufficient knowledge of the subject of comparative management, respect for alien cultures and feelings of empathy towards local people in a foreign land are important steps in becoming an effective manager in international milieu.

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

#### 6.0 TUTOR MARKED ASSIGNMENT

What are the Advantages and Disadvantages of Internal Consultants?

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**UNIT 3:   THE MILITARY ADMINISTRATOR, THE CIVIL SERVANT,  
AND THE MANAGER AS INTERCHANGEABLE EXPERTS**

**CONTENTS**

**1.0      Introduction**

**2.0      Objectives**

**3.0      MAIN CONTENT**

**3.1 THE CIVIL SERVANT AS INTERCHANGEABLE EXPERTS**

**3.2 DEFINITION OF CIVIL SERVICE**

**3.3 REFORMS IN THE CIVIL SERVICE**

**3.4 DIVIDED LOYALTY IN CIVIL SERVICE**

**3.5 FEDERAL REPUBLIC OF NIGERIA - NIGERIA: PAST, PRESENT  
AND FUTURE**

**3.6 MANAGER ARE INTERCHANEABLE**

**4.0      Conclusion**

**5.0      Summary**

**6.0      Tutor-Marked Assignment**

**7.0      References**

**1.0      INTRODUCTION**

Military government may be broadly characterized as the administration or supervision of territory after invasion, conquest, or otherwise being brought under the control of foreign armed forces<sup>2</sup>a condition which is called military occupation. Military administration identifies both

the techniques and systems used by military departments, agencies, and Armed Services involved in the management of the armed forces. It describes the processes that take place within military organizations outside of combat, particularly in managing military personnel, their training, and services they are provided with as part of their military service. In many ways military administration serves the same role as public administration in the civil society, and is often cited as a source of bureaucracy in the government as a whole. Given the wide area of application, military administration is often qualified by specific areas of application within the military, such as logistics administration, administration of doctrine development or military reform administration. It is alternately defined as the form of administration by which an occupying power exercises governmental authority over occupied territory. Civil servant is a person employed in the civil service and also (Government, Politics & Diplomacy) a member of the civil service, the term civil service can refer to either: a) A branch of governmental service in which individuals are employed on the basis of professional merit as proven by competitive examinations, or b) the body of employees in any government agency other than the military. A civil servant or public servant is a person in the public Sector employed for a government department or agency The civil service in Nigeria has emerged over the years as the most critical and crucial part of national development and democratic stability. The Nigerian Civil Service consists of employees in Nigerian government agencies other than the military. Most employees are career civil servants in the Nigerian ministries, progressing based on qualifications and seniority. Recently the head of the service has been introducing measures to make the ministries more efficient and responsive to the public.

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

Despite long years of military rule which in several ways distorted the character and philosophy of the service, its role in national development has remained valuable. As a vehicle and machinery of public policy formulation and implementation, the service acts as catalyst for crystallizing the shared goals of the citizenry.

Impliedly, the inefficiency of the civil service of any nation can constitute one of the greatest obstacles to development. The survival of any developmental democracy especially the democracy we have embraced in Nigeria depends largely on the efficiency and effectiveness of the civil service.

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

Belief that management skill is of primary importance in selecting a manager for an organization, and that domain knowledge is secondary. Or, put another way, it's safer to take a



skilled manager from elsewhere and train him in the domain, than to promote someone from within (from a non-management position). .

## **2.0 OBJECTIVES**

It is expected that at the end of this unit you should be able to:

1. Explain the terms:

- I. Military Administrator
- II. The manager as an interchangeable expert

2. Explain fully the danger of divided loyalty in civil service

2. Differentiate civil servant and civil service

## **3.0 MAIN CONTENT**

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

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

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manages and communicates. The fourth basic element in the work of the manager is the job of management. Finally, a manager develops people.

### 3.1 THE CIVIL SERVANT AS INTERCHANGEABLE EXPERTS

of activities, but we define the two main ones as follows.

#### Loans

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

#### Secondment

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

We think interchange is important because it allows people from different organisations to learn from each other and share good practice, ideas and experience. On one hand it develops expertise within the Civil Service and so helps it provide better public services; on the other, organisations outside the Civil Service gain a useful insight into the workings of central government. In all cases interchange should have clear benefits for the individual, the parent organisation and the host organisation

This section promotes the concept of interchange, and suggests some key considerations for those interested in undertaking or arranging it. We cannot, however, become involved in individual cases.

#### The civil service

The government is committed to a professional, modern and flexible Civil Service focused on the needs of society. If they are to provide the level of service society has a right to expect, civil servants need the right skills, expertise and experience; and interchange is one of the ways we can bring that about. We want to support their careers and the professionalism at the same time, and this brings benefits to the parent department and host organisation too.

So interchange should benefit all three parties involved – the host organisation, the individual and the department or other employer. Here are some of the more obvious ways.

#### *The host organisation*

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

### *The department/employer*

- Better understanding of the impact on the business
- A chance to learn about alternative working practices
- A more flexible workforce with a wider knowledge/skills base
- More open communication, and useful contacts
- A creative way of meeting Professional Skills for Government requirements

### *The individual*

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

If you are interested in an outward secondment from the Civil Service, talk it over with your line manager. They will be able to advise you on the implications of releasing you for the Interchange. If you then agree to pursue the possibility, you will need to complete a Civil Service Interchange Request Form (CSIRF) and a good business case for the release. The CSIRF will need to be completed by you and your line manager, and signed by the appropriate Interchange Manager. The CSIRF will then be sent to the Civil Service Interchange Unit for consideration.

If you are interested in a secondment into the Civil Service and are interested in a particular department, contact the appropriate Interchange Manager.

### *Organisations*

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

### *Making the most of interchange*

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

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

### *Other points to bear in mind*

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

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

### **3.2 DEFINITION OF CIVIL SERVICE**

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

The civil Service Hand book (1997.17) is more emphatic. It describes civil service as a body or organ which enjoys continuity of existence. Its members are not limited to a short term of office. When a civil servant relinquishes his office for whatever reason his place is taken by another person who similarly enjoys security of employment. Civil servants according to the Handbook command a pool of experience and know-how for implementing government policies. It recognises that while the civil service is the instrument of the government of the day, the service and its members are not permitted under the law to be partisan of any political party. The civil servant is also required to assist in formulating and implementing the policies approved by the government irrespective of its personal or private opinions or attitudes towards such policies. Another feature of civil service is that it is indispensable irrespective of the type of government in power (whether military or democratic regime).

### **EVOLUTION OF CIVIL SERVICE**

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

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

of about ten thousand civil servants under the Murtala/ Obasanjo regimes.

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

### **3.3 REFORMS IN THE CIVIL SERVICE**

The civil service has undergone several reforms from the period of colonialism through military regimes up to the current democratic administration in Nigeria. Some of the reforms include: Tudor Davis and Harragin commission of 1945 & 1946 which reviewed the wages and general condition of service in the civil service.

The Corsuch Commission of 1951 which was charged with enquiring into the structure and remuneration of the public service.

The Udoji Public Service Review Commission of 1975 which introduced the unified Grading and Salary structure in the Service.

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

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

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

### **CIVIL SERVICE RULES**

Like other formal institutions, the civil service is guided by a set of rules and regulations for the conduct of its members in achieving its set goals in national development. The civil service as an organ of government is functional through the activities of individuals who make up the body.

The performance of the body is determined by the efficiency of the body parts or components. In this respect, the efficiency of the civil service is based on the conduct and attitude of the staff.

For the staff to be efficient there must be guiding principles for everyone. Accordingly, the civil

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

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

### 3.4 DIVIDED LOYALTY IN CIVIL SERVICE

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

Civil servants who perform their duties in the service contrary to the rules and regulations as stipulated in the civil service rules are said to have divided loyalty to the government or institution or constituted authority under which they work. Sadly, it has been noted that over the years the attitude of civil servants has been conducive to the efficient administration of the affairs of the service. Some of the factors responsible for the negative attitude of civil servants in the discharge of their duties include among others:

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

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

of say honesty, fairness, efficiency, integrity, respect, accountability, patriotism etc in our conducts at the work including judgment on colleagues. Values refers to the underlying factors of consideration, which impel men to do one thing instead of the other or to prefer one to another (see Abhuere(2000))

They are about the things we hold dear and thus ready to protect and defend. At policy level, the values of administrators, policy makers etc are known to inform the kind of policies they initiate or support including the way they go about realizing them. These two factors as we are aware are contained in the civil service rules which embody full moral principles to guide the civil servants in the discharge of their duties.

The inability of the civil servants to keep to these rules without sufficient reason amounts to what

LV FDOOHG <sup>3</sup>VHULRXV PLVFRQGXF<sup>W</sup>\_ 6HFWLRQ \_\_\_\_ RI WKH FLYLO VHUYLFH UXOH GHIL  
NLJHULD VWDWHG WKDW\_ <sup>3</sup>WKH FRPSRVLWLRQ RI WKH JR  
NLJHULD VWDWHG WKDW\_ <sup>3</sup>WKH FRPSRVLWLRQ RI WKH JR  
LOVHWLJDWHG DQG  
proved. It includes absence from duty without leave, disobedience example, refusal to accept posting, corruption, dishonesty, drunkenness, insubordination, falsification of records, negligence etc.

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

The implication is that if you are a leader and not from that part of the region, you intend to lose the loyalty of the officers from that region. It is no mistake that Section 14 (3) of the 1999

Constitution of the Federal Republic of NLJHULD VWDWHG WKDW\_ <sup>3</sup>WKH FRPSRVLWLRQ RI WKH JR  
of the Federation or any of its agencies and the conduct of its affairs shall be carried out in such a manner as to reflect the federal character of Nigeria and the need to promote national unity and also to command a national loyalty, thereby ensuring that there shall be no predominance of persons from a few state or from a few ethnic or other sectional groups in that government or any RI LWV DJHQFLHV\_’

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

**The Commission shall have power to:**

\_D\_ <sup>3</sup>ZRUN RXW DQ HTXLWDEOH IRUPXOD VXEMHFW WR WKH

approval of the National Assembly for the distribution of all cadres of posts in the public service of the Federation and the states, the armed forces of the Federation, the Nigeria Police and other government security agencies, government owned companies or parastatals of the states;

<sup>3</sup> \_E\_ URPRWH\_ Ponitor and enforce compliance with the principles of proportional sharing of all bureaucratic, economic, media and political posts at all levels of government;

<sup>3</sup> \_F\_ WDNH VXFH OHJDO PHDVXUHV\_ LQFOXGLQJ WKH SURVHFVWLRQ RI WKH KHDG RU VW PLQLYWU\ Bu government body or agency who fails to comply with any federal character principles or formula prescribed or adopted by the Commission.

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

**Conflict of Interests:** Conflict of interests is a situation where we are faced with making an HWKLFDO FKRLFH EHWZHHQ RQH REOLJDWLRQ DQG DQRWKHU\_ 7KH %LEOH VWDWHV WK PDVWHU\ DW D WLP\_ 7KXV\_ FRQIOLFW RI LQWHUHVW DULVHV Zhen officers have to make de that may affect private or primordial interest. It means conflict between the public duties and private interest of a public official in which a public official has private capacity interest that could improperly influence the performance of his official duties and responsibilities.

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

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

**Education:** Education is a factor here because proper education inculcates national consciousness and spirit of national unity in an individual. That is why National Policy on Education stated that <sup>31</sup> LJHULD\ SKLORVRSK\ RI HGXFDWLRQ«LV EDVHG RQ WKH LQWHJUDWLRQ RI WKH LQGLY LGH D\VRXOG and effective citizen and equal educational opportunities for all citizens of the nation at the primary, secondary and tertiary levels, both inside and outside the formal school system (Yahaya 1992.35).

By this policy, civil servants are expected to possess minimum standard of education based on the requisite qualifications at the time of employment. It is assumed that education would have inculcated in the officers, the right attitude for the survival of the individual and the Nigerian



society, the training of the mind in understanding of the world around him and the acquisition of the appropriate skills, abilities and competence for the individual to live in; and contribute to the development of the society and the institutions he belongs. What in-service training will do is to broaden and consolidate on the qualities believed to have been acquired by the individual before entering the service.

Officers in the service who lack proper education have the tendency to lack the proper attitude, values and skills with which to understand the right attitude to the rules and would easily develop divided loyalty when obligation to the service challenges their ego and psychological disposition.

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

#### **Leaking Official Secret:**

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

#### **THE DANGERS OF DIVIDED LOYALTY IN CIVIL SERVICE.**

There is no doubt that many people who came into civil service did so because of its secured tenure and soft conditions of service. It is also true that many of them lack commitment to efficiency, effectiveness and excellence which the performance of civil service job demands in addition to accountability, transparency, honesty, excellence, due process and rule of law and quality service delivery (Abhuere 2000). The civil service rules and indeed any rules or regulations of any organization are meant to be respected and obeyed. In any organization where rules and regulations are not respected, there is bound to be organizational calamity, pursuit of wrong values which can generate wrong attitude to work, destruction of accountability and mutual trust thus paving way for massive corruption and higher cost of services. When all these beset an institution, there is bound to be:

Poor regard for work- nonchalant attitude of staff whereby some people will tell you that public service is not their IDWKHU¶V MRE ,QHIIHFWLYH VXSHUYLVLRQ DQG UHOXFWDQFH RU unwillingness to apply appropriate sanctions to offenders

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

Fatal tribalism and nepotism that are blind to any wrongdoing by kinsmen

3RRU NQRZOHGJH RI RUJDQLJDWLRQ¶V JRDOV\_ REMHFWLYHV DQG hazy focus by many civil servants

Warped value system that has little or no room for excellence, honesty, dedication or

outstanding performance High level corruption and celebration of evil at the altar of money All these constitute a civil service structure that is gone out of alignment with the sacrosanct rules and tenets of service and it can only be different when rules and regulations are obeyed and constituted authority respected.

### **3.5 FEDERAL REPUBLIC OF NIGERIA - NIGERIA: PAST, PRESENT AND FUTURE**

#### **First Junta (1966±1979)**

The first one began on January 15, 1966, when Major Chukwuma Nzeogwu and some group of Majors overthrew current president Nnamdi Azikiwe in a coup d'état, and declared himself Head of the Federal Military Government of Nigeria. Aguiyi-Ironisi was then overthrown and murdered in a coup the same year by General Yakubu Gowon, who held power until 1975 when he was overthrown in a bloodless coup by a group of soldiers that wanted to return civilian rule to Nigeria. Brigadier (later General) Murtala Mohammed, who succeeded General Gowon, was not directly involved in this coup, but did help round up soldiers for the coup. A year later, in 1976, Mohammed was assassinated in a violent coup, and 2OXV½JXQ ĐEDVDQMÑ then succeeded 0 RKDPPHG\_ 7KUHH \HUV ODWHU\_ LQ \_\_\_\_ ĐEDVDQMÑ KDQGHG SRZHU GRZQ WR Shehu Sh ended the military regime, and installed a second Nigerian republic.

#### **Second Junta (1983±1998)**

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Shagari, however, was overthrown in a bloodless coup in 1983, and succeeded by Muhammadu Buhari, who was appointed *Chairman of the Supreme Military Council of Nigeria* and Commander-in-Chief of the Armed Forces by the junta. Buhari ruled for two years, until 1985, when he was overthrown by General Ibrahim Babangida, who appointed himself with the position of *President of the Armed Forces Ruling Council of Nigeria*. Babangida promised a return of democracy when he seized power, which barely took place during the Babangida

regime. He ruled Nigeria until 1993 when he temporarily handed power to the interim head of state Ernest Shonekan, being part of his promise to return democracy. Two months later, however, Shonekan was overthrown by General Sani Abacha, with former President Babangida conveniently involved with a visit to [Egypt](#). Abacha appointed himself *Chairman of the Provisional Ruling Council of Nigeria*. After Abacha's death in 1998, General [Abdulsalami Abubakar](#) (WRRN RYHU\_ DQG UXOHG XQWLO \_\_\_\_ ZKHQ 20XV½JXQ ĐEDVDQMÑ DJDLQ EHFDPEWVĐVĐ), and ended the junta. Olusegun Obasanjo ruled until 2007 and then passed it down to another democratically elected president [Umaru Musa Yar ' adua](#) who ruled Nigeria until his death in 2010.

## 1960

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

## 1966

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

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

## 1970

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

## 1979

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

## **1980s**

### **1983**

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

### **1985**

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

### **1990-97**

### **1993**

Nigerians go to the polls in June, elect Social Democratic Party candidate Moshood Abiola as the new president of the country with 58 percent of the vote. On the eve of election results, General Babangida annuls the election. The United States suspends aid as a political crisis ensues. Eleven die in riots protesting military rule.

Moshood Abiola

Babangida steps down in August and chooses interim government. Gen. Sani Abacha seizes power in November.

### **1994**

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

Sani Abacha

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

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

### **1995**

In October, General Abacha vows he will step down in three years after reforms are complete.

Nigeria's military government hangs nine political activists in November, including well-known playwright Ken Saro-Wiwa, who was accused of involvement in the killings of four pro-government traditional chiefs in 1994.

Ken Saro-Wiwa

Nigeria is suspended from the Commonwealth, the 52-member organization grouping Britain and its former colonies, after the hangings.

### **1996**

Kudirat Abiola, the outspoken wife of detained Nigerian presidential claimant Moshood Abiola, is shot and killed while being driven along a Lagos street in June.

### **1997**

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

### **1998**

May 7: Nigeria announces that it has freed 142 prisoners on orders of General Abacha.

June 8: Abacha dies at his villa in the Nigerian capital. He is quickly replaced by a close ally, Maj. Gen. Abdulsalam Abubakar.

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

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

Maj. Gen. Abdulsalam Abubakar

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

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

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

### **1999**

January 20: Nigerian and international election monitors declared that local elections in December and state elections Jan. 9 were fair. The country enters high campaign season for the election of its first national civilian leadership in 15 years.

## **3.5 MANAGERS ARE INTERCHANGEABLE**

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

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

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OK, here is a different perspective. Rather than ask "who is the best person for this job?", ask, "what is the best job for this person?". Practiced consistently, this becomes selecting appropriate positions for a person through their career with the goal of maximizing individual growth and their contributions to the organization. I think this makes sense for organizations whose primary capital is intellectual. It's not going to work at McDonalds. And it needs people to be clear and honest about what they want to do with their careers - practice and perfect their technical skills, become a technical leader, manage tasks, become CEO. Done well, technical talent will be developed to great depth or breadth as appropriate for the person, new managers will get

challenging (but not too challenging) assignments, existing managers will switch between line and project every few years so there will be a lot of sideways movement, work teams will become more persistent than their managers (with all the good things that will lead to), and managers will get wider and less parochial perspectives as they rotate from job to job. Also, it might make it harder for the management anti-pattern their apparent to take root.

#### SELF ASSESSMENT EXERCISE

1. Explain the historic of military administrator in Nigeria
2. Discuss the manager as interchangeable experts
3. Identify the host organisation in civil service
4. Highlight clearly the divided loyalty in civil service

#### 4.0 CONCLUSION

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

#### 5.0 SUMMARY

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

#### 6.0 TUTOR MARKED ASSIGNMENT

1. Explain the civil service as an interchangeable expert
2. What do you understand by the term civil servant

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**UNIT 4:      CONSTRAINTS IMPOSED ON MANAGERIAL DISCRETION  
IN PUBLIC CORPORATIONS****CONTENTS****1.0      Introduction****2.0      Objectives****3.0      Main Content****3.1      Managerial Discretion in Public Corporations****3.1.1      Sources of Managerial Constraints****3.2      5 HODWLRQVKLS EHWZHHQ 0DQDJHULDO 'LVFUHWLRQ DQG D 3XEOLF &RUSRUDWLRQ  
Performance****3.3      Corporate Governance and Managerial Discretion****3.4      Managerial Discretion and Deregulation****3.5      Manager/Shareholder Conflicts****3.6      Choice of Corporate Governance Mechanism****3.6.1      Board Composition****4.0      Conclusion****5.0      Summary****6.0      Tutor Marked Assignment (TMA)****7.0      References/Further Reading****1.0      INTRODUCTION**

As presented by Obaji N. R. in Ogundele et al (2004), Constraints on managerial discretion are the possible conflicts of interest between stakeholders and managers. Managerial discretion is the extent to which managers fail to experience discipline on their behaviours from internal corporate governance e.g. ownership structure and board composition and external control mechanism e.g. product market composition, credit market, market for corporate control and managerial market.

In this chapter we present constraints to managerial discretion in public corporations analyzing the conflicts that exist between the managers and shareholders and the relationship between managerial discretion and public

corporation performance. We also reflect on how deregulation affects managerial discretion and discuss the mechanics used to control agency problems, that is, the composition of the board of directors.

## 2.0 Objectives

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

- i. Define managerial discretion.
- ii. Identify and describe the sources of constraints to managerial discretion.
- iii. 5 HODWLRQVKLS EHWZHHQ PDQDJHULDO GLVFUHWLRQ DQG D SXEOLFDWLRQ
- iv. Explain the relationship between Managerial Discretion and Deregulation

## 3.0 Main Content

### 3.1 Managerial Discretion in Public Corporations.

0 DQDJHULDO GLVFUHWLRQ\_ZKLFK UHIHUV WR H[HFXYLYHV DELOLW\ W

organizational outcomes, is a function of the task environment the internal organization, and managerial characteristics. Managerial discretion occurs in public corporations when owners of organization or governments enjoy exclusive control rights over managers. When there exist non-owner control over managers, managerial discretion may produce a favourable effect on corporate performance, if the objective functions of managers is relatively more in line with profit maximization rather than to the non-owner controlling party.

Public corporation is not suitable in industries where long-term growth is slow, where internally-generated funds outstrip the opportunities to invest them profitably or where downsizing is the most productive long-term strategy.

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

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

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

### 3.1.1 SOURCES OF MANAGERIAL CONSTRAINTS

The degree of discretion that senior executive managers have in setting objectives is limited by both external and internal constraints. External constraints arise from the active market in company shares while internal constraints arise from the role of nonexecutive board member.

#### ➤ External constraints

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

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

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

more vulnerable to shareholder activism either in selling shares or in voting at shareholder meetings.

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

### ➤ **Internal constraints**

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

underperforming shares. However, in the UK institutional shareholders have become more active in organizing coalitions to either influence management behind the scenes or forcing votes at annual general meetings.

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

### **3.2 RELATIONSHIP BETWEEN MANAGERIAL DISCRETION AND A**

Most of the existing studies on the relationship between managerial discretion and a public corporations performance assume that owners (i.e. governments) are the only members in corporations who enjoy exclusive rights to control and monitor the managers. These studies indicate that, in the absence of any major changes in external control Mechanism, an increase in managerial discretion implies a decrease in control by the owners; the result of which is more operating leeway, for undesirable behavior on the part of the managers. As a result, a negative relationship between managerial discretion and a public corporation performance is expected.

This relationship however becomes unclear when the control right over managers are shared between the owners and some other party or parties whose interests may not necessarily coincide with the interest of the owners. Examples of such non-owner controlling parties include labour organizations, suppliers of materials, consumers, representatives, environmental activities, local communities and government agencies (Dixit, 1997). In such scenarios where there are multiple parties competing for control, the managers are commonly called stakeholders. When there exists non-owner control over managers, managerial discretion may produce a favourable effect on corporate performance. If the objective function of managers is relatively more in line with profit-maximizing than that of the non-owner controlling party, Baumol (1959) assumes that managers have incentives to maximize sales subject to the constraint of satisfactory profit.

### **3.3 Corporate Governance and managerial Discretion**

Corporate governance is the integrated set of internal and external control mechanism that harmonize manager-shareholder conflicts of interests resulting

from the separation of ownership and management (Williamson, 1984). A common feature of large public corporations is the separation of ownership and control between the principal and the agent (Fama and Jensen, 1983).

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

### 3.4 Managerial Discretion and Deregulation

Deregulation creates a unique context that makes the principal's job more difficult, and this amplifies agency problems.

In the transition to a deregulated context, four factors are theoretically linked to the

- (i) The lack of subsidizing monitoring
- (ii) A high level to managerial discretion,
- (iii) Increased environmental uncertainty and
- (iv) Increased information asymmetry

Deregulation removes much of the subsidize monitoring and disciplining potentials of managerial behaviour by government agencies. It also provides managers with more opportunities for discretionary actions (Frinkelstein, and Boyd, 1998).

Government regulation determines firm strategy (Grucia and Nath, 1994) and imposes constraints upon strategic decisions. It also makes the focus of strategic decision. Government regulation also decides the focus of strategic decision shift away from managers to public official (Smith and watts 1992).

### 3.5 $0 \leq \frac{1}{6} \left( \frac{5}{6} + \frac{5}{6} \left( \frac{2}{5} \right)^{56} \right) / 21$

A central weakness and source of waste in the large public corporation is the conflict between shareholders and managers over the payout of free cash flow that is, cash flow in excess of that required to fund all investment projects with positive net present values when discounted at the relevant post of capital. For a company to operate efficiently and maximize value, free cash flow must be distributed to shareholders rather than retained. But this happens infrequently, as senior managers have few mechanisms to compel distribution.

Managers-stockholders; conflicts are introduced by considering the fact that, in addition to his fixed wage, the manager derives utility from both retaining control and investing new project:

A common determinant of capital structure arises from manager-shareholder conflicts. Managers and shareholders have different objectives. In particular,

managers tend to value investment more than shareholders do. Graham (2000)

associated with the conflict.

Managers have incentives to retain cash in part because cash reserves increase their autonomy vis-à-vis the capital markets. Shareholders are at a great advantage in

### 3.6 Choice of corporate Governance mechanism

Corporate governance mechanism includes a broad range of control mechanism that are frequently used by firms to tackle agency problems in the principal-

**3.6.1 Board Composition:** this has been posed as a key factor in allowing the

The proportion of external directors on the board has been argued to be critical importance. Internal directors who are participants in the decision-making process have access to information that is relevant to assessing managerial competence and the strategic desirability of initiatives. As such, they are better able to identify legitimate and illegitimate cause of organizational misfortune.

+RZHYHU\_ WKH FULWLFDO SUREOHP DVVRFLDWKHOWZWKH\XQXVLOD\VR QR

make an exhaustive evaluation of the strategic decision processes before coming up with a superficial review of managerial actions. This is often because CEOs influence internal directors in the decision-making process (Patton and Baker, 1987).

,Q FRQWUDVW\_ H[WHUQDO GLUHFWRUV DUWH ERDUG PHPEHUV ZKR KDY

Employees of the company on whose they sit (Jones and Golderg, 1982). From the standpoint of the agency theory, while the interests of internal directors are aligned with those of management, those of external directors are aligned with shareholders. Outsiders are viewed as potentially being able to introduce objectivity to bear upon board decisions. It has been suggested that an effective board of directors should be composed of a greater proportion of external directors (Mizruchi, 1983). It is argued further that since external directors are not participants in the decision-making process, they are less likely to be influence by the CEO; hence unlike internal directors, they can make exhaustive evaluations on the actions of managers.



Managers of multinational corporations have other constraints imposed on them both by the host and home countries. Hill (2001) lists the constraints as including:

- A limited number of host countries nationals are employed in managerial positions.
- \$ VXEVLGLDU\¶V H[SRUW DWWDLQV D SUH-specified annual value.
- \$ SURSRUWLRQ RI D VXEVLGLDU\¶V LQ\$SXWV ZLOO EH VXSSOLHG ORFDORU\ WKDW Q reported.
- The very latest in technology will be used in production.
- A predetermined minimum number of new jobs be created, and
- The local subsidiary of a multinational corporation (MNC) can have local joint venture partners, and so on.

Hill (2001) also stated that, control by the home country is also much and they include:

- i. Prohibition of transfer of technology to certain nations;
- ii. Prevention of firms from using money raised in the home country for foreign investment as happened in the USA in the 1960s;
- iii. Increase in the cost of foreign currency that has to be obtained in order to invest abroad;
- iv. Creation of tax regimes not conducive to investment abroad.
- v. Requirement that all significant foreign investments obtain government approval prior to contracts being signed (as happened in Japan).

The above and several other forms of control constitute constraints on management discretion.

## 4.0 Conclusion

Over the years, managers have exercised significant discretion in making financial reporting better. However, the use of managerial discretion faces a lot of impediments these may appear in the form of conflict between the board members and the shareholders, and the choice of corporate governance mechanism.

## 5.0 Summary

This unit discusses constraints on managerial discretion in public corporations. The unit open with a definition of what managerial discretion is all about; it proceeds to establishing a relationship between managerial discretion and a public

managerial discretion, managerial discretion and deregulation,  
 PDQDJHUV\_VKDUHKROGHU¶V FRQIOLFW\_DQG ILQDOO\ FKRLFH RI FRUSRUDV  
 JRVHUV DQFH

## 6.0 Tutor Marked Assignment

1. What do you understand by managerial discretion?
2. Identify and discuss the internal and external sources constraints on managerial discretion.
3. How is managerial discretion applied in public corporation?
4. Draw up a relationship between managerial discretion and a public FRUSRUDWLRQ¶V SHUIRUPDQFH\_
5. How does the choice of corporate governance mechanism affect managerial discretion?
6. Write short notes on the following:
  - i. 0 DQDJHUV\_VKDUHKROGHU¶V FRQIOLFW
  - ii. Managerial discretion and deregulation.

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'L[LW\_ \$ \_ \_\_\_\_\_<sup>3</sup>RZHU RI ,QFHQWLYHV LQ 3ULYDWH 9HUVXV 3XEOLF 2UJDQLVDWLRQ\_ *Economic Review*, vol. 74, No. 4, pp.650-656.Dec.

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)DPD\_ ( \_ )\_ DQG -HQVRQ 0\_ &\_ \_\_\_\_\_<sup>3</sup>HSDUDWLRQ RI 2ZQHUVKLS DQG &R *Journal Of Law And Economics*, vol. 26, No. 1, pp301-326, June.

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*American Economic Review*, vol. 53, No. 5, pp. 103-108, Dec.

**UNIT I:      GLOBALIZATION OF ECONOMIC ACTIVITIES****CONTENTS**

- 8.0      Introduction
- 9.0      Objectives
- 10.0     Main Content
  - 10.1     Meaning of Globalization
  - 10.2     Views on Globalization
  - 10.3     Semi-globalization
  - 10.4     The Strategic Role of Cultures
  - 10.5     Dimensions of Culture and Effects on Globalization Strategy
- 11.0     Conclusion
- 12.0     Summary
- 13.0     Tutor Marked Assignment (TMA)
- 14.0     References/Further Readings

**1.0      INTRODUCTION**

The rather abstract five-syllable word 'globalization' is now frequently heard and debated. Those who approve of globalization count its contributions to include higher economic growth and standards of living, increased sharing of technologies, and more extensive cultural integration. This unit expatiates on the globalization of economic activities as especially related to culture.

**2.0      OBJECTIVES**

At the end of the reading of this unit, the reader should be able to understand:

- The meaning and different views on globalization
- The role of culture in globalization of economic activities
- The different dimensions of culture and how they affect strategic choices of globalization.

### **3.0 MAIN CONTENT**

#### **3.1 Meaning of Globalization**

Globalization can be defined as the process of international integration arising from the interchange of worldviews, products, ideas, and other aspects of culture. It is a process that increases world-wide exchanges of national and cultural resources. The term globalization has been in increasing use since the mid-1980s and especially since the mid-1990s. In 2000, the International Monetary Fund (IMF) identified four basic aspects of globalization: trade and transactions, capital and investment movements, migration and movement of people and the dissemination of knowledge. Further, environmental challenges such as climate change, cross-boundary water and air pollution, and over-fishing of the ocean are linked with globalization. Globalizing processes affect and are affected by business and work organization, economics, socio-cultural resources, and the natural environment. Critics argue that globalization undermines wages in rich countries, exploits workers in poor countries, and gives multinational enterprises (MNEs) too much power. Three views on globalization are illustrated in the next subtopic.

#### **3.2 Views on Globalization**

Depending on what sources you read, globalization could be:

‡ \$ QHZ IRUFH VZHSLQJ WKURXJK WKH ZRUOG LQ UHFHQW WLPHV

‡ \$ ORQJ-run historical evolution since the dawn of human history

‡ \$ SHQGXXP WKDW VZLQJV IURP RQH H[WUHPH WR DQRWKHU IURP WLPH WR WLPH

An understanding of these views helps put things in perspective. First, opponents of globalization suggest that globalization is a new phenomenon since the late 20th century, driven by both the recent technological innovations and Western hypocrisy designed for MNEs to exploit and dominate the world. While presenting few clearly worked-out alternatives to the present economic order, other than an ideal world free of environmental stress, social injustice, and branded, pundits of this view nevertheless often argue that globalization needs to be slowed down if not stopped. Most antiglobalization protesters seem to share this view. A second view contends that globalization has always been part and parcel of human history. Historians are debating whether globalization started 2,000 or 8,000 years ago. MNEs existed for more than two millennia, with their earliest traces discovered in the Assyrian, Phoenician, and Roman empires. International competition from low-cost countries is nothing new. In the first century AD, so

concerned was the Roman emperor Tiberius about the massive quantity of low-cost Chinese silk imports

W K D W K H L P S R V H G W K H Z R U O G ¶ V I L U V W N Q R Z Q L P S R U W T X R W D R I W H [ W L O H V \_ 7 R G D \ ¶ V P R V W V  
01(V GR QRW  
FRPH FORVH WR ZLHOGLQJ WKH KLVWRULFDO FORXW RI VRPH 01(V VXFK DV %ULWDLQ¶V (DVW ,Q  
GXULQJ

colonial times. In a nutshell, globalization is nothing new and will always march on. A third view

VXJJHVWV W K D W J O R E D O L J D W L R Q L V W K H ³ F O R V H U L Q W H J U D W L R Q R I W K H F R X Q W U L H V D Q G S H R  
Z R U O G \_ Z K L F K K D V

been brought about by the enormous reduction of the costs of transportation and communication, and the

breaking down of artificial barriers to the flows of goods, services, capital, knowledge, and (to a lesser

H [ W H Q W \_ S H R S O H D F U R V V E R U G H U V \_ ´ \* O R E D O L J D W L R Q L V Q H L W K H U U H F H Q W Q R U R Q H - d i r e c t i o n a l  
accurately, a  
process similar to the swing of a pendulum. This notion of globalization probably makes the most sense

because it helps us understand the ups and downs of globalization.

### 3.3 Semi-globalization

Most measures of market integration (such as trade and FDI) have recently scaled new heights but still

fall far short of complete globalization. In other words, what we have may be labeled semiglobalization,

which is more complex than extremes of total isolation and total globalization. Semiglobalization

suggests that barriers to market integration at borders are high, but not high enough to completely insulate

countries from each other. Semi-globalization calls for more than one way of doing business around the

globe. Total isolation on a nation-state basis would suggest a localization strategy (treating each country

as a unique market), and total globalization would lead to a standardization strategy (treating the entire

world as one market<sup>23</sup> R Q H V L J H I L W V D O O ´ \_ \_ + R Z H Y H U \_ W K H U H L V Q R V L Q J O H U L J K W V W U D W H J \ L Q W  
V H P L -

globalization, resulting in a wide variety of experimentations. Overall, (semi)globalization is neither to be

opposed as a menace nor to be celebrated as a panacea; it is to be engaged.

### 3.4 The Strategic Role of Cultures

Globalization is affected by different cultural settings. An understanding of the complexity and diversity

of this environmental variable and the impact on institutions is very important. Culture can be defined as

the collective programming of the mind which distinguishes the members of one group or category of

people from that of another. While many ways exist to identify dimensions of culture, the work of the

Z R U O G ¶ V I R U H P R V W F U R V V - c u l t u r a l e x p e r t , G e e r t H o f s t e d e , a D u t c h p r o f e s s o r , h a s b e c o m e b y f a r t h e m o s t

influential. He and his colleagues have proposed five dimensions: power distance, individualism (and

collectivism), masculinity (and femininity), uncertainty avoidance and long-term orientation.

### 3.5 Dimensions of Culture and Effects on Globalization Strategy

First, power distance is the extent to which less powerful members within a country expect and accept that power is distributed unequally. For example, in high power distance Brazil, the richest 10% of the SRSXODWLRQ UHFHLYHV DSSUR[LDPWHO\ \_\_% RI WKH QDWLRQDO LQFRPH\_ DQG HYHU\ERG\ DFFHSLV<sup>3</sup>WKH ZD\LW LV\_ ,Q ORZ SRZHU GLVWDnce Sweden, the richest 10% gets only 22% of the national income. Solicitation of subordinate feedback and participation, widely practiced in low power distance Western countries, is regarded as a sign of weak leadership and low integrity in high power distance countries such as Egypt, India, Mexico, and Russia.

Second, individualism refers to the perspective that the identity of an individual is fundamentally his or her own, whereas collectivism refers to the idea that the identity of an individual is primarily based on the identity of his or her collective group (such as family, village, or company). In individualistic societies (led by the United States), ties between individuals are relatively loose and individual achievement and freedom are highly valued. In contrast, in collectivist societies (such as many countries in Africa, Asia, and Latin America), ties between individuals are relatively close and collective accomplishments are often sought after. Because entrepreneurs are usually willing to take more risk, individualistic societies tend to foster relatively more entrepreneurship, whereas collectivism may result in relatively lower levels of entrepreneurship.

Third, the masculinity versus femininity dimension refers to sex role differentiation. In every traditional society, men tend to have occupations that reward assertiveness, such as politicians, soldiers, and executives. Women, on the other hand, usually work in caring professions such as teachers and nurses in addition to being homemakers. High masculinity societies (led by Japan) continue to maintain such a sharp role differentiation along gender lines. In low masculinity societies (led by Sweden), women increasingly become politicians, scientists, and soldiers and men frequently assume the role of nurses, teachers, and househusbands. The stereotypical manager in masculine societies is assertive, decisive, and μDJJUHVVLYH¶ \_RQO\ LQ PDVFOLQH VRFLHWLHV GRHV WKL V ZRUG FDUU\ D SRVLWLYH FRQQRWL ZKHUHDV WKH stylized manager in feminine societies is less visible, intuitive rather than decisive, and accustomed to seeking consensus.

Fourth, uncertainty avoidance refers to the extent to which members in different cultures accept ambiguous situations and tolerate uncertainty. Members of high uncertainty avoidance cultures (led by Greece) place a premium on job security, career patterns, and retirement benefits. They also tend to resist

change, which, by definition, is uncertain. Low uncertainty avoidance cultures (led by Singapore) are characterized by a greater willingness to take risk and less resistance to change. Managers in low uncertainty avoidance countries (such as Great Britain) rely more on experience and training, whereas managers in high uncertainty avoidance countries (such as China) rely more on rules and procedures.

Finally, long-term orientation emphasizes perseverance and savings for future betterment. China, which has a high contemporary savings rate, leads the pack. On the other hand, members of short-term orientation societies (led by Pakistan) prefer quick results and instant gratification. Cultures with a long-term orientation are likely to nurture firms with long horizons in strategic planning.

#### **4.0 CONCLUSION**

Overall, there is strong evidence pointing out the strategic importance of culture on globalization of economic activities. Sensitivity to cultural differences can not only help strategists better understand what is going on in other parts of the world, but it can also be unethical and illegal<sup>3</sup>all depending on the institutional frameworks in which firms are embedded. Thus, it is imperative that current and would-be globalization strategists be aware of the importance of business ethics.

#### **5.0 SUMMARY**

This unit tackled globalization, the close integration of peoples and countries around the world, by focusing on culture. Some view globalization as a recent phenomenon, while others believe that it has been evolving since the dawn of human history. It is suggested that globalization be best viewed as a process similar to the swing. Strategists, according to Sun Tzu, need to know themselves and know their opponents. In light of the fact that globalization has its dark side, current and would-be strategists need to know themselves, especially their hidden pro-globalization bias.

Culture is the collective programming of the mind that distinguishes the members of one group or category of people from another. According to Hofstede, national cultures have five dimensions: power distance, individualism/collectivism, masculinity/femininity, uncertainty avoidance, and long-term orientation. Each has some significant bearing on strategic choices.



## **6.0 TUTOR MARKED ASSIGNMENT (TMA)**

1. What is globalization? And state the different views.
2. List and explain the five dimensions of culture.

## **7.0 REFERENCES/ FURTHER READINGS**

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## **UNIT 2      EFFECT OF ICT IN THE MANANGEMENT OF ORGANISATIONS    UNDER DIFFEENT CULTURAL SETTINGS**

### **CONTENTS**

- 1.0    Introduction
- 2.0    Objectives
- 3.0    Main Content
  - 3.1    ICT Effect in Management
  - 3.2    Organizations and Different Cultural Settings
    - 3.2.1    Intercultural Management
    - 3.2.2    Categories of :RUOG¶V &XOWXUHV
  - 3.3    Development of Comparative Management
- 4.0    Conclusion
- 5.0    Summary
- 6.0    Tutor Marked Assignment
- 7.0    References/Further Readings

### **1.0    INTRODUCTION**

Management has evolved over these years and in this 21 century ICT (Information Communication and Technology) has come into play to drive globalization in management and business the effect of ICT in the management of organizations under different cultural settings will be discoursed and evaluated to assess the level of involvement in the current dispensation.

### **2.0    OBJECTIVES**

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

- Discuss the effect of ICT in management
- Explain intercultural management
- Identify some categories of cultural
- State the focus of comparative management.



### 3.0 MAIN CONTENT

#### 3.1 ICT Effect in Management

communication (ICT) and the development of a culture dedicated to making vision a reality through actively pursuing a focused strategy dedicated to meeting and exceeding customer expectations. Information and Communication Technology (ICT) is essential for the existence of societies and organizations as an instrument of social interaction.

Just like every other spheres of life Management has acquired a radically new flavor in the twenty ± first century. The Information and Communication Technology (ICT) revolution has transformed the ways in which ideas and information are recorded and communicated inter-Management organization. (The term Information Technology (IT) was used for everything to do with computers with the growth of electronic communications it became (ICT)

Information and Communication Technology (ICT) is the pivot of modern government (organization and Management) there is increasing usage of computer technology in organizations. This is a major component of the information age. The effect in management is so pronounced that computer networks have been used to work more closely with suppliers and customers (Inter) the information age has led to the development of new delivery channels, like internet services with the organization (intra) (Fagbemi 2006) The adoption of this ICT led to convenient and efficient ways for citizens and businesses to communicate within organization and to receive services. the amount of information that is the use of computer whereby information can be passed both within (intra) and outside (inter) the organizations without using much paper.

In fact computer has profound effect (impact) upon the practice of management. It has made possible more efficient information processing and problem solving in business and other organizations and has been highly instrumental in advancing management knowledge.

Information Communication Technology (ICT) is increasingly becoming the key to national economic management, affecting virtually every industry and service. It is difficult to name a business that does not depend on the effective use of information. The designing of product and services tracky and responding to market demands and or making a well-informed decisions depend on ICT. It has changed the world more permanently than any other technology in history and will transform civilization so far.

Environmental trends like globalization and heightened international network and competition are speeding the movement forward increased ICT use in organizations.

## **SELF ASSESSMENT EXERCISE 1**

For global management what is the key role of ICT?

### **3.2 Organizations and Different Cultural Settings**

All organizations have some function to perform in order to achieve the objectives of which they were established to provide. Organizations enable objectives to be achieved that could not be achieved by an individual effort with team work (cooperative action) members of an organization can provide a synergistic effect. There are different types of organizations set up to serve different purposes in order to meet several needs. They come in all forms, shapes and sizes ± enterprises like hotel, school, shops, hospital, banks, government offices etc.

The structure, management and functions of these organizations vary in the nature and types of the organization, their respective goals and objectives and the behavior of the human resources in them.

It is worthy of note that our society is influenced by leaders and managers in organizations ± as the care of educated people in public/private schools, purchase of products and services from organizations and the influence of various government agencies which are organizations. That is an organization is defined as a group of people working together in a structural and coordinated fashion to achieve a set of goals. The goals may include such things as profit, the discovery of knowledge, national defence, the coordination of various local charities or social satisfaction (Enikanselu & Oyende 2009). Furthermore, they quoted that organizations are made up of individuals who work together to achieve the goals or objectives that are important to these individuals. Organizations summed are devices for pooling and harnessing talents and ability together into an effective whole that can achieve for them some desired objectives. It is the bedrock of building developing and maintaining a structure of the working relationship in order to accomplish the objectives of the organization (enterprise).

Despite the differences among various organizations and their goals, there are however, there are three common factors that introduce management of organization through cultural settings. (Enikanselu & Oyende 2009), there are people objectives and structure.

The interaction of different people enhances the achievement of objectives set, which forms the basis of an organization. Appropriate structure in place are needed by people's interactions/interplays not minding the ethnic cultural affiliations that affords channeling and coordination of activities (Operations).

The level of management and other available resources come into play, organization as a system is a set of things connected or interacting so as to form complex unity according to plan. The concept of a system can also be regarded as a series of inter-related and inter-dependant parts or sub-system(s) affect(s) the whole classification of environment are numerous including market, technology, economic political/legal, socio cultural among others. We will consider mainly socio-cultural environment in this unit. It consists of factors related to human relationship within a society. These relationships are learnt and shared behavior of groups of human beings which have a bearing on the business of an organization. Some of the factors are demographic characteristic population, its density & distribution immigration etc. socio-cultural concerns  $\pm$  pollution, corruption etc, socio-cultural attitudes and value  $\pm$  expectation of society from business, beliefs etc, Family structure and changes in it, gender roles/position of men, women, adolescent, etc, and educational levels, work ethics of members in the society, awareness of rights etc.

The socio-cultural environment primarily affects the strategic management process within the organization. Strategic managers seem not to be aware of the impact of the socio-cultural environment, which changes take place very slowly, with no seeming immediate and direct impact on short-term decision.

### **3.2.1 Intercultural Management**

Inter-cultural management is the combination of knowledge, insights and skills which are necessary for adequately dealing with national and regional cultures and differences between cultures at the several management (W. Burggraaf)

This is evidence in Nigeria where ethnicity abound spelling out people with different cultural and traditional background coming together to form a nation. For example the method of greetings/salutation differ from one culture to the other, while others genuflect, other kneel, others lie-down, when others from a different culture do not perform these gestures because it is not their custom it is regarded as insubordination or not being loyal. It takes time to adjust/assimilate and it is incumbent on the manager to understand this difference or make decision will be taken on the subordinate. The manager to blend the human resources must appreciate diverse cultures multi-culturism, multicultural teams, cross-border mergers and acquisition, cultural adjustment, international careers as for as large multinational corporation are concern.

### **3.2.2 &DWHJRULHV RI :RUOG¶V &XOWXUHV**

- Linear  $\pm$  activities  $\pm$  these categories of culture are those who play schedule, organize, pursue action chains, do one thing at a time. The Germans and Swiss are in this group.

- Multi-actives  $\pm$  are those lively, loquacious peoples who do many things at once, planning their activities not according to a time schedule, but according to the relative thrill or importance that each appointment brings with it. Italians, Latin-Americans and Arabs belong to this group.
- Reactive  $\pm$  are those cultures that prioritize courtesy and respect listening quietly. For example, Chinese, Japanese and Finns are in this group. (When cultures collide Richard Lewis).

In advanced cultural nation like Nigeria one can attribute each of the geo-political to one or more of the quality above as behavioural pattern will express. North east & North West, South West, North central and South East/South South.

Exploring individual differences. These can be reasoned along the dimensions of race ethnicity, gender, sexual orientation, socio-economic status, age, physical abilities, religious beliefs, political beliefs or other ideologies.

## SELF ASSESSMENT EXERCISE 2

Identify some categories of culture in countries (continent) as applied to rust approach.

### 3.3 Development of Comparative Management

To start with comparative management focuses in the similarities and differences among business and management systems from different contexts. We live in a globalised world and there has to be different strategies developed in management to tackle issues that develop in international business to enhance economies of scale, market share, drive for globalization in sales, production, research and development ensuring increasing need for international contacts bearing in mind differences in culture. The way an Asian e.g. Chinese/Japanese gives consent is different from the way an African e.g. Nigerian/Ghanaian gives consent are different and need to be studied and reconciled in comparative management. Comparative management analyses the extent to which management principles are applicable from one country to another. Since the leader in the development of management principles is the United States, comparative management seeks to determine the applicability of American know-how to foreign locals. Although the concept comparative management evolved in the sixties it continues to be the subject of considerable debate.

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principle, practices and general know-how be transferred effectively to other countries at  
what cost, and to what degree and extent is the overall process and effectiveness of  
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There is need to consider differences in areas and functions of management and in some key aspects which are central to the process of doing business such as:

- **Centralized vs decentralized decision-making:**  
There is variation across national culture in the extent to which important organizational decisions are made by senior managers or whether decisions are made down the line with authority devolved.
- **Safety Vs Risk**  
In some cultures, managers have a very low tolerance of uncertainty and manage in ways to control this. In others, there is a much greater tolerance of uncertainty and much greater risk-taking.
- **Individual Vs Group Rewards**  
In some cultures, there is emphasis on rewarding individual achievement. In other cultures the emphasis is on rewarding the group collectively.
- **Informal vs formal procedures**  
In some cultures, there is considerable use of informal procedures. In others formal procedures are very important.



- **High vs Low Organizational Loyalty**

In some cultures, people identify less with their organization or employer and more with their occupational group or profession.

- **Cooperation vs competition**

Some cultures emphasize cooperation in the organization, others faster completion know-how related to the different management functions (Leading, planning, organizing, motivating, staffing etc ± which a manager considers with cultural background).

More objective measures are brought to them for in making managerial decisions with respect to compensation, objectives, goal setting, etc. in developing countries; subjective judgment (emotions, religious beliefs) often come into decision making process in developing countries.

There are similarities and differences among the managers around the world. Similarities are explained in terms of industrialization of industrial sub-culture. Differences are explained in terms of cultural variables ± as earlier stated. The cultural factors are considered the more important influencing variables (Google).

All along, there has been different types of cross ± cultural management research on parochialism ethnocentric, polycentric, comparative, geocentric and synergistic studies. The main result of these various research shows that there is no one way of doing things. The principle of equifinality applies to the function of social organizations ± managers may achieve given objectives through various methods.

Economic transition takes place in all nations including Nigeria. There is need for restructure of the system of thinking of economic behavior of persons aims for efficiency of national economies. The level of competitiveness of Nigerian enterprises/firms will depend of the ability of managers to apply the best practices of international management, understanding and managing cultural differences. In this context, comparative management will be useful for management student as well as for those in economic faculties and business profiles. Lets focus on analyzed along essential threats of management in the enterprise of Europ, Assian, America and African (Nigeria in particular). This points to main differences/similarities resulting from comparison of management in these countries (continents) ± functions content and methodology of comparative management ± which are the core concepts of culture and their influence upon the performance of enterprises/firms.

In Europ, culture is complex of the national culture similarities and differences.

German, French and British management general organization of enterprise management system is invoked plus participative management decision making process. Japanese (are

specific vision on organization They concentrate on specific ways to communication and emphasis on organization structure etc.

America management culture concentrates on dynamics of the orgtual values and objectives, predominance of pyramidal orgton structure and integration of decision ± informational elements.

International management tendencies moves towards flexibility of management systems, high motivational of managerial methods, management information, formative and participative management.

### **SELF ASSESSMENT EXERCISE 3**

What is the focus of comparative management?

## **4.0 CONCLUSION**

In comparative management, ICT has enormous effect in the management of organization under different cultural setting no matter the country or continent.

## **5.0 SUMMARY**

In this unit, you have learnt of the ICT effect in management, different cultural settings in organization; discussed intercultural management and ealeganies of world cultures and explained the development of comparative management.

## **6.0 TUTOR MARKED ASSIGNMENT**

- 1) Discuss the effect of ICT in management of an organization
- 2) Explain development of comparative management using intercultural approach.

## **7.0 REFERENCES/FURTHER READINGS**

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**UNIT 3      COMPARATIVE MANAGEMENT OF CORPORATE BODIES AND  
NON-PROFIT ORGANIZATIONS****CONTENTS**

- 1.0    Introduction
- 2.0    Objectives
- 3.0    Main Content
  - 3.1    Management of Corporate Bodies and Non-Profit Organization
    - 3.1.1 Introduction to Corporate Bodies
    - 3.1.2 Introduction to Non-Profit Organization
    - 3.1.3 Structure of Corporate Bodies and Non-Profit Organization.
  - 3.2    Differences between Corporate Bodies and Non-Profit Organization
  - 3.3    Similarities between Corporate Bodies and Non-Profit Organization
- 4.0    Conclusion
- 5.0    Summary
- 6.0    Tutor Marked Assignment
- 7.0    References/Further Reading.

**1.0    INTRODUCTION**

This unit will take you a step further into the comparison of management of corporate bodies and non-profit organization. In this unit, the focus is on the meaning of corporate bodies and non-profit organization, the structure of corporate bodies and that of non-profit organization, the differences between corporate bodies and non-profit organization, and the similarities between corporate bodies and non-profit organization.

**2.0    OBJECTIVES**

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

- a.      Define a corporate organization.

- b. Explain what non-profit organization is.
- c. Examine the structures of corporate bodies and non-profit organization.
- d. Similarities between corporate bodies and non-profit organization.
- e. Differences between corporate bodies and non-profit organization.

### **3.0 MAIN CONTENT**

#### **3.1 INTRODUCTION TO CORPORATE BODIES**

Corporate body means the same as corporate organizations. Corporate bodies is any established legal entity or an organization or an association of company, person, government agency or institutions, an organization or group of persons that is identified by a particular name, address, and that acts, or may act, as an entity. Corporate organizations exhibit some high level of management functions such as planning, coordinating, controlling, and directing. They have line of staff organization, authority and relationship, power and influence and sources and limits of authority in such organizations (Robert, 1960). Typical examples of corporate bodies are associations, government agencies, religious bodies, churches, banks, companies and conferences. Corporate body operates within the Act establishing their setting, structure and formation. Corporate bodies are well planned and established formal organizations of group behaviour designed to achieved a predetermine goals and objectives. These are organizations that established logical patterns of interrelationships among members of group, secure advantages of specialization or division of labour, and coordinate activities of the components parts (Massie and Douglas, 1977). Corporate bodies have organizational designs and are fixed and will never require a change.

##### **3.1.2 Introduction to Non-Profit Organization**

Non-profit organization is corporations or associations that conduct business activities and social services for the benefit of the general public without shareholders and without a profit motive. They can also be referred to as an incorporated organization which exists for educational or charitable reasons, and from which its shareholders or trustees do not benefit financially. Any money earned by a non-profit organization must be retained by the organization, and used for its own expenses, operations, and programs. Many non-profit organizations also seek tax exempt status, and may also be exempt from local taxes including sales taxes or property taxes (Ott and Steven, (2001). All Non Governmental Organizations (NGO) falls under the category of non-profit organization. A Well-known non-profit organization in the United State of America is the Habitat for Humanity American Red Cross organization. Generally, a non-profit organization is one that reinvests any revenues in activities that further the mission of the organization. Non-profit organization does not have shareholders or pay dividends.

Most non-profit organization operates in an informal way that is, without organizational structural. Most people consider "non-profit" to imply a specific designation from the Internal Revenue Service. Non-profit organizations come in a variety of sizes, missions and fields, but all non-profit organizations have similarities in their legal status, tax requirements and charitable purposes. Non-profit corporations are created according to state law. Like for-profit corporations, non-profit corporations must file a statement of corporate purpose with the Secretary of State and pay a fee, create articles of incorporation, conduct regular meetings, and fulfil other obligations to achieve and maintain corporate status. The activities of non-profit corporations are regulated more strictly than the activities of other corporations. Non-profit corporations cannot contribute to political campaigns, and they cannot engage in a substantial amount of legislative lobbying . There is a difference between profit driven organization and non-profit driven organization. The non-profit corporations differ from profit-driven corporations in several respects (Ott and Steven, (2001). The most basic difference is that non-profit corporations cannot operate for profit. That is, they cannot distribute corporate income to shareholders. The funds acquired by non-profit corporations must stay within the corporate accounts to pay for reasonable salaries, expenses, and the activities of the corporation. If the income of a corporation inures to the personal benefit of any individual, the corporation is considered to be profit driven. Salaries are not considered personal benefits because they are necessary for the operation of the corporation. An excessive salary, however, may cause a corporation to lose its non-profit status. Non-profit corporations are exempt from the income taxes that affect other corporations but only if they conduct business exclusively for the benefit of the general public. State laws on corporations vary from state to state, but generally states give tax breaks and exemptions to nonprofit corporations that are organized and operated exclusively for either a religious, charitable, scientific, public safety, literary, or educational purpose, or for the purpose of fostering international sports or preventing cruelty to children or animals. Nonprofit organizations may charge money for their services, and contributions to tax-exempt nonprofit organizations are tax deductible. The Internal Revenue Service must approve the tax-exempt status of all nonprofit organizations except churches. However, a vast number of organizations qualify as nonprofit status under the various definitions. Non-profit organizations include churches, soup kitchens, charities, political associations, business leagues, fraternities, sororities, sports leagues, Colleges and Universities , hospitals, museums, television stations, symphonies, and public interest law firms. The numbers of nonprofit corporations have continued to be on the increase since the twenty-first century owing to the levels of activities and services rendered to the public. Although nonprofit corporations cannot produce dividends for investors, they provide income for the employees, and they foster work that benefits the public.

In Nigeria, the following is list of reputable non-profit organizations;

- The Pearl Awards is an initiative of CITC Group which coordinates the dual activities of the Pearl Public Lecture and the Annual Pearl Awards Nite, a forum to reward companies quoted on the Nigerian Stock Exchange for outstanding operational and stock performance, in order to enhance the vibrancy, growth and development of the Capital Market. This organization is based in Ikeja, Lagos and provides public and social services.
- The United Nation Children Fund; based in Ikoyi, Lagos provides public and social services for growth and development of children.

- Foundation for Efficient Human Development; this organization is based in Abuja and function as a public and social services and non-governmental organization.
- Hismifortrez Foundation; based in Port Harcourt and provides public and social services
- Journalist Against Aids (Jaaid) Nigeria also based in Port Harcourt and provides public and social services
- National Council for Women Society; based in Garki, Abuja and provides public and social services
- Civil Society Legislative Advocacy Centre; based in Garki, Abuja and provides public and social and nongovernmental services. It also provides the services of human right advocacy.
- Targo; based in Garki, Abuja and rendered such services as management programmes, youth empowerment along with public and social services
- The Albino Foundation; based in Garki, Abuja it provides public and social services and along with nongovernmental services.
- Ageless Physiotherapy Clinic; based in Lagos, it provides public and social services along with nongovernmental services.

### **3.1.3 Structure of Corporate Bodies and Non-Profit Organization.**

Different structures exist between the corporate bodies and the non-profit organizations. Non-profit organizations have an informal or a mixed formal organizational structure. Non-profit organizations generally have a two-tiered hierarchical structure, consisting of a Board of Directors and Program Directors. The Board of Directors is usually comprised of community leaders and professionals in the field. Many states have specific requirements for the composition of Boards of Directors and programmatic staff, in addition to the federal requirements. Corporate organizations on the other hand have a planned formal organization structure and command of authority. The Board of Directors takes decisions from the stockholders and determines what the organizational goals and objectives are. Managing Directors, Managers, Supervisors and others categories of operative employees are recruited to accomplish the organizational goals and objectives. Their organizational structure is fixed and will never require a change unless with prevailing circumstances. The requirements of corporate organization are the same everywhere. As corporate organizations grow, the components parts become more complex, the technology changes, more expertise and attention are needed (Ott and Steven, (2001).

### **3.2 Differences between Corporate Bodies and Non-Profit Organization.**

The differences that exist between corporate bodies and non-profit organizations are in their setting, formation and structures as follows:

#### **Setting:**

1. Corporate organisation is a legal entity established for profit driven and oriented making e.g. organisation, bank, company, institution, churches, communication etc while nongovernmental organization is a non-profit driven and oriented entity.
2. Corporate organisation structure is more formal, complex, coordinated and with more technology involved while in non-profit organisation there exhibits a mixed of formal and informal. Non-profit organizations have a two-tiered hierarchical structure, consisting of a Board of Directors and Program Directors.
3. Corporate organizations provide more of qualitative and essential services, while nongovernmental organisation provides more of public and social services as well as nongovernmental functions.
4. Corporate organisations are established with high degree of accountability and efficiency which may not be the case of non-profit organisation.

#### **Formation:**

1. Funds acquired by non-profit corporations must stay within the corporate accounts to pay for reasonable salaries, expenses, and the activities of the corporation while that from corporate organisation may be used within and outside the organization.
2. Corporate organisations are mandated to pay taxes based on the schedules of duties and income generated while nongovernmental organisation may be or are exempted from various taxes.
3. Corporate organization is opened to more criticism (either constructive or otherwise) while the nongovernmental organizations are not all that prone to frequent criticism as their operations are not widely known
4. Requirements for the establishment of non-profit organisations varies from one state to another depending on the prevailing conditions while is the same everywhere for corporate organizations.

#### **Structure:**

1. The size of corporate organizations is usually larger than those of nongovernmental organizations. Many non-profit organizations structures do not extend beyond their locality.
2. Recruitment into corporate organisation is based on geographical spread in most cases
3. Personnel procurement in corporate organisation is done by a centralized body or agency while in non-profit organisation; individual organization is responsible for the living of its staff.
4. Decision making in corporate organisation is control by the Board of Director and Managing Directors while the Shareholders control non-profit organizations.

### **3.3 Similarities between Corporate Bodies and Non-Profit Organisation**



The similarities that exist between corporate bodies and non-profit organisations are as follows:

1. Both Organizations are guided in differing extent by government Circular, Gazette, Bulletins, Constitution etc. The regulations ensure both organizations have an enabling environment to perform.
2. Predetermine goals and objectives: Both organizations are established to accomplish a predetermine goals and objectives.
3. Organizational Structure: Both organisations possess internal structure (formal or semi-formal) that may be hierarchical in structure. They should also contain chain of command, unity of control, etc. for efficiency and effectiveness of service delivery.
4. Act of establishment: Both organisations are established by an act established through the Act of Parliament, with Constitutional provision of their services to the three tiers of government
5. Recruitment, discipline, dismissal and promotion into these organisations are the responsibility and discretion of the organisations.
6. Both organizations exist simply to render goods or social services, profit and non-profit making and the satisfaction of the public through their various activities, programmes and products etc.
7. Both organizations source for capital for operations either internally and externally from the public through the sales of shares and grants etc

#### 4.0 Conclusion

From the foregoing discussion on comparison of comparison management of corporate bodies and non-profit organisation, we can deduce that there exist some levels of similarities in the performance of their duties. Both operate by coordinating and directing of human and material resources for the production of goods and social services. Corporate bodies are well established legal entity or organisations mostly for profit-driven making and for the provision of essentials goods and services while non-profit organisations are not for profit-driven making, but for the provision of public and social services. Corporate bodies have a well established formal organisational structure with a chain of command of hierarchy to provide goods and services in a profitable manner. Both organizations have conditions of services and source for personnel in a common market

#### 5.0 Summary

In this unit, there exist some levels of differences between corporate bodies and non-profit organisations. The differences are mostly felt in the features of these organizations. Corporate  
ERGLHV, RUJDQLVDWLRQV DUH RXW IRU SURILW PDNLQJ LUHVSHFWLYH RI WKH VHUYL  
UHOGHUHG, ZKH  
differences between corporate bodies and non-profit organisations are in the setting, structure and formation of these organizations. There also exist some levels of similarities between the

two organisations in terms of conditions of service, personnel management and other operations of these organizations.

#### 6.0 Tutor Marked Assignment

1. Explain with ample examples the meaning of corporate and nongovernmental organisations.
2. Differentiate between corporate and non-profit organisations.
3. What are the similarities between corporate and non-profit organisations

#### 7.0 References/Further Reading.

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