NATIONAL OPEN UNIVERSITY OF NIGERIA

SCHOOL OF BUSINESS AND HUMAN RESOURCE MANAGEMENT

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MODULE 1

UNIT 1   DEFINITION, NATURE AND PURPOSE OF MANAGEMENT

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1.0   INTRODUCTION

This is our first unit concerning Management which is one of the courses you have to do to earn your B.Sc in Co-operative Management. It is a professional course and the principles are expected to be applied in the running of an organization. The Organization can be a business organization or a non business organization.   This means that the concepts, principles and theories of management are usually brought to bear on an organization so that the defined objectives of the organization can be attained.

In this unit, we shall be looking at some definitions of management. Let me quickly point out that there is no one definition of management people give the definition according to their background, their orientation and interest. We shall also look at the nature of management as well as the meaning of management. All these are necessary so that you will have a firm understanding and on a good foundation too of what you are studying. This is important because as a potential manager of a cooperative society or as an existing manager of a cooperative organization, the resources must be properly used. Cooperative resources are usually very limited. Consequently, whoever is saddled

with the task of managing a cooperative should be concerned on how the meager resources can be combined to get the desired results?

2.0   OBJECTIVES

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

Define the word "Management"
Explain the nature of management
Describe the scope of management

3.0   MAIN CONTENT

3.1   Definition of Management: Its nature and purpose

Before we give the definition of management, it is well to point out that one of the most important activities of human beings is managing. And the idea of managing the resources of a group started even since human beings started coming together and working in groups. This is important so that the objectives of the group can be attained through proper linking of the various activities being performed by the group members. As organizations, particularly formal organization like business organizations, ministries, schools including universities become large the task of the manager starts getting bigger and more complex. And the aim of the manager is to promote excellence.

Management is a word used by different people with varying meanings. The noun management is used as a collective noun to refer to all those who manage within a particular organization. That is why in an organization there are different people occupying different positions and seeing to it that the resources of such organizations are put into effective use. There are also those managers that assist other managers to perform their functions. They are all managers.

The word management can also be used to separate a special class of people in an organization from other classes. You should have heard such statement as, `the management of the organization has taken a decision concerning the demand of the workers for higher pay'. Such statement is making reference to those people that take decisions, whether a temporal decision or a final decision.

In trying to give a precise definition of management, it is always faced with problems. This is because of the interest and background of the person giving such definition. The accountant will like to see management in terms of cash flow: how much the organization is expending in other to get revenue or returns, as well as the timing of

such expenditure and revenue. The marketing manager sees management in terms of analyzing the consumer needs with a view to bring out a product or service capable of satisfying the needs and at a profit to the organization. The personnel manager on his own interest will regard management as employing suitably qualified candidates to fill existing vacancies and motivating them to work as a team toward the attainment of organizational objectives. We can go on and on.

3.1.1 Definition

Weihrich and Koontz say that management as a process is designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims. This is a basic definition which needs to be expanded in the following ways:

(a)   As managers, people carry out some functions. And they are employed to carry out the specific functions. These functions are commonly referred to as managerial functions. We shall be looking at these managerial functions one after the other in subsequent units of this course. These functions are planning, organizing, staffing, leading and controlling among others.

(b)   Management applies to any kind of organization. This is another nature and purpose of management: Management is not restricted to any particular organization like the Nigeria Bottling Company Plc. Any organization, as long as human and other resources are there calls for management. Consequently, management is needed in a philanthropic organization, in the church, in the mosque, in the Lion's club, in a football team among others.

SELF-ASSESSMENT EXERCISE 1

You are required to study your environment. List five profit making organizations and another five non-profit making organizations where management is practiced.

(c)   Management is important to any level in an organization. In other words, whatever position you find yourself in an organization, you will feel the presence of management. Those that practice management by carrying out the functions of management are called managers. Management is also of importance to them.

They need to understand it and appreciate it so that they can have depth of what they are doing. Without this, their efforts become shallow and haphazard.

(d)   The aim of all managers whether a senior manager or a junior one is the same. It is to make surplus or what some people called profit. Making surplus demands that the right decisions are made so that the resources available to an organization are used without wastage. All resources have values and the values are always expressed in monetary terms: Naira and Kobo. Consequently when you are making use of organizational resources, you are spending money. But the money is being spent because you want to get a revenue which is also expressed in naira and kobo. But the manager needs to find out whether the amount he is receiving is more than the amount of money that he is spending. If this is the case then there is surplus. If contrary is the case, it means that the organization is making loss. This is dangerous because such organization may not be able to pay salaries and wages of workers, buy raw materials with which to make goods or provide services, pay for its electricity and water charges among other demands. In a non profit organization, efficiency in the use of resources is also demanded. Remember, we have earlier agreed that management is practiced both in profit and non profit making organizations. Even though profit/surplus is not supposed to be emphasized in a non profit making organization, they should at least break-even. You might have heard of the word break-even point. It is the point, simply put, where revenue is equal to the amount of money being spent. All non profit making organization should aim at this point since by the nature of their operation, they are not supposed to charge their customers so much in other to realize surplus.

(e)   Managing is concerned with productivity. This demands creating something that is of value to the customers. But the higher the volume of production, the better for the organization. This is because with increased volume, the unit cost of the product is going to be lower. This is so because there are two main types of cost. The fixed cost and what is known as variable cost. The fixed cost such as the cost you pay for machine, erecting buildings etc. All these costs are there, whether you are producing just one unit of a product or you are producing million units of the product. The variable cost as the name implies, vary with the quantity that you are producing. If you are to produce few units, you pay less compared to a situation when you produce higher volume. It is the addition of the fixed cost plus the variable cost that give you total cost. When you have increased productivity, this means that this number will divide the total cost and what you get is the unit cost. That is, the cost for one unit of the product. This cost will be smaller than the one that will arise if you are producing a smaller quantity. This is because the smaller quantity will again divide

the total cost. The manager, therefore, always look at the situations where he will produce more so that the unit cost will always be smaller.

SELF-ASSESSMENT EXERCISE 2

From our discussions so far, take a sheet of paper and write two statements. One statement showing the nature of management and the other statement showing the purpose of management.

2nd Definition of Management

A second definition of management is necessary at this stage so as to bring out clearer the nature and purpose of management. Sir Reynolds defined management as getting things done through the efforts of others. You may have heard of this definition. It is popular and simple to recollect and is quite emphatic in conveying the nature and purpose of management. Examining the definition, it brings out the following:

(a)   The manager is different from other employees. The definition conveys the distinction between the manager and other organizational members. The manager has a group of subordinates or the doers or operatives reporting to him. They are the ones that perform the routine, day to day activities while the manager performs the managerial functions.

(b)   Management permeates the entire organization. The definition has established a criterion through which one can determine who is a manager. The criterion is that any body that has a group of workers reporting to him automatically qualifies as a manager. He may be a top level manager, or a middle level manager or simply a supervisor. It does not matter. He qualifies as a manager. And the qualification is that a group of persons report to him.

4.0   CONCLUSION

In this unit, we have looked at two definitions of management. The first one was given by Weihrich and Koontz and the second one by Sir Reynolds. These two definitions will constitute our working definitions and throughout this course, we may be coming back to them as the situation demands. From the definitions, we have been able to get the nature of management which include; that managers perform managerial functions, they are creative, have a group of subordinates that report to them; also that management applies to all organizations and it applies to every level in an organization, that is, it cuts across the length and breath

of an organization. The purpose of management is to create surplus through efficient and effective use of organizational resources.

5.0   SUMMARY

We have discussed the definitions of management. This has enabled us to get the nature and purpose of management necessary to discuss other details concerning management. In our next unit, we shall be looking at the values of management; that is, we shall be looking at those reasons that make people to study management. We will also be looking at the relationship between management and administration and whether management is an art or science.

6.0   TUTOR-MARKED ASSIGNMENT

1.   How do you define management?
2.   What are the thing you consider to be the nature and purpose of management? Show their relevance to an organization.

7.0   REFERENCES/FURTHER READINGS

Weihrich, H and Koontz, H (1993): Management, A Global Perspective. McGraw- Hill, Inc N.J, U.S.A.

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

CONTENTS

1.0   INTRODUCTION

We are going to consider in this unit the values of management. Also to be discussed is the issue of whether management is an art or science.

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

But knowing the nature and purpose of management is not enough. In this early stage of the course on Element to Management 1, it is well to state clearly the values or the essence of studying management. Even though we stated briefly in our last discussion that management remains one of the best things that happen to an organization, we sti II need to pinpoint clearly why it is so. Further, probing into management, argument sometimes arises whether to classify management in the domain of pure science or to remove the cap of science from management and replace it with another cap of Art. That is, to situate management in the door step of Art. We shall be looking at these issues and resolve the apparent contradictions.

2.0   OBJECTIVES

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

   State the values of management
   Distinguish management from administration

3.0   MAIN CONTENT

3.1   Values of Management

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

3.1.1 To keep pace with the environment

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

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

3.1.2 Combining the factors of production

Beyond the desire not to make mistakes in management decisions, another value of management is to be able to combine in the right proportion the factors of production or simply the resources of an organization to achieve a given output. The resources of any organization include: Finance, Material, Human, Information and Time resources. Management has to work out the portion from each of these resources and combine them technically in the desirable proportion in

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

3.1.3 To get the best from Human Resources

We have already emphasized that human resources are among the resources available to an organization. But of all the resources, only the human resources have consciousness. But human beings are unpredictable. No one knows what is going on in the mind of another person; only God knows. This is so because the mind of man is like a black box. Nobody sees what is going on there. The physical appearances and expressions can be deceptive. We will be smiling outwardly but what is going on inside is an accumulation of venom, to be spat on the same person we are smiling at. But these same human beings whose behaviours we cannot predict play important roles in an organization. As managers, they are creative and problem Solvers, taking vital decisions necessary for the survival of the organization. As subordinates, they perform the routine tasks necessary to get the products and/or services for the customers. To get the best from them either as employees or an managers calls for sound human relations through the practice of management. The workers must be blended harmoniously and make them to work as a team. The rough edges in their personalities must be smoothen. And that is the work of management.

SELF-ASSESSMENT EXERCISE 1

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

3.2   Classification of Management

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

3.2.1 Characteristics of Science

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

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

3.2.2 What is an art?

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

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

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

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

SELF-ASSESSMENT EXERCISE 2

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

4.0   CONCLUSION

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

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

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

5.0   SUMMARY

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

6.0   TUTOR-MARKED ASSIGNMENT

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

7.0   REFERENCES/FURTHER READINGS

Koontz, H and O' Donnell ():

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

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1.0　INTRODUCTION

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

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

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

2.0   OBJECTIVES

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

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

3.0   MAIN CONTENT

3.1   Management and Administration

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

3.1.1 Administration

The word "Administration" concerns the laying down of policies. And this is done at the top level, that is, the level of the Board of Directors and the Managing Director which we regard as the first layer in the structure of an organization. A policy is a guide to action and provides the direction that all organizational efforts will follow. Associated with the laying down of policies is the need to provide broad plans and programmes through which the laid down policies can be effectively implemented. Associated with all these is the need too to provide the yardstick through which performance can be measured. That is, there is the importance of working out performance standards which can be measured against actual performance. This is important so as to find out whether the policy guidelines have to be followed. If it has not been

followed, then there is a deviation. The Administrator needs to find out and investigate the reasons for the deviation and make the necessary correction. This is to avoid future occurrence of such negative incident. Consequently, as a process, administration determines aims and objectives for which the organization operates.

3.1.2 Management

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

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

3.1.3 What happens in practice?

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

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

But it has to be pointed out that though every manager discharges both administrative and executive functions, the extent of such performances

generally vary with the management level that an officer finds himself. At the top level, managers spend more time on planning and organizing (administration). Leading the subordinates in the process of executing what has been planned takes a great deal of time of low level managers (supervisors). Middle level managers devote equal time to planning, organizing and leading, that is, equal time to administration and execution. We shall be taking the functions of management at future units.

SELF-ASSESSMENT EXERCISE 1

Outline the major relationships between Management and Administration.

3.2   The Environmental Factors of the Manager

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

3.2.1 Physical Environment

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

3.2.2 Legal Environment

The manager must comply with the legal requirements for establishing and operating his business. For example, he has to register his business through the appropriate Nigerian law, such as: the Registration of Business name Act of 1961; the Partnership Law of the various states of the federation; and the Companies and Allied Matters Decree (CAMD) of 1990. The appropriate Law(s) to register the business depends on the type of business and we have different forms of business organizations. They include: Sole Proprietorship or one man business or one woman business.

Advantages

1.   It is simple to start
2.   Small registration fee is required
3.   There is minimum government regulation
4.   The owner is the over all boss
5.   All profits belong to the owner Disadvantages
1.   There is difficulty in finding suitable partners
2.   There is difficulty in raising capital
3.   It may need the experience of others
4.   There is unlimited liability
5.   There is high failure rate

Partnership which is formed by at least two persons.

Advantages

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

Disadvantages

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

Limited liability Company

Advantages

1.   There is access to additional capital

2.   There is ease of ownership transfer
3.   Limited liability is possible
4.   There is continuity Disadvantages
1.   It costs more to set up
2.   More legal requirements are involved
3.   More government regulations

Co-operative Society

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

3.2.3 Financial Environment

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

3.2.4 Social Environment

The social environment concerns the norms, tastes, and habit of the target population in the community.
These must be taken into consideration in deciding what product and/or service to produce.

3.2.5 Political Environment

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

3.2.6 Demographic Environment

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

3.2.7 Technological Environment

Technological changes make previous practices obsolete, such as the use of computer in business operations. The manager has to adjust positively

to changes in technology. Remember that technology is simply the manner of doing something. It has to be updated from time to time.

3.2.8 Economic Environment

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

(a)   The general state of the economy. If the economy is buoyant, there will be more demands for goods and services and as a result, more revenue for the organization. Similarly, if the economy is depressed, fewer goods will be demanded and fewer revenue for the organization.

(b)   Income distribution, expenditure patterns, saving capability of consumers all affect demands. The manager should always find out information concerning all these.

3.2.9 Cultural Environment

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

SELF-ASSESSMENT EXERCISE 2

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

4.0   CONCLUSION

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

But whereas Administration is largely at the top, management, however, permeates the entire organization. We concluded that the apparent difference is mainly in concept because in practice a top level manager or an administrator can also execute. But the extent depends on the level in which the manager finds himself.

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

5.0   SUMMARY

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

6.0   TUTOR-MARKED ASSIGNMENT

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

These areas are:

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

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

Attention has to be paid to them because:

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

7.0   REFERENCES/FURTHER READINGS

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

Koontz, H and O'Donnell (1983): Management: A System and Contingency Analysis of Managerial Functions. McGraw-Hill, N.J. U.S.A.

UNIT 4   MANAGEMENT   OBJECTIVES   AND MANAGEMENT SKILLS

CONTENTS

1.0   INTRODUCTION

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

In our present unit we are going to take further aspects of management. We will be discussing objectives of management. It would be recalled that in our first unit when we were discussing the nature and purpose of management, we did say that a manager must accomplish result. That is being effective. But in accomplishing result, the manager should be prudent in the use of resources. This is efficiency. The output is greater than the input. But to achieve demands that the manager must set a pre-determined objectives, bring together the necessary resources and set out together with his team toward the attainment of the organizational objectives. We shall discuss the various forms of business objectives which also constitute management objectives. Also to be discussed are

management skills necessary for the attainment of organizational objectives. The skills are emphasized because in most cases some organizations set objectives, but the realization of such objectives is not emphasized. This is unsound management which must be rejected and discouraged.

2.0   OBJECTIVES

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

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

3.0   MAIN CONTENT

3.1   Definition and characteristics of Business Objectives

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

3.1.1   Characteristics

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

(a)   It must be specific: An objective should be targeted at specific result. This is necessary so as to avoid too much generalizations which make it difficult for an organization to know whether it is on the right track or not. A good business objective should be targeted and focused at a specific spot. This will enable management to concentrate at that point for the fulfillment of the objective.

(b)   Action: A good objective commands not only the focus of management but also management action. Management by its very nature as a process is action oriented which is on going. But the action must be in the desired direction which has been provided by the specificity of the business objective. Action demands that the required resources in terms of human, material,

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

(c)   Realistic: An objective should not be set for setting sake or simply another organization has its own objective. A realistic assessment needs to be made concerning the organizations strengths and weaknesses. This is important so that right from the early stage the organization will be able to determine whether it has the required resources with which to accomplish the objective. If the resources are not available in sufficient quality and quantity, then a more realistic objective compared to the resources available should be set.

(d)   Measurable: An objective should be quantified, that is some figures should be attached. This is necessary for verification which means that at a required time, performance must be compared with the standard. The essence is to find out if efforts being made are in the right direction. If this is not the case, the necessary corrective measure should be put in place to rectify the situation.

(e)   Time: The objective should be time bound. This indicates that within specific period, the objective must be accomplished. Another element concerning this feature of an objective is that it has to be formulated at the relevant period. In other words, the timeliness of the objective is important otherwise, events would overtake it.

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

3.1.2 Types of Objectives

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

(a)   Short term Objective
        For the Nigerian environment which is erratic and turbulent, short term objective is usually less than on year. Compared to advanced economies, this is too short. But in those advanced

economies, they are a stable and one can plan over a long range of time. In short term objectives, the nature of such objectives are tactical and operative. That is, they are objectives which are often yearly for departmental functions (tactical objectives) and they command activities which are specific, determined and for more immediate implementation (Operating objective/activities).

(b)   Middle term Objective
        Again, in respect of the Nigerian environment, the middle term objective is usually lesser than five years.

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

SELF-ASSESSMENT EXERCISE 1

Describe the following terms:

i.   Tactical Objective
ii.   Mission Statement Operating Objective

What are the durations for the objectives and the names?

3.1.3 Multiplicity and Hierarchy of Objectives

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

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

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

3.2   Examples of Objectives

There are different types of objectives depending on the organization. Below are examples of business objectives:

3.2.1 Nature of Business

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

3.2.2 Survival Objective

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

3.2.3 The Growth Objective

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

3.2.3 Profit Objective

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

3.2.4 Increasing Productivity Objective

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

3.2.5 Social Obligation Objectives

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

SELF-ASSESSMENT EXERCISE 2

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

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

3.3   Management Skills

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

3.3.1 Technical Skills

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

3.2.2 Human Skills

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

3.3.3 Conceptual Skill

This is the ability to see the big picture of the end in view (objective) of where you are going. It also demands that you should be able to see those activities that are necessary to realize the big picture. The picture must be clear, capable of excitement. Remember, the scripture says

people perish for lack of vision. We should be able to see the picture of what we want. It is a skill which must be learnt.

3.3.4 Design Skill

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

4.0   CONCLUSION

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

5.0   SUMMARY

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

6.0   TUTOR-MARKED ASSIGNMENT

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

7.0   REFERENCES/FURTHER READINGS

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

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

UNIT 5   FORECASTING AND PLANNING

CONTENTS

1.0   INTRODUCTION

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

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

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

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

2.0   OBJECTIVES

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

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

3.0   MAIN CONTENT

3.1   Forecasting

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

SELF-ASSESSMENT EXERCISE 1

List the importance of forecasting to a manager.

3.2   Planning

This is another management function which is futuristic. It goes together with another management function of forecasting. It involves deciding in advance what to do, how to do it, when to do it and who is to do it. Consequently, planning has to do with the conscious choice of patterns

of influence on the manager in his attempt to make decisions. For planning to be effective there must be the establishment of objective.

3.2.1 Definition of Planning

Planning is defined as the design of a desired future and of effective and efficient way of bringing it about. We can also look at planning as examining the future and drawing up a plan of action.
From the above two definitions of planning, we can identify some features of planning.

3.2.2 Features of Planning

(a)   Planning involves design. Remember to design is to create which is one of the skills of management. This means that before any other management function can take place, there must be first of all planning. Consequently, planning precedes action in respect of other management functions.

(b)   Planning attempts to bring necessary actions and fit them together to something we want to make sense of before it happens. This means that before we realize an objective, there must be series of actions which must be well fitted together in a logical sequence.

(c)   Arising from (b) above, planning is focused on the need to achieve stated and well defined objectives. This means that the end-product of planning is the realization of organizational objectives.

(d)   Planning is also a conscious deliberate response to the negative belief that unless something is done a desired future state will not occur, and to the optimistic belief that we can do things to improve our chances of achieving the desired state.

3.2.3 Planning and Decision making

We have seen what planning is through two definitions on planning. Arising from the definitions we have selected some features of planning. We are going further to see the relationship between planning and decision making.

Decision Making

In the process of planning in an organization decision is being made. This is because decision making is that activity that which makes the choice of which activity is to be carried from different activities. What

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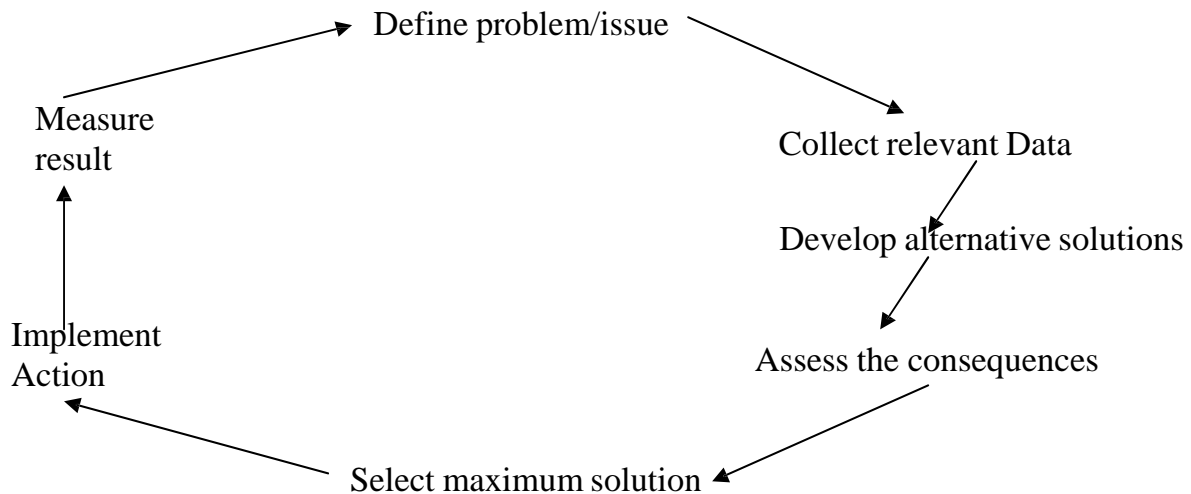

Figure 5.1: Planning/Decision making cycle

3.2.4 Steps in Planning/Decision Making

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

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

(a)   Define problem/issue

This is the first step in planning/decision making. The objective has been set, and there is an obstacle toward the realization of the objective. As a result, before a problem does exist and becomes an issue there must be an objective which the problem is threatening. That problem must be identified and isolated. Care must be taken here so as not to confuse symptom of a problem to the problem at stake. For example, there can be smoke in the factory but what is causing the smoke is the fire. Attacking the smoke is a sheer waste of time because the fire will continue to produce fresh smoke. The only way to put an end to the smoke is to quench the fire by a relevant means or a combination of

means. The same situation goes to management function of planning/decision. The exact problem has to be identified. The manager must therefore be diligent and painstaking.

(b)   Collect relevant date

Planning and decision making cannot take place unless there is data. But the data should be meaningful to the problem already identified. This is where the information gathered in the management function of forecasting will be useful. The assumptions made will be further subjected to analysis so as to determine the relevance to the problem at stake. Company records are also part of the data which have to be processed. Outcome of researches can also be part of the data if such outcome is relevant to the issue.

(c)   Develop alternative solutions

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

(d)   Assess the consequences

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

(e)   Select the Optimum Solution

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

(f)   Implement Solution

Once the choice has been, management should go ahead to implement. While implementing, there should be built-in motivational system that will enable problem to be tackled satisfactorily. Job plan should be

developed spelling out the necessary activities to be done, who is to do them, how they are going to be done and at what time.

(g)   Measure result

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

SELF-ASSESSMENT EXERCISE 2

Assuming you want to buy a car to ease your transportation problem of going to work and other places. Show how you will use the model in 5.1 to take a decision and solve the problem.

The above steps constitute the relevant steps in planning/decision making. They bridge the gap between where we are and where we want to go and making it possible for things to happen which other wise would not have occurred. Planning is a rational and intellectual process which precedes other management functions.

3.2.5 Advantages of Planning

Planning has the following advantages:

(a)   Planning focuses on objectives. This is important so as not to commit the limited resources of the organization into unprofitable actions.

(b)   It off sets uncertainties by making the manager to develop some confidence which will enable him to take decisions with some degree of certainty.

(c)   It minimizes waste before careful analysis would have been made with respect to the critical activities that need to be performed in other to realize the objective or give solution to the problem. All unwanted activities are isolated and thrown away.

(d)   Planning also ensures control through measurement and feedback. This is important so as to avoid unnecessary expenditure of resources.

3.2.6 Disadvantages of Planning

(a)   The effectiveness of planning depends on the quality of data gathered and the assumptions made from them. If the quality is poor and assumptions not correct. They can adversely affect future of the results.

(b)   Planning is expensive as it involves considerable amount of time and money

(c)   Planning delays action because it is only when the plan is completed that the desired action can take place.

4.0   CONCLUSION

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

5.0   SUMMARY

We have treated two management functions - forecasting and planning, though in practice the two become one since they cannot be separated. We saw the steps in planning as well as the advantages and some setbacks of planning. We drew an important conclusion, namely, that the steps in planning are also the relevant steps in decision making. This means that the planning process is also the decision making process.

ANSWERS TO SELF-ASSESSMENT EXERCISE

i.   The importance of forecasting are:

         It narrows uncertainties
         It gives management the basis for future expectation (results)
         Gives management an understanding of alternative course of action

Makes the manager to have explicit method of taking decision.

ii.   Students are to relate the steps in planning to the decision to buy a car. These steps are:

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

6.0   TUTOR-MARKED ASSIGNMENT

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

7.0   REFERENCES/FURTHER READINGS

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

Richardson, B and Richardson, R (1992): Business Planning, Final Time Management, Pitman Publishing, Great Britain Second Edition.

MODULE 2

Unit 1   Organizing
Unit 2   Departmentation by Enterprise Functions and Geographic/
            Territorial
Unit 3   Departmentation by Product & Customer
Unit 4   Relationships in Organization.
Unit 5   Functional Authority, Staff Limitations, Conflicts between
            Line and Staff Managers, Ways of Reducing the Conflicts

UNIT 1   ORGANIZING

CONTENTS

1.0   Introduction
2.0   Objectives
3.0   Main Content
       3.1   Conditions for Organizing
              3.1.1   What is organizing?
              3.1.2   Advantages of Organizing
       3.2   What is an organization?
       3.3   Types of Organization
              3.3.1   Formal Organization
              3.3.2   Informal Organization
4.0   Conclusion
5.0   Summary
6.0   Tutor-Marked Assignment
7.0   References/Further Readings

1.0   INTRODUCTION

We are taking again another function of management which is called
organizing in our present unit. This is one of the functions of
management where the manager is expected to bring his creativity to
bear. He has to be original and innovative in the discharge of this
function. It would be recalled that in our unit 4 where we treated
business objectives and the necessary skills a manager needs to have in
other to satisfactorily perform his functions, design skill is one of those
skills. And the design skill is very much needed in the function of
organizing.

In unit five where we treated the management functions of forecasting
and planning, we did highlight the importance of forecasting to the
manager. We also saw the features of planning, the steps in planning and
decision making, the advantages of planning and the limitations of
planning. We emphasized the fact that other management functions

cannot take place until planning has been effectively carried out. And after forecasting and planning, the next logical function of management to follow is organizing.

Organizing has many areas to cover. As a result, we shall be starting with the nature of organizing, types of organization and the activities of organizing. Other dimensions associated with organizing will be covered in subsequent units of this course.

2.0   OBJECTIVES

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

> Describe organizing
> Explain what is organization
> Discuss the activities associated with organizing
> List the advantages of organizing

3.0   MAIN CONTENT

3.1   Conditions for Organizing

In business or government or even in football there are people. The people are there because they have some duties to perform. And these duties are necessary so that the objective(s) for establishing such organizations can be fulfilled. We call such duties roles. Every position has roles and the person occupying the position must play his role otherwise he has no business being there. But for an organization role to be meaningful, there are conditions that must exist. The first condition is that there must be objective. I hope you can still recollect all what we said in our previous discussion on management objective including of course the features of good business objective. The second condition that must exist is that there should be a clear idea concerning the activities or the duties that must be performed. There is no point creating a role without the accompanying duties necessary to accomplish the objective(s).

The third condition is the authority that the person occupying a position must have which he uses to perform his duties. This is necessary so that at any point in time he knows what at any point in time he knows what he has to do to accomplish the goals. The last condition is that the person needs to be supplied with the necessary tools and information needed for good performance of the role.

SELF-ASSESSMENT EXERCISE 1

List the necessary conditions that should be present for an occupant of a position in an organization to perform his role.

3.1.1 What is organizing?

Organizing can be thought of as:

(a)   identification and classification of required activities necessary for the accomplishment of the objectives of the organization;
(b)   the grouping of the activities identified in `a'
(c)   the assignment of the activities which have been grouped (i.e each group of activities) to a manager;
(d)   provision of commensurate authority to the manager so that he can be able to supervise the group of activities that has been assigned to him, and
(e)   co-ordination which ensures that the group of activities assigned to a manager has a link with other groups of activities assigned to other managers in the organization.

3.1.2 Advantages of Organizing

Having explained briefly what is organizing you can easily see some of the advantages associated with it. By creating the different roles that make up the structure of an organization arises some definite advantages.

(a)   The environment, that is, the internal environment is made clear. There is a focus of what the objective is, and the need to contribute one's quota toward the realization of the objective.

(a)   Organizing makes it possible to determine who is to do what. The marketing manager through organizing, for example, knows he is to perform marketing activities such, as market and marketing researches, segmentation, pricing, promotion among others. He is not employed to do engineering work because that aspect of the organizational role belongs to another manager entirely.

(c)   Organizing again makes it possible to identify who is responsible for what result. Even though the marketing department has to perform marketing activities, it is the marketing manager that is accountable to a higher manager all issues relating to marketing. Below the marketing manager, there are other employees reporting to him. These other employees must also give account

to the marketing manger and to another manager, outside the marketing department.

(d)   Removes obstacles: Through proper organizing all obstacles are removed. They are obstacles because they not allow do good performance. And the obstacles arise due to confusion and uncertainties which arise because of improper or faulty organizing. If personnel in the accounting department are also to report to the marketing department and the work of personnel department assigned to production department will definitely create problems. These problems in the forms of confusions, anger, frustrations, uncertainties among others are drastically reduced through the management function of organizing.

(e)   It makes it possible for smooth decision making network. We have said it earlier that a manager takes decisions. But he cannot take a decision if there is confusion and uncertainty surrounding the environment under which he is managing. He may not know what he is going to decide on and the importance of his decisions to the organization. But with proper organizing, a conducive environment would have been created under which the manager has to make his decisions.

(f)   Presence of communication network: In an organization, nothing would be done without communication. Decision making involves communication; forecasting and planning cannot be done in the absence of communication. In fact, no management function can be performed in the absence of communication which can be oral or written or non verbal. Communication exists between managers, between managers and their subordinates, between managers and their superior officers and so on. All these create network of communication. And the network must be properly designed so that there will be free flow of communication to and from all the position in the organization.

SELF-ASSESSMENT EXERCISE 2

Give specific reasons why there should be proper organizing in an establishment.

3.2   What is Organization?

The term "Organization" is one word that people use loosely. In one sense, some people look at the word as including all the behaviours of the people that work in an establishment. Some other people regard organization as the total system of social and cultural relationships. Still others equate an organization with an enterprise, such as Guinness

Nigeria Plc, Fan Milk of Nigeria Plc among others. We are going to regard organization throughout our courses in management as the formal internal structure of roles or positions that exist in an establishment. We have already seen that people who work together must fill and perform some roles.

And these roles that people are asked to do, somebody must sit down and design the roles deliberately. This is necessary so that the desired activities are done and all the activities are fitted together so that people can work smoothly.

3.3   Types of Organization

In management there are two types of organizations. But these types of organization are found in organizations. These types of organizations are simply called formal organization and informal organization.

3.3.1 Formal Organization

A formal organization which is a social system has its roles deliberately created so that the objectives of the organization can be achieved. Consequently there features which are associated with formal organizations are:

(a)   There must be policies and objectives. These policies must be consciously created. And there must be verifiable objectives which are formulated taking the policies into consideration. These objectives are not only for the entire organization but also for the departments and sections.

(b)   The activities of individuals in a formal organization are coordinated. This means that one activity must be linked up with another activity. Through this process the entire activities being carried out in the organization move in the same direction.

(c)   The persons in a formal organization must be able to communicate with one another through the appropriate channels which have been created. Consequently, the issue of keeping malice with a fellow worker(s) is ruled out because nothing works in a formal organization without communication taking place.

(d)   The employees in a formal organization must share a purpose. And the purpose is the reason why the organization is in existence. Such purpose is usually reflected in the mission statement of the organization.

(e)   The workers in a formal organization on the receipt of necessary directive from their manager must be willing to act. But in acting, it should not be on individual level; the whole workers must cooperate with one another in their actions.

3.3.2 Informal Organization

The informal organization is a network of personal and social relations not established or required by the formal organization but arising spontaneously as people associate or come together. That is why informal organizations exist in a formal organization. From here, we can see the features of an informal organization which are:

(a)   the association exists merely as social interactions.
(b)   there is no common or consciously coordinated joint purpose among members even though they may be contributing to joint result.
(c)   compatibility is a major criterion for such grouping. Since the informal groups exist in a formal group they can assist or interfere with the enterprise interests.
(d)   the form of punishment that the informal group members can give to an erring member is to ostracize him. This means that members of the informal group will refrain from talking and interacting with the member under punishment until he turns a "new leaf".

4.0   CONCLUSION

In this unit we have looked at various points relating to organizing. We saw what organizing as a managerial function is, including the conditions that should exist for organizing to be efficient and effective. We highlighted the advantages of organizing with the hope that the points raised will provide necessary incentives for managers to regard this function as important and consciously carry it out. Thereafter, we saw that there are two types of organizations, one necessarily existing in the other. We have the formal and informal organization with the informal organization existing in a formal organization. The features of formal and informal organizations were also highlighted.

5.0   SUMMARY

This unit has touched on the conditions for organizing, the advantages of organizing, and the definition of organization. It also looked at types of organization and the features of the organization. In our next unit, we will be looking at the ways activities are grouped together and assigned to individuals and groups.

6.0   TUTOR-MARKED ASSIGNMENT

(a)   What are the various ways to define the term 'Organization'? Give 3 features of formal organization and 2 features of informal organization.

(b)   Explain 5 advantages of organizing.

7.0   REFERENCES/FURTHER READINGS

Weihrich, H and Koontz, H (1993): Management, A Global Perspective. McGraw-Hill International 10th Edition. NJ, U.S.A.

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

UNIT 2   DEPARTMENTATION   BY   ENTERPRISE FUNCTIONS   AND   GEOGRAPHIC/ TERRITORIAL

CONTENTS

1.0   INTRODUCTION

We studied the management function of organizing in our last unit. We noted the meaning of organizing and the advantages associated with proper organizing. Since organizing demands designing the internal structure of an enterprise or any organization it needs the conceptual skill of the manager. This means that organizing demands creativity. We went further to list the conditions that should be put in place before proper organizing can take place. We then examined the two forms of organization, noting too their characteristics.

In this unit, we are going to take another phase of organizing, and that is departmentation. We saw in our last unit that one of the advantages of organizing is that it clarifies the organization's internal environment. One way to achieve this is proper departmentation. We shall therefore be looking at what is departmentation. We have to note that there several forms of departmentation. At this stage of our course, we shall not be able to treat all of them. There are other fundamental principles of management which you have not yet learnt, though they are important at

this stage. We will be discussing, as a result only the major forms of departmentation.

We will be emphasizing the advantages and disadvantages associated with each form of departmentation. One further remark we have to make concerning departmentation is that there is no single pattern of departmentation to use. The manager has to use his creativity to select the pattern or the form that will assist him to accomplish the objective in the light of the prevailing situation.

2.0   OBJECTIVES

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

Describe the major form of departmentation
List the advantages and disadvantages of each form of departmentation

3.0   MAIN CONTENT

3.1   Departmentation by Enterprise Function

This form of departmentation is to group the activities being performed along the line of functions of the organization. Since every enterprises aims at creating or producing something that is desirable by others the basic enterprise functions are:

3.1.1 Production

Production is to add utility to goods or services. This means getting raw materials and transforming them into finished products or taking an idea and using it as a basis for providing service to others.

3.1.2 Selling

This necessitates finding customers/clients who will agree to accept the product or service at a price.

3.1.3 Financing

This involves raising funds, safeguarding the funds against waste and expending the funds in a manner that will maximize the objectives of the organization. All these activities can logically be grouped into: engineering, production, marketing and finance departments. Note that there can be variation of names concerning these departments. For example there may be no engineering or production in a ministry or

church. But appropriate names reflecting the major functions can still be used. See example of departmentation by enterprise function below:
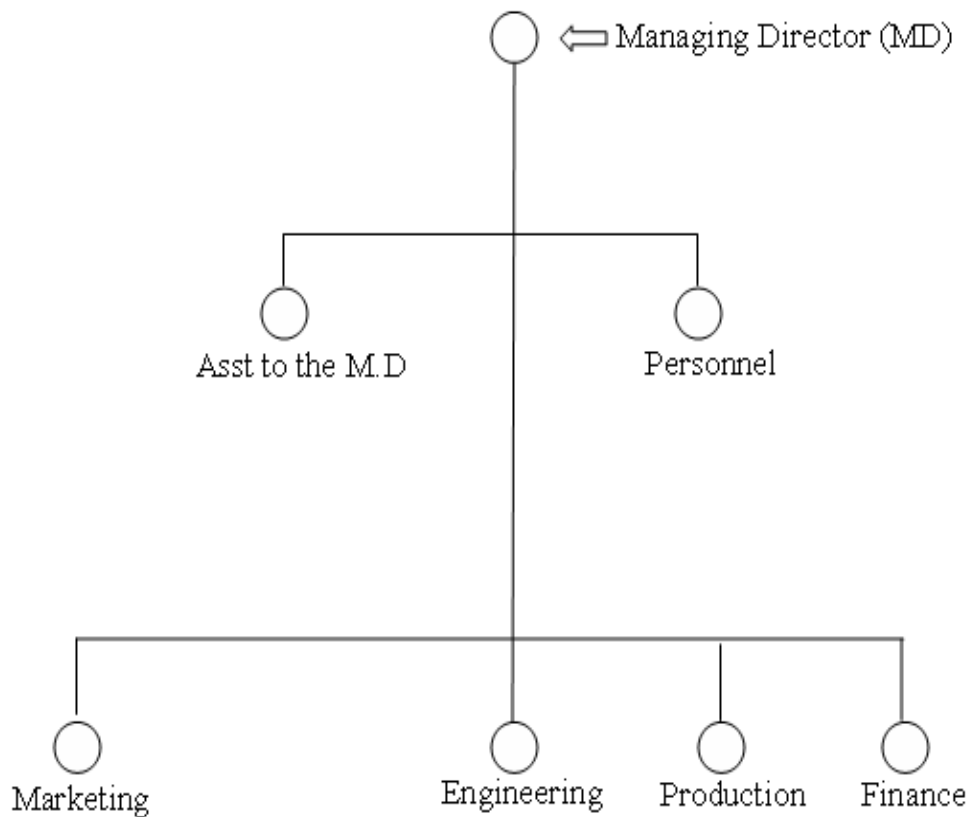

Fig. 7.1   Showing departmentation by enterprise function

The above departmentation is according to enterprise functions. This means that the activities are grouped according to the major functions being performed by this medium-size manufacturing company. There are obvious advantages associated with this form of departmentation.

3.1.4 Advantages

(a)   It shows in a logical manner the basic functions that are being performed in the organization. By merely glancing at the chart, one would quickly see these functions

(b)   Its main the power and prestige of the major functions. We have earlier discussed that positions should only be created if such positions have positive roles to play in the attainment of the organizations objectives. By looking at the diagrams one can see the departments and positions that are playing such roles.

(c)   The form of departmentation again follows the principles of occupational specialization. These are in engineering, production,

marketing and finance. As a result, any one that has a flair for any of these areas can move in to such area and contribute his quota toward the realization of the organization's objective.

(d)   The form of departmentation simplifies training. This means that whenever there is a new employee on the job, training can be organized for such employee. The older person in the department can put him through in the fine rope of the department's job without moving outside the department.

3.1.5 Disadvantages

There are recognized disadvantages in this form of departmentation which are stated below.

(a)   It tends to create over specialization. And when employees in a department over specialize, it tends to narrow their view points and orientations to the extent that problems of the other departments are not appreciated.

(b)   This form of departmentation makes the development of the specialist managers to be difficult. This is because as specialists, their view points are narrowed and can not readily be made a general manager because a general manager as the name implies is a generalist; as such, his mind is sufficiently broadened to take balanced decision for the overall interest of the organization.

(c)   Because managers see themselves along specialist lines, it makes coordination which is the essence of management to be difficult. Coordination demands that an activity should be linked logically to another activity and thereby making the entire organization to operate as a unit. But with over specialization which has strait jacketed managers. View points tend to reduce the unit of the whole enterprise.

(d)   The departmentation creates another limitation of preventing the to grow economically as a system. Each department tend to operate along its own area of specialization. But an organization is supposed to operate as a unit, to the extent that what affects a part will automatically have effect on other parts. Each part should support and cooperate with one another. Over specialization reduces this support and cooperation.

SELF-ASSESSMENT EXERCISE 1

Visit a manufacturing organization around you. This is not difficult. Simply go to the Public Relations Office and introduce yourself. Enquire from them the type of departmentation the organization has. Find out the reason(s) why they have adopted that form(s) of departmentation.

3.2   Departmentation by Geographic area

This form of departmentation ensures that all activities in a geographic area or territory are grouped and assigned to a manager who has other staff working under him. This form of departmentation is attractive to large scale organizations whose organizations spread over large geographic areas. There are advantages as well as disadvantages of this form of departmentation.

3.2.1 Advantages of Geographic departmentation

(a)   Profit making is placed at a lower level that is, the respective managers in the field are charged with the responsibility of making profit for the organization. This leaves the headquarters and the top level manager to have the time to plan for overall greater growth of the organization.

(b)   Emphasis is placed on the local market. This is important because there is no point producing goods and services that are not readily sold to the customers. This is a problem which arises either because the goods do not meet the needs of the customers and/or the goods are not sold with the correct marketing strategies. But by operating close to the customers, their peculiar needs and problems are taking into consideration in producing and marketing the goods.

(c)   Since the field managers and the staff are more or less experts in the local area, they can gather good results in terms of greater sales revenue compared to somebody who does not know the local environment. The field managers know the captains and other channel members through whom they can distribute the company's products. They also know the customs, norms and traditions and will not adopt strategies that will be offensive to the culture of the local people. All these and more a stranger can never appreciate let alone observe. The field officers also know their competitors and are better prepared to compete with them.

(d)   The form of departmentation provides a fertile ground to train managers who can become general managers in future. This is because while in the field, he has got experiences in dealing with specialists in accounting, marketing/sales, personnel, production/engineering and was successful. The same experience can be brought to bear in his future role as a general manager without being unduly biased to any specialist.

3.2.2 Disadvantages of departmentation by geographic area

(a)   There is high cost of coordination and control from the headquarters. In an attempt to ensure that the entire organization work as a team there is the need to link together the activities of one geographic area to the activities operating in another geographic area. This is not an easy task because it may necessitate staff transfers with the attendant costs. Visits also from the headquarters and other forms of communication may also demand enormous resources of the organization.

b)   The form of departmentation demands creating more levels of management. At each level, there are supporting staff. Beyond the payment of salaries and wages, workers must be provided with offices. And these offices must be furnished. Cars and other status symbols associated with each position must be made available. All these and more put demands on organizational resources.
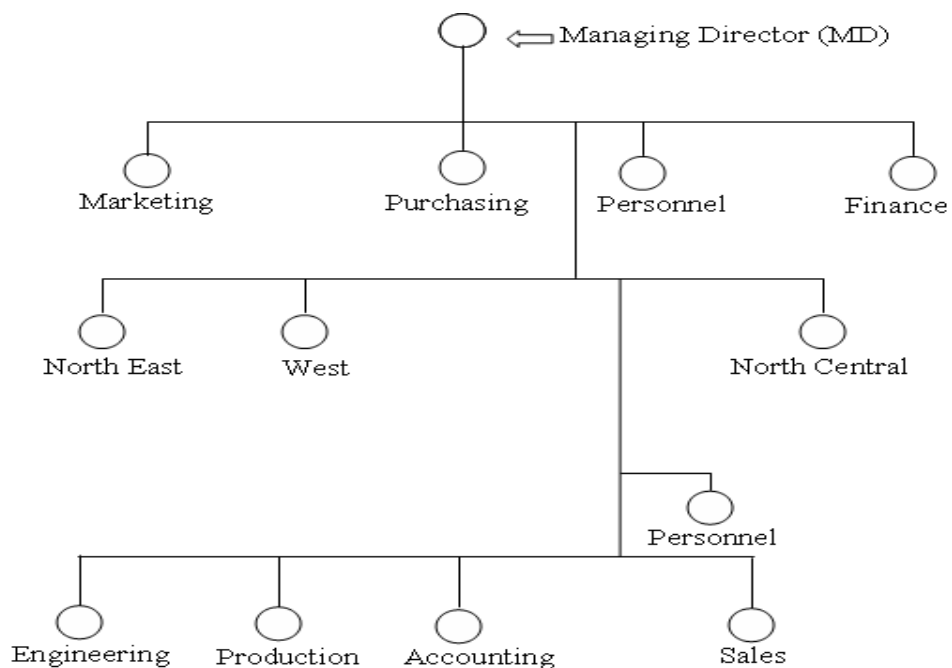
See the diagram below

Fig. 6.2: Showing Geographic departmentation.

(c)   Again, this form of departmentation requires personnel with general managerial abilities who can not only be in the headquarters but more importantly in the field because as we have pointed out earlier the responsibility for profit is in the field. But to find managers with general managerial ability that can take balanced and matured decisions is not easy. What one readily finds are specialists who cannot for reasons earlier given can be made general managers. If for any reason, specialist is made a general manager; such action can spell disaster to the organization.

SELF-ASSESSMENT EXERCISE 2

Reflect on the organizations operating in Nigeria. List at least five of them that operate geographic or territorial form of departmentation. Remember, that these organizations have branches all over Nigeria.

4.0   CONCLUSION

Two forms of departmentation have been discussed in this unit. These are the departmentation by enterprise functions and geographic/territorial form of departmentation. This means that an organization adopting any form of these departmentation have to group its activities along such lines.
But in doing so, it has to consider or weigh the cost/benefits. That is, it has to examine carefully the advantages as well as the disadvantages that are associated with the forms of departmentation. The outcome of such analysis will provide the basis for the choice of the form of departmentation to adopt.

5.0   SUMMARY

We have discussed two major forms of departmentation. These are departmentation by enterprise function and geographic or territorial form of departmentation. We have also looked at the sets of advantages and disadvantages that are associated with these forms of departmentation. We shall be talking more of forms of departmentation in our next unit.

6.0   TUTOR-MARKED ASSIGNMENT

How do you justify the choice of Nigeria Breweries Plc of Geographic form of departmentation?

7.0   REFERENCES/FURTHER READINGS

Weihrich, H and Koontz, H (1993): Management, A Global Perspective. McGraw-Hill International Editions. N.J. USA.

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

UNIT 3   DEPARTMENTATION BY PRODUCT & CUSTOMER

CONTENTS

1.0   INTRODUCTION

We discussed two forms of departmentation last week. These were the departmentation by enterprise function and Geographic/territorial forms of departmentation. We noted their distinctive advantages and disadvantages. This is necessary so that a manager who wants to adopt any or the two of them will appreciate their values and the extent to which they will meet his organizational objectives.

We are still having other forms of departmentation to go through. Remember we made a comment that forms of departmentation are many. We are going to take, at this stag of our course the principal ones among. It is for this reason that we are discussing the product and customer forms of departmentation in our unit present. Again these forms departmentation like the ones we discussed in our last unit (departmentation by enterprise function and Geographic/territorial form of departmentation) have their relative advantages and disadvantages as well. We shall treat all these and more concerning this aspect of our discussion.

One other preliminary remark I will further bring to your attention is that we are still discussing the management function of organizing. I did stress that the function has many facets that compose it. And we stressed that this is one of the functions of management where the conceptual and design skills of management are applied. And the function of organizing demands creativity in fashioning the favorable environment conducive to human efforts.

2.0   OBJECTIVES

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

Describe product and customer forms of departmentation
List and explain the advantages and disadvantages of product and customer types of departmentation

3.0   MAIN CONTENT

3.1   Product Departmentation

Product departmentation is the identification of necessary activities for the production and sales of product. These activities are then grouped and assigned to managers along product lines. This is a strategy and it is a way that top level management uses to delegate to a lower level extensive authority. The authority is used not only to produce and to market but also to carry out the required engineering and services associated with the products. Consequently, each manager is responsible for every issue that has a bearing in respect of the product that has been placed under him.
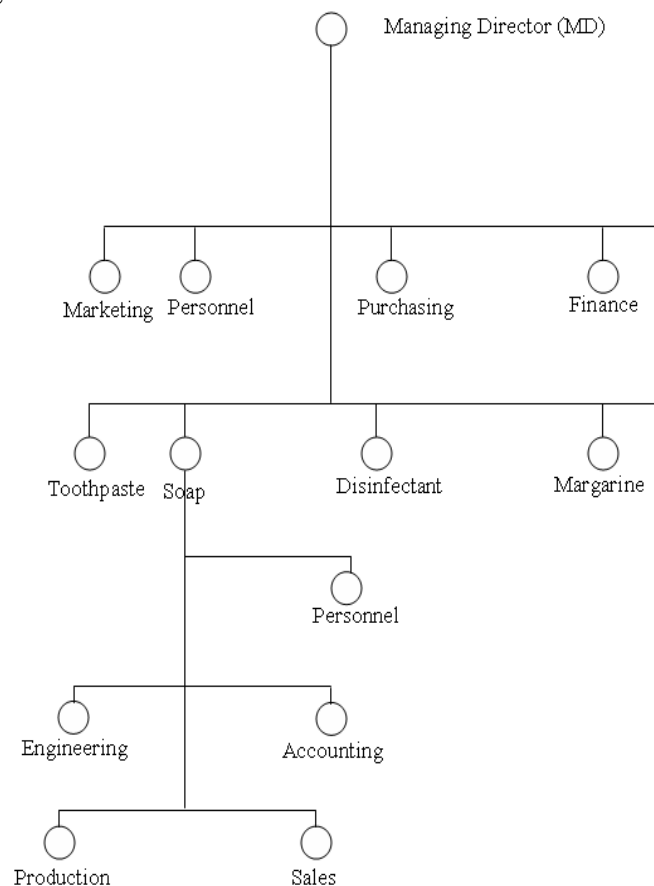
See the diagram below.

Fig. 8.1:   Product Departmentation

3.1.1 Advantages of Product Departmentation

This form of departmentation has its own set of advantages:

(a)   Since each product has a manager, it has been made possible for the manager to concentrate all his efforts and those of the team members, that is, those subordinates working under him on the success of the product. Every thinking and action are necessary so that the product will be successful in the market. And the success is measured not just by the volume of sales made and the revenue to the organization but equally important the degree of satisfaction that the purchasers and consumers have arising from the use of the product. Issues concerning product development, product planning, pricing, promotion and distribution among others are handled by the manager and his team.

(b)   Responsibility for profit making is again placed at a lower level, just as the case in respect of geographic form of departmentation. The product manager must justify this confidence and exercises his initiative by taking good decisions that will ensure the success of the product in the market and as a result brings in money to the organization. To achieve this, beyond bringing out a product that can satisfy the need(s) of the consumers, expenses must be controlled. This is because profit and cost travel in opposite direction. If profit is going to be made, then expenses must be reduced. But if the manager says there should be no profit, then let him unduly increase the expenses. Of course, his job is on the line.

(c)   The form of departmentation improves the coordination of functional activities. This is possible because each product manager has been given the charge to make profit. But responsibility can not be given without the commensurate authority. As a result the necessary authority has also be given to the manager to do all he can to ensure success. Within him, he can be able to ensure that there is cooperation and understanding among all the departments. The production department can have excellent cooperation with the engineering department. Also the production department works harmoniously with the marketing/sales department, all of which is important to give the customer satisfaction.

(d)   It provides good training ground for the position of the General manager or the Managing Director. This is possible because at the lower level, the product manager is already familiar with the politics of dealing constructively with the functional managers

who are specialists. By the time the product manager is appointed a General manager, he brings his experiences to his new job as a generalist.

(e)   The product and/or service can be diversified. Market and Marketing researches can be conducted in order to achieve this. In fact, anything that can be done to ensure continuous profitability and survival of the product needs to be done by the manager, more so, when the commensurate authority has already been provided. Consequently, anything that will permit reasonable growth and diversity of products and/or services should be undertaken by the manager.

3.1.2 Disadvantages of departmentation by product

There exist disadvantages too of this form of departmentation:

(a)   The form of departmentation requires not specialists as product manager but generalists who have the ability to coordinate functional activities. If a specialist, say an engineer is appointed who lacks general managerial ability, possibility does exist that he may take a decision favorable to engineering and/or production. This will not be well for the product because the other departments will start complaining or carry out activities detrimental to the success of the manager as a way of showing discontent.

(b)   It tends to make it impossible to have economical central services such as making bulk purchases by the headquarters for the product managers. This will naturally attract some discounts, such as quantity discount, price discounts etc. But these benefits may not occur at this scale because it has been made that product managers resent the idea of having goods purchased for their use without any contribution being made by them to the decision to buy the items.

(c)   It increases the cost of having product managers and other sub-ordinates reporting to them. Levels of positions are created which need finance. The finance for the payment of their salaries, running their offices and so on. These are called overhead cost which the organization has to bear.

SELF-ASSESSMENT EXERCISE 1

Take a product of your choice, and imagine that a product manager is responsible for that product. List the activities that will be performed by the manager to ensure continued success of the product in the market.

3.2   Departmentation by Customer

This is grouping of activities so that they can reflect a primary interest in customers. As a result, the customers represent the key to the way activities are grouped when each of the different activities the organization does for them is managed by one department head. The customer groups must be clearly defined to make this form of departmentation meaningful. Educational institutions offer regular and extension courses to serve different groups of customers. Banks also have departments that address the special needs of customers such as savings, current, agriculture, housing, among others.
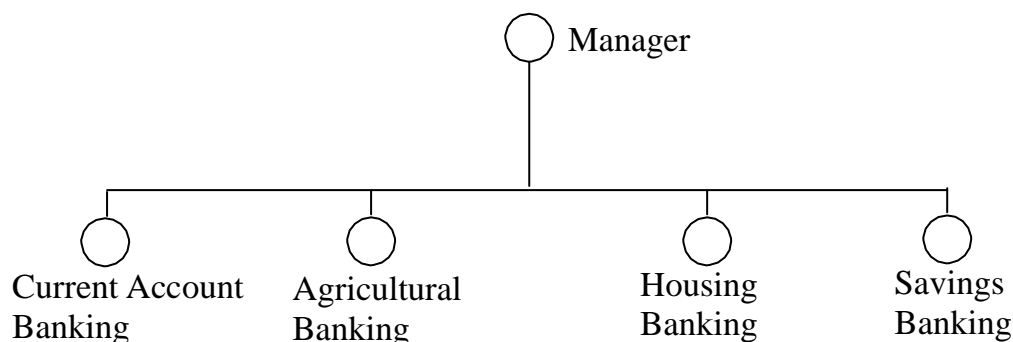
See the diagram below.

Fig. 8.2   showing customer departmentation of a bank.

In customer form of departmentation, there are also advantages and disadvantages.

3.2.1 Advantages of Customer Departmentation

(a)   It encourages concentration on customer needs: This is one good reason for this type of departmentation. The customer has needs which could be regarded as unfulfilled desires. Because the desires are not fulfilled, they create tension and human beings do not like to live in a situation of tension. They take action which they hope will reduce the tension. This is why an organization must try to assist in the tension reduction behaviors of the customers by concentrating their efforts on these needs with the

hope of satisfying them. Customer form of departmentation assists along this line.

(b)   Arising from the point made in "a" above this form of departmentation gives the customer the feeling that they have an understanding organization. This feeling of satisfaction is important because it creates good relationship between the organization and the customers. And when customers are satisfied with an organization, they will always make repeat purchases, that is, when the need arises to buy, they go for the product of the organization that they are satisfied with. You must note that repeat purchases creates brand loyalty and this is the wish of every organization.

(c)   Customer departmentation develops some level of expertise on the organization members of staff. The measure of expertise ensures continuous improved services to the satisfaction of the consumers of the organization's products and/or services. This is crucial because when the customers are always made happy, the word of mouth from them will go round, thereby encouraging potential customers to try the services of the organization. When this is done, the market share of the organization is increased.

3.2.2 Disadvantages of customer form of departmentation

There are also disadvantages of customer form of departmentation which can be seen from the following:

(a)   Operations may be difficult to coordinate. The difficulty arises because of the competing customer demands. Taking the bank as an example, it may be difficult to link the activities of agricultural banking to that of housing. The demands from both forms of banking are different because of the different needs of the customers.

(b)   Customer form of departmentation demands expertise. This means that it is only managers who have the requisite skills that should be employed. These managers may be difficult to find in sufficient quantity and quality.

(c)   Sometimes, it may be difficult to clearly define customer groups so as to know the special services that they need. For example, difficulty sometimes arises as to the distinction between small scale businesses and agricultural business so as to work out special products for each.

(d)   Again, during the lean season, that is the period that the number of customer reduces before it picks up again, the resources of the organization will be idle.

SELF-ASSESSMENT EXERCISE 2

How do you justify the practice of the university and other tertiary institutions adopting customer type of departmentation?

4.0   CONCLUSION

Again two forms of departmentation have been covered in this unit. These are the product departmentation which is grouping activities along product line, and customer departmentation which calls for proper identification of customer groups and group activities accordingly. We have also seen the relative advantages and disadvantages associated with these forms of departmentation.

5.0   SUMMARY

Two important forms of departmentation have been discussed. Added to the two previous discussed in unit 7, we now have four major forms of departmentation. For the time being, we are going to stop because we still have other issues that you need to know concerning the functions of organizing which we are currently discussing. However, you are enjoined to read the books provided in the references for additional information on departmentation. In our next unit, we will be treating relationships in formal organization.

6.0   TUTOR-MARKED ASSIGNMENT

Describe product departmentation. Highlight the advantages and disadvantages associated with this form of departmentation.

7.0   REFERENCES/FURTHER READINGS

Weihrich, H. and Koontz, H (1993): Management A Global Perspective. McGraw-Hill International Edition. N.J. USA. 10`h Edition.

Akanni, J. A (1988): Management: Concepts, Techniques and Cases. Julab Publishing Ltd lbadan. 2"d Edition.

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UNIT 4   RELATIONSHIPS IN ORGANIZATION.

CONTENTS

1.0   INTRODUCTION

We have been discussing departmentation as a part of the management function of organizing.   So far, we have looked into four forms of departmentation, which are:

i)   Departmentation by enterprise function;
ii)   Departmentation by territory or guaranty;
iii)   Departmentation by customer; and
iv)   Departmentation by product. We did say that there are still other forms of departmentation and you were encouraged to seek these ones through the books provided in the reference. We did stress the relative advantages and disadvantages that go with each form of departmentation.

We are taking up another phase of the management function of organizing. We are going to be discussing organizational relationships which are stable in every organization. We are specifically going to look at line relationship, staff relationship and functional authority. These relationships are important because they contribute significantly to the attainment of the objectives of the organization. In looking at these relationships, we are going to do it from the point of the need for managers, to exercise control over and above his subordinates. Responsibility has been given to him with the necessary authority. That authority has to be exercised.   We are also going to look at the relationships in terms of some managers giving advance to other managers so as to enable them perform their jobs more effectively.

2.0   OBJECTIVES

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

> describe line relationship
> list the benefits of line relationship
> describe staff relationship
> list the advantages of the staff relation.

3.0   MAIN CONTENT

3.1   Important clarification

Confusion sometimes follow the terms line and staff departments, and consequently the forms of relationships we are about to discuss. The confusion arises because some departments are classified as line departments. That is those departments that are directly in charge of production. The production department and marketing departments are quickly singled out. In some cases the accounting department is added. In other cases it is excluded. If such organization has purchasing department, it is treated as staff. Of course personal department is regarded as staff. The overriding criterion for judging a department as being staff is that it is not involved directly in the production process. But all the confusion can disappear if we regard line relationship as authority relationship and staff being simply advisory in nature. If this is understood, you are well to understand better the concepts. And it is on this basis we are going to discuss the relationships.

3.2   Line Relationship

This implies the authority to take action and make decisions. We have stressed the fact that a manager should not be given responsibility without the commensurate authority. This is ridiculous. Being given authority without the corresponding responsibility is dangerous. Therefore to avoid these two extremes authority must be matched with corresponding responsibility and vice versa. But the authority of the manager is to enable him to take decisions necessary for the attainment of the defined objectives of the organization. He must possess the authority to use the organizations resources, direct the subordinates under him and carry out those necessary things that are required, all for the interest of the organization. The line indicating the relationship in an organization chart is usually a straight one that is not broken. It shows that line authority is exercise at each level from the managing director to the last person down the organization line. This is why; the line relationship is seen as the flow or exercise of authority from the top to

the bottom. To exercise those organizational members under a manager positively to the realization of the set objectives.

3.2.1 Advantages of line relationships

(a)   One major advantage of line relationship is the clarity it gives to the manager. He appreciates his position, the role created in that position and how he intends to achieve such roles through the exercise of the authority entrenched in the position.

(b)   It makes the manager to know who the subordinates are that will report directly to him. If he is to exercise authority by informing individuals, it stands to reason that he should know those individuals that will be answerable to him.

(c)   It creates confidence in the mind of the manager. This is because his position in the organization is not an empty one, he has the authority. And the authority is backed up by the organization. Consequently, when he is directing the subordinates as well as providing the desired leadership, he does all these things because he has the authority backing him. This type of authority is also called power, that is legitimate or position power. We shall be discussing this concept in another future unit.

(d)   Line authority also enables the subordinates to appreciate and recognize their boss.   They know that they must report to a manager whom they depend on for a variety of things. They get assignments from the manager, and specific ways the job has to be performed are clear by communicated to them.

(e)   Line relationship makes the subordinates to respect the directives of their boss since they know that he has the backup of the organization and can give out the necessary punishment on the event of non-compliance to the directors.

SELF-ASSESSMENT EXERCISE 1

You are going to visit the organization that you went to last time. Again, ask the public relations officer (PRO) or any competent person, for the levels of position existing in the organization from the Managing Director to the last person. With their explanation, trace the flow of authority starting from the top by writing at every level the name of the position.

3.3   Staff Relationship

This means the provision of special services to the line managers. This enables the line manager to achieve the best result on organization wide basis.   This is done by the staff managers who studies on existing problems.   Through careful analyses after thorough investigation, a considered opinion by way of professional advice is offered to the line manager.   Let us repeat again, the staff manager does not exercise authority over the line manager. Question of exercise of authority along this point should be completely erased. All that the staff manager does not research study and investigate the problem. Therefore, an advice is offered.

However the staff manager is a boss in his own right in his own department. He has subordinates that de report to him from time to time. Consequently, even though the staff manager does not exercise authority over and above the subordinates that do that do report to him. In other words, the flow of authority does exist in a staff department as well with the attendant advantages, some of which we have discussed. Let us also point out that in an organization chart, the staff relationship is usually represented by a line that is broken, that is, dotted line.

3.3.1 Advantages of Staff Relationship

a)   Though the professional advice that the staff manager provides from time to time manager make the work of the line manager to be easier. He can concentrate on the main aspects of his job while the staff manager comes out his investigation and analysis of a problem with a view to advising the line manager correctly.

b)   Rising from "a" above, there is improvement on the quality of the work of the line manager in two ways. He has more time to concentrate on his job and secondary, the advice from the staff manager provides the best option

c)   Through the clarification of issues which the staff manager makes from time to time further illuminates the situation surrounding line manager's environment. In such circumstance, he can take the best decision in the overall interest of the organization.

d)   Staff manger may recommend necessary desirable changes in line with the changes in the external environment of the organization, which in turn make the organization to adjust positively and hence be able to compete favorably with their competitors. See the diagram below showing line and staff relationship as purely authority flow.
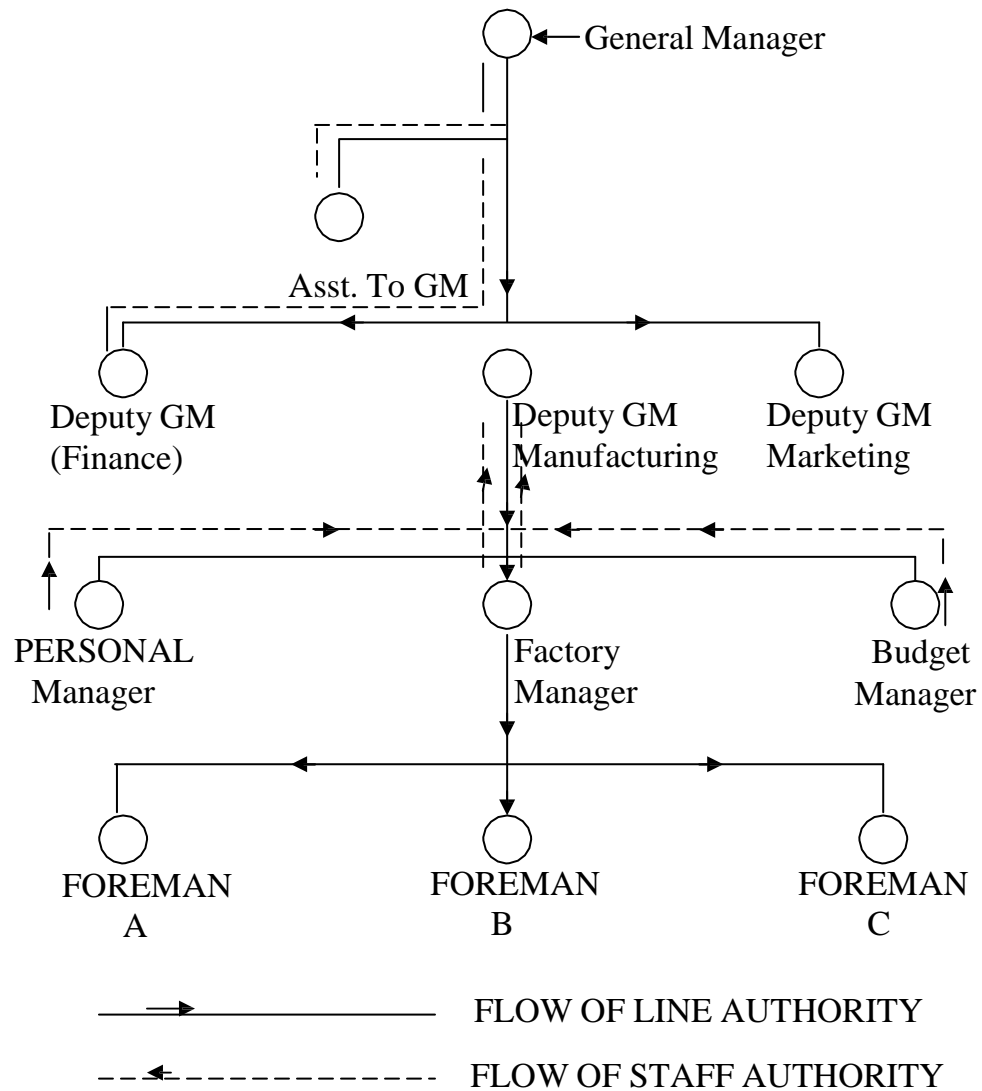
Figure 9.1: Showing Line & Staff Authority Relationship.

In the above organization chart which is that of a manufacturing organization, the activities of the personnel department, assistant to the general manager and the budget department are purely advisory to the main stream of the operations. As a result, they are called staff departments'. The finance, production and marketing departments have activities that are generally related to the main corporate functions. To that extent they are known as line department.

SELF-ASSESSMENT EXERCISE 2

WE have been drawing organization charts to illustrate some of the points that need to be made from time to time, such as the one in this unit, figure 9.1. I am confident that you are getting familiar with the type of chart. It is on this confidence that the present exercise is based. Take any organization chart of an establishment. Study it carefully and note the objectives and mission statement. You are to identify those

relationships (i.e the line and staff) that exist there. Also identify the line departments as well as the staff departments.

4.0   CONCLUSION

We have seen the two major relationships that exist in a formal organization. These are the line relationship and the staff relationship. We did stress that line relationships should be seen as purely the flow or exercise of authority from the top to the bottom and is generally represented in an organization by a line that is not broken. Staff relationship exists to offer professional advice to the line managers. Also, that the staff relationship is generally represented by a broken line. We again pointed the advantages of line and staff relationships in an organization.

5.0   SUMMARY

We discussed the line relationship as well as the staff relationship in this unit. We noted their advantages too which will serve as necessary need to create and maintain these relationships in an organization. This is why the relationships should be stable and must be exercise irrespective of the person that is occupying the positive. We shall be treating other issues concerning these relationships;. We will be looking at functional authority, limitations of staff, conflicts between the line managers and the staff managers and the possible ways that these conflicts can be minimized.

6.0   TUTOR-MARKED ASSIGNMENT

Describe the line relationship in Personnel Department. Why do you justify such relationship?

7.0   REFERENCES AND FURTHER READINGS

Kountze, H.and O'onnel, C (1978):   Management: A systems and contingency Analysis of Managerial Functions. Mc Graw - Hill International Edition. Kogakinsha, Japan 6th Edition.

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UNIT 5   FUNCTIONAL   AUTHORITY,   STAFF
            LIMITATIONS, CONFLICTS BETWEEN LINE
            AND   STAFF   MANAGERS,   WAYS   OF
            REDUCING THE CONFLICTS

CONTENTS

1.0   INTRODUCTION

We are going another step further in our examinations of the stable
relationships that must exist in an organization.   In the last unit, we
identified two major forms or relationship – the line relationship and the
staff relationship.   We pointed out that line relationship should be
looked upon as purely the flow or exercise of authority from the top to
the bottom.   Concerning the staff relationship, we said that their
existence depended solely on the advice they render the line managers.
Consequently, the staff relationship is purely in advisory.   We were able
to identify the major advantages associated with each relationship.

Further to our discussion last time in our last unit, our present unit will
extend the discussion.   We are going to look at functional authority, the

limitations of staff the conflicts that do arise between the line managers and staff managers and suggestions on how the conflicts could be minimized. All these and more are necessary so that we be better placed to know how people interact in forma organizations. And when people come together and interact in an organization conflicts are bound to arise. But in this unit, we are limiting the conflict to the ones that exist between line and staff managers. This will give us done understanding concerning our behaviours if we are already working. If we are not working yet, the lesson is worth it too because one day we will find ourselves in work situation either in line department of staff department.

2.0   OBJECTIVES

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

> describe functional authority
> know the importance of functional authority
> list the limitations of staff relationship
> explain the causes of conflicts between the line managers and staff managers
> suggest solutions on how to settle the conflicts.

3.0   MAIN CONTENT

3.1   Functional Authority

We noted earlier at the preliminary stage of our discussion on organizing that activities necessary for the attainment of organizational objectives must be identify, group and assigned. And when arrangements has been made, it must be backed up with the commensurate authority, otherwise it because ridiculous. The assignment of responsibility with the corresponding authority is usually made to the manager and the subordinates that report to him. Consequently, functional authority refers to the right which an individual or department has through the process of delegation to control specified processes, practices or other matters relating to activities in other departments. For example, in the production department, there are the production managers in addition to other personnel working under him. There are issues relating to recruitment of personnel, salaries and wages administration, promotion, industrial relations among others which the production manager can other handle in relation to his subordinates. He can not handle them because he was trained for that kind of process and practices. He is an engineer. The only person competent to handle these matters is the personnel officer or manager, even though he is not in the production department. But by virtue of his training, education, experience and expertise he can handle all matters relating to personnel management in

the production department and other departments. /due to his expertise, the right or authority to handle to personnel issues has been delegated to him and to no body else.   He thus has the functional authority over personnel issues in all the departments in the organization.

3.1.1 Imperative of functional authority

a)   it makes the manager to exercise his authority by employing his expertise on matters relating to his training.
b)   it makes every one on the organization to know who is to do what at every point in time.
c)   it makes every member of the organization to respect one another since each on knows he can not do every thing. What can not be done by another?
d)   it afford the experts to concentrate on the areas they have a flair for.

SELF-ASSESSMENT EXERCISE 1

Describe the functional authority of a marketing manager in a manufacturing organization.

3.2   Limitations of staff Relationships:

The staff concept even though it has some usefulness in an organization has some limitations which can be seen from the following:

3.2.1 Absence of responsibilities for results

The role of the staff manager is simply to advice. The outcome of such advice rests on the door step of the line manager, on the acceptance of the advice or plan. As a result, when a plan fails, the line manager will like to blame the staff manager for providing a poor plan.   The staff manager can on his own side would return the blame on the line manager for not acting correctly accordingly to guidelines provided in the advice. He could go on to extend the argument that the plan was good but the incompetence f the line manager to execute the plan properly created the poor result.

3.2.2 Undermining line authority:

Sometimes, it get into the head of a staff manager to start undermining the authority of the line managers. Such situation arises if the staff officer is seen to be good in his job and as a results, a superior officer starts having greater confidence and reliance on him. By reason of the new importance being placed on him, he starts undermining the

authority of line manager. Such situation is dangerous because it can result in anger, frustration and outright concerned and the staff officer. All these pollute the internal environment of the organization which does enhance maximum productivity.

3.2.3 Feeling of sense of superiority

To counter the point raised in 3.2.2, the line manager since he is one of those formulating personnel policy administering salaries and wages among other personnel duties. But these are the functions of personnel management and not production. Consequently, he is not qualified to do them. As the organization keeps developing, a stage will reach when it becomes necessary to remove these personnel duties from the production manager and assign them to a personnel manager who has been trained and possesses the necessary expertise to handle personnel issues. When the decision is taken and implemented the production manager may not like it. For one reason, while performing these personnel tasks as well as his normal production duties, he arrogates to himself more power, more prestige and even more status symbols. Some of these vanish overnight and to this extent brings conflict between him and the new personnel manager.

3.2.4 Due to changes in technology

Technology is simply the manner of doing something to get a desired out put. As a result of changes in technology, the work of the line managers may become simplified. Some aspects of the job may even be taken away by computers and robots. As a result, those skills which have been developed by the line managers over many years are lost overnight to machines. And these machines are manned by staff specialists. Take the case of an accountant boasting his unique skills of having a flair for figures and can balance manually. With the introduction of computer, this can be done in split second. Even when the accountant is computer literate, his level of mastery of computer can not be compared to a computer graduate who is a staff specialist. This is another source of conflict.

3.3.3 The work of the line manager being easily controlled

When the line manager was doing so many activities, it was difficult to monitor, check and control his activities. But when the activities have been reduced, the portion remaining in smaller and can be easily controlled by a superior officer. To this extent, the line manager may not like the development, it is not every body that can easily subject him to control.

3.3.4 Due to changes

Many staff managers, once employed, are associated with bringing changes and innovations. They formulate plans and play key roles in executing these plans which are usually associated with changes. But human beings generally including line managers resist changes. As a result, the new development brings conflict between the two managers.

3.3.5 Differences in age

This is another possible source of conflict. The staff managers are usually younger in age than the line managers. It is not every one that can take directives from a younger person. Consequently, the age difference is a source of conflict.

SELF-ASSESSMENT EXERCISE 2

You are familiar with the step up in a secondary school. The teachers are the ones that are directly in charge of teaching the students and preparing them for the senior secondary school examination or General Certificate of Education. This means that other workers in a secondary school are offering services in support of the teachers. You are to identify these other groups of workers. For each group, mention one service they render to the teachers or to the school.

3.4 Ways of Minimizing the Conflicts between the Line Manager and Staff Managers.

3.4.1 Removing overbearing attitudes:

Over bearing attitudes on both sides should be removed or at least minimized. Both the line manager and the staff manager should cultivate positive attitude toward one another They need to realized the unique importance of each other and work toward mutual acceptance and tolerance.

3.4.2 Adopting patient attitude

In addition to point 3.4.1, both sides should also cultivate patience. Proposal from the staff manager should not be dismissed outright as not practicable because this hasty conclusion has arisen because of the conflict. The merit of such report should be carefully examined. Similarly, the staff manager should always sell his idea to the line manager. New changes take patience before they become fruitful. The power of the tongue through persuasion and reasoning should be used rather than arrogance.

3.4.3 Avoid playing the expert

Experts is only relevant to an organization when it is used to solve problems and contributing to the attainment of organizational objectives. Sheer pride and being resentful are not the ways of demonstrating expertise. Changes should be welcome so long as they are beneficial.

3.4.4 Avoid Speaking technical terms

Whenever both. Are discussing, as much as possible technical terms should be avoided. Speak the language of the hearer so as to avoid double interpretation thereby resulting in negative feedback.

4.0   CONCLUSION

In this unit, we have treated the limitations of the staff manager. Even though he plays some useful roles in an organization, staff concept has its own set back. We have been able to identify this setback. Staff managers should guide against them. We also looked at the possible courses of conflicts between the line manager and the staff manager. Majority of these conflicts are inevitable because they arise in the normal course of events as the staff manager does his job; some of the causes are emphasized due to the negative reactions from the line managers. It is on the basis of this that some recommendations have been highlighted as ways of minimizing the conflicts.

5.0   SUMMARY

We have discussed staff limitations in this unit. Other topics discussed include: causes of conflicts between line manager and staff manager. We also looked at the possible ways through which these conflicts can be minimized at least. These solutions centre namely on maturity which is nurtured through positive attitudes

6.0   TUTOR-MARKED ASSIGNMENT

A computer specialist was employed by a commercial bank to assist in banking operations. No sooner was he employed, than the relationship existing between him and the banking officers started to be poor. What are the causes of the poor situation? Suggest possible solutions.

7.0   REFERENCES/FURTHER READINGS

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MODULE 3

**UNIT 1   DELEGATIONS   OF   AUTHORITY   AND
CENTRALIZATION OF AUTHORITY**

CONTENTS

1.0   INTRODUCTION

We are making steady process in our analysis of the different components that make up the management function of organizing. All what we have been doing are relevant in the design of an organization. That is, when the manager is creating positions and level sin the organization by identifying the roles necessary to attain the objectives of the organization. Remember that it is one of the areas of management where the manager has to apply his designing skill as well as the skills of visualization i.e. to achieve. Another name for that is conceptual skill.

We are on our way to consider another important aspect of organizing which we have been mentioning but have not yet been treated. It is the issue of delegation of authority. We have been mentioning repeatedly that a manager should not be given responsibility without the necessary authority; neither should authority be given without responsibility. That

is to say that both authority and responsibility should go hand in hand. In this unit, we shall know what delegation of authority means and the condition under which delegation is meaningful. We will also be looking at the limitations of delegation.

Thereafter, we will be examining the opposite form of delegation, which is the centralization of authority. Centralization of authority is a rare case because absolute centralization means that there is no organization. It is a one man business. But we shall see those reasons which may necessitate centralization of authority.

2.0   OBJECTIVES

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

> define delegation
> explain conditions for delegation of authority
> list limitations of delegation of authority
> define centralization of authority
> give reasons why centralization of authority may be necessary.

3.0   MAIN CONTENT

3.1   Delegation of Authority

Authority and responsibility always go together and they can not be separated. If for any reason, there is a separation, the work will suffer. The manager with authority but no responsibility becomes a director and a tyrant and it is dangerous because the final out come of their actions will not be to the interest of the organization. On the other hand, the manager with responsibility but no authority can not take decisions; neither will he be able to make use of organizational resources. It is a frustrating situation. That is why in designing the environment, it must be conductive. And one way to make it conducive is to equate authority with responsibility.

3.1.1 Definition of Delegation of Authority:

Delegation of authority is used to mean the granting of right and approval from a superior source to a subordinate to function within prescribed limits. It enables the subordinate to receive the authority to a accomplish tasks assigned to him. But delegation of authority is being given to the subordinate, the superior source at the same time still retains his original authority. This means that total delegation can not be done for this will amount to removing one's responsibility. Again, no one can

delegate the authority he des not possess. Before delegation of authority is made, that authority must first and foremost be seen in you even though it is only a part of it that you are delegating.

The entire concept of delegation starts with the assignment of tasks to subordinate. This is followed by provision of the requisite authority to accomplish the tasks. There should also be demand for responsibility. This means that there is accountability in delegation.

3.1.2 The Advantages/benefits of Delegation

The recognized advantages of delegation are :

(a)   It reduces the manger's burden since a manager generally has responsibility for more tasks than he can perform. Delegation thus relieves the manager from performing duties of routine nature. He concentrates on more pressing things.

(b)   The subordinate to whom the tasks is delegated to is being developed. This is because we learn by doing and it has often been said that experience is the best teacher. There are also benefits of participation in various executive programmes, seminars, workshops among others. All these and more would not have materialized if delegation was not effected   .

(c)   It provides continuity by making sure that once as employee leaves, another one takes over his position and performs the necessary tasks since he has been trained previously through delegation.

(b)   It makes it possible for the organization to expand because there will be a ready pool of tested officers (subordinates) that can be posted to man the new positions and roles that the organization has created. Though this, there will be no hasty arrangements for training in order to fill the new position neither will the organization fail to create necessary new roles simply because there are no subordinates to occupy the new positions and perform the new roles.

(c)   Delegation of authority is also a source of motivation because subordinates are being developed through challenging tasks. Success completion of the tasks creates a sense of fulfillment and pride. There is recognition too and the subordinates naturally look forward for promotions which they get.

3.1.3 Limitations of Delegation of Authority

There are also recognized disadvantages f delegations of authority. The main ones are the following:

(a)   Some managers will prefer to perform all activities by making all decisions.   They want to be seen as the live-wire of the organization and nothing works without training and preparing subordinates for higher responsibility is not their priority. Such mangers are the type that gives assignments but no commensurate authority.   Delegation will be of no advantage under such circumstance.

(b)   Another problem which is disadvantageous is the desire by some managers to dominate and make their presence felt on every issue. They like to work under pressure and keep themselves busy with appointments and insisting that subordinates must approach them with every matter for approval.

(c)   Some managers fail to delegate because they fell that the subordinates will make better decisions than the ones they would have made if there was no delegation.

(d)   Delegation is retrieved again by the unwillingness of some managers to accept risks which will occur if subordinates should make decisions. There fear is that the subordinate may take the wrong decisions.   Their fear is that the subordinate may take wrong decision.

(e)   Again another problem area of delegation is the reluctance of some subordinates to take higher responsibility because of fear of criticism, feeling of inadequacy and other negative attitudes.

SELF-ASSESSMENT EXERCISE 1

A cleaner was so hardworking that the manager decided to make him the head cleaner. What are the decisions he has to make from time to time in exercise of his authority as the head cleaner?

3.1.4 Conditions for Delegation

There are necessary and sufficient conditions which must be on ground before delegation of authority can work.   These conditions are the following:

(a)   Delegate by expected results: This means that the assignments must be defined by breaking it into specific activities.   Then authority is provided in the height of the work that has to be done and the results that are expected. The authority must therefore be granted to the extent that will help the subordinates to achieve.

(b)   Selecting an appropriate subordinate for delegation. We have just noted that some subordinates feel reluctant o accept higher responsibilities. Such persons should not be forced to do anything particularly sensitive tasks. The appropriate subordinate should be selected.   As a result, the qualifications of the person concerned may influence the nature of delegation.

(c)   Maintaining parity of authority and responsibility. We have been stressing this point over and over. We are re-emphasizing it here again for it is vital to successful delegation. Authority should be given that is commensurate with the task.

(d)   Ensure that each subordinate receives directives from one boss. He must be accountable to the boss. This is to avoid confession and friction. We call this unity of command and we shall be discussing them in future units.

(e)   There should be good flow of communication if delegation is going to walk. Nothing works in an organization without communication; delegation of authority is no exception. Communication spells out what to be and the expected result. It is also vital to decision making.

(f)   There should be appropriate control in the process of delegation. This is necessary so as to ensure that the desired result is what is being received.   Any negative derivation should be promptly investigated so as to correct it before it is too late.

(g)   There must also be a climate of confidence by ensuring that the subordinate is mentally free from fear and has the confidence that delegation is an opportunity for him for self development and growth.

(i)   The manager must also have a strong belief in delegation by stressing the need for and belief in the principle of delegation. He must therefore be willing to accommodate mistakes when they occur, although he should be stricter in the event of frequent occurrence.

(j)   Assist the subordinate from time to time in the process of accomplishing the task before him.

3.2   Centralization of Authority

Centralization of authority is one source while decentralization is the spreading of authority take decisions down the organization line.   In practice, there is no absolute centralization of authority. There must be always the centralization of authority (i.e delegation). If this is not the case, then there will be no organization structure. We have also noted that management can not delegate all his authority. if he does , he ceases to be a member of the organization. This is why, extremes in delegation and centralization of authority can not be found in practice.

3.2.1 Reasons for centralization of authority:

If centralization of authority is introduced in an organization, the probable benefits are the symbol:

(a)   Prestige Symbol

This is one probable reason why there will be centralization of authority. The Chief Executive wants to get more power, prestige and feeling of importance for more than any other person around.

(b)   Creating more uniformity

Centralization of authority results in greater uniformity of policy, practices and decisions.   There will be no room to create difference policy or carrying organizational activities from the ones that they have already been made by the Chief Executive. Decisions outside the ones from the Chief Executive are minimized.   As a result any adverse decisions by way of mistake from subordinates are avoided.

(c)   Lowering cost

Under centralization of authority lesser levels and position will be created. This will reduce cost drastically because when positions are created, employees should be there and they need to be paid their salaries and wages, their officers furnished, cars provided plus other demands. But if there is centralization of authority all these expenses would be avoided.

4.0   CONCLUSION

This unit has treated an important aspect of organizing, that is, the delegation of authority. We have stressed the fact that delegation of authority should be at poor with responsibility.

We identified conditions for delegation as well as the advantages and limitations of delegation.   Finally, we took the very opposite of delegation, which is centralization of authority. We highlighted the probable reasons why there would be centralization of authority. We draw the conclusion that in practice, there is no absolute delegation because that will mean that the manager who is doing the delegation will cease to be a member of the organization. We again pointed out as well that there is no absolute centralization of authority because that will mean that there is no organization but a one man business.

5.0   SUMMARY

Delegation of authority has been discussed in this unit. We saw the definition, the conditions for it, the advantages and limitations.   We treated centralization of authority and the probable benefits or reasons for centralization.   All these will lead us to our next subject matter which is on business structure. We will be discussing it in our next unit.

6.0   TUTOR-MARKED ASSIGNMENT

Why is it necessary that in a business organization there should be delegation of authority?

7.0   REFERENCES/FURTHER READINGS

Ebun, F.C (1998) : Revision Notes on Business Management. Federal Co-operative College, Ibadan

UNIT 2   BUSINESS STRUCTURE

CONTENTS

1.0   INTRODUCTION

Another important aspect of organizing will occupy our attention in this units and that is business structure.   In the last unit we discussed delegation of authority and centralization of authority.   We draw the conclusion that there should be no absolute delegation of authority because that will mean that the manager carrying out the delegation does not want to work again in that organization.   We also said that there should be no absolute centralization because that would mean that there is no organization.   This is because you can not give somebody a responsibility without the commensurate authority. We did identify too the conditions for delegation as well as the advantages and limitations of delegation. We also saw the reasons for centralization.

In the design of a business organization we noted in previous discussions that the aim is to create positions and levels. But in doing this, it is for a promise; and the purpose is that there must be some role in a position that twill contributes meaningful to the attainment of the pre-set objectives of the organization. Consequently, if there are no roles to perform by somebody in an organization, that person has no business in being in that organization. But in creating positions and levels with the associated roles gives rise to an organization.

And the structure is important because it shows the duties that should be performed in order tat the goals and objectives can be reached. The structure of an organization is basically of three layers. The first layer is the Board of Directors, the second layer is the office of the Managing Director and the third and last layer is what is commonly referred to as a complex layer consisting of the functional managers and their subordinates. One important point we should again re-emphasis is that we know these layers through the functions that they perform.

2.0   OBJECTIVES

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

> describe the Board of Directors
> explain the functions of the Board of Directors
> describe the office of the Managing Director
> discuss the complex layer and
> list the functions of the complex layer.

3.0   MAIN CONTENT

3.1   Board of Directors

This is the first layer of a typical business organization. Members of the board are drawn from the share holders. The Managing Director, even though he is in change of then day to day activities of the organization is also member of the board. The board provide leader and that is why who ever is going to be elected or appointed to the board must be a matured individual capable of contributing constructively to the leadership role of the board.   But beyond leader guidance to an organization, there are still other functions of the board which must be performed. These functions include the following:

3.1.1 Determination of Organizational Policy

It is the responsibility of the board to fashion out what should be the policy of an organization. The policy is important because it gives a guide to action.   It provides the framework through which all other activities are carried. If this is not , there will be no unity of purpose as every member will be doing things accordingly to the ay he/she likes. Such action of course will create waste, apart from the confusion. It will result, because action demands the expenditure of organizational resources. But this expenditure can only be worth the while if it is for the purpose of carrying out the objectives of the organization in line with the policy framework. It is for this reason that the primary task of the bound is to work out what will be regarded as correct policy framework which the members will use to assess their activities. The corporate policy affects the entire organization. But the department and sections can also have their policies which must of course support the corporate policy and never contradicting it.

3.1.2 Determination of Organization Objectives

The corporate objectives of the organization are also determined by the board, which also provides the guidelines for each department to set its objectives. Again, the departmental objectives should not conflict with the corporate objectives.   If there is any contradiction, because the corporate objectives are superior to the departmental or any other objectives in the organization, the corporate objectives will be upheld. We have emphasized this point in earlier unit. Remember, we discussed hierarchy of objectives with the corporate objectives at the top, followed by the departmental objectives and so on. You may do well by reading again unit 4. W have discussed what a good business objectives are, the characteristics of objectives, types of business objectives, importance of objectives to an organization and other issues relating to objectives. We are not going to repeat them again in this unit.

3.1.3 Carrying out Appraisal on the Organization

The board has to regularly carry out particularly the economic appraisal of the organization. It is not just enough to firm corporate policy and providing guidelines for sub policies in respect of the departments, the policies must be implemented. The board will review at appropriate period that extent to which policies earlier formulated are being implemented.   The board also reviews the projects that have been approved for implementation. The review and appraisal are important so as to find out the level of implementation, the cofirmly in the process of implementation to existing guidelines and finding out if there are problems associated with the implementation. Any problem detected is

then investigated and remedial action taken.   Detailed programmes concerning how the projects are being implemented need to be reviewed. All the 3ps (policy , projects and progammes) are therefore regularly appraised so as to ensure the economic viability of the organization.

3.1.4 Determination and Provision of Adequate funds

The board does two things here. The first is that they find out preciously the amount of money that is needed for the projects and programmes they have approved based on courses on the corporate or organizational policy.

Also, it is the responsibility of the board how the net profit will be distributed, that is, how much will be given to share holders as dividends, how much will go into reserves to improve performance among other important decision. Again on the event of the organization borrowing money from the bank to finance its operation, it is the board that will give the go-ahead.

3.1.5 Providing Schemes of Control

It is only the policy, projects and programmes of an organization that the board controls. Even though the board does not manage the day to day activities of the organization, the members works out appropriate methods and guidelines through which a activities of employees are control to ensure that they work towards attaining organizational objectives. All these are reflected in the organizational manual.

3.1.5 Appointment of the Managing Director

The board also appoints the Managing Director who is also the Chief Executive Officer of the organization.   In appointing the Chief Executive, they fix his salary plus other benefits associated with that position.   In some organization, the Managing Director is not only a member of the Board of Directors but sometimes serves as the Chairman of the Board of Directors.

SELF-ASSESSMENT EXTERNAL 1

Find out from the organization that you have visited previously in connection with some assignments the following:

3.2   The Managing Director

The office of the Managing Director is the next layer. He occupies a dual office, as a member of the board; he shares in the duties of the board that is in the corporate responsibilities with the other board members. Also, by his special position as the Chief Executive Officer, he acts as a link between the board and the rest of the organizations. The duties of the Managing Director or the General Manager as he is sometimes called include the following:

3.2.1 He presents organizational objectives

This is one of the primary duties of the Managing Director. It is not the wish of members of the organization to be in the board; it is not allowed. That is why they have to be represented by their Managing Director. But they need to know the objectives(s) of the organization because that is why the organization is existing in the first place, and these objectives must be sold to them so that they can be committed to them and regard them as their own "baby" .   The person to do that is the Managing Director. It must be pointed out that at the initial stage of gathering data necessary for objective formulation by the board, the Managing Director encourages other members of the organization to make contributions which are corrected to the board by the Managing Director for consideration. The idea is to encourage other members of the establishment, though indirectly, to objective formulation.   In the same manner, the Managing Director encourages members of the organization towards policy formulation.

3.2.2 The Managing Director issues appropriate instructions

It is the responsibility of the Managing Director to issue out the necessary directives that will set the organization to work.   This is directing. But whatever director that issued must be clear and devoid of any word that is capable of double interaction. Of course, the directives can be oral or written or a combination of the two. There are still other forms of communication but these are the popular ones.

3.2.3 He maintains Co-ordination

The Managing Director ensures a high level of co-ordination. We will be discussing this management function in detail in the later stage of this course. But basically, co-ordination involves the linking logically of an organization's activity with another activity so that the entire organization works as systems.   Effective co-ordination among the activities of the organization's members (employees) will create a high will to work.

3.2.4 He creates and sustains morale

In the process of directing and leading the other members of the organization. There should be high morale, that is, enthusiasm, vim, rigor and total commitment to the objectives of the organization. All these are achieved through team spirit, appropriate motivation such as good salaries and wages tied to productivity, recognition, challenging tasks to perform, promotion as and when, good pension scheme, awards and other motivation techniques.

3.3   The Operating Executives (complete layer)

This layer is a complex one and it consists of the functional managers (the financial, production marketing and personnel mangers) and the subordinates working under each of them. They perform a variety of tasks.

3.3.1 The Financial Department

> they carry out costing
> financial accounting
> records
> budget and budgeting control among others.

3.3.2 The marketing Department

Here functions such as the following are performed.

> market and marketing resources
> market information
> segmentation
> product valuation
> buying and selling
> pricing
> distribution etc

3.3.3 Production Department

The personnel Department performs:

- planning for and measuring production progress
- engineering
- methods and standards
- manufacturing, among others

This layer comprising of the executive structure report to the managing director through a line of see executives. See the diagram me below.
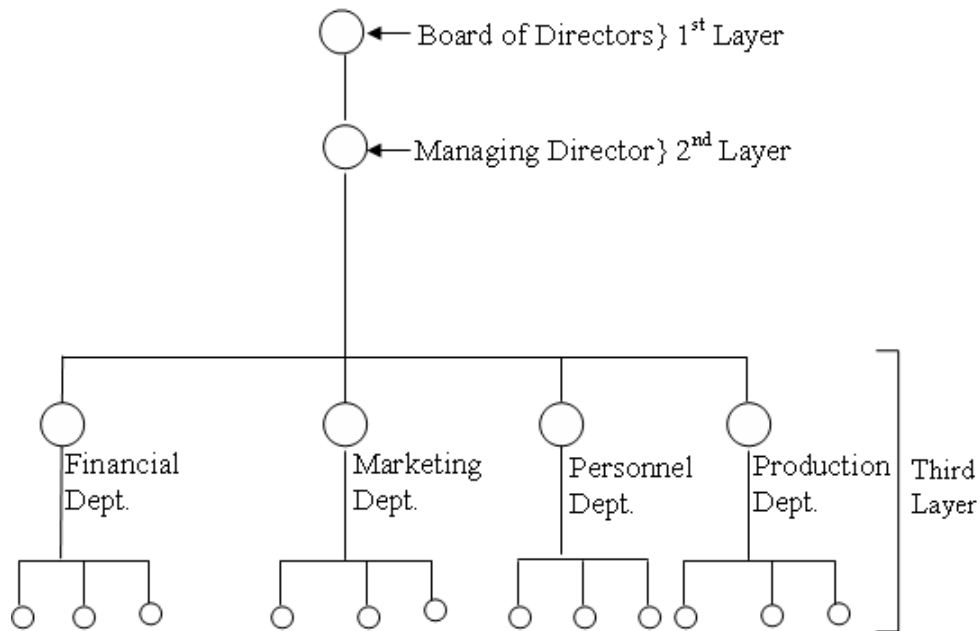

Figure 12.1: sharing the business structure

3.3.4 The personnel department

Functions that are performed here include:

    recruitment
    selection or interview
    placement
    salaries and wages administration
    promotion
    training, among others

4.0   CONCLUSION

We have discussed business structure in this unit. We identified three layers that make up a business structure. And these are : Board of Directors as the first layer, the Managing Director as the second layer, and the operating executive consists as the third layer. The operating executives consist of functional managers; together with their subordinates perform a variety of tasks.   They are linked to the managing director through a line of successive senior officers.

5.0   SUMMARY

We are making steady progress in our discussions concerning organizing. We will soon finish the discussions so that we can take up again another management function. But before we do that there are still a few things we need to know. Next unit, we will be talking on span of control.

6.0   TUTOR MARKED ASSIGNMENT

Describe the layers that make up the structure of an organization.
List five functions of the Board of Directors.

7.0   REFERENCES/FURTHER READINGS

Ebun , F.C (1998): Revision Notes on Business Management. Federal Co-Operative College, Ibadan unpublished.

UNIT 3   SPAN OF CONTROL

CONTENTS

1.0   INTRODUCTION

We have discussed business structure in our last unit.   It is well we discussed span of control because in some way it affects the structure of an organization.

While discussing the structure of a typical business structure, we were able to identify three layers – the Board of Directors as the first, followed by the office of the Managing director and lastly the operating executives which is a complex layer consisting of the functional managers and their subordinates. The importance of these layers is

reflected by the functions that they perform. We were able to identify these functions.

This unit's consideration is on span of control. In every organization, it must be decided how many subordinates that should report to a superior officer. We are going to see how the issue of allocating subordinates to superior officers gives rise to different structures in an organization. The differences because of the differences in levels. And the differences in levels occur because of the differences in the number of subordinates that the manager can handle. We will examine the structures carefully, while doing this, it will enable us in turn to determine the advantages and the disadvantages as well as that are associated with each of the structures.

2.0   OBJECTIVES

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

explain what is span of control
describe wide span of control and narrow span of control
describe what is a tall shaped structure
describe what is a flat shaped structure
mention advantages and disadvantages of flat shaped structure and
explain the conditions for span of control

3.0   MAIN CONTENT

3.1   Explanation of Span of Control.

Span of control is simply the desirable member of subordinates that reports to the manager. It is often said at than at the top level of candidates of about four to weight subordinate at a lower level. We must point out that there is hard and fast rule concerning the desirable number that should report to a manager in an organization. What is desirable in one organization may not work well in another organization. This means that span of contol is a matter of trial by error. Also, span of control varies from one organization to another .

3.2   Narrow span of Control

This refers to a situation where few subordinates reports to a manager. Due to the number, many levels of position are created. Because many levels are created, the structure of the organization that will result it is Tall-Shaped one. See the diagramme below:
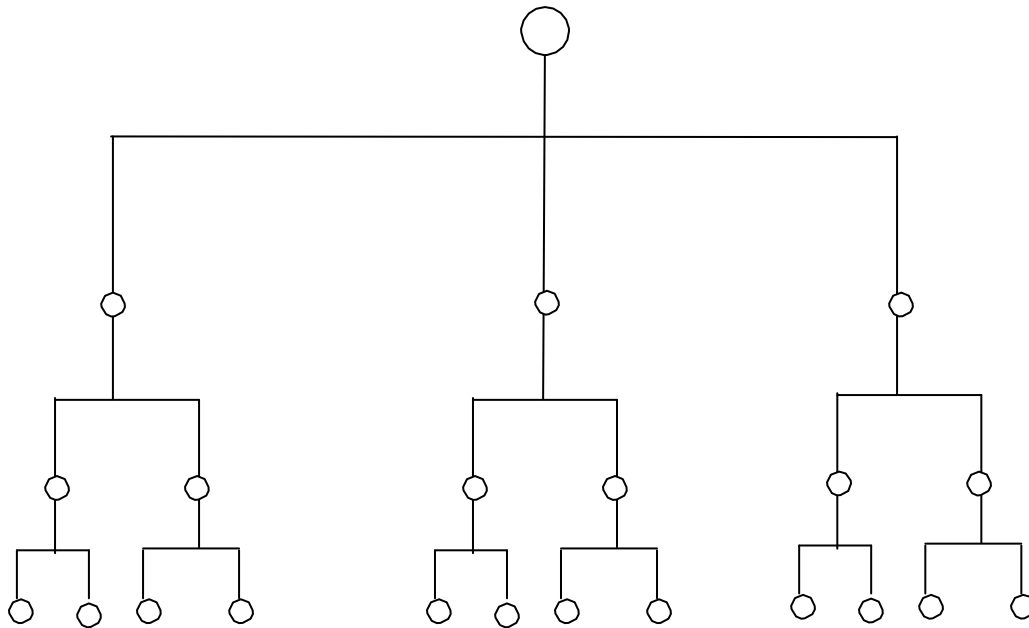
Fig 13.1   Showing Tall shaped Structure.

Remember that what gives rise to the tall shaped structure is the narrow span, that is, few subordinates reporting to superior officers.

There are advantages as well as disadvantages associated with organizations having tall shaped structure. We will consider them below:

3.3   Advantages of Tall-shaped Structure

3.3.1 Close Supervision

This is one advantages of tall shaped structure.   There is close supervision which is necessary in a situation where a subordinate is new on the job and can easily make mistakes that can be fatal to the organization. By closing supervising him because of the few number of them reporting to a manager, the incidence of mistakes is minimized. Close supervision is also necessary where the work of subordinate is of sensitive nature or where the work of the subordinate is such that if there is an error of judgment it could be dangerous to his life and the effect could spread to the entire organization.

3.3.2 Close Control

Close control demands that the manager looks at the work of the subordinate and companies that output again the standard that has been set. This is to detect if the subordinate is doing the right thing. If he does, it means the standard is being achieved. But if a different picture

results, this means that there is a negative deviation, that is, the subordinate has deviated from the standard set. A controlling measure should be quickly put in place so as to correct the situation. The ability and urge to detect the deviation and putting the corrective measure is as a result of close supervision. The mistake has been detected in time before creating a damaged effect.

3.3.3 Fast Communication between the Subordinate and Superior

When to the smallness in number, the subordinates can easily interact with their manager. What ever the firm of communication, either by oral or written, the level of interaction is less cumbersome, time saving, and satisfactory.   A problem can quickly be brought in promptly investigated, analyzed and solution suggested and effected.

3.3.4 Quick Decision Making

The manager and his subordinates can spend less time in taking decision. This is due to few persons involved. Unnecessary arguments are reduced and opinions needed to arrive at a decision are from the few persons involved. In the same venue, decisions can easily be evaluated in the light of the organization's objectives.

3.4   Disadvantages of Tall-shaped Structure

3.4.1 Too much involvement in subordinates Job

One disadvantage of a tall shaped structure is that superior tends to get too involved in the work of the subordinates. This sometimes gets into the nerves of the subordinates resulting in cold behaviours. Sometimes, the subordinates argue that they are not allowed to exercise initiative and this reduces their level of creativity. This is also the feeling of less job satisfaction because of the closeness of supervision. The subordinate is too proud of the outcome of the job because he finds it difficult to separate his own efforts which he was to admire and be proud of and the efforts of the superior officer.

3.4.2 Too Many Levels

The tendency to divide activities and arising the activities to the individuals and few individuals to a manager result in tall shaped structure with too many levels. This creates problem of communication from the lowest level in the organization to the top levels.   This is because information from below has to pass through the various levels. In the process, some piece of the information will be distorted and

modified, the information itself travels slowly and the in some cases the information may get lost on the way.

3.4.3 High Costs

Too many levels again create high costs. This is because the levels and the positions arising from them must be filled with personnel who will draw their salaries and wages. Officers need to be provided and these officers must be furnished and equipped. All these and more are what the accountants call overhead costs.

3.5   Wide Span of Control

On the other hand, when many subordinates report to a manager, the result is fewer levels of positives and a flat shaped organization. See diagramme below:
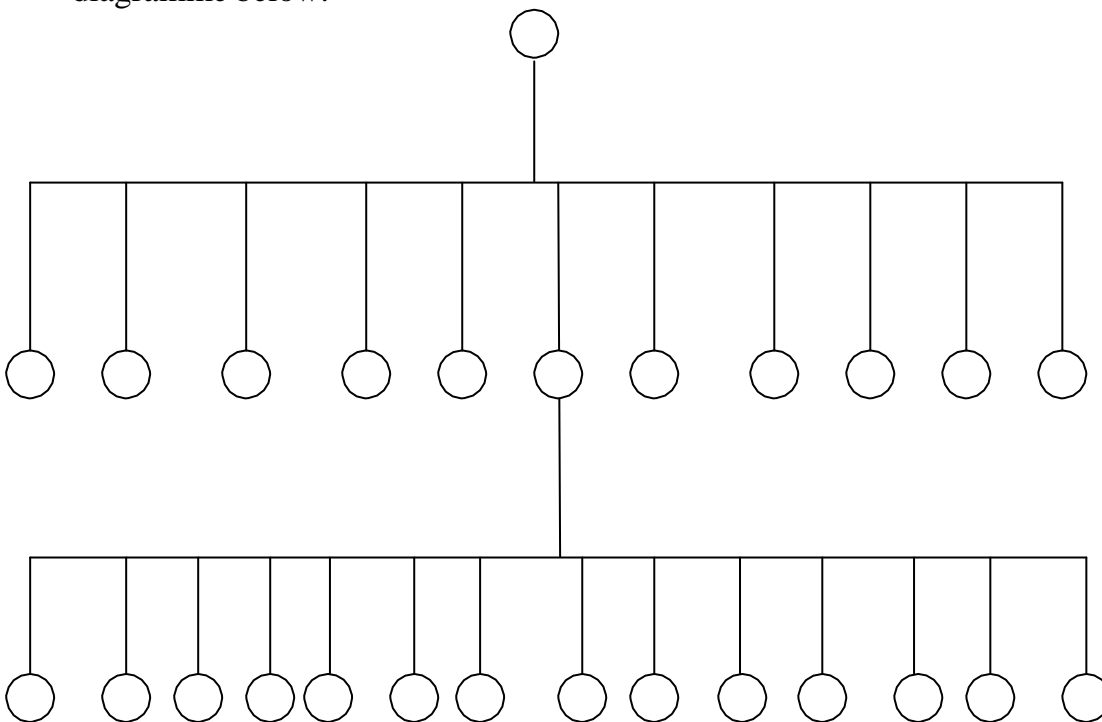
Fig 13.2   Showing flat-shaped structure

There are again advantages and disadvantages associated with this type of structure.

3.6   Advantages of Flat-Shaped Structure

3.6.1 Superiors are forced to delegate

In a flat-shaped structured, superior officers must delegate. This means there is a limit to the activities a manager has to perform, and of necessity he has to give excess activities to the subordinates with the accompanying authority. Also, by the nature of the job such as consultancy will force the manager to always have as many subordinates as possible with whom he consults with regularly.

3.6.2 Clear Policies must be made

Every member of the organization should be able to know what the policy of the enterprise is, what objective(s) that has emanated from the policy and so on. This is important because the manager has no time to be explaining to the many subordinates what the organization policy is and the objectives necessary to implement the policy are.

3.6.3 Subordinates must be carefully Selected

This is important and is advantageous.   It ensures good quality workforce. They should understand what is to be done, how to do it and when to do it without the prompting of the manager. In other words, in the absence of the manner for whatever reason the work must go on smoothly.

3.6.4 Good Quality Decisions

Due to the large number of subordinates that is usually participated in decision making, the quality of such decision is high.   Many subordinates are involved and all shades of opinion considered before the final decision.

3.7   Disadvantages of Flat-shaped Structure:

There are also a set of disadvantages associated with tall-shaped structure. The major ones are the following:

3.7.1 Overloaded superiors can become bottlenecks

When superiors are loaded with many subordinates to supervise, to take a decision demands a great deal of time.   Decisions can further be delayed if the superior does not know the techniques of organizing and managing meetings.

3.7.2 Danger of supervisor's loss of control

Some superiors may lose control of their subordinates.   Instead to checking, monitoring and evaluating subordinates actions to ensure compliance with organization's objectives, due to loss of control, the subordinates do thing they feel like performing.

3.7.3 Requires exceptional quality of Mangers

Wide span of control demands that the manager should possess those exceptional qualities that will make them to handle those sub-ordinates under them. In practice, however, it is often found out that the quality is not there.

SELF-ASSESSMENT EXERCISE 1

Mention one example of an organization with narrow span of control and another organization with wide span of control.   Also describe features of these organization.

3.8   Conditions for Span of Control

Necessary conditions for appropriate span of control include the following:

1.   The capacity and skill of the manager
2.   The type of direction and control exercised on subordinates
3.   The available time the supervisor can spend on the job
4.   The type of relationship existing between the manager and the subordinates
5.   The overall size of the organization
6.   The level of difficulty or ease of operation of machines.

4.0   CONCLUSION

Discussion have been made on span of control,. It is simply the desirable member of subordinates reporting to a manager.   Where few subordinates reports to a manager, it is referred to as narrow span of control . Where larger number of subordinates reports to a manager, this is referred to as wide span of control. We went further to discuss the types of structures arising from span of control.   While tall shaped structure is associated with narrow span of control, flat shaped structure is the case in respect of wide span of control. Finally, we examined the advantages and disadvantages of these structures as well as the conditions for span of control.

5.0   SUMMARY

We have treated span of control including its nature, the forms of span of control and the structures that emerge.   We considered too the advantages and disadvantages of these structures and the conditions for appropriate span of control. We will be discussing organization chart in the next unit.

6.0   TUTOR-MARKED ASSIGNMENT

Describe span of control
List the conditions for appropriate span of control

7.0   REFERENCES/FURTHER READINGS

Weitrich, H and Koontz, H (1993) Management A Global Perspective. Macgraw – Hill. International N.J USA 10th edition.

UNIT 4   ORGANIZATION CHART

CONTENTS

1.0   INTRODUCTION

We have gone far enough in our discussion of the management function of organizing and it is well to bring it to an end for now. We shall take it up again in our next course on principles and practice of management, where we will discuss other important phases concerning organizing. We can hardly emphasize the importance of this function. That is why the conceptual and design skills of the manager are called forth in the exercise of this function. Last unit, which is unit 13, we looked at the span of control of the manager. We saw the nature of span of control and the implications. The implications are that in working out the desirable number of subordinates that should report to a manage gives rise to two forms of organization structures – the tall-shaped and flat – shaped structures. There are advantages as well as disadvantages of these structures which we discussed.

In this unit, we will be talking about organization chart, and it is part of the final phase of organizing, for it is a reflection of an organization, showing the positions, levels, lines of authority as well as lines of communication. But the reflection is mainly in diagrams so that any one that sees them can quickly see the structure of organization. Actually we have been drawing organization charts since we started treating the function of organizing. What we will be doing in this unit is to give more meaning to organization chart.

2.0   OBJECTIVES

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

    define an organization chart
    list the criteria for drawing a good organization chart
    explain the advantages of an organistion chart
    explain the limitations of an organization chart.

3.0   MAIN CONTENT

3.1   Definition of Organization Chart

When the structure of an organization is shown in a diagrammatic form, it is known as an organization chart. Remember that what we have said concerning the structure of an organization. It consists of levels and position which indicate the main activities that are being performed in order to attain the objectives of an organization.

SELF-ASSESSMENT EXERCISE 1

Take the organizational chart of an establishment. From the chart you are to do the following:

    find out the major departments of the organization
    list the activities of the major departments
    identify the levels of position existing in the organization
    find out the year the chart was prepared

The organizational charts indicate the formal organizational relationships among executives. The chart also clarifies who supervises as well as the main lines of communications. The flow of authority and responsibilities are shown in the chart. You can see the importance of good organization chart. You can then see the need why an organization should have a good organization chart. But a chart can not possibly supply all the detailed information required to have a clear understanding of an organization. This is why another document called organization manual is prepared alongside the organization char. Where the chart stops in the prevision of information concerning an organization.   The manual takes over.   Such information include : organization history, the culture of an organization, careful description of jobs among other relevant information.

3.2   Criteria for Drawing a Chart

There are standard criteria which are necessary for proper drawing of a chart so as to carry to the reader the actual information that is intended . These criteria are sometimes called rules for drawing a chart and they include the following:

3.2.1 Title

There should be a title for every position in the chart. This is necessary so that one position will be distinguished from the others. Care should be taken so that titles are not repeated. That is why before a position is created, careful consideration as to what the title should be would have been thrashed out.

3.2.2 Position

There should be positions which must be clearly indicated . Positions of the same status that is, of the same line must occupy the same horizontal line.   For example, the functional managers which we have earlier identified to be production manager, personnel manager, finance manager and the marketing manager must occupy the same horizontal line. Any one of the positions dropping below means that the position is inferior to the others. Note that authority resides in the position. That is why we always stress that each position with responsibility must attract commensurate authority . This is necessary. We will further discuss in detail and the exercise of authority in our next course in management , which is the principles and practice of management (CPM 106).

3.2.3 Heads

At the introduction stage in our discussion of the management function of organizing, we noted that the assignments must be given to individuals and groups having identified and tied together the basic activities necessary to achieve organizational objectives . That is why there are groups of personnel such as personnel department, production department, marketing department and finance department all performing specific duties relating to their departments. Each of these departments must have a head commonly referred to as head of department. All the other personnel in the department are answerable to the head of department, who carries out the management functions.

3.2.4 Lines of Communication

These lines are provided indication to the flow of communication in the organization. You have to note that the flow of communication vertical,

that is four the superior officer drawn to the subordinates, from the subordinates to the superior officer. It can be horizontal, that is, managers for example communicating with one another. Communication can still be diagonal. This is seen when an employee communicates with another employee through his head of department to another employee in the organization.

3.2.5 Lines of Authority

Line of authority is another criteria or rule to be observed in the process of drawing up a chart. Authority, you may recall flows from the top to the bottom and never from bottom to top. You must also remember that each position is a position of authority. That is why such authority is called position authority or legitimate authority. It is the authority that the person occupying the position uses to influence the behaviors of those working under him.

3.2.6 Relationships

Important relationships should be clearly indicated in the organization. A part from the line relationship or line authority which we have just discussed, staff relationship, that is, those who offer advisory services should be clearly indicated in the chart.

SELF-ASSESSMENT EXERCISE 2

We have discussed the rules or criteria which have to be observed when drawing a good organization   chart. Take the organization chart of an establishment. Can you observe these rules as having been applied? or are there deviations from the rules . Note your findings.
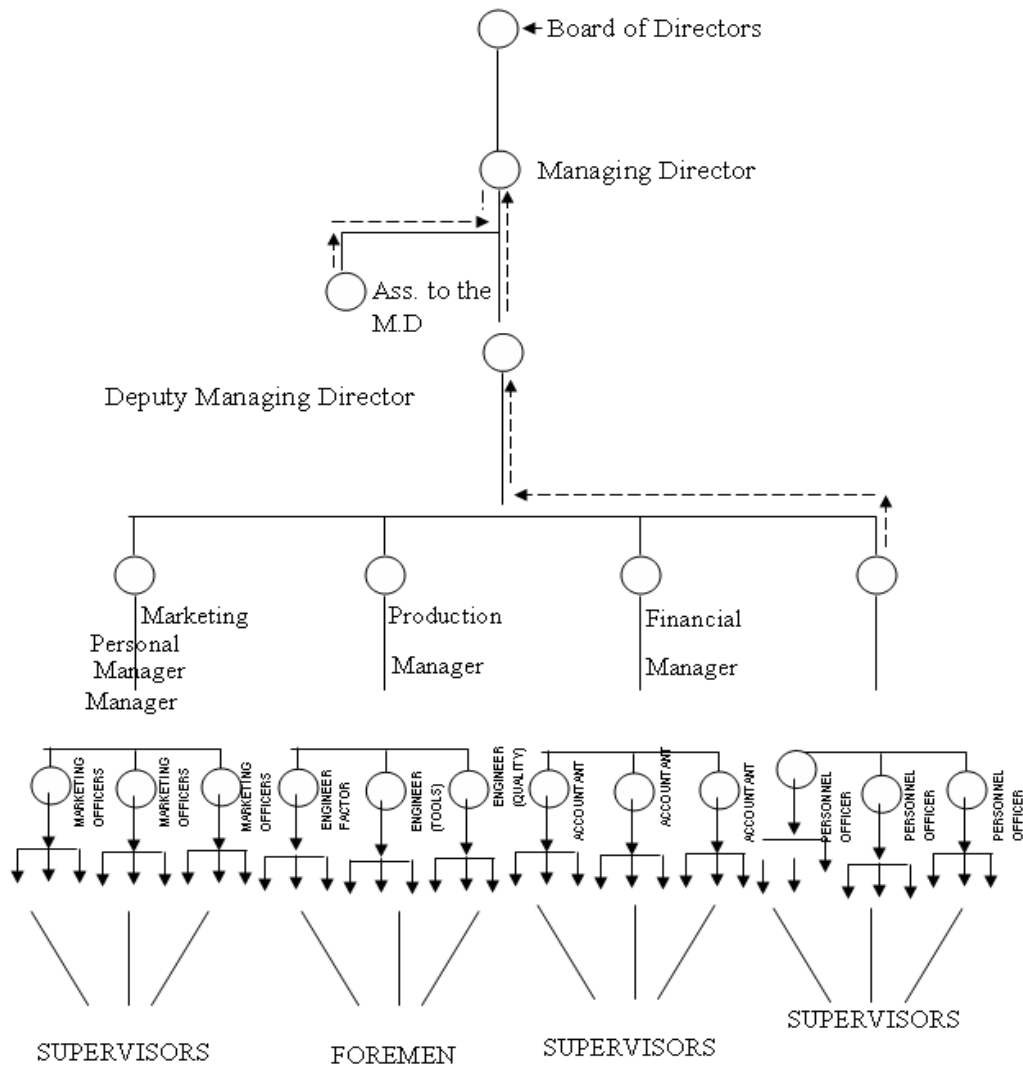
Fig 14:11 Showing Simplified Organisation Chart

Note:

* Title may vary from one organization to another

3.3   Advantages of a chart

It helps executives to appreciate them by providing clear pictures with regard to job position and duties and how they fit into the organization as a whole.

It helps to avoid overlapping authority by providing clear visual and detailed picture of lines of authority and responsibilities. Together with manuals, they help to foster unity of command.

It affords managers to think of ways of improving the organizations when marking new editions of charts. This is because they must analyze

the activities necessary to accomplish objectives. Only the essential ones are included in the chart, and resources deployed accordingly.

A chart provides source of authoritative information.

It facilitates management developing and training.

3.4   Limitations f Organization Chart

Organization Charts and manuals do not guarantee good management. Managers still need to apply their skills in the process of management.

In practice there are frequent changes which are unavoidable.   It is difficult to revise the chart each time these changes occur, thereby making the chart out of death.

It is difficult to include in the chart everything that is going   on in the organization. The chart only shows a static picture. Also a chart only provides formal relationships. The informal ones are excluded.

Human beings are generally sensitive to their relative positions and status in the chart. Hard feelings and resentments may be caused by showing their positions and status to the outsiders.

Each individual often attempts to stick to areas charted for him, defends his own jurisdiction and avoid.

There is high cost of preparing, and circulating charts which may be higher than the benefits.

4.0   CONCLUSION

In this unit, we have discussed the essential things concerning organization chart.   You can see that major things in respect of organization which we have been discussing have been brought together in a chart. We looked at the definition of a chart, the rules to observe when drawing a chart and the advantages of having a good organization chart. We also saw the limitations of a chart.

5.0   SUMMARY

This unit completes our discussions on the management function of organizations which have taken several units. That is how it should be because of its importance which enables the anger to design a favorable environment conducive for group efforts.   We shall be taking up the management function of staffing in our next unit.

6.0   TUTOR - MARKED ASSIGNMENT

Explain what is meant by Organization Chart?
Supposed you are asked to draw an organization chart, what are the rules you will take into consideration.

7.0   REFERENCES/FURTHER READINGS

Ebun, F.C (1998): Revision Notes on Business Management.   Federal
    Co-operative College, Ibadan.

UNIT 5   STAFFING

CONTENTS

1.0   INTRODUCTION

Having completed our discussions on the managing function of organizing, the next logical function in discussing the staffing. Some people will like to discuss staffing while treating organizing. But it is better we separate the two because of the role members perform in an organization. When we were discussing organizing, we emphasized the point that it involves among things creating a structure of an organization which consists of role. These roles must be performed efficiently so as to attain the objectives of the organization.

And the performance of roles is usually accomplished by people, that is, the employees of an organization. The employees essentially perform two types of roles. The first of these roles concerns the creative and innovative work of management; the second is the routine, repetitive work of the subordinates or the doers. Let me emphasize that these two firms of roles are important in the attainment of organizational objectives. This is why the workforce of an organization is the most important resource. They work on and make use of the other resources in order to achieve result. This is why organizations spend a great deal of money in the training and retaining of their staff members.

This unit starts with the definition of staffing and an explanation of what it means. Therefore, some duties associates with staffing which is

popularly called these days human resources management will be discussed.

2.0   OBJECTIVES

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

define staffing
explain the management function staffing
describe the specific duties that are associated with staffing

3.0   MAIN CONTENT

3.1   Definition of Staffing

The management function of staffing is define as filling and keeping filled, positions created in the organization structure. This is done by identifying workforce requirements, inventorying , selecting, placing ,promoting, appraising or developing job holders or candidates so that they can be able to accomplish their tasks effectively. Consequently staffing is involved in human resources management and it is utilize effectively employees talents in the attainment of organizational objectives. For all this to be possible , there are specific duties which have to be performed. We shall be considering these duties in the subsequent sections of this unit.

SELF-ASSESSMENT EXERCISE 1

You have been studying organization charts of some business organizations as a result of previous exercises. You are to make use of the charts in the exercise of this present unit. Study the charts carefully and write out:

the duties of management in each department
the duties of operative or doers in each department.

3.1   Staffing Duties

The management function of staffing necessitate the perform of several duties necessary for the employees to work better. These duties we are going to discuss below.

3.2.1 Personnel Policy

Policy , we have discussed earlier, is a guide to action. It provides basis for organizational activities. In respect of human resource management all issues relating to staffing must be reflected in the personnel policy of the organization.   Such issues include: appropriate methods of calculating the salaries and wages of the employees, training , promotion among others.   Once the policy framework has been provided, there should no deviation from. It has to be followed religiously.

3.2.2 Recruitment

In staffing, recruitment has a different meaning from our every day use of the word.   In common conversation, recruitment is generally considered as giving somebody a job. But in staffing, it takes a new meaning. Recruitment is announcing to the general public the existence of vacancies in an organization from suitably qualified candidates . Once the applications are received and short listed, that is the end of recruitment. Short listing applications means picking those ones that the organization thinks have the prospect of being employed.   There are bases for recruitment which the manager has to consider.

Bases for Recruitment

Job analysis means the breaking down of the main content of a job.   That is the basic activities that need to be performed by whosoever is going to occupy that position. Consequently, job analysis attempts to reveal the degree of skills and personal qualifications needed to perform the task under consideration.

Job description: Job description involves a written report which is based on job analysis . In describing the job, the manager talks about the expected outcome when the activities already identified in the job analysis are carried out. It also involves comparing that job with other jobs in other positions. Job title must also be given to the job because every position must have a job title. Again job description will entrant showing what mental and physical skills that will be needed to do the job.

Job Classification: Job classifications   involves the grouping together of several positions into a single class and then assign common rates and benefits to all of them.   As an example, supervisors in personnel department, marketing department and finance department can be grouped together into one class and assigned the same rate. Of course the grouping will be done by

considering the qualification (s) ,job experience among other factors.

Job specification, as the name implies, is to specify what manner of a man or woman that can reasonably perform the task that has been analyzed and described. It points out among others, the special attributes that will be required to successfully do the job.

SELF-ASSESSMENT EXERCISE 2

You are going to take national newspapers, preferably Daily times, the Guardian and The vanguard. Look for the advertisements for existing vacancies from various organizations. Can you identify titles f the jobs, positions, job descriptions, job analysis, salaries and other features of what we have discussed under recruitment?

3.2.3 Interview/Selection

Interview is used inter changeably with selection. In case you are going through some text books, instead of interview, you may get selection. We have said that recruitment ends when applications having been received must be short listed and the short listed ones are invited for interview. The essence of interviewing candidates is to verify what they claim to possess in their application letter or application form or application blank (Application blank is the same as application form). There is always a panel consisting of panel members of interviewers. As much as possible the applicant or the interviewer, that is, the person looking for the job must be seated and put at ease. As much as possible, the atmosphere must be cordial and friendly. Interview can be oral and /or written. An interview may also need the demonstration of practical skills or knowledge depending on the job in question.

While going for an interview the candidates bring the original of the credentials he claims to posses. Any alternation on the credentials is suspicious and should be investigated. The panel members also look for considerations in the statements of the candidates/the applicant.

3.2.4 Placement

Candidates judged to meet the recruitment of the job are selected and placed on the job they have applied for. As much as possible, the right candidate should be picked so that placement will not be a problem. In placement the candidate or the new employee now is matched against the job. It is assumed that the job he is going to perform ,he possessed a flair for it. That is, he is naturally gifted to do the task. You can not

place an engineer to do the work of an accountant. The engineer may not have a flair for accounting and as a result he may not perform.

3.2.5 Training

There may be need for training, not only for the new employees but also for existing job holders. Training is supposed to make up for any deficiency in skills. For a new employee, training is designed to make him familiar with his new work environment; this is orientation training. In addition to being oriented to his new environment, training is also calculated to detect special talent that the new employee may have and which will be useful for the organization. That is why the new employee may be exposed to the activities in marketing, finance, personnel and even engineering.

Where he excels is where he will be placed. Older employees can also benefit from training through updating of skills. This is important because the skills and knowledge of today may become outdated tomorrow. We have already discussed the dynamics of the environment earlier. There is the need for the manager to make a conscious, continuous efforts to improve on the training of the employees so as to make them to perform efficiently. There are different types of training:

> On the job training where an employee is put through on a specific assignment by an older employee.
> Off the job training where the employee leaves the organization to undergo the training.
> Apprenticeship training: this is where a person learns some technical skills within a defined period of time. He serves as an apprentice within that period.
> Technical training: Here the trainee learns theoretical knowledge and practical skills necessary to perform a job.
> Supervisory training is necessary for human relations skills apart from on technical training.
> Executive training: This is important for managers being prepared for top level management job. Human skill, design skill and conceptual skill are emphasized. There is less emphasis on technical skill.
> Simulated training: This is a type of training that makes use of models made exactly like real life objects or environment. For example, those who go to the moon are trained using this kind of training. The moon environment is reproduced exactly here on earth. It is only when they are successful here on earth that they can think of going to the moon. The essence is to minimize making mistakes that they can be very fatal not only for the equipment and machines but also lives.

3.2.6 Promotion

This is another function that is performed under staffing. Promotion, generally, means the shifting of an employee to a new position in which his status, salaries and responsibilities are increased. This is vertical promotion. There is also horizontal promotion here an employee gets more salary (eg annual salary increment) without necessary being shifted up to a new position, length of service ,performance, personal qualities ,qualifications among others should be considered when carrying out promotion exercise.

Promotion should be on merit and the best qualified candidate should be promoted.

3.5.4 Remuneration/Salaries and Wages Administration

Adequate salaries and wages should be given as part of remuneration package to the employees. Due to sentiments and emotions commonly attached to salaries and wages. Consequently, trade union members are involved in working out what should be a living wage for the employees. Remuneration can be worked out through hourly rate, piece rate or a combination of the two or any other acceptance basis. Whichever method that is employed, the outcome should be fair and the amount similar to what is paid to other employees in similar organizations.

3.5.6 Staff Welfare

This is ensured by maintaining all safety regulations and factory rules as well as office rules. Safety is also ensured by retaining the services of a medical doctor for quick reference of and attention to the sick. There is also the need for social welfare which involves providing recreational facilities, meal subsidy among others.

4.0   CONCLUSION

We have discussed staffing which is another management function. We defined what is staffing and we explained the nature of staffing. We also took a look at the difference duties performed by the manager under staffing.   These duties increase: recruitment, formulating, personnel policy, selection, placement, training, promotion, salaries and wages administration and staff welfare.

5.0   SUMMARY

We have completed the discussion on another function of management, which is staffing. We have talked on the definition of staffing as well as the main duties that are commonly performed under this management function . We shall be taking other functions of management in unit 16.

6.0   TUTOR-MARKED ASSIGNMENT

Define staffing.
List 5 duties that should be performed under staffing. Explain any two.

7.0   REFERENCES/FURTHER READINGS

Ebun, F.C (1998) :Revision Notes on Business Management . Federal Co-operative College, Ibadan

MODULE 4

CONTENTS

1.0   INTRODUCTION

We will soon come to the end of this course, CMP 105. We are making rapid and steady progress in the in the discussion of the important

function that the manager needs to perform in his attempt to obtain excellence. And excellence is only obtained through deliberate application of the principles and techniques of management which we are discussing in these units. There is no way we can finish the discussion in just one course neither can we cover the depth of these principles in just a course. As a result, we will be discussing further principles of management in our second course which is CPM 106 in our next semester. Some of the principles that we have been exposed to in this present course will also be further taken up too with deeper coverage. It is well we do all these and nuse so that you can have a firm understanding and value of what you are doing when you start to practice as a manager of co-operative business or any other business organization.

But before we come to the second course discussing two functions of management in these units: co-ordinating and controlling co-ordinating is always said to be the essence of management. It is the linking up of activities to bring harmony and make the entire management process and indeed all the activities in the organization unified on one direction. We shall see, how this is possible.

We will also look into the issue of controlling. We have discussed this before even though slightly. We will be looking at it in a greater detail, this time around.

2.0   OBJECTIVES

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

> Define, co-ordinating
> Explain what is co-ordinating
> Describe elements in co-ordinating
> Mention types of co-ordination
> Define controlling
> List the requirements for effective control
> List the signs of ineffective control

3.0   MAIN CONTENT

3.1   Definition of Co-ordinating

Co-orodinating is the process which concerns the relationships between tasks or activities which must fit in both form and time into an integrated accomplishment of a goal.

3.1.1 Explanation of Co-ordinating

In the process of carrying out the management   function of co-ordination, we are concerned with one job or activity should be in relation to another. We will never be concerned with just only one activity in process of managing. All activities that are necessary must be identified. We then look at how one activity is related to the next activity and how this next one is again linked to another one and so no. this is why only the major or relevant activities that should be identified. All unnecessary activities should be identified and thrown away because they constitute a drawn of organizational resources. But there are still other things that need to be looked into beyond the identification of major activities and the linkage. These activities must be further analyzed so as to find out their contents that is, the content of jobs and when they are performed, that is the timing of. Remember in our very last unit, we said that one thing a manager should do before carrying out recruitment would be to analyze the job. Analysis means breaking up. In proper co-coordinating, there should be breaking up so that we know the contents of the job and when the contents of the job should be performed with one activity linked to the other. To facilitate the process call for co-ordination. In other words co-ordination is the process of facilitating these linked actions.

3.1.2 Example of linked action

Let us consider the process of moulding blocks. There are different workers. One may be mixing the sand and cement and another carrying the mixer to the engine moulder. The operator is there and there may be another worker there too. The mixer of the cement and sand does his job. On completion, another one carries the mixture in a head pan to the engine moulder. And when he finishes, the soft moulded blocks are taken to the open field for drying. And once they are dried, another worker picks then and pile them up neatly for sale. You can see that one activity is linked to another activity through interaction and this is brought about through communication.

3.2   Elements of Co-ordination

From what we have said so far, there are two essential elements of co-ordination. These are the tables that must be performed and the timing of the task through communication. Consequently, tasks and timing constitute the major elements in co-coordinating the efforts of workers. The tasks have already been worked out in the process or organizing. It is then determined how much time it will take for a task to be completed before the next one starts without any wastage. That is to say once a task is completed the next one should being with minimum delay. It is

through the process of communication that the necessary message is passed on the next worker for him to start his job in the next phase, and as soon as he finishes, information is passed to the next worker and so on until the final work is eventually completed.

3.3   Types of Co-ordination

There are basically two main types of co-ordination. We have the voluntary co-ordination and the directed co-ordination.

3.3.1 Voluntary Co-ordination

This is when an individual or group of individuals sees a need, find and performs a task as necessary. From the example of the block making we gave, the sand and cement mixer sees the heaps of sand and bags of cement and has been employed to do the job of making blocks. He take his shovel and starts action.   And when he finishes the next person continues the next task and so on. But to do each task well, each person must have some knowledge of the goal (i.e. to make blocks), he must understand his position (either as the mixer, or the one to carry the mixed content to the engine or the engine operator or the one to carry the mixed content for drying or the one to line them up for sale and so on.

3.3.2 Directed Co-ordination

This is when the individual or group receives directive as to what to do when to do it. As one employee finishes a job his supervisor tells the next one to pick it up and performs the next operation.

3.4   Controlling (Definition)

After planning and organizing, controlling tales place. It is the process that measures current performance and guides it toward the accomplishment of some objective.   The essence of control lies in checking existing actions against some desired results which have been determined in the planning process.   We can summarize all this by saying that the two major parts of control are:

> measuring performance against the plan and
> taking corrective action when needed.

This is why controlling requires plans. And the clearer, more complete and more packaged the plans are the more effective controls are.

Measuring is the reserve of planning. This is the plans which come out of planning become the standards by which desired results are measured. Let us also one other thing concerning measuring. And that is, it demands an organization structure. You must know who is going to take action in the organization concerning a situation when what is planned is not actually what is being experienced.

3.5   Requirements for effective control

There are requirements which must exist for effective control to take place.

3.5.1 Control should be tailored to plans. This means that control should focus on result.

3.5.2 Control must provide useful and understandable information. Misunderstood controls will not be applied properly. The system must be clear and simple.

3.5.3 Control should report deviation quickly. This is necessary necessary effect of deviation.

3.5.4 Control must be tailored to positions . This is necessary so that the right persons will monitor activities in their own fields. The accounting checking activities in the finance department, the Marketing manager, in the marketing department and so on.

3.5.5 Control should be directed to strategic points. The strategic points are those very sensitive areas. If results are not achieved in those areas it would be very harmful to the organization.

3.5.6 Control should be economically realistic. This means that the cost of implementing the control system must be less than the benefits derived from the system.

3.5.7 Control should be flexible. This is important because of changes. Flexible control can adjust for uncertainties..

3.5.8 Control system should indicate and lead to corrective action. Simply uncovering and measuring deviation are not enough. Control system should point out correcting action immediately.

3.5.9 Control must be simple but difficult to manipulate.

3.5.10 Controls must be acceptable to all members of the organization.

3.6   Signs Showing that Control are inadequate or ineffective

There are outward signs which indicate that controls are inadequate and ineffective. Management should be aware of them.

These are the following:

3.6.1   Late correction

When problems, unfavorable deviation or shortfalls are discovered too late with the result that to correct them is medicine after death.

3.6.2   Taking unnecessary corrective action:

When the manager finds himself taking corrective action which could have been avoided.

3.6.3   Unnecessary Excuses

When subordinates are frequently explaining, giving excuses and apologizing for their actions on decisions.

3.6.4   When too much time is focuses on control instead of the results to be obtained.

3.6.5   Trying to circulate control

When subordinate direct the efforts and energies toward circulating control, i.e. trying to make control not to work in as indication that the control is not effective.

3.6.6 Always checking subordinates work

When the manager always mend a great deal of time checking and monitoring the work of the subordinates.

SELF-ASSESSMENT EXERCISE 3

Look around you. It can be your home, you office or any organization or associations like clubs. See if you can notice any or some of the sign that control is inadequate or ineffective. Advise the manager or whoever is in charge accordingly.

4.0 CONCLUSION

We have treated two functions of management in this unit. We discussed co-coordinating, by defining it and explaining it as well. We looked at the elements of coordination, which are the tasks or the work to be done and the time and co-ordination is facilitated by communicating. We talked about firms of co-ordaining which is voluntary and directed co-ordination. Thereafter, we moved to controlling. We gave a definition of controlling and the requirements for effective control. Finally, we pointed out the symptoms of ineffective or inadequate control system.

5.0 SUMMARY

We have discussed two functions of management. These are co-coordinating and controlling. We looked at their definitions and how we can apply them in places of work. We shall take the last management function which concerns directing and leading. And that will be the last unit for this course.

6.0 TUTOR-MARKED ASSIGNMENT

1. Define control
2. List five requirements for an effective control.

7.0 REFERENCES AND FURTHER READING

Ebun, F.C (1998): Revision Notes on Business Management. Federal Co-operative College, Ibadan.

UNIT 2   DIRECTING AND LEADING

CONTENTS

1.0   INTRODUCTION

Directing and leading is the last management function we are going to consider in this course. And this unit is the last one too for this course. Last unit, we discussed controlling and co-ordinating. We saw their useful and their nature and they form part of the management process. Remember what we said in the beginning when we started looking at the management functions. We pointed out these functions are not to be considered as if they are separate and airtight. They are connected with one another, they work as a system.

As a result, if any one of them is not properly applied the whole process of manager will suffer. All the functions are important and should be performed diligently.   Directing and leading is the inter-personal relations of mangers and their subordinates.

It concerns those interactions that managers need to have with their subordinates.   You distance yourself from your subordinates. Subordinates must be given guidance through good communication and by ability to lead. This is because dealing with subordinates involves complex patterns of behaviours which must be analyzed and understood. That is why superior offices must understand themselves thoroughly well. They must also understand their subordinates very well and work out appropriate motivation packages depending on the circumstance that will make the employees to work. Some of all these issues can not be treated in detail in this course. We are going to carry them over to the next one. Principles and theories of leadership and motivation will be corrected in our next course together with other important principles that

we could not address sufficiently in this course. Presently, we are going to look at three keys areas and all of them introductory in scope. We shall be discussing shortly the communication principles, leadership and motivation. Under leadership we shall examine the qualities of a good leader, while in motivation; we shall be highlighting the techniques on human relations.

2.0   OBJECTIVES

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

> define communication
> list the importance of communication in organization
> explain what is leadership
> the ingredients of leadership in organizations
> qualities of a good leadership
> techniques of good human relations.

3.0   MAIN CONTENT

3.1   Definition of Communication

Communication is the process of transferring information from a sender to a receiver with the information being understood by the receiver. The key areas here in this definition concern the sender pf the communication, the transmission of the message and the receiver of the message. But we have to note that there can be noise. Noise is any thing that interferes with good communication. We should note the need for feedback because that is what facilitates communication. We shall be examining of all and more including electronic media in communication in our second course in management which comes up in the second semester.

SELF-ASSESSMENT EXERCISE 1

We just discussed what communication is. And we saw that messages must be sent by the sender to the receiver. This means, there must be channels through which messages can be sent. Can you identify such channels?

3.2   Importance of Communication

Communication plays key roles in every organization. The importance of communication can be seen from the following:

3.2.1 Communication is the means by which people are linked together in an organization. We have already stressed this point when we were treating co-ordinating. Can you still recollect what we said there?

3.2.2 Arising from the first point we have just said, communication enables people to achieve organization's objectives. Without communication, you are   helpless and may know what to do. You may not know even the objectives of the organization and how to go about achieving them

3.2.3 Communication makes it possible for changes to happen through the formulation and execution of plans. As a result, planning is impossible without communication.

3.2.4 Through communication, it is possible to organize human and material resources in the most effective and efficient manner.

3.2.5 Communication makes it possible to select, develop, appraise members of staff in an organization.

3.2.6 It is through communication that the manager can be able to lead, direct, motivate and create a climate in which people will want to contribute.

3.2.7 To control performance so that the objectives which have already been set is impossible without good communication system.

3.3   Leadership

The managerial function of leading is simply the process of influencing people so that they will contribute to the goals of the organization. To lead is to influence, to guide and to motivate. We will be discussing more on the principles and theories of leadership again in our next course. The leader encourages people to develop not only willingness to work but also willingness to work with zeal and confidence. Zeal is order, earnestness and intensity in the execution of work; confidence reflects experience and technical ability.   A leader ensures the development of all these and more. He does not stand behind a group simply to push and produce. He stands at the forefront before the group as he facilitates progress and inspires the group to accomplish goals.

SELF-ASSESSMENT EXERCISE 2

You have just seen the definition and nature of leadership. Look around your immediate community; can you see individuals whom you can call leader?

What about your state and Nigeria? Can you name them? What are the reasons for picking them as leaders?

3.4   Ingredients of Leadership

3.4.1 Leaders look at the future and create mental pictures of which they want to be happy. People perish for lack of vision. But leaders envisage the future and make things to happen. They are not satisfied with the status quo; they always seek for improvement.

3.4.2 Leaders instill values wherever they are. These values can be good quality of the goods and services they are making, values for honesty, concern for employees, and concern for customers.

3.4.3 Leaders have the power which they use effectively and in a most responsible manner.

3.4.4 They have the ability to know that human beings have different needs at different times. They try to satisfy these needs.

3.4.5 They always a source of inspiration to others. Even when they are not around the work goes on.

3.4.6 They have the ability to act in a manner that will develop a climate conducive to mental and physical efforts which are satisfying to both the employees, customers and organization.

3.5   Qualities of a good Leader

From all what we have said in 3-4, you can summarize what can be regarded as the qualities which a good leader has. These are in the following ways:

3.5.1 A leader must posses' energy. A lazy and weak person can not be a meaningful leader. The energy is not only physical energy but also mental energy as well as spiritual energy too.

3.5.2 Emotional Stability: This is important because it enables the leader to act with self confidence. He avoids anger, resentment,

fear and other negative emotions and reactions. All this is necessary so that he can be able to lead the subordinates with understanding.

3.5.3 The leader has a good knowledge of human relations. Human relations demand a good understanding of human behaviours and construction reactions to these behaviours.

3.5.4 Empathy.   The leader has to put him in the position of the subordinates. He must not take decision solely at his own level. He must assess the impact of an intending decision on his followers.   He has to look at things objectively from the subordinate's point of view.

3.5.5 Personal motivation.   The leader wants to start something new. He has initiative. He has ideas which he wants to put into practice. The enthusiasm is there and is always a self starter.

3.5.6 Communication skill which is the ability to write and talk forcefully. The leader message is always clear and to the point. He uses other forms of non verbal communication such as smiles, gesticulations among others to convey his message to the audience.

3.5.7 Teaching and loading ability which enables the leader to develop and inspire his subordinates.

3.5.8 Social skill: This enables the leader to understand people and know their strengths and weaknesses. All these make him to be friendly and approachable.

3.5.9 Technical skill which provides him with an effective knowledge and insights of the work operations under his guidance and so previsions.

3.6   Techniques of Human Relations

A good leader in exercise of his qualities ensures good human relations. He knows that not much can be accomplished on individual basis but in groups, a lot can be done. He makes th3 employees to work purposefully as a team through adequate motivation. The techniques commonly employed for this purpose are following:

3.6.1 Friendliness and approval: The leader has to be friendly with those working with his as well as outsiders.   The depth of friendship should be well rooted on sincerely the desire to get

along with every one. The subordinates expect this because they depend on the leader/manager for a lot of things. They want to be accepted.   They also want approval from their leader over constructive behaviours.   Mistakes should be corrected with understanding and good performance rewarded adequately. The subordinates want to know that the boss values him and approves of him.

3.6.2 Consistency and Fairness: Inconsistent behaviour by a leader or manager can be a source of anxiety and imitation. If it goes on, the subordinates might get totally frustrated with the entire job. This is why consistent behaviour from the leader makes the subordinates to develop confidence since they know what the leader wants and how they can respond to his demands.

3.6.3 Support subordinates: Support can come in a variety of forms such as seeking for their promotions, assisting when any of them alls sick, settling disputes among so as to maintain peace and harmony.

3.6.4 Use of Participation: This is used primarily as a tool for better decision. That is why both the manager and subordinates should always come together and decide on what to do. The subordinates will be committed to such decisions because they contributed to their making.

3.6.5 Closeness of Supervision: Once assignment has been defined and the time to accomplish it has agreed, subordinates should be left alone to perform.   The leader only needs to monitor progress through reports. However, if the work is sensitive and /or difficult and as a result, the subordinate call for closer supervision, it can be extended to him.

3.6.6 Settlement of Grievances: Conflicts and grievances are bound to occupy in a group. This is because members of a group have difficult background and conflicting interests. But whenever conflicts and /or grievances arise, whether a major or minor one, the leader should quickly intervene and reconcile the parties involved.

3.6.7 Two-way Communication: There should always be a two-way communication. While the leader sends out messages, he must listen for the feedback. Similarly, at certain circumstances, the subordinates can initiate communication. In this instance, they are the senders of messages while the leader is the receiver.

4.0   CONCLUSION

We have discussed the last management function which is on directing and leading. The function involves inter personal relations between the manager and the subordinates which are achieve through communication. Communication can be oral or written or a combination of the two. It must be clear and direct to the point. We discussed too leadership in terms of its meaning, the ingredients of good leadership as well as the qualities for good human relation which the leader/manager should always apply.

5.0   SUMMARY

Directing and leading is the last function of management we are going to consider.   We have discussed forecasting, planning organizing, co-ordinating, controlling, staffing and directing and leading. Some of the features of these functions will be further examined and covered in greater detail in our next house.

6.0   TUTOR-MARKED ASSIGNMENT

What is Communication?
Why is Communication important in an organization?

7.0   REFERENCES/FURTHER READINGS

Akanni J.A (1987): management, Concepts, Techniques and Cases. Taa Printing & Publishing Company, Ibadan.

Ebun, F.C (1998): Revision Notes on business Management. Federal Co-operative College, Ibadan