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Introduction to business and management

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Economics, Management,
Finance and the Social Sciences

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Contents

Introduction **1**
Aims of the course 2
Learning outcomes 2
Reading and learning resources 2
Online study resources 6
Developing a glossary 7
Hours of study and using this subject guide 8
The structure of this course 10
Examination advice 11
Section 1: The development of business and management **13**
Chapter 1: Concepts, definitions and origins **15**
Aims of the chapter 15
Learning outcomes 15
Essential reading 15
Further reading 16
Beginning your study 16
1.1 The importance of key concepts 16
1.2 A closer look at business and organisations 17
1.3 A closer look at management 19
1.4 The evolution of business and management studies 21
Chapter review 25
A reminder of your learning outcomes 26
Sample examination questions 26
Advice on answering a question 26
Chapter 2: Understanding the business organisation – a multidisciplinary approach **29**
Aims of the chapter 29
Learning outcomes 29
Essential reading 29
Further reading 30
Introduction 30
2.1 A multidisciplinary view of business and management 30
2.2 Sociological perspectives 31
2.3 The anthropology of organisations 33
2.4 The contributions of psychology 34
2.5 Economic approaches to organisations 36
2.6 The stakeholder model of the firm 38
Chapter review 39
A reminder of your learning outcomes 40
Sample examination questions 40
Advice on answering a question 41
Section 2: Decision making **43**
Chapter 3: The management role **45**
Aims of the chapter 45

Learning outcomes 45
Essential reading 45
Further reading 46
Introduction 46
3.1 Organisational goals and objectives 46
3.2 What is a manager? 47
3.3 What do managers do? 50
3.4 Decision making and effectiveness 53
3.5 Planning role 55
3.6 Leadership role 56
3.7 Motivating role 61
3.8 Controlling role 63
Chapter review 64
A reminder of your learning outcomes 65
Sample examination questions 65
Advice on answering a question 66

Chapter 4: Theoretical approaches to strategic decision making and organisational change 67

Aims of the chapter 67
Learning outcomes 67
Essential reading 67
Further reading 68
Introduction 68
4.1 Decision making in business 68
4.2 Theories and models for making decisions 71
4.3 Strategy 84
4.4 Analysing the environment 88
4.5 Organisational change and development 91
4.6 Managing the change process 93
4.7 Managing resistance to change 95
Chapter review 97
A reminder of your learning outcomes 97
Sample examination questions 97
Advice on answering a question 98

Chapter 5: Managing the main functional areas 99

Aims of the chapter 99
Learning outcomes 99
Essential reading 99
Further reading 100
Introduction 100
5.1 Functional areas of business organisations 100
5.2 Finance 103
5.3 Human resource management 108
5.4 Production and operations 111
5.5 Marketing 113
5.6 Communications 117
Chapter review 119
A reminder of your learning outcomes 120
Sample examination questions 120
Advice on answering a question 120

Section 3: Business and the environment 123

Chapter 6: Key internal elements of the firm..... 125

Aims of the chapter 125
Learning outcomes 125
Essential reading 125
Further reading..... 126
Introduction 126
6.1 Organisational dynamics..... 126
6.2 Type, ownership, strategy and size..... 128
6.3 Organisational structure 131
6.4 New technology and business organisations 140
6.5 Understanding organisational culture..... 143
Chapter review 147
A reminder of your learning outcomes..... 148
Sample examination questions..... 148
Advice on answering a question 149

Chapter 7: Key external elements of the business context..... 151

Aims of the chapter 151
Learning outcomes 151
Essential reading 151
Further reading..... 152
Introduction 152
7.1 Studying business within its external environment..... 152
7.2 The economic environment 154
7.3 The political environment..... 157
7.4 The technological environment..... 161
7.5 The cultural environment..... 162
7.6 Analysing the business environment..... 167
7.7 Summing up 168
Chapter review..... 169
A reminder of your learning outcomes..... 169
Sample examination questions..... 170
Advice on answering a question 170

Chapter 8: The diverse and dynamic nature of the business context 173

Aims of the chapter 173
Learning outcomes 173
Essential reading 173
Further reading..... 174
Introduction 174
8.1 The international context 175
8.2 Globalisation and business 176
8.3 Management of multinational companies (MNCs)..... 181
8.4 Small business organisations 187
Chapter review 190
A reminder of your learning outcomes..... 190
Sample examination questions..... 191
Advice on answering a question 191

Section 4: Contemporary issues in business and management 193

Chapter 9: Contemporary issues; knowledge management, learning organisations, e-business 195

Aims of the chapter 195
Learning outcomes 195
Essential reading 195
Further reading 196
Introduction 196
9.1 Dynamics of business and management 196
9.2 Knowledge management 197
9.3 The learning organisation 203
9.4 Electronic business (e-business) 207
Chapter review 211
A reminder of your learning outcomes 211
Sample examination questions 212
Advice on answering a question 212

Chapter 10: The social responsibilities of business organisations 215

Aims of the chapter 215
Learning outcomes 215
Essential reading 215
Further reading 216
Introduction 216
10.1 Business in society 216
10.2 Business ethics and managerial integrity 217
10.3 Business and social responsibilities 223
10.4 Corporations as good citizens 231
Chapter review 235
A reminder of your learning outcomes 235
Sample examination questions 235
Advice on answering a question 236

Appendix 1: Sample examination paper 237

Appendix 2: Sources and references 239

Introduction

Welcome to **107 Introduction to business and management**. You have chosen to study a dynamic subject that will stretch your knowledge and challenge your ideas. This is an introductory course, which is designed to engage you with the key concepts, models, debates and problems in the study of business and management. Developing this foundation will be beneficial to your subsequent study of specialised subjects, because you will be able to make connections between different issues.

This introductory course is also a chance for you to develop your academic skills, in particular your critical approach to the ideas you are presented with. Studying at this level means actually engaging with what you are reading: considering what is being said in relation to other theories, practical examples, and your own reflections. The subject of business and management offers an ideal opportunity to develop this academic approach, as a wide variety of groups, individuals and organisations offer diverse opinions and theories regarding the workings of business and successful management.

Throughout the course you will be taking an active part in your learning, developing your own responses to what you read and so building a deeper appreciation of issues concerning business and management. It is therefore helpful to view this introductory course as an opportunity to develop a solid framework of knowledge, as well as a critical academic approach. Together these will make your work on this course engaging and stimulating, and will equip you with the tools needed to do well in your future studies.

In the remainder of this introductory chapter you will be given advice and guidance on the following:

- the course aims and learning outcomes
- the reading system
- your role in using the subject guide
- the structure of the course
- preparing for the assessment.

It is important to understand all of these at the beginning to ensure that you are able to get the most out of the course.

The subject of business and management is an important and exciting one. You will learn about the workings of business organisations, how they function, and how they interact with the environment. The subject also includes how these business organisations are managed, including the strategies used to guide them and the decisions involved in the role of the manager. Studying these issues by following the course as it is designed should ensure that although challenging, it will also be an enjoyable and satisfying experience.

Aims of the course

This course has three main aims, and these directly relate to the major themes that will be emphasised throughout. The course aims to:

- provide a comprehensive introduction to the key elements of the business organisation, and to competing theories and models of the firm and its environment, and to provide a critical perspective on the main functional areas of management
- build a foundation of knowledge on the different theoretical approaches to management and decision making
- develop analytical skills to identify the links between the functional areas in management, organisations, management practices and the business environment.

Learning outcomes

On completion of this course, you should be able to:

- understand the evolution of the business organisation and management thought, identifying the interconnections between developments in these areas
- evaluate alternative theories of management critically, recognising the centrality of decision making and strategic thinking to the managerial role and functions
- discuss and compare different models and approaches to understanding the firm, evaluating these in the context of the business environment
- explore the impact of key environmental factors on decision making and organisational behaviour
- evaluate the significance of contemporary issues in business and management.

Reading and learning resources

A vast array of material has been written about business and management, and this is a major reason for the subject being such an interesting one. Many different people, organisations and groups hold widely differing views on issues in this area. You are going to be taking an academic approach to the subject, and this needs to be reflected in your reading. Reading is a vital and central part of your work and successful progress in this course. It is important that you make use of your academic and study skills handbook *Strategies for success*. This will really help you, because it includes guidance on reading technique. It is possible for everyone to develop their reading skills, and consciously working on this will be of great benefit to you.

This subject guide is designed to guide you through academic material in the major areas of business and management, as set out in the syllabus. It is important at this stage to understand the reading system, for this will ensure that you cover all the necessary elements of the main topics in a comprehensive way. The reading system that will be employed consists of three elements, which are explained below.

Essential reading

For each topic you are required to study some readings that are essential and compulsory. It is from this material that the majority of your knowledge will be gained. It is therefore vital that you do **all** the Essential reading specified.

All the Essential reading will be listed at the beginning of each chapter. However, it is best to study these readings and the guide in parallel. Therefore you will work from the guide and, at the most relevant points in each chapter, you will be advised which is the relevant reading and when to read it. Please note that when you are advised to read certain pages in a chapter, this will usually refer to the section that starts and finishes on those pages rather than all the text on them. It will be clear from the subject matter of the section which passages you are intended to read. If you flick through one of the chapters of the guide now, you will see how this will work.

Key texts

One main key text has been selected for this course:

Mullins, L.J. *Management and Organisational Behaviour*. (Essex: Pearson Education, 2010) ninth edition [ISBN 9780273728610].

One secondary key text has been selected to supplement this, because not all topics are covered by Mullins (2010) and this will also offer you an alternative perspective. This is:

Daft, R.L. *New Era of Management*. (Mason, Ohio: South Western: Cengage, 2008) second edition [ISBN 9780324537772].

Detailed reading references in this subject guide refer to the editions of the set textbooks listed above. New editions of one or more of these textbooks may have been published by the time you study this course. You can use a more recent edition of any of the books; use the detailed chapter and section headings and the index to identify relevant readings. Also check the virtual learning environment (VLE) regularly for updated guidance on readings.

In the past, Daft's text (initially titled *Management* and then *New Era of Management*) has not changed substantially, apart from updating of case studies, etc. There may be a reordering of chapters. Both of the key texts have new editions produced on a regular basis, but the content of the Essential readings should be clear enough for you to use older versions if necessary.

An alternative text which covers the course syllabus in most areas is:

Boddy, D. *Management: An Introduction*. (Harlow: FT Prentice Hall, 2008) fourth edition [ISBN 9780273711063].

Readings in this text will be listed in the Further reading sections at the beginning of chapters.

Further reading

Please note that as long as you read the Essential reading you are then free to read around the subject area in any text, paper or online resource. You will need to support your learning by reading as widely as possible and by thinking about how these principles apply in the real world. To help you read extensively, you have free access to the VLE and University of London Online Library (see below).

At the beginning of each chapter, a list of possible Further readings will be offered. A selection is always presented, but none of them is compulsory. You can select from the list for each chapter when you come to it, if you wish to. Therefore you should not be worried that this list is long: it is only to give you a choice should you want one!

You may find it helpful to look at these readings if you are particularly interested. As much reading as possible is always to be encouraged. Again, however, it should be noted that it is the Essential readings that make up the course, and your efforts of analysis and evaluation should be concentrated on these first and foremost.

Journal articles

Alvesson, M. and D. Karreman 'Odd couple: making sense of the curious concept of knowledge management', *Journal of Management Studies* 38(7) 2001, pp.995–1018.

Barlett, A. and S. Ghoshal 'Matrix management: not a structure, a frame of mind', *Harvard Business Review* 68(4)1990, pp.138–45.

Beugre, C.D. and O.F. Offodile 'Managing for organisational effectiveness in sub-Saharan Africa: a culture-fit model', *International Journal of Human Resource Management* 12(4) 2001, pp.535–50.

Easterby-Smith, M., M. Crossan and D. Nicolini 'Organisational learning: debates past, present and future', *Journal of Management Studies* 38(7) 2001, pp.783–96.

Gordan, G.G. and N. Ditomaso 'Predicting organisational performance from organisational culture', *Journal of Management Studies* 29(6) 1992, pp.783–98.

Hales, C. 'Leading horses to water? The impact of decentralisation on management behaviour', *Journal of Management Studies* 36(6) 1999, pp.831–51.

Jackson, T. 'Management ethics and corporate policy: a cross cultural comparison', *Journal of Management Studies* 37(3) 2000, pp.349–69.

Lowe, J., J. Morris and B. Wilkinson 'A British factory, a Japanese factory and a Mexican factory: an international comparison of front-line management and supervision', *Journal of Management Studies* 37(4) 2000, pp.541–62.

Nutt, P. 'Decision-making success in public, private and third sector organisations: finding sector dependent best practice', *Journal of Management Studies* 37(1) 2000, pp.77–108.

Porter, M. 'What is strategy?', *Harvard Business Review* 74(3) 1996, pp.61–78.

Scholte, J.A. 'Globalisation, governance and corporate citizenship', *Journal of Corporate Citizenship* 1, Spring 2001, pp.15–23.

Shimomurs, M. 'Corporate citizenship: Why is it so important?', *Journal of Corporate Citizenship* 1, Spring 2001, pp.127–30.

Swan, J. and H. Scarborough 'Knowledge management: concepts and controversies', *Journal of Management Studies* 38(7) 2001, pp.913–21.

Tsoukas, H. and E. Vladimirou 'What is organisational knowledge?', *Journal of Management Studies* 38(7) 2001, pp.974–93.

Books

Agmon, T. and R. Drobnick *Small Firms in Global Competition*. (New York: Oxford University Press, 1994) [ISBN 9780195078251].

Boddy, D. *Management: An Introduction*. (Harlow: FT Prentice Hall, 2008) fourth edition, [ISBN 9780273711063].

Cole, G.A. *Management Theory and Practice*. (London: DP Publications, 2003) sixth edition [ISBN 9781844800889].

Douma, S. and H. Schreuder *Economic Approaches to Organizations*. (London: Prentice Hall, 2008) fourth edition [ISBN 9780273681977].

Grint, K. *Management: A Sociological Introduction*. (Cambridge: Blackwell, 1995) [ISBN 9780745611495].

Grint, K. *The Sociology of Work*. (Cambridge: Polity Press, 2005) third edition [ISBN 9780745632506].

Held, D., A. McGrew, D. Goldblatt and J. Perraton *Global Transformations: Politics, Economics and Culture*. (Stanford: Stanford University Press, 1999) [ISBN 9780804736275].

Hofstede, G. *Culture's Consequences: International Differences in Work Related Values*. (London: Sage Publications, 1980; abridged edition, 1984) [ISBN 9780803913066].

Huczynski, A. and D. Buchanan *Organisational Behaviour: An Introductory Text*. (London: Prentice Hall, 2008) sixth edition [ISBN 9780273708353].

Johnson, G. and K. Scholes *Exploring Corporate Strategy*. (London: Prentice Hall Europe, 2005) seventh edition [ISBN 9780273687399].

Mann, C., S. Eckert and S. Knight *The Global Electronic Commerce*. (Washington DC: Institute for International Economics, 2000)[ISBN 9780881322743].

Massie, J.L. *Essentials of Management*. (Upper Saddle River, NJ: Prentice Hall, 1987) fourth edition [ISBN 9780132863377].

Miller, G. *Managerial Dilemmas: the Political Economy of Hierarchy*. (Cambridge: Cambridge University Press, 1997) [ISBN 9780521457699].

Mintzberg, H. *The Nature of Managerial Work*. (Upper Saddle River, NJ: Prentice Hall, 1990) [ISBN 9780060445553].

Needle, D. *Business in Context: an Introduction to Business and its Environment*. (London: Business Press, 2004) fourth edition [ISBN 9781861529923].

Pearson, G. *Integrity in Organisations: an Alternative Business Ethic*. (London: McGraw-Hill, 1995) [ISBN 9780077091361].

Perman, R. and J. Scouller *Business Economics*. (Oxford: Oxford University Press, 1999) [ISBN 9780198775249].

Robbins, P. *Greening the Corporation: Management Strategy and the Environmental Challenge*. (London: Earthscan Publications, 2001) [ISBN 9781853837715].

Scholte, J.A. *Globalization: a Critical Introduction*. (Basingstoke: Palgrave, 2005) second edition [ISBN 9780333977026].

Senge, P. *The Fifth Discipline: the Art and Practice of the Learning Organization*. (New York: Doubleday, 1990; second edition, 2005) [ISBN 9780385517256].

Sklair, L. *The Transnational Capitalist Class*. (Oxford: Blackwell, 2001) [ISBN 9780631224624].

Stonehouse, G., J. Hamill, D. Campbell and T. Purdie *Global and Transnational Business: Strategy and Management*. (Chichester: John Wiley and Sons, 2000; second edition, 2004) [ISBN 9780470851265].

Tissen, R., D. Andreiseen and F. Deprez *The Knowledge Dividend: Creating High-Performance Companies Through Value-Based Knowledge Management*. (London: Pearson Education, 2000) [ISBN 9780273645108].

Waters, M. *Globalization*. (London: Routledge, 1995; second edition 2001) [ISBN 9780415238540].

Wright, S. *The Anthropology of Organizations*. (London: Routledge, 1994) [ISBN 9780415087476].

Supplementary literature

As well as the readings that will be specified within each chapter, you will find it helpful to read up on current issues in major journals, specialist magazines and the business sections of newspapers, etc. Below is a selection of journals which could be useful, and it is recommended that you familiarise yourself on a regular basis with the type of articles and current topics covered by them:

- *Journal of Management Studies*

- *Asia-Pacific Business Review*
- *European Business Review*
- *The Harvard Business Review.*

Other learning resources

Gathering case material on particular companies and countries will also help you to develop a critical approach to the theories as you relate them to practice. Building up this material and your knowledge of current business debates, familiarising yourself with key journals, improving your reading skills and developing a systematic approach to your reading are all things that you can begin to do now, today. Remember that reading is key to progress on this course.

Also, friends, contacts in business and family members who are active in business can be a useful and relevant resource, because it is very useful to talk to people with practical experience. As well as this, if you know other people studying the subject, it is very helpful to talk through your ideas and to discuss what you are learning.

Finally, do not forget your brain – and your capacity to think critically: you will not get far without this!

Online study resources

Another additional learning resource for this course is the internet. If you have access to this, you should start to collect relevant websites and become familiar with searching for company information on them. At certain points in the guide you will be directed to internet sites that are relevant to your studies. Unless otherwise stated, all websites in this subject guide were accessed in 2009. We cannot guarantee, however, that they will stay current and you may need to perform an internet search to find the relevant pages.

In addition to the subject guide and the Essential reading, it is crucial that you take advantage of the study resources that are available online for this course, including the VLE and the Online Library.

You can access the VLE, the Online Library and your University of London email account via the Student Portal at:

http://my.londoninternational.ac.uk

You should receive your login details in your study pack. If you have not, or you have forgotten your login details, please email uolia.support@ london.ac.uk quoting your student number.

The VLE

The VLE, which complements this subject guide, has been designed to enhance your learning experience, providing additional support and a sense of community. It forms an important part of your study experience with the University of London and you should access it regularly.

The VLE provides a range of resources for EMFSS courses:

- Self-testing activities: Doing these allows you to test your own understanding of subject material.
- Electronic study materials: The printed materials that you receive from the University of London are available to download, including updated reading lists and references.

- Past examination papers and *Examiners' commentaries*: These provide advice on how each examination question might best be answered.
- A student discussion forum: This is an open space for you to discuss interests and experiences, seek support from your peers, work collaboratively to solve problems and discuss subject material.
- Videos: There are recorded academic introductions to the subject, interviews and debates and, for some courses, audio-visual tutorials and conclusions.
- Recorded lectures: For some courses, where appropriate, the sessions from previous years' Study Weekends have been recorded and made available.
- Study skills: Expert advice on preparing for examinations and developing your digital literacy skills.
- Feedback forms.

Some of these resources are available for certain courses only, but we are expanding our provision all the time and you should check the VLE regularly for updates.

Making use of the Online Library

The Online Library contains a huge array of journal articles and other resources to help you read widely and extensively.

To access the majority of resources via the Online Library you will either need to use your University of London Student Portal login details, or you will be required to register and use an Athens login:
http://tinyurl.com/ollathens

The easiest way to locate relevant content and journal articles in the Online Library is to use the **Summon** search engine.

If you are having trouble finding an article listed in a reading list, try removing any punctuation from the title, such as single quotation marks, question marks and colons.

For further advice, please see the online help pages:
www.external.shl.lon.ac.uk/summon/about.php

Developing a glossary

A glossary is an alphabetical listing of all the words and phrases that you come across that relate to one subject. In this course you are going to come across a lot of new words and ideas. It will be helpful for you to keep a record of these in the form of a glossary. This should keep expanding as you go through the course, so think carefully about how you are going to record them and the best way for you to add in additional entries. Mullins (2010) provides a glossary, as do Daft (2008) and Boddy (2008). These will be helpful to you in this course. If a word is not listed, look in other books or in a dictionary. You might buy one of the dictionaries of business or commerce available (for example, those published by Collins or Penguin).

Your own glossary is very helpful for reference throughout your studies and also for your examination revision. In Chapter 1 we will discuss further the main terms and the need for definitions. However, it will be helpful for you to get started with your glossary now, in preparation. Below are some initial definitions (taken from the *Concise Oxford Dictionary* (1995) (ninth edition) – 'COD' for short). You can use these to

start your glossary. They are purposely kept short because you need to add to them as you study. You will find lots of definitions in books and, when you do, add good ones to your glossary. Reference the definition so that you know where you found it. You can start this process immediately by looking in your own dictionary and adding to these definitions from there.

Samples for your own glossary

- **Behaviour** – *COD*: the way one conducts oneself; manners. The treatment of others; moral conduct. The way in which [something] acts or works. [Psychology] the response (of a person or animal, etc.) to a stimulus. (Mullins has a number of entries for the adjective '**behavioural**': copy these in now.)
- **Business** – *COD*: many different meanings here; one's regular occupation, profession, or trade. Buying and selling. A structure. A series of things needing to be dealt with. A commercial house or firm. Something that involves dealing, operations, undertakings. In Chapter 1 we develop the definition: a commercial enterprise or establishment that makes and/or trades in goods or services.
- **Businessman** and **businesswoman** – *COD*: people engaged in trade or commerce, especially at a senior level.
- **Business organisation** – This definition is the one we develop in Chapter 1: an organisation (see below) that is both commercial and social, which provides the necessary structures to achieve the central objective of trades in goods or services.
- **Concept** – *COD*: a notion or an idea that helps us understand some subject. For instance, the concept of motion helps us understand moving objects. (See what Mullins has in his glossary for '**conceptual ability**'. Another common term is '**conceptual framework**'. Add this to your glossary when you come across it.)
- **Discourse** – *COD*: a dissertation or treatise on an academic subject. (This word is used a lot in sociology and also in literary criticism. In economics and business studies it is hardly mentioned.)
- **Manage** – *COD*: organise; regulate; be in charge of (a business, household, team, a person's career, etc.). To meet one's needs with limited resources (for example, 'just about manages on a pension'). To take charge of or control (for example, an animal, especially cattle).

We will return to many of these terms, so do not worry if you have not fully understood them from this. The idea here is that you have a growing record of useful terms and that you start the habit of adding to this from the very beginning of the course.[1]

[1] Have a look at the Glossaries in Mullins (2010) and Daft (2008) now, and then make a start on developing your own.

Hours of study and using this subject guide

The period of study for a course of this nature is about eight months. You should spend at least seven hours on this course each week. You are about to begin a journey of learning and development, with this subject guide to direct and steer you. This subject guide has been designed to help you to work through these topics in a systematic and thorough manner. It is vital to remember that what you are reading here is not the course in itself, but a guide through the course, which also consists of the reading and your own critical thinking.

It is essential that studying this guide is done in conjunction with the reading system outlined above. It is also essential that you develop your

own set of notes as you work through the subjects, and that you engage with the material in a critical way. Your role and the design of the subject guide are explained further in this section. However, it is important for you to have familiarised yourself with your academic and study skills handbook *Strategies for success* before you embark on the first chapter.

Your role and academic development

You have an active role to play as you work through this course. It is not sufficient to view each topic in an isolated way and only to be able to describe what you read about. It is essential that you make a conscious effort to identify links, make comparisons and consider the implications of the different issues as you progress through the course. This will make the issues come to life.

Thinking critically is an essential part of this course, and although nobody is born with this skill, it is one that everyone can develop and improve. Remember that there is rarely one correct answer or approach to a question. It is likely that you will be presented with a variety of theories, models or definitions, all trying to explain similar phenomena. Your role is, first, to grasp what each source is saying, but then to question, evaluate and compare it to alternative explanations. Thinking critically is also not just about developing criticisms, but is a process of evaluation, where both the positive and the negative aspects of a theory, study or model are considered.

You can begin to develop these skills as soon as you start the first chapter. As you read, ask yourself what you think, how it relates to what you already know, your experience, and what others claim. Actually building into your notes your own reflections and your own responses can be a useful method of developing this skill, and will also be valuable when you come to revise. It can be helpful to make a clear separation between your own thoughts and the notes you take on the main points of the reading, perhaps by highlighting them with a different colour, dividing up the page, or boxing them off. You should note that there is further guidance on thinking critically in *Strategies for success*.

Chapter structure

Every chapter includes a number of consistent features, designed to assist you in your progress through the module.

- Each chapter begins by setting out what it aims to achieve, so that it is clear what you should learn.
- This is followed by the learning outcomes, so that you know what knowledge you should develop.
- The Essential reading is then set out.
- Suggestions for Further reading will also be given at this point.
- There is a chapter review section at the end of each chapter, including:
  - the key points that have been made in the chapter
  - a range of sample examination questions to help test what you have learnt
  - suggestions as to how one of the examination questions could be answered.

You should study this review section to be certain that you have grasped everything you are supposed to have learnt from that chapter, and that you are at the right level to move on to the next chapter.

Interactive format

In addition to these key features of every chapter, exercises have been provided throughout the guide to help you engage and interact with the material you are studying. Although these are not assessed, the more involved you get, the deeper the understanding you will develop. Different activities have been designed, each with a specific purpose, as follows:

- **questions**, to test your understanding of what you have read
- **readings**, to direct you to relevant sections of the Essential reading and instruct you when to do your reading, as well as sometimes offering questions to ensure that you understand the texts
- **case studies**, to encourage you at specific points to learn about the case of a particular business or to think about the ones you know. There are case studies in both the subject guide and the key texts.

It is strongly recommended that you complete these activities as you work through the course. The work you do for some activities will be developed further at later points in the course. Take an active role from the beginning and develop this active learning throughout. This will give you confidence in your knowledge, ability and opinions.

The structure of this course

It is important to understand how your course is structured, so that it is easier for you to navigate around the topics and this guide. The syllabus consists of four sections, designed to introduce you to the main theories, debates and issues relating to the study of business and management. Each section deals with several major topics and an indication is given below of the elements that each will include. However, this course deals with a dynamic topic, so it is important to recognise the interrelationships between these themes.

Section 1: The development of business and management

Concepts, definitions and origins; understanding the business organisation – a multidisciplinary approach.

Section 2: Management and decision making

The management role; theoretical approaches to strategic decision making and organisational change; also managing the main functional areas.

Section 3: Business and the environment

Key internal elements of the firm; key external elements of the business environment; the diverse and dynamic nature of the business context.

Section 4: Contemporary issues in business and management

Business development and information technology; the social responsibilities of business organisations.

Examination advice

Important: the information and advice given here are based on the examination structure used at the time this guide was written. Please note that subject guides may be used for several years. Because of this we strongly advise you to always check both the current *Regulations* for relevant information about the examination, and the VLE where you should be advised of any forthcoming changes. You should also carefully check the rubric/instructions on the paper you actually sit and follow those instructions.

Remember, it is important to check the VLE for:

- up-to-date information on examination and assessment arrangements for this course
- where available, past examination papers and *Examiners' commentaries* for the course which give advice on how each question might best be answered.

The assessment for this course is via examination, and the guide aims to offer assistance in your preparation for this. It is essential that you make use of your academic and study skills handbook *Strategies for success*, which gives vital information about the examination process and guidance on preparing for all your examinations. It will really help you to study this now, before you begin, as well as at the time of the examination.

In addition, guidance for the examination for the **107 Introduction to business and management** course has been built into this subject guide. Each chapter ends by offering four sample examination questions and suggestions of how at least one of these could be approached.

At the end of the guide, in Appendix 1, you will also find a sample examination paper. Have a look at this now to understand what you will need to do and what your examination paper will look like.

It is important to remember that the examination is the end-method of assessment, rather than the focus of the course. Concentrating on engaging with the issues, building up your knowledge, and developing an academic approach, will not only be more satisfying but will also ensure that you are fully introduced to the subject of business and management.

Notes

Section 1: The development of business and management

Chapter 1 focuses on the concepts, definitions and origins of the subject you are studying. The chapter aims to act as an introduction to the content that you will be studying and so is a distinct part of the course. Each of the sections will represent a different focus, and so the introductions to each section are designed to prepare you for this change. However, it is also important to recognise the links and connections between these sections, as well as the issues in the chapters within them.

The first section will serve two purposes:

- The first is to equip you with the understanding you will need of the main key terms you are going to be working with. However, you are not just given definitions. The idea is to offer you a way of developing your own understanding of key concepts and to be able to evaluate the meanings others attach to the terms you will meet.
- Secondly, Section 1 discusses the background to the subject so that you can appreciate why and how it has developed. The different influences on its development are important. At first it may be difficult to see how this is relevant to your wanting to understand business and management today, but the developments of today emerge from this background and are often influenced by the major events and theories of the past. Therefore this section is a foundation for the rest of the course.

In Chapter 2, we look at different approaches to understanding the business organisation. Several different disciplines are considered; it can be seen from this that the business organisation is an integral part of our social lives and can be studied in many different ways. We will be focusing on how different disciplines have contributed to the field of business and management.

Notes

Chapter 1: Concepts, definitions and origins

Aims of the chapter

Each chapter has specific aims. The aims of this chapter are to:

- identify the key terms and help you to consider why it is so important to explore them
- examine alternative definitions
- review different ways in which the concepts are understood and used
- explore how business and management emerged as fields of study
- enable you to recognise business and management as a dynamic subject, continually changing and adapting.

Learning outcomes

By the end of this chapter, and having completed the Essential readings and activities, you should be able to:

- define and evaluate the concepts: management, business organisations and organisational behaviour, and appreciate the variety of possible meanings
- develop an understanding of the subject's origins, including the key stages of evolution and the work of the main contributors
- identify and evaluate the influence of the subject's historical context on contemporary developments.

Essential reading

This is the first set of Essential readings that make up part of your course. Start by reading the subject guide and you will be directed to the readings listed below at the appropriate stage in the chapter.

The main readings are taken from your key text:

Mullins, L.J. *Management and Organisational Behaviour.* (Essex: Pearson Education Limited, 2010).

'About this book', pp.xix–xxiv. Read this section now, before you continue, because it provides important advice on using the key text. Also familiarise yourself with the features and resources of the book, such as the useful 'critical reflections' at the end of each chapter.

Chapter 1 'The nature of organisational behaviour', pp.2–8, 'The meaning and study of organisational behaviour, Influences on behaviour', and pp.12–14, 'Management as an integrating activity'.

Chapter 2 'Approaches to organisation and management'.

Chapter 3 'The nature and context of organisations', pp.77–81, 94–96, 'Perspectives of the organisation', 'Formal and informal organisations only'.

Chapter 11 'The role of the manager', pp.426–36, From 'The meaning of management' up to and including 'Management in private enterprise and public sector organisations'.

You will be using the secondary text in some of the chapters that follow, and you may find it useful to familiarise yourself with its layout now. The structure of the book is explained in its Preface:

Daft, R.L. *New Era of Management.* (Mason, Ohio: South Western: Cengage, 2008).

Further reading

The following are the texts which you may like to refer to for additional material. They are not an essential part of the course and should not be the focus of your studies.

Boddy, D. *Management: An Introduction.* (Marlow: FT Prentice Hall, 2008) Chapters 1 and 2.

Cole, G.A. *Management Theory and Practice.* (London: DP Publications, 2000) Chapters 1 and 2.

Daft, R.L. *New Era of Management.* (Mason, Ohio: South Western: Cengage, 2008) Chapters 1 and 2.

Massie, J.L. *Essentials of Management.* (Upper Saddle River, NJ: Prentice Hall, 1987) Chapters 1 and 2.

Beginning your study

An important starting point for your study of this course is to identify and understand the main concepts used. This is where we shall begin.

As this is the first chapter, there are two general aims:

1. **To help you discover a pattern of working that suits you best.** Try different approaches: reading for an hour, and then thinking for 15 minutes, for instance. Also try moving between this study guide and the textbooks you have obtained. We all learn in our own way, so use this introductory chapter to find what suits you best.
2. **To help you get to grips with the textbooks**. Since they have an important role in the course, now spend 15–30 minutes looking through the books. The texts are quite substantial – but do not be apprehensive, since we only use some sections. When there is an Essential reading from, say, pp.10–20, always have a glance at pp.5–10 and 20–25 as well. That way you'll see more clearly what the author is saying.

1.1 The importance of key concepts

The course you are studying is made up of two major concepts: business and management. A concept is a notion or an idea, and in this context it refers to the key terms used to describe our subject. The central concepts that are relevant here include management, business, organisation and organisational behaviour. Beyond these major concepts many others exist, and you will be continually meeting new ones.

Key concepts and your glossary

In the Introduction we looked at the value and importance to your study of keeping a glossary of key concepts. Go back to p.6 of the subject guide if you need to refresh your understanding.

One of the aims of this chapter is to provide you with the tools for understanding and evaluating the different concepts you come across, both in this course and elsewhere. It is likely that you do have some ideas

about what the major terms 'business', 'organisation' and 'management' mean, but it is vital to recognise that competing definitions of these concepts exist. By the end of the course you may well have quite widely differing definitions recorded in your glossary.

How we define a term has significant implications for how we understand it, discuss it and research it. Before evaluating a theory or putting forward your own view, it is important to question how the key terms are being used. This can be one of the questions that you ask of the sources you read: are they clear about what the concepts mean? Likewise it is important for you to be clear and to choose the most appropriate meaning for your purpose.

For example, how would you construct an entry in your glossary for 'Production manager'?

First, make sure you have the noun 'product' and both the noun 'management' and the verb 'to manage' in your glossary. Then add definitions of production and manager. Finally, enter a definition for a production manager.

It is important to remember that each of these words has:

- a wide meaning, explained in a dictionary
- narrow meanings, particularly when used as part of a phrase selected by writers (such as Mullins and Daft) from the wide meaning.

As you can see, a glossary is going to be an important learning tool for you, because understanding the key concepts and being clear about how you use them is vital. Now, before you go any further, make sure you have set up your own glossary! Remember also that the books by Mullins, Daft and Boddy have useful glossaries.

1.2 A closer look at business and organisations

Definitions

Let's think about the concept of '**organisation**'. Many definitions are possible, but most of these include the characteristics of people, goals and structures. People are social beings and, by and large, tend to cooperate in interdependent relationships to achieve common aims. Originally people formed simple family and tribal structures. Today we have evolved into a complex society characterised by large, formal and increasingly global structures. For our purposes, then, we can define an **organisation** as:

> *a social entity that provides the necessary structures to achieve specific aims.*

Now take a look in several dictionaries to find variations in the way the term '**business**' is defined, and be sure to add all your definitions from this section to your glossary.

A further point to consider is whether organisations that do not aim to make a profit, e.g. in the voluntary sector, including charities, are included in a discussion of businesses. From your investigation do you think that they should be included? Are organisations that do not aim to make a profit (e.g. charities) also business organisations? For our purposes in this subject guide, we will understand the term **business** to mean:

> *a commercial enterprise or establishment that trades in goods or services.*

However, the complication of using a general definition emerges again. For instance, the objective of 'trading' does not have to be for profit. Therefore the argument can be made that non-profit making organisations can also be regarded as businesses, at least a certain type of business. This would include public sector organisations, since there is increasing demand for these organisations to perform and be managed like profit-making businesses (see Mullins, 2010, pp.82–83, 'Private and public organisations' and pp.435–36, 'Management in private enterprise and public sector organisations' for further debate on this). Pulling together aspects of different definitions, we can again devise a meaning to suit our needs. Therefore we can define the **business organisation** as:

> *an entity that is both commercial and social, which provides the necessary structures to achieve the central objective of trades in goods or services.*

Activity 1.1

Reading

Read the following sections of your key text, making notes as you read:

- Mullins (2010) Chapter 1 'The nature of organisational behaviour', pp.2–8.
- Mullins (2010) Chapter 4 'The nature and context of organisations', pp.77–81, 94–96.

Look at the first reading from 'The meaning of organisational behaviour', up to and including 'Influences on behaviour' on pp.3–7. Note the term 'behavioural approach' and add it to your glossary.

The second reading is an explanation of organisations to be found in the sections entitled 'The context of organisations'; 'perspectives of the organisation'; 'the formal organisation and basic components of an organisation' on pp.77–81, and 'the informal organisation' on pp.94–96 in Mullins' book. Look out for the following as you read: how organisations differ; factors they have in common; the importance of the 'hidden' informal organisation; the functions and the basic components.

Boddy (2008) Chapter 1, pp.6–9 discusses management and organisations.

Activity 1.2

Now try to classify the following as (a) business organisations, (b) non-business organisations, and (c) non-organisations:

1. a multinational company
2. the ministry of health in your country
3. a local football supporters club
4. a man who issues tickets for an airline
5. a religious group who worship together.

Feedback

Here is the answer:

a. 1

b. 2, 3, 5

c. 4.

Can you see the reasons for this? If not, go back to the definitions in your glossary.

Increasingly, in practice, the line between a business and a non-business becomes harder to draw. Many non-business, social organisations also raise money, hire workers and have finance and marketing activities. Also, some government departments have business activities, which may be run as separate business organisations.

Organisations of all kinds have functioned for thousands of years – think of some examples. It was not until about 100 or so years ago that people started writing about how to manage them.

For the purposes of this guide, we focus on business organisations that aim to make a profit. However, the principles discussed are mostly relevant to not-for-profit business organisations as well. When studying business organisations, a particular interest is the behaviour of these organisations – check now that you have the definition in your glossary.

1.3 A closer look at management

The importance of management to organisational performance is generally acknowledged; however, its definition is widely contested. The term is used in many different ways by people from a wide variety of backgrounds. Also, the subject is dynamic and changes over time. The result is that no one accepted definition of management exists, but many of the definitions do include similar elements. Therefore it is again important to investigate different definitions to gain an understanding of the term. Often writers try to capture the dynamic element of management in their definition. A few such definitions are listed below.

Different definitions of management

> Managing is deciding what should be done and getting other people to do it.
> (Stewart, 1986, p.12)

> The first definition of management is therefore that it is an economic organ, indeed the specifically economic organ of an industrial society. Every act, every decision, every deliberation of management has as its first dimension an economic dimension.
> (Drucker, 1955, p.6)

> The word 'management' identifies a special group of people whose job it is to direct the effort and activities of other people towards common objectives.
> (Massie, 1987, p.2)

> Management is a process which exists to get results by making the best use of the human, financial and material resources available to the organisation and to the manager.
> (Armstrong, 1995, p.1)

> To administrate is to plan, organise, command, coordinate and control.
> (Fayol, 1930, p.9)[1]

[1] *All recommended reading.*

Do you see any common elements in these definitions? Read Mullins (p.78) for inspiration. Do you agree with him (see p.2) that 'it is important to recognise the role of management as an integrating activity in an increasingly global business environment'?

From administrator to manager

We can use the last definition, by Henri Fayol, to illustrate the problems that can be encountered when defining key terms, and the importance of ensuring you know how an author uses a concept. The title of his original work was *Administration industrielle et générale*. In the 1930s translation of his work, referred to in the quote above, administration was seen to be the key concept. In 1949 a new translation changed the word administration in the quote to management, and the title to *General and Industrial Management*. The reason for this was a fear that using the term 'administration' would result in Fayol's work only being seen as relevant to industry rather than a wider audience, including government.

This decision can be seen to reflect a narrowing of the meaning of administration, while the concept of management was seen to have wider application. However, read and consider the following quotation taken from the 1930s translation.

> It is important not to confuse administration with management. To manage an undertaking is to conduct it towards its objective by trying to make the best possible use of all the resources at its disposal; it is, in fact, to ensure the smooth working of the six essential functions [administration, planning, organizing, commanding, coordinating, controlling]. Administration is only one of these functions, but the managers of big concerns spend so much of their time on it that their jobs sometimes seem to consist solely of administration. (Fayol, 1930, p.9)

In the 1930s translation Fayol saw these two concepts of management and administration as having different meanings, despite one later being used as a direct translation of the other, owing to changing usage. This example therefore vividly demonstrates the need for you to evaluate how key concepts are used.

Defining management

Activity 1.3

Reading

Read the following sections of your main key text:

- Mullins (2010) Chapter 1 'The nature of organisational behaviour', pp.12–14, 'Management as an integrating activity'.
- Mullins (2010) Chapter 11 'The nature of management', pp.426–36, 'The meaning of management' up to and including 'management in private enterprise' and 'public sector organisations'.
- See also Boddy (2008) Chapter 1, pp.9–11 for a discussion of meanings of management.

Now that you appreciate the importance of definitions, see how well you can compare and contrast different ones. As you go through these readings, as part of your note taking, make a list of all the definitions of management you come across.

From the list you draw up and the definitions you have read above, what common elements can you identify, and are any of the definitions conflicting?

So, concepts are contested and usage can change. All of this can make debates very interesting, but how is it possible to study or employ a concept if defining it is such a problem? This is something which all writers and students face, and recognising that this is an important issue is the first step in getting to grips with a concept.

Study tip

For your study of business and management, a number of steps can be useful in overcoming this; here is a recap.

Step 1

When trying to understand the use of a concept by a particular author, it is important always to look for a definition. How does the author define their concept? How useful is their definition? What criticisms can you see? If an author does not provide a definition, then this can be an important flaw to identify in their work. It can also be helpful to consider how an author uses a concept in comparison to the definition employed by others. Again, this is a good focus for your evaluation of their work.

Step 2

When trying to understand a concept in general use, it is important to remember that there is no correct or single definition. Therefore your strategy should again be to evaluate a range of meanings, and from this to pull out some core elements. Let us take the concept of management. We have now considered meanings for the term put forward from a variety of perspectives by various authors.

It is by taking account of these different views that the definition given in our sample glossary in the introduction was developed. So, by putting together some of the major elements of different definitions we are able to develop a general understanding of management as:

> a process whereby a manager is involved in the coordination of resources and the actions of others, for the achievement of goals.

Understanding management in this way stresses the importance of strategy. In this definition the manager is working towards defined goals. Resources and actions will then need to be directed strategically. Decision making is also a central activity. The manager needs to make decisions about the goals to be set, the strategy to achieve them and the best use of resources, including people. Therefore the theme of strategic decision making runs through this guide, and will be explored explicitly in Chapter 4.

Step 3

When using a concept yourself, it is important to be very clear about how you are defining it. Always make your own meaning clear. It can be helpful to discuss why you are using this definition, in comparison to the others available. Remember that recognising the complexity of a concept is key to developing a deeper understanding of it.

1.4 The evolution of business and management studies

In the rest of this chapter we will consider how business and management studies have developed over time. Chapter 2 of Mullins is Essential reading for this chapter. The purpose of this section is to provide you with a basic summary of the main stages in the evolution of management studies. The stages outlined by Mullins are:

- classical (including scientific) management and bureaucracy
- human relations
- systems
- contingency.

He also identifies other more recent approaches, as indicated below.

Why do you think it is important to study the evolution of management thinking? Jot down your thoughts and then look at Mullins, p.42 for feedback.

Take a critical approach as you read Mullins. For each of the approaches summarised below, answer the following questions:

- What are the key characteristics of each approach?
- Does the approach work in practice – if not, why not?
- How did the approach help develop management thinking?
- Is the approach still relevant today?
- Is the approach only workable in a particular social, cultural and economic context?

You will find that Mullins answers most of these questions somewhere in Chapter 2!

Finally ask yourself: Does this approach derive from a particular theoretical discipline – if so, which? However, you do not need to consider this at the moment. You will learn more about this in the next chapter of the subject guide.

Classical pioneers

The early writers on management and organisations included both actual managers and social scientists. The classical school was predominantly concerned with the development of universal principles to achieve successful management, leading to a prosperous business. This was therefore a prescriptive approach, and is reflected today in the desire for managers to find the formula for success – think of today's business gurus who claim to have discovered principles such as these. One of the most important classical theorists was Frederick Taylor (1868–1915). His 'prescription' was developed from extensive time-and-motion studies of particular jobs, and led to significant changes in the organisation of work to achieve efficiency and increased productivity. Some of the most significant principles he developed include the following:

- The planning of a task should be separated from the doing of the task – this principle further justifies the need for managers and their planning role.
- Selection of workers for particular tasks should be done through rational decision making – this principle stresses the importance of the manager's decision making role.
- Tasks should be simplified, standardised and require the minimum of movements – this principle can still be seen as important, but in some industries more than others.
- There is 'one best way' of doing each task, and this should be 'discovered' by managers through rational analysis and measurements – this principle highlights the prescriptive approach and supports the rationality of management.

The approach outlined here became known as 'scientific management' or 'Taylorism' after its most important exponent. Other significant contributions to this approach were made by Henry Gantt (1861–1919), who was the first to develop the method of the time-and-motion study, and also Frank Gilbreth (1868–1924) and his wife Lillian (1878–1972). The Gilbreths concentrated on the reduction of movements within tasks, with the aim of increasing production by overcoming fatigue.

Scientific management in action

This process is suitable in situations where many people can be employed to do simple, standardised tasks, which would be repeated frequently. For example, if one worker was responsible for each of these tasks they would not need much training, and would be able to repeat the task many times. Managers, rather than workers, would plan each of these tasks to ensure minimal movement. The use of technology can also play an important part in minimising the level of skill and number of movements made, and also in standardising both the task and the product.

Scientific management dominated the classical school, but this was by no means the only approach. Here are two more.

Bureaucracy

At around the same time, Max Weber (1864–1920) was researching and developing a theory of bureaucracy. Weber was a German sociologist and important links can be made here if you study the course on sociology. His interest was in power and authority, and organisational structures. The major influence Weber's writing has had on the study of business has mainly centred around understanding the need for stability and consistency in achieving efficiency. This approach required workers to be selected on merit for clearly defined roles, and to work within set rules.

Fayol's principles of management

Finally, Henri Fayol (1841–1925), whom we have already come across, made another significant contribution that has influenced the development of this subject. As we have already learnt, Fayol was interested in the concept of administration. Working as a manager, industrialist and theorist in France, he developed a set of General Principles for managing organisations. These were seen as a 'prescription' that could be passed on to other managers, being universally applicable, and so indicative of the classical school's aims.

Activity 1.4

Reading

- Now read again Mullins (2010) pp.429–31, which contain the principles of management mentioned above.

Think of an organisation you know. How many of these principles apply? We will return to this in the next chapter of this guide, where we consider the role of a manager.

Incorporating the human element

The next significant stage in the evolution of the subject was the development of the human relations school. Nowadays we are used to hearing statements like 'people are the life-blood of an organisation', and with businesses describing their people as their most important asset. However, 50 years ago, concern for workers represented a major shift away from the classical approach of measuring and designing work in a logical way, aiming to increase the efficiency of their production as if employees were themselves machines. The few employers who tried to manage in a more people-friendly way were regarded as mavericks.

The human element came to the fore when problems arose in the application of the scientific management technique. Criticisms came from management theorists, social scientists and managers, and from workers who were alienated and exhausted by doing mind-numbing, repetitive tasks. Pay was virtually the only motivator recognised and this sometimes led to angry confrontations between workers and managers.

The most famous studies conducted were the Hawthorne Experiments, associated with Elton Mayo (1880–1949) who studied workers under different conditions. As a result, the concept of the Hawthorne effect was developed. This was used to describe a rather surprising result of the research – that increases in productivity were actually found to be related to the fact that the employees were being studied rather than to the working conditions per se. In other words, productivity was improved when workers had something interesting to think about and react with. According to scientific management principles the researchers should have reduced productivity by getting in the way. Instead they galvanised the workers into greater efforts. This finding questioned the value of the scientific management, which did not consider the social and interaction needs of workers.

A further influential contribution was that of Abraham Maslow (1908–1970). Maslow cast doubt on the simplicity of scientific management. He argued that there was a hierarchy of employee needs. Although economic needs are a major motivating factor, other higher-order needs are important to people at work. Each category of need is seen as a different level and these have to be satisfied in order of importance. These include a range of needs: physiological, safety, love, esteem, and finally the need for self-actualisation.

Activity 1.5

Reading

- Look now at Mullins (2010) pp.260–64 to see a diagram, explanation and evaluation of Maslow's theory.

Systems and contingency approaches

The human relations approach remains popular but there have been other recent developments. The systems theory approach pulls together some of the core components of both the classical and human relations theory. Because organisations are open to the outside world, these 'open systems' have to be complex. They include the interactions of people, technology and tasks. Furthermore, as open systems, organisations are seen to interact with the external environment. There are major implications for the study of business and for the role of managers, as the decisions they make depend on a complex number of variables.

This idea has links with another related approach, that of contingency theory. This theory goes against the classical school's search for 'one best way' or for universal principles; contingency theorists stress that managers need to adapt their style to match the changing conditions. They claim that the specific variables of each situation need to be considered and decisions made in light of this analysis.

This in turn is related to the decision making approach, a specialist area of contingency theory. Proponents of this theory focus on the need for good communication and information flows. The processing of this information, and how it is used by the managers as decision makers, is seen to be a key element of organisational effectiveness and the achievement of business objectives. Again, the business organisation is defined as a system and, as in all three approaches, it is seen as vital to recognise the complexity of the organisation. For decision making theorists this complexity results in uncertainty. However, unlike Weber's bureaucratic approach for predictability and stability, decision making theory accepts that complexity means uncertainty and so is more focused on managing this uncertainty.

Activity 1.6

Imagine that you are a sales manager and you have to make a decision. You have to decide whether or not to recruit an additional member to your existing sales team. Do not spend more than 15 minutes on this.

1. What information would you need in order to make this decision?
2. What situational factors would you need to take into account?
3. Think of three possible decisions you could make, and write a few lines on the different circumstances under which you may have made each decision.

Continued evolution

Many of the current developments in business and management are influenced by the evolutionary stages discussed above. The story certainly does not stop here! In fact the story continues at an ever-faster pace. Among the most significant contributors who have influenced contemporary business and management practice are Peters and Waterman in the 1980s, who studied the 'excellent' businesses to identify common characteristics of success. (For details, see Mullins, 2010, pp.777–78). Their results have been criticised – unfortunately, also, most of the 'excellent companies' they identified did not survive the 1980s, for one reason or another!

Other influential contributors to management theory and science worth looking out for when you are browsing in the library, include Philip Kotler, Henry Mintzberg, Rosabeth Kanter and Michael Porter and Peter Drucker. We will consider some of these writings and further developments in the next section, particularly in Chapter 4. Have a quick look through the index to Mullins' book and see how many you can find.

The subject of business and management continues to evolve and react to wider changes and new needs. The final chapter in the guide looks at current trends and emerging issues. So we return to this review of ideas and theories about management and business later on.

Developing an understanding of the subject's origins, as discussed here and in Chapter 2 of Mullins, can really help you to investigate the new themes we discuss later in the subject guide. It is important when reading about any new management tool, organisational theory or business practice to consider how it developed and what influenced its development. Doing so will not only help your understanding of the new development, but will also assist you in your attempts to evaluate its worth.

Activity 1.7

Reading

Now read the following part of your main key text:

- Mullins (2010) Chapter 2 'Approaches to organisation and management'.

Boddy (2008) Chapter 2 also reviews the different approaches to management.

Chapter review

Key points

- Concepts are contested and usage can change over time, so no single or correct definition can exist.
- Many concepts and ideas are relevant to the study of this course, but the central ones can be identified as management, business organisation and organisational behaviour.

- The origins of business and management have a long history, tied to the progress of human society. The creation of a body of theoretical and experimental knowledge has occurred since 1900.
- The evolution of ideas about business and management has included a number of important stages, including classical approaches, perspectives that focus on the human element, and a range of theories, which stress the complexity of the subject.

A reminder of your learning outcomes

Having completed this chapter, and the Essential readings and activities, you should be able to:

- define and evaluate the concepts: management, business organisations and organisational behaviour, and appreciate the variety of possible meanings
- develop an understanding of the subject's origins, including the key stages of evolution and the work of the main contributors
- identify and evaluate the influence of the subject's historical context on contemporary developments.

Sample examination questions

When considering these, remember the guidance given in the Introduction about examination preparation. Questions can be answered fully in approximately 45 minutes, under examination conditions.

1. Compare and contrast the approaches associated with the scientific management perspective and the human relations school. Which do you consider to be most relevant to business management today?
2. a. One of the approaches to management theory found under the classical heading is bureaucracy. Identify, describe and evaluate the main features of bureaucracy and the bureaucratic organisation.

   b. Discuss why public sector organisations might need to follow bureaucratic principles.
3. Discuss the view that the study of the evolution of management theories has no practical value to managers. Reinforce your arguments with reference to appropriate theory and practice.
4. Evaluate the contributions made by three key contributors to the development of business and management as a distinct area of study.

Advice on answering a question

To help you further with your exam preparation, we offer below some suggestions for one of the answers. However, it is very important to remember that there is no model or correct answer to any of the questions. It is more important to demonstrate what you have learnt by developing your own response to the question, supported by evidence from the relevant parts of this chapter.

4. Evaluate the contributions made by three key contributors to the development of business and management as a distinct area of study.

Examples of the contributors you could consider would include Fredrick Taylor, Henry Gantt, the Gilbreths, Max Weber, Henri Fayol, Elton Mayo, Abraham Maslow, Peters and Waterman, and others you have read about.

On introducing your choice of contributors you could explain why you decided on these rather than others.

It would be relevant to show that you understand the main points of the work of each, including the way that each one of the three contributors has used concepts, but approaching this in a critical way, showing the merits and problems.

It would be relevant to focus on understanding these contributions within their historical context, making comparisons of the schools and traditions from which they developed.

It would also be useful to consider how their contribution influenced future developments in business and management, and the relevance of their work today.

Therefore, by the end of your answer the reader would be clear why you have chosen these contributors; their significance; that you understand and can make comparative evaluation of their work; and that you can locate this in the wider historical context of the subject.

Notes

Chapter 2: Understanding the business organisation – a multidisciplinary approach

Aims of the chapter

The aims of this chapter are to:

- explore the multidisciplinary nature of the study of business and management
- identify the disciplines that have significantly influenced our understanding of business organisations and the behaviour of people
- evaluate the contributions made by sociology, anthropology, psychology and economics
- assess the stakeholder model of the organisation
- appreciate the interconnections and conflicts between different disciplinary approaches.

Learning outcomes

By the end of this chapter, and having completed the Essential readings and activities, you should be able to:

- discuss the multidisciplinary nature of business and management studies
- identify the range of disciplines that have contributed to the subject and which have influenced its development
- explain the different ways in which sociology, anthropology, psychology and economics treat business, and then link this to the study of business organisations
- consider examples of how to evaluate the usefulness of the contributions made by these disciplines
- identify and assess the value of the stakeholder model of business.

Essential reading

The Essential readings for this chapter are taken from the key text:

Mullins, L.J. *Management and Organisational Behaviour.* (Essex: Pearson Education Limited, 2010).

Chapter 1 'The nature of organisational behaviour', pp.9–12, 'A multidisciplinary approach', and up to and including 'Orientations to work and the work ethic', and pp.14–18, 'The psychological contract' and 'The changing nature of the psychological contract'.

Chapter 4 'Individual differences'.

Chapter 8 'The nature of work groups'.

Chapter 9 'Working in groups and teams'.

Further reading

You are strongly advised that the Essential reading should be the focus of your study, and that these additional texts (apart from Boddy, which is a more general text) are suggested to deepen your knowledge only if you have the time after fully analysing the Essential reading.

Boddy, D. *Management: An Introduction.* (Harlow: FT Prentice Hall, 2008) Chapter 15, 'Motivation', pp.489–92, Chapter 17, 'Teams'.

Douma, S. and H. Schreuder *Economic Approaches to Organizations.* (London: Prentice Hall, 2008).

Grint, K. *Management: A Sociological Introduction.* (Cambridge: Blackwell, 1995).

Grint, K. *The Sociology of Work.* (Cambridge: Polity, 2005) Chapters 3 and 4.

Perman, R. and J. Scouller *Business Economics.* (Oxford: Oxford University Press, 1999) Chapter 4.

Wright, S. *The Anthropology of Organizations.* (London: Routledge, 1994) Chapter 1.

Introduction

In Chapter 1 we looked at the conceptual foundations for studying business organisation and management and the evolution of theory. We have established that it is not a subject with clear boundaries – it is a growing and developing area of study. In this chapter we try to understand why it is such a complex area of study with so many different, often competing, perspectives. First, we consider how organisations, particularly business organisations, pervade our lives and significantly affect the way we live. Given this scenario, it is not difficult to see that the subject is of interest to many academic disciplines, in particular the social sciences: sociology, psychology, economics and anthropology, all of which have, and are contributing to, the development of theory and practice. Also, we see that because our society is undergoing rapid change, so too does the theory and practice of management and business. Finally, taking this idea even further, we can see that as business and management is of fundamental importance to all members of society, we all – individually and in groups – have different views on how business organisations are structured and managed.

2.1 A multidisciplinary view of business and management

Activity 2.1

Think for a moment about how organisations pervade your own life. Can you think of any significant events that have happened to you that did not involve an organisation of some kind? For example, when you were born, how your basic needs were provided for, how you were educated, who looks after your money, how you travel around, and so on.

In particular, think about all the business organisations you have had dealings with or been a part of during, say, the last week. For example, who you have bought from or sold to? What services have you experienced?

We are going to focus, in this chapter, on sociology, psychology, anthropology (the behavioural sciences) and economics, as they will provide the major theoretical foundations for other chapters in the guide. They are by no means the only relevant perspectives. Politics is an area that is particularly relevant to understanding power and control in

organisations – this will come up in later chapters of this subject guide. From the natural sciences, biology offers a view of the organisation as a functioning system and the idea of 'survival of the fittest' where only the healthiest businesses will survive in competitive environments. As you will see in Chapter 4, mathematics in particular has offered models and aids for decision making and for providing statistical information to managers. In the earlier days of the subject, engineering had a major role to play. A good example of this is the contribution that Frederick Taylor made through the idea of scientific management. The sciences in general have contributed also to the types of research and methodology used to study organisations.

You will see in your next reading (Mullins, pp.2–10) just how varied understandings of organisations can be. For example, the use of different imaginative metaphors for organisations shows just how many ways writers have conceptualised organisations, for example a brain, a machine or a psychic prison. The reading also discusses how, as individuals, we differ in our view of the importance of organisational life at work versus our non-working life. To some people commitment to the organisation they work for is central to their lives; to others it is being part of a group at work that is important, and for others work and the organisations are merely a means to an end.

As students and potential managers, you need to be able to recognise your own current perspectives and to evaluate how the different perspectives can broaden and deepen your understanding of the business organisation.

Activity 2.2

Reading

What are your current perspectives on, and about, organisations? Begin by reading the following section of your main key text:

- Mullins (2010) Chapter 1 'The nature of organisational behaviour', pp.2–10.

1. How we view the world of work will influence what discipline we prefer to use to understand business. Use the classification in this reading to identify your own orientation to work. Also look at the orientations mentioned in Section 3.7 in the subject guide – these are discussed in the work by Goldthorpe et al.
2. Which of Morgan's metaphors do you favour to describe an organisation? What disciplines do you think have influenced the different organisational metaphors mentioned in the reading?

2.2 Sociological perspectives

Sociology is concerned with the study of human society, its origins, how it is organised and how people interact. The definition and boundaries of the discipline are contested, and this is such a wide-ranging subject that many sociologists specialise in the study of a particular area of social life. As part of your studies, you may complete course **21 Principles of sociology**. The main ways in which sociology informs us about business and management are to help explain:

- how people interact at work
- the effects of different organisational structures on people; sociology can particularly contribute to our understanding of social relations within the organisation, such as the interaction of employees, power relations and social groupings
- the ways in which business and management have impacts on wider society.

Sociologists view organisations as 'social constructs', i.e. they exist because of the efforts of people and because people decide to recognise that they exist. An organisation is seen as being made up of many different elements working together and interacting. It is not viewed as an object that has a solid outline. The sociological approach stresses the definition of an organisation as a social entity and one that does not exist in isolation, but is continually interacting with the environment.

The classical theories of sociology are concerned with understanding the organisation of social life, change and significant institutions.

Max Weber (1864–1920) was one of the founders of modern sociology; we have already read about him in Chapter 1. He studied government organisations in Europe and helped us to understand how administrative structures, hierarchies and authorities could improve the efficiency of organisations.

Sociologists are also interested in the role that organisations play in society. Interaction between organisations and the life of individuals and groups in the wider society is a major concern. In particular, this means understanding how changes within the wider society affect organisations. This will be discussed further in Chapter 4 when we look at organisational change.

Activity 2.3

Reading

Read this short section of your main key text:

- Mullins (2010) Chapter 4 'Individual differences', pp.129–30 – from the beginning of the chapter up to but not including the section on personality.

Remember this when you look at the issue of organisational change examined in Chapter 4. Can you see how the strategies developed by management need to take account of wider changes in society and also the diversity of the workforce?

Industrial sociology is a specialised area concerned with:

- how work is organised
- workplace conflicts
- management–employee relations and especially the role of trade unions
- divisions between work and leisure time
- links between work and the importance of social class
- different labour markets.

Studies in the 1950s and 1960s were mainly conducted within the factory setting; hence the name industrial sociology. An example is a study which will be mentioned in Chapter 3, 'The Affluent Worker: Industrial attitudes and behaviours', carried out by Goldthorpe et al. (1968). Goldthorpe investigated the 'embourgeoisement' thesis. This suggests that a rise in the income levels of working-class employees results in their adopting middle-class values. Therefore the class structure of society is seen to be affected by the behaviour and actions of business organisations.

More recently, Grint (1995)[1] uses a sociological approach for management. In doing this he questions the accepted assumptions about what management is or what managers do. He treats concepts such as leadership, control and culture as social constructs. Thus, when society changes, so does the meaning of these words.

[1] *Recommended reading.*

An application of sociology – gender relations at work

A specific area to which this sociological approach has made a great contribution is our understanding of gender relations within the workplace.

Activity 2.4

Reading

- Mullins (2010) Chapter 4 'Individual differences', pp.161–62. Read from 'Diversity, gender and organisations' to the end of the chapter.

As you read this, think about the organisations that you know and remember this when you reach Chapter 3 where we introduce the issue of women and management.

1. Do you think that there are differences in the type of work that male and female employees do?
2. Thinking about an organisation you know, are there differences between the sexes with regard to the numbers working at each level of the business?
3. How can the approach of sociology help us to explain any differences? Think about the wider differences and changes in social relations.

2.3 The anthropology of organisations

Anthropology is the study of cultures and societies throughout the world, and shares many of the features of sociology. The discipline emerged in Western countries and was originally focused on non-Western cultures, especially tribes and isolated societies. Anthropologists developed different methods of research from sociologists, because they faced different challenges by studying cultures that were significantly different from their own. More recently anthropologists have studied not only traditional but also industrial societies.

Wright (1994) in her book *The Anthropology of Organizations*[2] draws together a number of anthropological studies that have been done in Western and non-Western organisations, in both the public and private sectors. These usually involve the anthropologist spending time within the organisation to develop an understanding of the behaviour patterns, social groupings, rituals, symbols and language within the organisation or within a particular group of employees. The detailed descriptive accounts made possible by this method, and the collection of data over a significant time length, can yield useful results for understanding problems with organisational efficiency and social relations within the organisation. Furthermore, the issue of national culture can influence aspects of management, and this has become increasingly important as more organisations operate globally. We explore the contribution of anthropology later in Chapters 6 and 7 of the subject guide.

[2] *Recommended reading.*

Activity 2.5

It is important to note that anthropological research is not without issues that need to be taken into account when evaluating their contribution. For example, Mouly and Sankaran (1995) studied research and development departments in Indian organisations. They described their method as an 'organisational ethnography', which was also the title of their book. This is defined as a study of organisations that tries to understand the behaviour of people within it from 'the member's point of view' (1995, p.9).

1. What types of problems do you think the researchers faced?
2. What benefits did the researchers have?
3. Can you think of any reasons why the data collected could be of limited use?

Feedback

Studies of this kind assume that it is possible for a researcher to understand the world from the view of an employee – not easy even if the researcher comes from the same country.

There are also practical limitations on the approach because employees may not welcome such in-depth observation.

Also, the time the study takes and the problem of analysing the wealth of data that emerges (for instance, from hourly interviews) make it an expensive approach.

Finally, the use of the conclusions may only extend to understanding internal or group culture, but may not offer any practical solutions for improvements.

2.4 The contributions of psychology

Psychology is concerned with the study of the human mind. Psychologists engage in scientific research to understand the nature of the human mind and how it works. The processes that are studied include those seen to be determined by the inner mechanisms of the mind and include the processes of perception, memory and learning. Individual differences are a major focus of psychological studies, to try to identify what is normal and abnormal.

Individual differences

Activity 2.6

Reading

Read the following section of your main key text:

- Mullins (2010) Chapter 4 'Individual differences', pp.130–44, 'Personality' and up to and including the section on 'Ability'. It is important to understand what personality is and what influences its development. Be aware of some of the dimensions of personality, especially those that are relevant to the management job. Do not spend too much time on the theories discussed in this reading.

In this section about psychology, Mullins looks at theories of personality types in detail, and also points to the significance of key psychologists such as Sigmund Freud and Carl Jung.

Remember this when you consider the roles of the manager in Chapter 3. Also, the functional area of human resource management that is examined in Chapter 5 is relevant, as it is this area that is mostly responsible for the selection and training of staff.

How would you explain what psychology has to offer business and management? Jot down a few words and then read on.

The approach of psychology is most useful for issues that are determined by the processes of the mind. These include how individuals make decisions internally, their performance capabilities, how they can learn, and how they respond to changing conditions. When exploring individual differences in relation to organisations, the personality is important. This refers to the characteristics or traits that together make a person unique and that are stable, so resulting in consistent patterns of behaviour. Theories of how we develop personalities cite a range of possible sources, some hereditary, and so biologically gained, and others social, such as from interactions with family, other groups to which we belong, and culture.

Why might a manager want to assess the personality of an employee? Some examples of how an employee's personality could be important are:

- the likelihood that the employee will be suited to a particular type of job
- how successful an employee would be in a management role

- the method of training that would be most effective
- the way that they interact and work with other employees.

The research methods employed by psychologists have helped business a great deal. They are used in several ways:

First, psychological tests have been adopted to assess the personality and intelligence of potential employees or for decisions about promotions. Tests are also useful to assess the attitudes of employees, and so to try to identify conflicts with group or organisational goals. They are also used by the marketing departments of organisations to understand consumer attitudes for the purposes of promoting the products that will best satisfy the customer.

Secondly, the experimental methods of psychology have been used to observe the effect of changes in the workplace, such as in working conditions, or changes to the benefits received by employees. A good example of this was introduced in Chapter 1, that of the Hawthorne experiments.

Chapter 3 of this guide will introduce one of the most important contributions that psychological approaches have made to the understanding of organisational behaviour. This is the area of motivation. Psychologists have done many studies of what motivates employees to work or to work well. This is because motivation can be related to the internal decision making processes of an employee, and so the studies are interested in identifying the factors that influence whether an employee decides to work to the best of their ability or not.

Examples of these theories that we will consider include those put forward by Hertzberg, Maslow and Vroom (see Chapter 3).

Remember to check that you followed up the notes in the guide by reading about these psychologists in the Mullins readings, and also check your glossary is up to date.[3]

[3] Refer to Chapter 3 and your glossary.

Psychological contracts

A more recent development is related to motivation, but more specifically to the expectations of both the organisation and the employee. The concept of the **psychological contract** is used to describe the unwritten agreement of what the organisation and the employee will both give and receive. This approach of psychology is able to add an appreciation of the need to consider commitment, goodwill, understanding, respect, trust and loyalty. Therefore the complexity of employee relations can be understood and this approach can also provide a means of trying to identify threats to the contract and understanding the consequences if the contract is broken.

Activity 2.7

Reading

Read the following section of your main key text:

- Mullins (2010) Chapter 1, 'The nature of organisational behaviour', pp.14–18, the sections on the psychological contract and its changing nature.
- See also Boddy (2008) Chapter 15, 'Motivation', pp.489–92.

As you read, think about the need for organisational change, which is discussed in Chapter 4.

How could an understanding of the psychological contract help to implement a change programme? It may help to consider the elements of the psychological contract that could be affected and to think of the need to overcome resistance to change.

Work groups

The final contribution of psychological approaches to be mentioned here is that made to our understanding of groups within organisations. Work groups are of interest to psychologists because they consist of a number of people who are psychologically aware of each other, who interact with each other and who perceive themselves to be a group for a particular purpose.

This is true whether the groups are formally recognised by the management, such as a production work team or department, or whether they are an informal group, such as can develop within an official work group. Informal groups are just as important to identify and study, because members of these can also be working towards their own goals and can affect the behaviour of others.

As teamworking has become an important tool of management, this contribution of psychology is particularly important. The need for teamworking skills is often stressed in recruitment drives and training often aims to develop and enhance these skills. Can you see the relationship between this and the need to understand personality types?

Groups are made up of individuals and so the interaction of different personalities can have a significant impact on the success of group work. Therefore, psychological approaches are very interconnected, since they are all concerned with the workings of the employee's, and also the customer's, mind. This results in a view of the organisation that emphasises the interaction and interdependences of individual personalities.

Activity 2.8

Reading

Read these two chapters, which consider groups within the organisation:

- Mullins (2010) Chapter 8 'The nature of work groups and teams'.
- Mullins (2010) Chapter 9 'Working in groups and teams'.

It is important that you spend some time reading Chapter 8. Do not spend so long on Chapter 9 – the synopsis at the end of the chapter summarises the content well, so make sure you read that carefully.

- Another source is Boddy (2008) Chapter 17 'Teams'.

The disciplines of sociology, anthropology and psychology also contribute to our understanding of group processes, because each is concerned with the interactions of people, but on different levels.

The aim of these readings is to show you, in a general way only, the importance of understanding human behaviour, both at a social and psychological level. It is not necessary for you to go through these chapters in great detail, but try to identify how the general approaches of sociology and psychology can be linked to, and are useful for, your understanding of business organisations. This task should not take longer than an hour of study time.

2.5 Economic approaches to organisations

Economic theory is concerned with understanding the mechanism for the allocation of limited resources to achieve unlimited wants. In a free market, the price system is the mechanism for allocating resources between competing wants. Thus, markets allow the interaction of producers and consumers.

One of the key elements in business economics is the focus on those activities of the business that are related to profit maximisation. This assumes that the overall mission of the organisation is ultimately to create as much profit as possible, for as long as possible. This would therefore be the guiding principle for all decisions made by managers, at all levels of the organisation.

Within the traditional approach of economics, only a simple model of the business organisation is used to facilitate the theories employed by economists. However, there has been interest in how economic theory and organisation theory together can contribute to understanding business organisations, and to providing an economic analysis of organisational phenomena in more depth. Douma and Schreuder (2002) offer such a contribution, stating that:

> economic approaches to organisations are fruitful whenever the problem to be studied has an economic aspect, that is to say whenever part of the problem deals with the (optimal) allocation of scarce resources.
> (2002, p.2)[4]

[4] *Recommended reading.*

Can you relate the relevance of the economic approach to our definition of management? Think for a few minutes, and then read on.

The aim of management is to achieve goals through the coordination of available resources. Some of the resources we have already discussed in previous chapters include financial and human ones, and these can be scarce. For example, how likely do you think it would be that a manager would have an unlimited budget or an unlimited supply of employees? Therefore, economic approaches to organisations could help managers make decisions about the most efficient or optimal distribution of staff, or the most effective division of available funds.

Douma and Schreuder (2002) offer five economic approaches to organisations, which they note are closely related.

Economic approaches to organisations

1. **behavioural theory** – this sees the organisation as made up of different participants who each have their own interests (this is a stakeholder approach and is expanded below)
2. **agency theory** – this approach centres on the idea of the decision making process being delegated to an agent, while the principal or manager is only able partially to observe the agent
3. **transaction cost economics** – this perspective sees transactional costs together with production costs as being the main factor that determines organisational forms
4. **economic approaches to strategic management** – an example of this is game theory, discussed in Chapter 3.

Mention must also be made of evolutionary approaches to organisations. These overlap with economic approaches.

5. **evolutionary approaches** expand on the idea that business existence is an example of 'survival of the fittest' – as in biology.

Thus, economic and evolutionary approaches can be seen as relevant, and attempts to coordinate these with organisational theory have made economics more useful. An example is stakeholder theory, considered in the next section.

2.6 The stakeholder model of the firm

This final section does not relate to a specific discipline, but considers a particular way of viewing the business organisation. It is a model which represents the business organisation as consisting of a number of interconnected groups. All these groups have a 'stake' or a claim in the business, and are referred to as stakeholders:

> any individuals or groups that may affect or be affected by the organisation's policies or actions.

Add this definition to your glossary, together with the definition given by Mullins.

Identifying stakeholders

Activity 2.9

Before reading on, think about the concept of stakeholders, and who these stakeholders may be. Consider the example of an organisation you know or belong to.

1. Who holds a stake in this example organisation?
2. Who is affected by what the organisation does?
3. Who has an impact on what the organisation does?
4. Are you a stakeholder in that organisation, and if so, what stake do you hold?

A useful approach for understanding the different types of stakeholder that make up the organisation is provided by Carroll (1993, 62), where a distinction is made between primary and secondary stakeholders.

- **Primary stakeholders** include all those directly involved on a permanent basis with the organisation, for example employees, managers and shareholders.
- **Secondary stakeholders** are more wide-ranging because they do not have a constant involvement, or this is not as strong; they often change as well, for example customers, the community, temporary employees, occasional suppliers, competitors and the government.

With regard to the primary and secondary categories, both of these involve stakeholders who are internal and external to the organisation.

One contribution to this view of the organisation was made by the economic approach of behaviour theory mentioned by Douma and Schreuder (2002). Within this view, each participant or stakeholder is seen to receive inducements from the organisation; for example, in the case of employees this would be their payment. In return for the inducement, the participant makes a contribution. However, this view has significant implications for decision making, as each participant or participant group is seen to have their own objectives, and so bargaining is needed to arrive at the decision or goal that satisfies the different objectives to the greatest extent.

This is related to the idea of 'satisficing', introduced in Chapter 4. It also addresses one of the main problems of economic approaches, the focus on one goal (such as profit maximisation). Instead, stakeholder theory views the organisation as a coalition of participants. Thus it is easier to argue that the organisation has more than one objective. Different groups have their own, including those external to the organisation, that can put pressure on businesses to behave in a certain way.

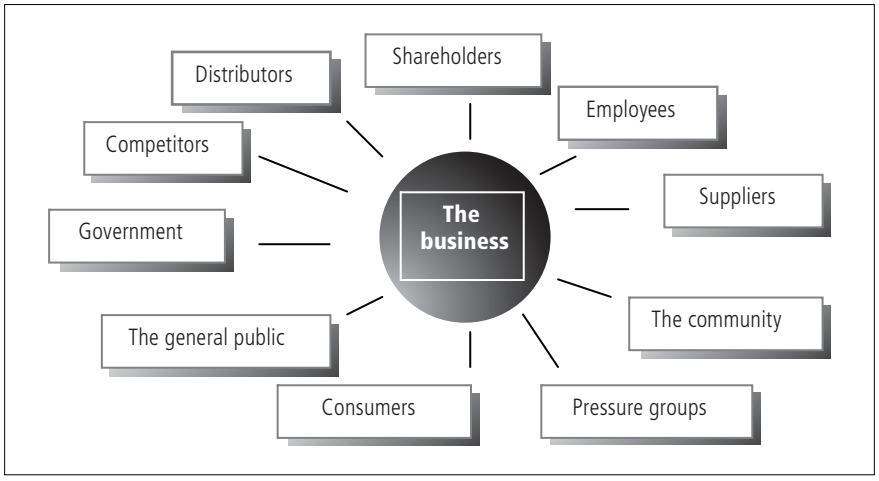

Figure 2.1 Stakeholder groups

It should be noted that Figure 2.1 shows stakeholder groups that could be divided again, depending on the individual business. For example, employees could be divided into temporary and permanent. Each group will also have different amounts of power or involvement in the organisation. (This will be discussed in more detail in Chapter 10 of the subject guide in the context of social responsibility.) Furthermore, the term stakeholder can be used to represent the natural environment, which may also be affected by the operations of the business.

This concludes our consideration of some of the disciplines that inform, and are informed by, business and management. Keep in mind the overlap between these contributions. Comparisons between different views of a firm are a useful tool for evaluation.

As we are focusing on business and the business environment in this section of the course, the stakeholder approach in particular can help us to understand the complexity of the organisational context. The stakeholder model of the firm provides a framework for analysing the ways that different groups are affected by or contribute to the behaviour of a business.

It has been developed further by attempts to understand the different groups to which the organisation has responsibilities, and this will be examined in Chapter 10. The stakeholder model can help us to assess both the internal and external factors that affect the management of business organisations, and so this model will be useful in the remaining chapters of this section of the course, as we investigate the business environment in more detail.

Chapter review

Key points

- The study of business and management is not a subject with clearly defined boundaries.
- It is necessary and helpful to appreciate the contributions that different disciplines have made to our understanding of organisational behaviour and management, so as to avoid simplistic explanations and definitions.
- Sociological approaches emphasise the importance of social relations within organisations.

- Anthropological approaches focus on understanding the culture, language, symbols and rituals of organisations, by in-depth and lengthy studies.
- Psychological approaches emphasise the importance of individual differences and personalities for understanding employee capability, motivation and group interaction.
- Economic approaches focus on the activities of the organisation that result in profit maximisation and the optimal allocation of resources to achieve this.
- Viewing the business organisation as a coalition of stakeholders can help us to understand the complexity of the organisational context.

A reminder of your learning outcomes

Having completed this chapter, and the Essential readings and activities, you should be able to:

- discuss the multidisciplinary nature of business and management studies
- identify the range of disciplines that have contributed to the subject and which have influenced its development
- explain the different ways in which sociology, anthropology, psychology and economics treat business, and then link this to the study of business organisations
- consider examples of how to evaluate the usefulness of the contributions made by these disciplines
- identify and assess the value of the stakeholder model of business.

Sample examination questions

When considering these, please remember the guidance given in the Introduction about examination preparation. Each question is designed to be answered fully in approximately 45 minutes, under examination conditions.

1. Evaluate the contributions that two particular disciplines have made to your understanding of business organisations and their management.
2. a. Explain what you understand by the term ‘personality’.

   b. Discuss four factors that might affect the development of a person’s personality.

   c. Discuss four personality characteristics that you consider necessary in an entrepreneur. Justify your choice and use examples to reinforce your answer.
3. ‘The study of business and management can be described as multidisciplinary.’ Discuss.
4. a. Explain what is meant by the term ‘psychological contract’.

   b. Discuss the individual and organisational expectations in this context.

   Illustrate your answer with relevant examples.

Advice on answering a question

To help you further with your exam preparation we offer below some suggestions for one of the answers. However, it is very important to remember that there is no model or correct answer to any of the questions. It is more important to demonstrate what you have learnt by developing your own response to the question, supported by evidence from the relevant parts of the chapter.

3. 'The study of business and management can be described as multidisciplinary.' Discuss.

This is a general question which offers the opportunity for many different kinds of response. However, all answers would need to state whether you think that it actually is multidisciplinary.

The complexity of the issues covered in the subject could be reflected on, and how important these are – therefore being relevant concerns for a number of disciplines.

The evolution of the subject could be considered and also those who contributed to its becoming an area of study; links could be made here to Chapter 3.

The contributions that make the subject multidisciplinary will need to be identified, and these would need to include more than the four concentrated on in the chapter.

Your answer could be expanded. For instance, look at the influence that one or two of the disciplines have had and illustrate your answer with example studies.

Notes

Section 2: Decision making

This section of the guide contains three chapters. The focus of the section is decision making, a core theme throughout the course. Decision making is a key activity in the management of business organisations, ranging from the daily decisions related to operations in the workplace, to the long-term decisions which will affect the future direction of the business organisation.

In Chapter 3, the role of the manager will be considered, asking what managers actually do. It will be helpful to think about the managers that you know and what you think they do. The first chapter in the section is organised so that you will explore the central activities of managers, such as planning, leading, motivating people and controlling. Decision making is seen as central to all of these roles.

In Chapter 4, the focus is on strategic decision making, such as the long-term decisions mentioned above. We will also consider change in the organisation, which both results from decisions and demands further ones. The aids that managers can use in making decisions will also be examined, as well as different theoretical contributions as to how decisions are best made.

Chapter 5 allows you to explore the different functions that a business can be made up of, such as marketing, human resource management, finances, communications and operations. Some of these are the subject of other courses; here you should aim to gain an overview of the role of managers in business organisations.

Notes

Chapter 3: The management role

Aims of the chapter

As the first chapter in Section 2, this chapter focuses on the role of the manager. Specifically, it aims to examine:

- the different types of managers
- the various roles that managers play
- what managers actually do at work
- styles of management behaviour and managerial effectiveness
- how managers make decisions.

Learning outcomes

By the end of this chapter, and having completed the Essential readings and activities, you should be able to:

- identify factors that contribute to differences between types of management, the attributes valued in managers and the expectations placed on the work of the manager
- understand the limits of management behaviour theories, and appreciate the practical constraints that managers face in reality
- discuss the idea of managerial effectiveness and evaluate approaches to measuring how successful a manager is
- identify the types of decisions relevant to the different areas of the manager's job.

Essential reading

The reading for this chapter is taken from Mullins (2010) and, as in the last chapter, it is important for you to read these sections when instructed to do so by the guide.

Mullins, L. J. *Management and Organisational Behaviour.* (Essex: Pearson Education Limited, 2010).

Chapter 7 'Work motivation and job satisfaction', pp.252–64, 'The meaning of motivation', up to and including 'Maslow's hierarchy of needs theory', pp.265–67, 'Herzberg's two-factor theory, pp.268–71, 'Vroom's expectancy theory'.

Chapter 10 'The nature of leadership', pp.372–84, 'The meaning of leadership', up to and including 'Contingency theories of leadership', pp.386–87, 'Vroom and Yetton contingency model', pp.387–89, 'Path-goal theory', pp.391–95, 'Transformational leadership', and 'Inspirational and transformational leadership', pp.397–402, 'The leadership relationship', up to and including 'Leadership effectiveness'.

Chapter 11 'The role of the manager', pp.442–48, 'The attributes and qualities of a manager' up to the end of Chapter 11.

Chapter 12 'Managerial behaviour and effectiveness', pp.457–64, 'Managerial style' up to and including 'The managerial/leadership grid', pp.467–77, 'Management by objectives' up to and including 'Measures of effectiveness', pp.480–90, 'The management of time' up to the end of Chapter 12.

Chapter 14 'Organisational strategy, ethics and responsibilites', pp.542–50, 'The importance of strategy', up to and including 'Strategy, opportunities and risk'.

Chapter 17 'Organisational control and power' pp.665–71, 'The controversial nature of control', up to and including 'Forms of control', pp.673–691, 'Characteristics of an effective control system', up to and including 'The concept of empowerment'.

Further reading

These readings will provide you with further detailed information if you are particularly interested in a subject, but again do remember that they are not an essential part of the course and so you should always do the Essential reading first!

Boddy, D. *Management: An Introduction.* (Harlow: FT Prentice Hall, 2008) Chapters 1, 6, 14, 15 and 19.

Daft, R.L. *New Era of Management.* (Mason, Ohio: South Western: Cengage, 2008) Chapters 7, 18 and 19.

Mullins, L.J. *Management and Organisational Behaviour.* (Essex: Pearson Education Limited, 2010) Remaining sections of chapters mentioned in the Essential reading above.

Huczynski, A. and D. Buchanan *Organizational Behaviour: An Introductory Text.* (London: Prentice Hall, 2006) Chapters 8 and 21.

Mintzberg, H. *The Nature of Managerial Work.* (Upper Saddle River, NJ: Prentice Hall, 1990).

Introduction

In this chapter of the guide we consider further the role of management in an organisation. In other words, what role or roles do managers play? Once more we focus on business management. The first section looks very briefly at organisational goals and objectives since, for the manager, these come first. We look at them in greater detail in Chapter 4 of this guide. The second section of the chapter looks at what managers do and what makes a good manager. The third section considers each of the main 'roles' played by managers – making decisions, planning, providing leadership, motivating and controlling.

3.1 Organisational goals and objectives

This section is purposely kept short. It is put here to remind us that managers need goals to work towards. How they go about achieving those goals is the subject of the rest of this chapter. This short note is a reminder that clear and achievable goals must come first. If a manager does not have goals, how can he or she hope to be effective?

Activity 3.1

Reading

The Essential reading for this section is:

- Mullins (2010) Chapter 14 'Organisational strategy, ethics and responsibilities', pp.542–50.

An alternative reading can be found in Boddy (2008) Chapter 6 'Planning', pp.194–98.

We look at goal setting in more detail in Chapter 4 of this guide, so for now read through these pages quickly – do not spend more than half an hour on this reading at the moment. You can look back at this reading when you move on to Chapter 4.

3.2 What is a manager?

Activity 3.2

Start by writing down a few sentences in answer to the question 'What is a manager?'

We established one definition in Chapter 1, which defined a manager as:

> 'a person who is responsible for co-ordinating resources and the actions of others, for the achievement of goals'.

According to our definition, managers:

- are involved with leading people to achieve goals
- need to coordinate the actions of people, together with other resources, such as money, materials and technology.

Therefore, managers are more than leaders. They are a group of people who have in common their responsibility of achieving goals through the coordination of all resources.

Activity 3.3

Next, think what factors make for differences between managers. Some are suggested by the definition – spend a few minutes thinking about this.

In general, differences that occur can be attributed to:

- the type of organisation and its size and structure
- the level (junior, middle, senior) of management
- what it is that is being managed (products, services, finance, etc.)
- the company and personal goals
- the style of management
- where the manager is working and where he or she comes from
- who the manager is working with.

We explore some of these differences below. If you look at these factors again you will see that they fall into two categories – those that relate to the business structure and its objectives, and those that relate to the individual manager and his/her objectives.

Now, look at Mullins (2010) p.437, Figure 11.5. Notice that, as already noted above, there are several environmental factors that will have an effect on the nature of the manager's job.

Differences between managers

1. Levels and functions of management

In Chapter 6 of this guide we look at different organisational structures and you will see how these affect management structures. Figure 3.1 shows how management hierarchies are commonly described. Modern thinking has reduced the layers of management, especially 'stripping out' middle managers and 'empowering' junior managers. We will come back to this when we look at 'business process re-engineering' (BPR) later in the guide.

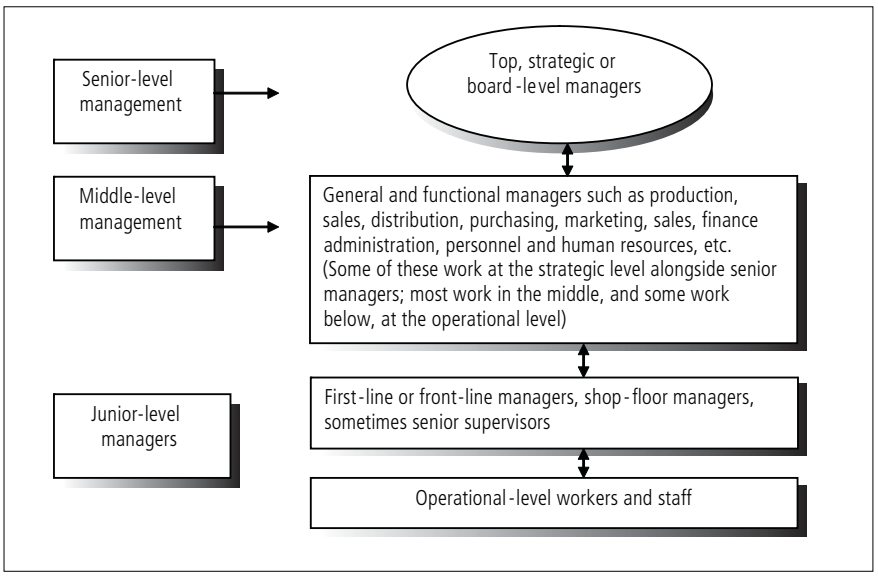

Figure 3.1 Common terms used to describe managers in an organisational hierarchy

Note that in a hierarchy such as illustrated above, many managers are in the middle of chains of communication and command. Orders and messages go up and down the organisation (and from side to side).

The **first-line managers** are those who are directly responsible for and oversee the production of goods and services. Above this level are the **middle managers**, who are not so directly involved in production but are more responsible for directing the front-line managers and communicating between them and **senior managers**. This last type of manager is responsible for the achievement of goals at a more strategic level, and would include the chief executive officer (CEO). Differences in the types of goals to be achieved are also determined by the scope of a manager's responsibility. **Functional managers** are responsible for managing a particular section of operations, such as marketing, finance or communications. In contrast to this, **general managers** are responsible for the achievement of broader goals, or can be responsible across different functions.

Activity 3.4

Reading

We explore functional areas of a business in detail in Chapter 5. Look at Mullins (2010) p.500, Figure 13.1 to see how different types of managers share the responsibility for one functional area, that of HR, in an organisation.

In this section we have examined how different goals that managers are trying to achieve are directly related to issues such as the type of organisation and the level at which they manage. However, there is another significant variable: a manager's individual style and how factors such as attitude, culture and the individual qualities that make a good manager influence this style.

2. Qualities of the individual manager

This issue has been the subject of a great deal of research, to discover what qualities are needed to be a successful manager. If it is possible to identify the necessary qualities that make a good manager, then managers can be trained to develop these qualities. Also, new recruits can be tested to see if they have potential.

Activity 3.5

Think about all the different types of managers that exist. For instance, are you managed by anyone? Do you in turn manage anyone else? Think of managers that you come across in your everyday life and what activities they are involved in.

1. Now write down three examples of a manager, specifying the scope and level of their job and the type of organisation. In your opinion, what attributes or qualities would each sort of manager need in order to be successful? Make a list of these next to each.

Reading

2. Read the following section of your main key text:
    - Mullins (2010) Chapter 11 'The role of the manager', pp.442–48; Chapter 17, 'Delegation and empowerment' up to and including 'The concept of empowerment', pp.683–693.

A supplementary reading is Boddy (2008) Chapter 1 – this looks more generally at the management job.

As you read these pages, compare the qualities mentioned in the text with the list of attributes that you developed for each of your three example managers above.

- Are there any similarities?
- Which of these qualities are managers born with and which can be learned?
- What is your opinion of the different research findings presented here?

In the examples below, two factors affecting the manager's job and management style are considered.

Example: gender differences

Historically, business management has been predominately a male profession (not so household management!). The influence of wider societal attitudes cannot be ignored, such as women traditionally being seen as the homemakers. However, a particularly relevant issue with regard to management has been the different attributes and also values assigned to the sexes. If it is thought that successful managers need to have certain attributes, but these are only associated with males, then this can be used to justify male dominance in the field.

Examples of these include rationality, competition, control and self-assertion being seen as male and positive for management potential. So-called 'female values' include intuition, caring, emotion, acceptance, and cooperation, which some would not consider suitable for the task of management.

However, much has been done to counter this view and to prevent discrimination again women. The arguments put forward are that women can also have the same attributes as men. Furthermore, those traits believed to be common in women can be seen as an aid rather than a hindrance to successful management. An example of this would be cooperation for good teamworking.

Despite changes in attitude and the law regarding women and work generally, when it comes to management the concept of a 'glass ceiling' is used.

Have you heard this term before? Can you think what it could mean in the context of women and management?

The idea here is that changes have resulted in women being able to enter organisations and climb the hierarchy to a certain level. However, at a certain point on the hierarchy, especially before the higher levels of management, they hit a 'glass ceiling': although they can see above them, they are not able to progress further.

Although the progression for women to top management is easier in the twenty-first century, it seems that there is still some way to go, and the situation is similar for other groups that have been underrepresented in management, such as those from ethnic minorities. However, it is also important to recognise that issues of this kind also vary in different parts of the world.

Example: cultural influence

Cultural influences are important for understanding types of management. We need to recognise that these exist so that we avoid making inappropriate generalisations and also avoid creating unhelpful stereotypes. Managers exist the world over, but in Chapter 1 of this guide we saw the importance of the historical context. It was mentioned that business and management as a field of study have developed at varying rates and under different influences, in different areas of the world.

We have looked at cultural factors in Chapter 2, and in Chapters 7 and 8 we consider the international context of business. Here, it is appropriate to introduce the importance of culture, specifically in relation to management.

Culture influences:

- the types of people that are described as managers
- the qualities valued in managers
- the level and scope of managerial work
- styles of management.

For instance:

- in Malaysia, all administrative and managerial personnel are described as managers
- in France, executives and professional employees are not included as managers
- in South Korea, graduates recruited to white-collar jobs would be defined as managers even though they would not be promoted to managerial work until later in their career.

(Peterson, 1993)

How about in your country?

Activity 3.6

Think for a moment about management in your own country. Are there any cultural influences on how management is defined or the type of people who are managers? What about the historical context – how has this changed over time?

Ask yourself whether the ideas you have read about are relevant to your own culture, or whether any of the theories would be inappropriate because they have been developed or based on research done elsewhere in the world.

Having read this section, ask yourself if there is a simple answer to the questions:

- What is a manager?
- What makes a good manager?

Feedback

The answers seem to be complex and ambiguous. Even the definition of a manager is partly determined by wider issues such as the cultural context. Therefore it can be seen that the definition we began with is purposefully broad, so it can account for this variation. Appreciating this complexity is an important step in your understanding of business management.

3.3 What do managers do?

The definition of management that we have adopted for this course (see above and your glossary) gives us a broad understanding of the job of a manager – to coordinate resources for the achievement of goals. But how do managers do this? What activities are involved?

Looking back at the first reading in Activity 3.5 (Mullins, 2010, Chapter 11 'The role of the manager', pp.442–48), see how Mullins defines 'managerial roles' and look also at the roles suggested by Mintzberg (1990) in Figure 11.6 on p.438. We will consider some of these roles next.

Writers vary in the roles they identify as managerial. For instance, one approach to understanding the job of managers is to identify the major types of activities they engage in. An example of this is provided by Gulick and Urwick (1937) who, under the influence of the classical school, developed the ideas of Henri Fayol. The main activities of a manager are seen within this view to be:

- planning
- organising
- staffing
- directing
- coordinating
- reporting
- budgeting.

But how do these ideas translate into what a manager does from day to day? What is involved in each activity and how much priority is it given? Are these relevant to all types of managers?

Mintzberg's 'folklore and facts' of management

Henry Mintzberg (1989) studied real managers at work and from his findings he distinguishes the 'folklore and facts' of the manager's job ('folklore' means traditional beliefs).

	Folklore	Fact
1	The manager is a reflective, systematic planner.	Study after study has shown that managers work at an unrelenting pace, that their activities are characterised by brevity, variety, and discontinuity, and that they are strongly oriented to action and dislike reflective activities.
2	The effective manager has no regular duties to perform	In addition to handling exceptions, managerial work involves performing a number of regular duties, including ritual and ceremony, negotiations and processing of soft information that links the organisation with its environment.
3	The senior manager needs aggregated information, which a formal management information system best provides.	Managers strongly favour the oral media – namely, telephone calls and meetings.
4	Management is, or at least is quickly becoming, a science and a profession.	The managers' programmes – to schedule time, process information, make decisions, and so on – remain locked deep inside their brains.

Table 3.1 Mintzberg's 'folklore and facts' of management

Source: Mintzberg, 1989, pp.10–14

Lawrence's results

Another piece of research done on this issue was a comparative study between the work of managers in Germany and Britain. Lawrence (1984) studied the daily activities of 16 German and 25 British general and production managers in detail. He calculated the time given to different activities to discover what managers really do.

Activity	Percentage of manager's time	
	German	*British*
Attending regularly scheduled meetings	9.78	15.5
Attending irregular meetings	12.62	14.46
Ad hoc discussion	20.07	17.93
Being on the shop floor	16.87	17.35
On the telephone	10.56	7.23
Working in the office	11.56	11.16
Talking to researchers	10.45	13.08
Various other activities	8.02	4.08

Table 3.2 Lawrence's results from his German-British comparison of managers' use of time

Activity 3.7

Spend a few minutes looking at these results and think back to the subsection 'Cultural influences' in Section 3.2 of this chapter of the guide.

1. Are the results shown here consistent with cultural differences between Germany and Britain?
2. How about in your country? Think of another country and imagine making a comparison, as Lawrence did between Germany and Britain. Suppose you compared China and Russia, or Japan and Korea. Would you find differences in how managers spend their time?

Feedback

The results do seem to support the idea that scheduling of formal meetings is more common in Britain. However, it is also important to recognise that similarities do exist as well, such as the time managers spend in their offices.

Comparing Lawrence and Mintzberg

Another point to be made is that research findings support the facts put forward by Mintzberg to counter the 'folklore' of what managers do.

Look again at the four folklores of management in Table 3.1 and the facts that Mintzberg offers to discredit these myths. Can you see how the evidence presented by Lawrence can be used to support Mintzberg's claims? Think about this before reading on.

Remember, the skill of comparison is an important academic tool for evaluation. Consider for a few minutes the folklore that managers need information via a formal management information system. See what Mintzberg says, and then see if Lawrence's results support Mintzberg. Once you have tried this, read on.

Mintzberg suggests that the folklore is rejected in practice because managers said they preferred oral methods of communication. This is also

supported by Lawrence's results. Look at the high percentage of time that managers spent on the phone. Also, look at the time they spent in ad hoc (informal) talks.

See if you can continue this comparison yourself. Which other points made by Mintzberg are supported by Lawrence's research results?

The result of this discussion is that managers may in practice do different things to what the theory states: the 'roles' of a manager may not be what actually happens in practice. So how can we move forward in the light of these results? One approach to come out of the research discussed is to understand the work of managers by examining different managerial roles.

This is how Mintzberg deals with the problem, as Mullins (2010) explains on pp.439–40, 'Behaviour pattern of general managers'.

One role that the management literature has tended to emphasise is the manager as someone who delegates to others. This is consistent with research that has found managers overworked and with too many responsibilities. Delegating refers to a manager passing on a task to a subordinate, but with the manager retaining responsibility for the task being done. Mullins deals with this at length in the text you read for Activity 3.4.

Summing up this section, when asking what managers do we have to be clear about what type of manager we are discussing and we also need to understand what they do not do – in other words, what they delegate.

Activity 3.8

Test the ideas of Fayol, Mintzberg and Lawrence. Study what a manager you know actually does over a period of time, then complete Assignment 1 on p.450 of Mullins (2010).

Next we consider some specific roles of a manager. However, as you read on, it is important to remember that these roles are not set, are not universal, and will need to be adapted for each particular type of manager as well as situational differences.

3.4 Decision making and effectiveness

In Chapter 1 of this guide, decision making was introduced as a key activity of managers and this is a theme that runs throughout the course. Decision making is very important, because it is not a separate role that managers take on: it can actually be seen as integrated and essential to all their roles and the activities involved with them.

Activity 3.9

Think, for a moment, about how many decisions you make in a day to 'get things done'. Jot them down.

Then think of the decisions you have already made about the next year, what you want to achieve, decisions about your studies and career.

Just an ordinary day may involve decisions about what time to get up, what to wear, what to eat, when to leave home, what to take with you, how to travel, who to speak to, etc.

Most things we do involve making decisions and, as we have established, the main job of a manager is to get things done – not only by his or her own actions, but also by the coordination of the actions of others and of all available resources.

Strategic decision making will be discussed in the next chapter of the guide, and decisions are actually an integral part of the business organisation, not only for managers. However, here we are focusing on the role of the manager, and analysing the specific managerial roles of planning, leading, motivating and controlling; it is important to focus on the decision making involved in each of these.

Effective managers

To be effective means to be good at achieving your goals. It is important to note that is not necessarily the same as being efficient. That means achieving a high output per unit input. It is much easier to assess how effective a manager is than to try to find out how efficient he or she is!

Making effective decisions is essential for effective management. This is the topic of the next reading, which considers differences in managerial behaviour and also how successful management can be measured. As we have been establishing the complexity of management, involving many different definitions, types and goals, then it is not surprising that what constitutes effective management is also contested. However, for the purpose of our understanding of the manager's role, it is necessary to understand what is expected of managers and also how their effectiveness can be assessed.

Activity 3.10

Reading

Read the following chapter from your main key text:

- Mullins (2010) Chapter 12 'Managerial behaviour and effectiveness', pp.457–64; 'Managerial style' up to and including 'The managerial/leadership grid', pp.467–77; 'Management by objectives' up to and including 'Measures of effectiveness', pp.480–90; 'The management of time' up to the end of Chapter 12.

This chapter has a lot of material and covers many theories with several diagrams. You should spend no more than three hours studying it. Concentrate on the passages that are listed in the Essential reading. Use the synopsis and review questions at the end of the chapter in the book as a checklist. Also look at the learning outcomes at the beginning. The case studies presented give you a good idea of how to use the ideas in the chapter.

As you read, think about managers you have encountered – those you personally have been managed by, others you have observed, and managers you have read or heard about. Relate the style of these managers to what you read. Using what you read about measuring effectiveness, write down which of the managers you know about, or have experience of, was the best and which was the worst. Explain why.

Feedback

By the end of this activity you should be able to make a good argument about the ways in which the behaviour of a manager determines how effective that manager is. It is important, because ineffective managers can be trained to change their behaviour and thus become more effective. It is also important to note that managers are also judged by the results achieved by others; see the section on 'Measures of effectiveness' on pp.476–77.

In the rest of this chapter we consider four managerial roles that are often identified: planning, leading, motivating and controlling.

3.5 Planning role

Activity 3.11

Begin by reflecting on these questions for five minutes.

1. How do managers plan?
2. What decisions does this involve?
3. What needs to be planned?

Remember that management involves coordinating for the achievement of goals.

First, there is planning in the setting of goals. Managers at all levels need to make decisions about the goals they need to achieve, or about setting the goals that their subordinates should achieve. At the top and higher levels of management these will involve decisions about the strategic goals and direction of the business, but other levels of management will also make long-term and short-term decisions about goals in their own area of responsibility.

The topic of goal setting will be revisited in Chapter 4 when we discuss strategic decision making.

Once goals have been set, it is necessary to decide on a plan of action for their successful achievement. This is where the coordination of resources comes in – not only including the actions of others, but also the actions of the manager as well.

A plan can be understood to be a formulated scheme of action designed to get something done, and so planning is the process of developing this. Approaches to planning vary immensely, but different models often have some key elements in common.

Here are some possible stages involved in planning.

1. Setting the goal
2. Gathering information
3. Developing the actions necessary to achieve the goal
4. Setting targets to be reached on the way to achieving the goal
5. Measuring the achievement of the goal
6. Evaluation and reviewing the goal and the plan.

There are a number of important constraints to planning which managers need to consider when developing a plan.

Think for a few minutes about what these constraints might be.

As stated in Stage 2 of the planning process, managers need information. Think back to the developments in the history of the subject that came to view the organisation as a complex open system; see 'Incorporating the human element' in Chapter 1 of this guide where the need for information flows is stressed.

Also, in relation to planning, managers need to consider the resources available to contribute towards the achievement of the goal. In particular, the cost of implementing a plan and the time involved are often the most crucial constraints for developing the best scheme of action.

Therefore the planning role can be seen as central to the work of managers. Managers plan at all levels, but it is often emphasised more at the strategic level because it is at this level that management is concerned with looking forward rather than concentrating on today's problems (and worrying about yesterday's mistakes!).

On the other hand, remember what we found out earlier about managers and their use of time. Maybe planning is important in theory but not in practice. Maybe managers typically never have time to plan? What do you think?

Boddy (2008) Chapter 6 'Planning', listed under the Further reading section at the beginning of the chapter, provides a review of the planning process.

Activity 3.12

It would be useful for you to talk to a manager. You may already know one, but if you do not, there are several options available to you. Perhaps someone you know, a friend or family member, could put you in touch with one. Think about the places that you have worked or the places you have studied at. Otherwise it may be appropriate for you to approach the manager of a shop or restaurant that you know well. Talking to a manager now can provide another valuable perspective on what a manager is and what managers actually do, and this will also give you an example of a manager in your own country.

1. Ask the manager to describe a typical day at work.
2. How does this description compare to the research done on how managers spend their time?
3. Ask the manager what planning is involved in their job, what type of goals they strive to achieve, and how they develop their plans to achieve them.
4. From the description of the manager's day, can you see when they spend time planning? If you cannot, ask them when they do their planning and how much time they spend doing it.

Note that if you are unable to talk to a manager then it can be useful to consult the biography of a manager from your country.

Finally, remember to add 'planning' to your glossary.

3.6 Leadership role

Activity 3.13

We began this chapter by making a distinction between a leader and a manager. See if you can express this now – take a couple of minutes before reading on.

Feedback

A manager is involved in more than leading people because managers work to achieve goals by the coordination of all resources, the actions of people being only one type of resource.

Leadership can be understood as the influence needed to direct the actions of subordinates in a common undertaking. Decisions within this role are mainly concerned with choosing the most effective and appropriate type or style of leadership. Add this definition to your glossary (and see also Mullins' definition of leadership; you may want to add this too).

Leaders come in all shapes and sizes. Some styles of leadership are listed below.

As you read on, consider what sort of leadership styles you have in:

- your country's government
- your present or past school, college or university
- your family.

Approaches to leadership

Some theorists argue that leadership is an aspect of personality and cannot be learned. Others argue that leadership can be learned. This leads to the study of the relationships between leader and the led, and how leadership styles can be adapted to different situations. Mullins (2010), Chapter 10 p.376 provides a helpful framework for the study of leadership. We will look briefly at these approaches in the following pages. Leadership style is often discussed and different models highlight different styles.

The broad classification of autocratic, democratic and laissez-faire is useful to remember (see Mullins, 2010, Chapter 10, p.381).

The differences in style are often analysed within a continuum that places autocratic management at one end and democratic management at the other.

Note again that decision making can be seen as the central issue, and the issue of decision making can be used to explore styles of leadership on this continuum.

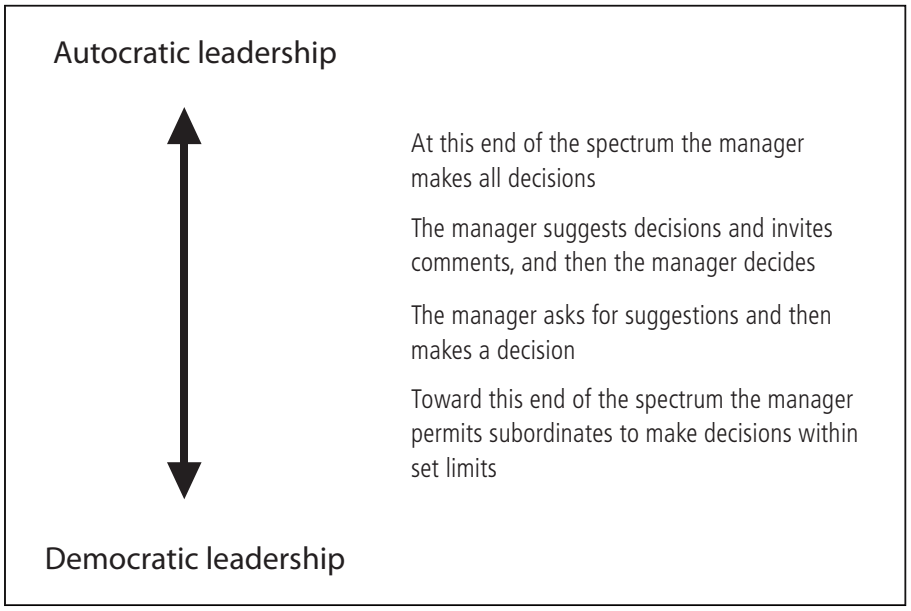

Figure 3.2 The spectrum of leadership styles

You can see a similar representation on pp.381–83 of Mullins (2010), although he emphasises power rather than decision making as the central issue. Clearly the two are closely related. Look at Figure 10.4 on p.382.

Theories of leadership have strong links to the different stages of development of management, which we discussed in Chapter 1.

Activity 3.14

Reading

Now read the following sections of your main key text:

- Mullins (2010) Chapter 10 'The nature of leadership', pp.372–83, 386–87, 387–89, 391–95, 397–402. See the Essential readings at beginning of this chapter for the appropriate sections.
- Read also Mullins (2010) Chapter12, pp.461–64, 'The managerial leadership grid'.

An alternative reading is Boddy (2008) Chapter 14 'Influence and power', pp.454–69.

From your reading you will have a better understanding of the differences in approaches to the study of leadership. Leadership is a process which involves the leader, the led and the situation**.** The different approaches to leadership theory look at different elements.

Having read the above readings, and before reading further, write a quick summary of the following approaches and in each case identify whether the leader, the led or the situation is the focus of attention:

- traits approach
- behavioural approach
- contingency approach.

Now read on.

Traits approach

Some of the early studies of leadership attempted to produce a profile of personality characteristics of people who have leadership qualities. Early researchers listed those characteristics to be found in recognised 'good' leaders. However, this approach proved to be not very reliable since there were too many exceptions to the rule. It was felt that although certain traits may be necessary in a leader, they were not sufficient for good leadership. However, many organisations believe that certain types of people tend to make better leaders/managers and attempt to isolate these people at the recruitment stage with the aid of personality or psychometric tests.

Behavioural approach

In this approach it is the behaviour, not the personality, that is important. This approach describes how the leader behaves in response to the situation. For instance, should a manager act in a task-centred or employee-centred manner to get the best out of subordinates? There is some evidence that employee-centred (supportive) leadership style is related to: subordinate satisfaction, lower turnover, absenteeism and grievance rates (other things being equal) and less intergroup conflict. But note that some people prefer to be managed in a directed and structured way.

There are various theories, some of which consider the two extremes: authoritarian versus democratic styles. See Mullins (2010) Figure 10.3 on p.380 for examples. (See also Boddy, 2008, pp.462–66, 'Behavioural models').

You have already read about the managerial/leadership grid in Mullins (2010) Chapter 12, pp.461–64. (See also Boddy, 2008, pp.463–65.) This was developed by Blake and Mouton (1985). The model identifies the combinations of the measures of concern for production (initiating structures) and concern for people (consideration). The various combinations of styles are plotted on a two dimensional grid. Each style

is measured on a scale of one to nine. There are five basic models for leadership. For instance, the combination (1,1), which indicates low concern for production and low concern for people, demonstrates a style of management which is minimal, provides little direction, with just enough effort exerted to stay out of trouble (called impoverished style). The team style (9,9), which is high on both scales, is deemed to be preferable.

Like the trait approach, the behavioural approach does not come up with consistent findings. It proved to be more complex than just isolating a set of desirable traits or behaviours for leaders. This led to a focusing on situational influences.

Contingency approach

Different types of personality and behaviour are effective in different situations. For example, if time pressure is tight, then task-centred leadership is more effective. If jobs are intrinsically satisfying, the considerate style will not make much difference. However, if the jobs are not intrinsically satisfying, then the considerate style is likely to lead to more satisfaction. There are several different models that demonstrate this approach. The Essential reading suggests you look at the Vroom and Yetton model and the Path-Goal model. (See Mullins, 2010, pp.386–89; Boddy, 2008, pp.466–68.) Quickly look at the other models mentioned to get a general view of the different ideas.

Vroom – Yetton model

This is sometimes known as the leader-participation model. There are five leadership styles appropriate to different degrees of subordinate involvement in decision making. This model argues against inflexibility of leadership behaviour – the leader should adjust his/her behaviour to the situation or task. The model is represented by a decision tree incorporating seven contingencies and resulting in the appropriate style of leadership at the end of each 'branch'. This model has been tested by researchers with encouraging results as to its validity. The model has been extended to include twelve contingency variables and, although not having been tested as extensively as the original, the revised version appears to provide a useful set of guidelines to help managers choose the appropriate leadership style. (If you are interested, see Mullins, 2010, p.387 for the revised version.)

Path – Goal model

The leaders' style should be appropriate to needs of subordinates and situation task characteristics. This theory suggests that the performance of the subordinates is related to the extent to which their manager satisfies their expectations. It describes four styles of management: achievement oriented, directive, participative and supportive. The two contingency variables are employee characteristics and task characteristics. The leader/manager should clarify the path or means by which subordinates can attain both high job satisfaction and high performance.

Other approaches to leadership

Action-centred leadership

This comes under the heading of the functional (or group approach). See Mullins (2010), pp.377–78. The leader is concerned with three areas of need within the work group: the need to achieve a common task, the need for team maintenance, and the individual needs of the members of the

group. In order to be an effective leader, and to ensure that these needs are met, Adair (1997) suggests that the manager needs to be aware of what is going on the group, i.e. the group process, underlying behaviour and content of discussion. Also the leader needs the understanding and skill to determine when a particular action is required. This approach to leadership has been used extensively in leadership training.

Transactional versus transformational leadership

There has been interest in differentiating transformational leaders from transactional leaders. Very briefly, transactional leaders are those who guide or motivate their followers in the direction of established goals by clarifying role and task requirements, whereas transformational leaders provide individualised consideration, intellectual stimulation and possess charisma. (Since transformational leaders are considered to be charismatic or inspirational, there is a certain overlap between this approach and the next one.) Transactional and transformational leadership should not be viewed as in opposition, rather that transformational qualities can be built on to transactional qualities. Evidence suggests that transformational leadership can be superior to transactional leadership.

Inspirational leadership

Studies of inspirational/charismatic leadership have often been concerned with identifying characteristics of charismatic leaders. Characteristics such as unconventional behaviour, having strong convictions about their idealised goal or vision, environment sensitivity, etc. have been highlighted.

Leadership and gender

There is no evidence to suppose that one sex is better at leadership than another, but it has been noted that women tend to exhibit a different style of leadership, very often more interactive in nature. As more women reach top management positions, more evidence can be gathered on their leadership style and effectiveness.

Leadership power

Power is central to the leadership process. The leader will have different power bases, some which are given, e.g. legitimate; some which are as a result of the leader's personal characteristics, e.g. referent. The leader may have one or more of the following power bases: legitimate, reward, expert, coercive, referent, etc. The subordinates' reaction to that power can range from total commitment to active resistance.

Activity 3.15

Reading

The different forms of leadership power are considered in this reading:

- Mullins (2010) Chapter 10, pp.397–99.

(Or alternatively, Boddy (2008) pp.469–78, 'Sources of power to influence others', 'Using positional power to influence others' and 'Influencing through networks'.)

As you read this, think of an organisation you are familiar with. Who holds the power? What sort of power is it? What are your power bases?

You will meet the subject of power again when the controlling role is considered.

3.7 Motivating role

Activity 3.16

First add into your glossary a definition of 'motivation'.

The role of a manager as a leader is closely related to their role as a motivator. Can you think why? Once more, stop and consider for a few minutes before reading further.

Again, in this role the manager is concerned with the human aspect of the resources available for achieving goals. Motivating people is about generating enthusiasm and persistence in their actions. Leadership can be done without this, but it can be argued that more effective leadership, and so management, will involve taking the role of motivator, so goals will be achieved more effectively. Theories of motivation again can be seen to have roots in the various developments in business management literature. Three of these are offered here as examples.

Activity 3.17

Reading

This reading will look at the concept of motivation, get an overview of the main theories, and look at three specific theories:

- Mullins (2010) Chapter 7 'Work motivation and job satisfaction', pp.252–64, 'The meaning of motivation', up to and including 'Maslow's hierarchy of needs theory'; pp.265–67, Herzberg's two-factor theory; pp.268–71, Vroom's expectancy theory.

The rest of Chapter 7 explains a number of other motivation theories and looks at job satisfaction. Skim this if you have time.

(An alternative reading is Boddy, 2008, Chapter 15 'Motivation', pp.494–97, 500–02, 505–08 for discussion of the three models.)

The inherent differences between individuals means that what motivates one person may not motivate another. Nowadays people are generally better educated than they were 50 years ago and therefore have greater expectations. They require more interesting and challenging work, and managers who will make them feel valued, give them regular feedback and rewards for increased performance. Managers who do not fulfil these expectations will not get the best out of their staff.

The terms 'motives' and 'motivation' can be used in several contexts: the goals that people have, e.g. status, power, friends etc.; the mental processes that lead people to pursue those goals; the social processes through which some individuals try to change the behaviour of others.

Motivation is important because:

- individual performance is a function of ability, motivation and situational factors
- the less the workforce is motivated, the more controls management has to exercise – and these can be self-defeating.
- the concept of motivation enables an individual to make causal attributions and explain others' behaviour to him/herself.

There have been attempts to explain how people are motivated, what motivates them and their different attitudes to work. Motivation in the workplace will be affected by many factors – the characteristics of the

organisation, the characteristics of the job and the characteristics of the individual – all these factors interact with each other. There are several different approaches to understanding motivation:

- Content approaches emphasise needs that motivate people.
- Process approaches emphasise workers making decisions based on needs.
- Reinforcement approaches focus on how employees learn to behave.

You will have met the three models below as part of the Essential reading of this topic.

Maslow's hierarchy of needs (1943)

This model has already been discussed in Chapter 1 – you should have read about this in Activity 1.7. Go back and look at it again.

Herzberg's two-factor model (1968)

Herzberg et al. (1959) offered a two-factor theory of motivation, where research was done on what factors can affect job satisfaction levels. Two categories were developed. The first set is called hygiene factors, which are the elements needed to prevent dissatisfaction. They include salary, security and supervision. The second set is called motivation factors, which are the elements that affect satisfaction levels but that cannot lead to dissatisfaction. These include recognition, responsibility and advancement. Hygiene factors are seen to be the most crucial, but both types have to be present together to motivate workers fully.

Activity 3.18

What stage of development, in the study of management, do you think influenced Herzberg's theory? Think about this for a moment.

Can you see similarities with the hierarchy of needs idea offered by Maslow? What were the historical roots of that? You can trace this in Chapter 1 if necessary, because recognising the links between these issues is very useful.

Expectancy theory

A different type of theory is offered by Vroom (1982): the expectancy theory. This theory stresses that understanding how employees perceive possible outcomes is vital for knowing how to motivate them. Vroom uses the term 'valence' to describe what the employee anticipates will be the satisfaction gained from the outcome of a particular action. Two categories of outcomes are possible, either performance-related or need-related. The theory suggests that motivational force results from the combination of anticipated outcomes (performance and need-related) and the expectancy the subordinate has that the predicted outcome will actually be realised.

Goldthorpe's research

Another example is a theory developed from research on a particular group of workers: manual employees in a car factory (Goldthorpe et al., 1968). This was a classic sociological study of the workplace. The main findings were that motivation could be influenced by factors outside of work, so different workers will be motivated in different ways. This makes the role of the manager as a motivator particularly difficult. However, three main types of workers were described and could be identified as:

1. affluent workers – instrumental in approach to work and so motivated by money

2. professional workers – bureaucratic in approach and so motivated by position
3. traditional workers – feeling solidarity with each other; as a result they are motivated by a sense of belonging.

It seems, then, that managers have again to make important decisions in their role as motivators. They need to decide what type of workers they are trying to motivate, what behaviour they are trying to motivate in these workers, the most appropriate method of motivation and possibly the outcomes that can be used to provide the motivation.

How would you motivate the telephonists in the next example?

Activity 3.19

Consider the following example and think how you would motivate staff in these circumstances. Try to use one of the theories you have just read about.

Your company is a telephone answering service (a 'call centre') and operates from the Indian city of Mumbai. Staff must answer problems about household equipment (vacuum cleaners, gas boilers, kitchen appliances) from consumers in Texas. Staff members are taught how to speak to and understand Texans. They know the sports results and weather in Texas so they can chat in a friendly way. However, staff find the work too abstract and unreal. Many move on to other jobs once their language skills are improved. The manager needs to motivate staff to stay and work hard.

Feedback

To help you get started, you may find the following answer outline useful.

First, decide which theoretical model you want to use. Expectancy theory or Herzberg are quite appealing for this problem. Your analysis of why staff become fed up will lead to your recommendations. These may include a mixture of measures such as promotions and bonuses for long-serving staff. Also, it might be worth developing social contacts that help bring Texas 'alive' for the Mumbai staff (visits, special uniforms, TV and video links). There might even be a scheme to lend long-serving staff money to buy an apartment; this would certainly tie staff to the company. However, the opposite could be the case and they might come to feel very secure and become lazy.

Look at the theories and see how they suggest one can motivate young, educated employees that want independence, flexible working conditions and an interesting work life. Maybe the company can decentralise management and have teams working on specific products or in competition with each other.

The important thing is to decide on a theoretical framework and use that to analyse the problem.

3.8 Controlling role

The final role to be considered is that of the manager as controller.

What do managers control? How do you think this relates to the other roles we have discussed? Once more, take a few minutes to think about these questions and then read on.

Managers are required to control the actions of individuals, but management is also more than this. Our understanding of management involves the coordination of all resources, and so the controlling role involves how these resources, including but not only people, are used and interact. Other areas of control include the plans developed to achieve

the goals and all delegated activities, for example budgetary control. The stages involved in the controlling process can be perceived as follows:

1. Define the necessary standards or goal to be achieved.
2. Decide upon and implement a measure of outcomes.
3. Make an ongoing comparison of current activities with the standards set.
4. Make changes to current behaviour if needed to ensure standard or goal attained.

See Mullins (2010) p.668, for a more detailed discussion.

Activity 3.20

Reading

This final reading gives an overview of why it is important to have control in organisations. We also look at the components of an effective control system. The issue of power is considered again and there is an extensive discussion of delegation and why it is so important for a manager to delegate effectively.

- Mullins (2010) Chapter 17 'Organisational control and power', pp.665–71, 'The controversial nature of control', up to and including 'Forms of control'; pp.673–691, 'Characteristics of an effective control system', up to and including 'The concept of empowerment'.

An alternative reading for this topic can be found in Boddy (2008) Chapter 18 'Performance measurement and control', pp.598–616. You can read the remainder of the chapter but do not spend much time on it.

As you read, think about the other roles of the manager that we have discussed and try to draw connections between them. Keep in mind the manager that you met and what he or she told you about their job. Could you identify the controlling activities in their work?

It can be seen that the controlling role of managers is interrelated with others, such as planning and leading. Again, decision making is crucial to this role, and is an integral part of each stage of the controlling process. Therefore it is important to remember that the roles a manager takes on cannot be seen in isolation, but are interconnected and overlap.

We also established that many different types of management exist, and so it is necessary to recognise that the roles a manager has will depend on what type of manager they are. The roles that have been discussed here are only some possible ones, and offer one way of understanding what managers do.

In reality we have learnt that the job of a manager can be very complex and demanding, and can depend on external constraints.

Chapter review

Key points

- Research studies of actual managers suggest that what they spend time doing in practice is different from what we expect a manager's job to be in theory.
- Many different types of manager exist and no one set of attributes can be agreed on.
- No one set of attributes for a good manager has been agreed upon. What is seen to make a good manager is dependent on the context, and this can change over time.

- The work of a manager can be understood by investigating the various overlapping and changing roles that a manager takes on.
- Theories of what managers should do often conflict with research into what managers actually do.
- There are a number of theoretical approaches that contribute to our understanding of how managers perform in all the roles they play, such as planning, leading, motivating and controlling.
- Goal setting and decision making are central to the effective performance of the manager.

A reminder of your learning outcomes

Having completed this chapter, and the Essential readings and activities, you should be able to:

- identify factors that contribute to differences between types of management, the attributes valued in managers and the expectations placed on the work of the manager
- understand the limits of management behaviour theories, and appreciate the practical constraints that managers face in reality
- discuss the idea of managerial effectiveness and evaluate approaches to measuring how successful a manager is
- identify the types of decisions relevant to the different areas of the manager's job.

Sample examination questions

When considering these, remember the guidance given in the Introduction about examination preparation. Each question can be answered fully in approximately 45 minutes, under examination conditions.

1. a. The jobs of individual managers will differ widely, even though they all have to perform similar general activities. Discuss three factors that will influence the nature of a manager's job. Use examples to illustrate your answer.

   b. One of the functions of management is that of planning. Describe the stages a manager will go through when performing this function. Illustrate with reference to a specific situation in the business context.
2. Discuss why decision making is central to the role of the manager. Illustrate your answer by referring to at least two different types of managers.
3. a. Briefly discuss the purposes of management control in a work organisation.

   b. Describe the essential elements in a management control system. Illustrate your answer with practical examples.
4. a. Discuss what measures you would use – both qualitative and quantitative – to assess the effectiveness of a manager. Give reasons for your choice of measures and illustrate with examples.

   b. Discuss how a manager's job might change as s/he moves up the career ladder. How might the changing demands present problems for the manager?

Advice on answering a question

To help you further with your exam preparation we offer below some suggestions for one of the answers. However, it is very important to remember that there is no model or correct answer to any of the questions. It is more important to demonstrate what you have learnt by developing your own response to the question, supported by evidence from the relevant parts of the chapter.

2. Discuss why decision making is central to the role of the manager. Illustrate your answer by referring to at least two different types of managers.

A brief introduction to the role of the manager and how this depends on the type of manager would be a useful starting point.

Setting out the major roles a manager can play could be useful, although it would be important to recognise that these roles cannot be strictly separated, but can change from one manager to another and also relate to what a manager is trying to achieve.

The managerial roles, and their dependence on the type of manager we are discussing, could be demonstrated by introducing your example managers at an early point.

It would be helpful to use examples of very different types of manager for this illustration. The sorts of examples that would be relevant would be a front-line manager in a fast-food outlet; the CEO of an airline company; or a branch manager for a chain of tailors.

For each of your examples you could suggest the roles that would be important, and the types of decisions that the manager would have to make in these roles.

It could also be useful to consider how the constraints and the reality of the manager's job could affect their decision making, therefore recognising the complexity involved in understanding the role of a manager.