

Principles of Business LG

MODULE 1 (US: 13919) INVESTIGATE AND EXPLAIN THE STRUCTURE OF A SELECTED WORKPLACE OR ORGANIZATION

Introduction

An organizational structure consists of activities such as task allocation, coordination and supervision, which are directed towards the achievement of organizational aims. It can also be considered as the viewing glass or perspective through which individuals see their organization and its environment.

Organizations are a variant of clustered entities.

An organization can be structured in many different ways, depending on their objectives. The structure of an organization will determine the modes in which it operates and performs.

Organizational structure allows the expressed allocation of responsibilities for different functions and processes to different entities such as the branch, department, workgroup and individual.

Organizational structure affects organizational action in two big ways. First, it provides the foundation on which standard operating procedures and routines rest. Second, it determines which individuals get to participate in which decision-making processes, and thus to what extent their views shape the organization's actions.

Topic 1 (SO1) the core business activities of an organisation or workplace

Business Core Values



Business values play an important role in developing a healthy work environment.

A successful business relies on a good business plan, which includes defining business values and understanding business concepts. A business can be considered successful when making a profit or improving operations to be more efficient. Defining business values plays an important role in this, as your business' core values give your business its identity. In the long-term, business values can function as guidelines as you expand your business.

Common business values include passion, excellence and motivation, according to My Strategic Plan, the leading Internet tool for strategic business planning. Passion involves showing enthusiasm for the products and services your business offers. The value of excellence means you strive to offer the best possible services and products. Motivation includes celebrating individual and team successes to inspire others to work hard.

Defining Values

When determining what values to incorporate in your business 'core, Team Building Information, a service dedicated to improving teamwork in professional settings, recommends focusing on what your business can do best, rather than focusing on how to compete with similar businesses. For instance, say you own a local grocery store.

1.1 AC 1: The concept of core business.

Core business

Core business is the sector(s) of business activity that is the reason or purpose for being, e.g. providing communications services within a telephone company would be considered core, while real estate holdings and the securities investment portfolio will likely be considered non-core business activities.

The core business of an organization is an idealized construct intended to express that organization's "main" or "essential" activity.

The corporate trend in the mid-20th Century of acquiring new enterprises and forming conglomerates enabled corporations to reduce costs funds and similar investment vehicles, and sometimes the following of a popular trend among corporate management seeking to appear current and impress investors.

Core business process means that a firm's success depends not only on how well each department performs its work, but also on how well the company manage to coordinate departmental activities to conduct the core business process, which is;

1. The market-sensing process meaning all activities in gathering marketing intelligence and acting on the information.
2. The new-offering realization process Covering all activities in research, development and launching new quality offerings quickly and within budget.
3. The customer acquisition process all the activities defining the target market and prospecting for new customers
4. The customer relationship management processes all the activities covering building deeper understanding, relationships and offerings to individual customers.
5. The fulfilment management processes all the activities in receiving and approving orders, shipping out on time and collecting payment.

To be successful, a firm needs to look for competitive advantages beyond its own operations. The firm needs to look at the competitiveness value chain of suppliers, distributors and customers. Many companies today have partnered with specific suppliers and distributors to create a superior value delivery network.



Business Core Values & Concepts

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Defining Values

When determining what values to incorporate in your business 'core, Team Building Information, a service dedicated to improving teamwork in professional settings, recommends focusing on what your business can do best, rather than focusing on how to compete with similar businesses. For instance, say you own a local grocery store. Don't focus on trying to compete with a national chain, which offers more of a produce selection. Rather, incorporate the value of passion into your produce department, hiring knowledge-able produce personnel to work the area.

Concepts

To be a successful businessperson, you will need to understand basic business concepts, including the concepts of marketing, management and productivity. Marketing involves attracting new customers and retaining current customers. Good management skills, including careful scheduling and effective communication, allows your business to reach its full potential. Knowing how to make your business most productive enables you to make the most of your money.

Considerations

Business values give your business an identity, creating a healthy work environment. According to Team Building Information, clear and concise business values give employees the feeling that they belong to something special. If your employees remain happy, your business's environment will come off as natural, rather than coerced by a set of rules. In addition, as your business grows, you should re-evaluate your business values to safeguard against your business values becoming irrelevant.

1.2 AC 2: Core business activities.

Definition

Business functions that are critical, and closely related, to a firm's strategy expressed in customer service, marketing, product design, etc. Routine administrative and maintenance tasks are not a part of core activities. See also core competencies.

Core business activities

Core business activities are a company's central, most important activities in which its core competency lies. They make a substantial contribution to results and play an important role in company strategy.

Core Activities for Businesses

It's also helpful for entrepreneurs, businesses, and organizations to think in similar terms when it comes to the aims of their ventures. If you're going through a major product launch or PR event, it's probably not the time to focus on all the tertiary activities that you might normally go through. Focus on the high value activities (HVAs) and the specific tasks at hand, do them well, close them out, and then think about those peripheral activities.

("Business" and "organization" will be interchangeable here so it's easier to write and read.)

Or, more succinctly, don't mop the floor when the building's on fire. Get out or put the fire out. While this seems obvious, you'd be surprised how many people are sweating the small stuff at precisely the time they're slipping on the major items. Keep a better eye on satisfied customers than on your notebook inventory.

The fascinating thing is that the more you focus on your core activities, the better your results will be. There are a surprising amount of peripheral activities that can eat up your resources without any significant payoff.

What catches many people, though, is that they don't know what their core activities are. For instance, freelancers often spend a lot of time getting better at the craft when they need to be getting better at marketing the solutions they provide. A manager may spend more time wordsmithing reports than managing her people. Or a CEO might spend more time micromanaging people than setting the vision and strategy for the company.

When it comes to businesses, then, there are two ways to think about core activities:

1. First, think about what the business's core activities are.
2. Second, think about what the core activities are for the people who make up the business.

One final clarification: some HVAs aren't core activities. Networking, for instance, is a high value activity, but it's also non-essential during short-term crises or sprints.

The value of knowing what your core activities are is that you can make accurate assessments of where your resources should go to accomplish the task at hand. When it's time to pull back, you want to be able to pull back to the right things.

1.3 (AC3): A system of process within a team

Teamwork is "work done by several associates with each doing a part but all subordinating personal prominence to the efficiency of the whole".

In a business setting accounting techniques may be used to provide financial measures of the benefits of teamwork which are useful for justifying the concept.

Teamwork processes

Researchers have identified 10 teamwork processes that fall into three categories:

- Transition processes (between periods of action)
 - Mission analysis
 - Goal specification
 - Strategy formulation
- Action processes (when the team attempts to accomplish its goals and objectives)
 - Monitoring progress toward goals
 - Systems monitoring
 - Team monitoring and backup behaviour

- Coordination
- Interpersonal processes (present in both action periods and transition periods)
 - Conflict management
 - Motivation and confidence building
 - Affect management

Researchers have confirmed that performing teamwork works better when you are with a close person.

Development team: Create the technical specification document. Inform the process team of any design issues due to technical limitations.

Functional Specification Design

A Functional specification design is to clearly communicate user and business requirements at a detailed level, which is technology independent. The Functional designer will review and understand the business impact and the affected users through gap analysis^[3], identify opportunities to reuse standard functionality prior to document the business requirements, testing conditions, and error handling processes.

Identify Opportunities for Reuse

Prior to begin design, the functional designer should determine if it is possible to reuse, either fully or partially, assets that already exist. Some of these questions may require the assistance of a technical designer.

Topic 2 (SO2): Departmental role of SELECTED SECTION in an organisation

2.1 AC 1: function of the selected department

When a business reaches a certain size then it might split into different departments. These departments will specialise, employing people with expertise in these areas.

The main departments in a business might be:

Department	Role
Accounts	Provides a detailed record of the money coming in and going out of the business and prepares accounts as a basis for financial decisions
Human Resources or Personnel	Deals with all the recruitment, training, health and safety and pay negotiations with unions/workers
Production	Makes sure that the production plans are met on time and products of the right quality are produced
Purchasing	Buys all the raw materials and goods required for production
Sales and marketing	Sales function deals with all aspects of selling to customers; the marketing function carries out marketing research, organises advertising and product promotion

In order to produce and sell their product or service most organisations will need to undertake 6 key functions.

- Design and Production
- Finance
- Human Resources
- Sales and Marketing
- Administration
- Research and Development.

Each of the functions will need to work together so that the whole of the organisation has the same aims and objectives. To achieve this communication across the various

functions is key activity. A starting point for this type of communication is the creation of a clear set of company objectives which each function is aware of.

These objectives then need to be further broken down into specific objectives for each function. Regular reviews of firstly how each function is performing against its objectives and secondly how the company is performing against its overall objective should ensure that the whole company is pulling in the same direction.

Factors of Production

To generate a product or service an organisation will need to combine labour, capital, energy, materials and information.

Labour is the mental and or physical effort of employees and can take a variety of forms including filing, lifting, data processing, decision making, and line management. In fact labour is any effort/task an employee needs to undertake in order to produce the product or service.

Capital is the machines and tools needed to produce the product or service. This physical capital is purchased through financial capital such as loans, sale of shares in the organisation and use of profit generated by the organisation.

Energy is provided through the use of gas, electricity, solar power and steam. Energy is needed to heat/light up the premises, make the machinery work and to ensure that the organisation is a comfortable place for the employees to work in.

Materials in their raw form are needed to produce the product or service. For example a restaurant will need ingredients to make the food that they serve to their customers.

Finance Function

The financial section of the organisation will keep manual/electronic records of money received and paid out by the organisation. This information will then be used to produce various financial statements for tax purposes and to comply with legal requirements. The information will also be used to produce management accounts to enable senior managers to plan and review business strategy.

Human Resources Function

Human resources or Personnel's main responsibility is the recruitment, selection, training and development of staff. This will involve developing staff to maximise their potential in a manner that furthers the organisation's objectives.

Human resources may also need to comply with legislation applicable to the country in which they are based.

Human resources often adopt a welfare role which includes looking after employees whilst they are at work. They may also create policies that balance organisational needs with those of the employee. They will also interpret employee welfare legislation and ensure that the organisation is complying with the applicable legislation.

Sales and Marketing Function

The marketing department will research customer needs to develop strategy and product to satisfy that customer need. In its research, the marketing department will investigate the market they are aiming at; the type of consumer making up the market (age, background sex etc) and the preferences of the consumer within that market. The marketing department will then need to marry consumer preferences with producing a product that is profitable. Once the product has been designed by the production department marketing will then need to package, advertise, and promote the product.

Administrative (or Facilities Management) Function

This involves dealing with all administrative tasks including mail handling, dealing with enquiries/complaints, catering, and computer services. They will also produce documents (eg forms, stationary, and newsletters) for the organisation and maintain the organisation's premises and equipment.

Research and Development Function

The aim of research and development is to improve existing products, create new and better products, improve production methods, and create effective processes. This will enable the organisation to reduce costs, increase profitability and remain ahead of the competition. As not all research will lead to new/improved products/processes companies will need to allocate a specific portion of their budget to research and development activities.

2.2 (AC2): departmental INTERFACE.

Role of Functional Departments —

What is an Organisation? An organisation is made up of many people. The structure of the organisation is the way in which all employees are organised. Each employee is allocated to a specific department within the organisation. The departments of an organisation are also referred to as the FUNCTIONAL areas.

The Sales Department is responsible for making sure that the customer is happy. Employees in the Sales Department are responsible for building a positive relationship with the customer. In order to understand the purpose of the Sales function, let's look at the different tasks that are carried out by the Sales Department.

The Role of the Sales Department Creating positive customer relations In order to create a good relationship with the customer the first step is to find out exactly what the customer wants. This is achieved by carrying out Market Research. For example, the Sales department could create a questionnaire and ask customers about their likes and dislikes before creating a new product.

The next step is to show the customers that you value them by listening. This is achieved by improving existing products and developing new ones to meet their tastes.

The Role of the Sales Department Communicate with customers at all times To ensure that the relationship stays strong, it is important for the Sales department to communicate with the customer at all times. This can be done in the following ways: Write letters informing customers of new products/services. Advertise the new products or services using a variety of methods eg. Newspaper, TV, billboard, magazine, radio etc. E-mail customers on a regular basis informing them of forthcoming sales etc. Create a professional website and ensure that it is kept up to date at all times.

The Role of the Sales Department Process and monitor Customer Orders It is very important that customer orders are dealt with quickly and to a high standard to make sure that the customer is happy at all times. Before an order is placed, often the customer will ask about the price and availability of the product. It is very important that the Sales team have price lists and catalogues available at all times and that they are up to date.

Once the customer places an order, the Sales team must ensure that it is processed i.e action is taken to ensure that the customer receives their product quickly and to a high standard. In order to monitor that the customer's order has been received, the Sales team can offer after-sales service. This means that if there are any problems or faults with the product the customer can return it immediately or have any questions answered. © Inspiring Education 2006

The Purpose of a Price List and Catalogue a PRICE LIST The price list clearly identifies the individual price of all products and services on offer. It will also identify any special discounts. For example, if a product or service is going out of fashion, the Sales Team will often decide to reduce prices in an attempt to get rid of all the leftover stock. IF the organisation is left with lots of unwanted stock then it will lose an awful lot of money as it will have to go in the bin! A catalogue the main purpose of the catalogue is to clearly show the customer what the product looks like.

2.3 (AC3): departmental leaders in an organisation

Every organisation made up of more than one person will need some form of organisational structure. An organisational chart shows the way in which the chain of command works within the organisation.

The way in which a company is organised can be illustrated for a packaging company. The company will be owned by shareholders that choose directors to look after their interests. The directors then appoint managers to run the business on a day-to-day basis:

In the company structure outlined above:

The Managing Director has the major responsibility for running of the company, including setting company targets and keeping an eye on all departments. The Distribution Manager is responsible for controlling the movement of goods in and out of the warehouse, supervising drivers and overseeing the transport of goods to and from the firm.

The Production Manager is responsible for keeping a continuous supply of work flowing to all production staff and also for organising manpower to meet the customers' orders.

The Sales Manager is responsible for making contact with customers and obtaining orders from those contacts.

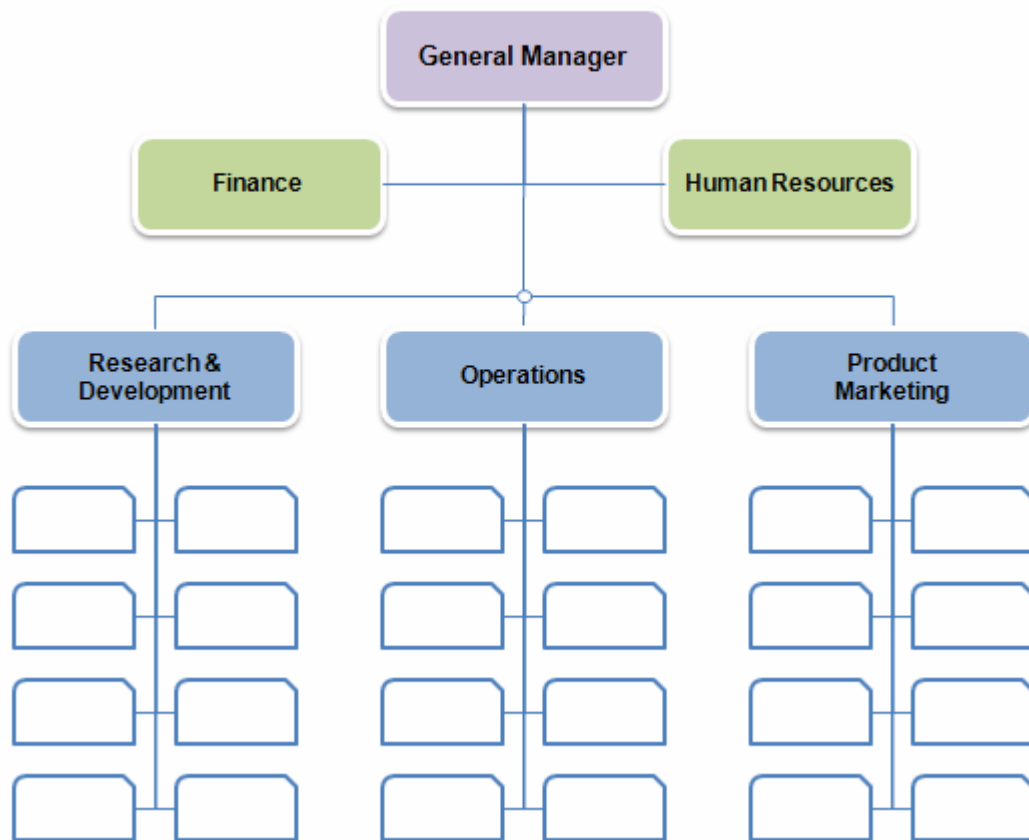
The Company Accountant controls all the financial dealings of the company and is responsible for producing management accounts and financial reports. Other organisations will have different structures. For example most organisations will have a marketing department responsible for market research and marketing planning. A customer services department will look after customer requirements. A human resources department will be responsible for recruitment and selection of new employees, employee motivation and a range of other people focused activities. In addition there will be a number of cross-functional areas such as administration and Information Technology departments that service the functional areas of the company.

2.4 (AC4): the Board of Directors.

An **organizational chart** (often called **organization chart**, **org chart**, or **organ gram (me)**) is a diagram that shows the structure of an organization and the relationships and relative ranks of its parts and positions/jobs. The term is also used for similar diagrams, for example ones showing the different elements of a field of knowledge or a group of languages.

2.4.1 Role and Powers

Functional Organizational Structure



The Board of Directors determines the orientations of the Company's activities and ensures their implementation. It exercises notably, and without limitations, the following powers:

- Choice between the two forms of Executive Management (separation or combination of the roles of Chairman & Chief Executive Officer) upon appointment or reappointment of the Chairman of the Board of Directors or the Chief Executive Officer;
- Appointment and determination of the compensation of the Chief Executive Officer as well as the Deputy Chief Executive Officers;
- Review and approval of the Company's half-year and annual results;
- Approval of the Chairman report on the composition, the conditions of preparation and organization of the Board of Directors' works and the internal control and risks management procedures set up by the Company;
- Convening of Shareholders' Meetings;
- Decision to grant stock options or performance shares to employees and corporate officers of the Group within the framework of the authorizations it receives from the Extraordinary Shareholders' Meeting;
- Authorization of regulated agreements (conventions réglementées).

The Vice-Chairman Lead Independent Director

The Bylaws of the Company and the Board of Directors' Rules of Procedure provide for the appointment of a Vice-Chairman acting as Lead Independent Director in all cases where the positions of chairman & CEO are held by one person. This Lead Independent Director has a number of specific powers including the capacity:

- To require the Chairman & CEO to convene full meetings of the Board on a specific agenda at any time;
- To convene meetings of the non-executive directors at any time without the attendance of the Chairman & CEO and the Deputy Chief Executive Officer;
- To attend and participate in all meetings of Board Committees (regardless of whether he is a Committee member);
- To inform the Chairman and the Board of Directors about any potential conflicts of interest;
- To report to the Company's Shareholders' Meetings with respect to all corporate governance related matters.

In accordance with French law, one member of the Board of Directors is the employee shareholders representative who is appointed by shareholders every four years from a list of candidates selected by the Group's employee shareholders pursuant to an internal selection process.

The Board of Directors does not have any non-voting members (censor).

Operating procedures

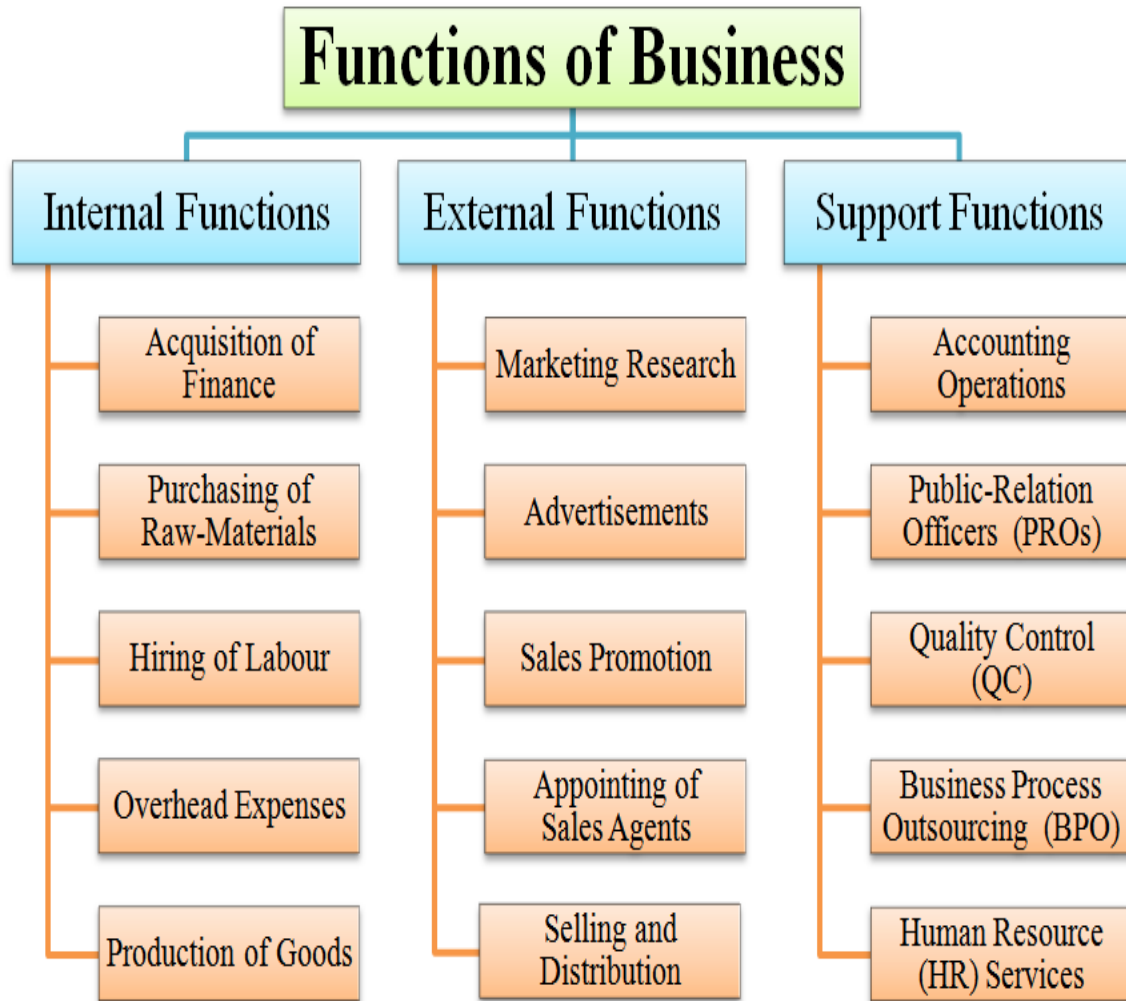
The guidelines governing the operation, organization and compensation of the Board of Directors and its Committees are set forth in the Board's Rules of Procedure.

The Board of Directors meets as often as it deems necessary. Periodically, Board members may meet among themselves without the attendance of the Executive Management.

Topic 3 (SO3): Identify and explain the support functions within a selected organisation

3.1 (AC1) Functions of Business

The most fundamental or primary functions of business are depicted below.



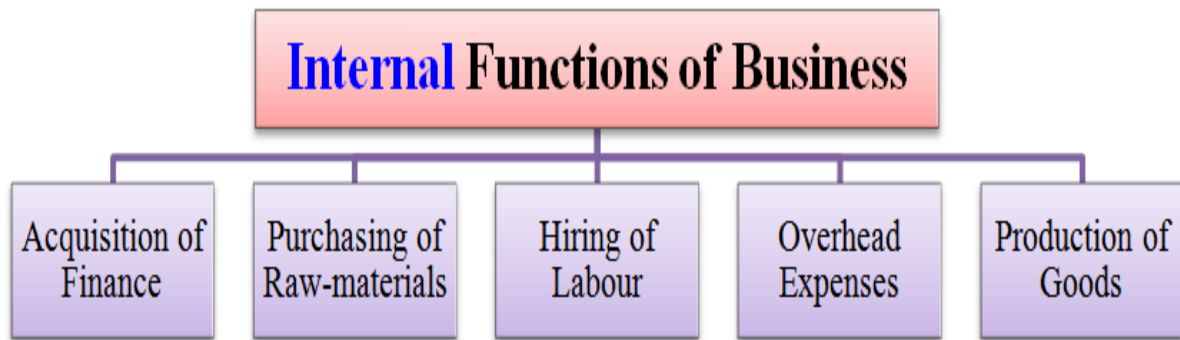
The functions of business are mainly categorised into three groups viz;

1. Internal functions of business,
2. External functions of business, and

1. Internal functions of business

Internal functions consist of all those essential and crucial business activities which help to lay a business foundation.

The internal functions are required to carry on the business objectives. It's the promoters of business who decide these objectives. These objectives are decided at the time of business establishment.



The main internal functions of business are as follows:

1. **Acquisition of finance** is a process of acquiring funds for the establishment of business. The finance is acquired from various sources like banks, investors, and other financial institutions. Once finance is acquired, the funds are then allotted and subsequently channelized to initiate important preliminary activities of business such as purchasing of fixed assets like land, buildings, machineries, vehicles, and so on.
2. **Purchasing of raw-materials** takes place once essential fixed assets becomes ready to be used for commercial production of goods. While purchasing raw-materials, purchase manager has to take care of three important things such as quality, price, and delivery time of raw-materials.
3. **Hiring of labour** is required to process the purchased raw-materials into finished goods. To achieve this task, the production manager has to hire labour contractors. Each hired labour contractor then provides (supplies) the required number of labour (manpower) to the production department. Once labour is employed, production manager administrates crucial factors like labour working hours, labour pay-rate, and idle (non-productive) time taken by the labour to complete the assigned task or job.
4. **Overhead expenses** are costs incurred (sustained) while operating mandatory business activities. These costs are incurred to run a business smoothly and on a continuous basis. Costs incurred on consumption of electricity, fuel, water, gas, etc., fall under overhead expenses.
5. **Production of goods** involves conversion, transformation or processing of raw-materials into finished goods, which are ready for sell. The process of production is very wide and comprehensive in nature. Production process adds utility (usefulness or ability to satisfy a need) to the finished goods. It fulfils the demand of end-customers and hence is considered as the most important internal function of business.

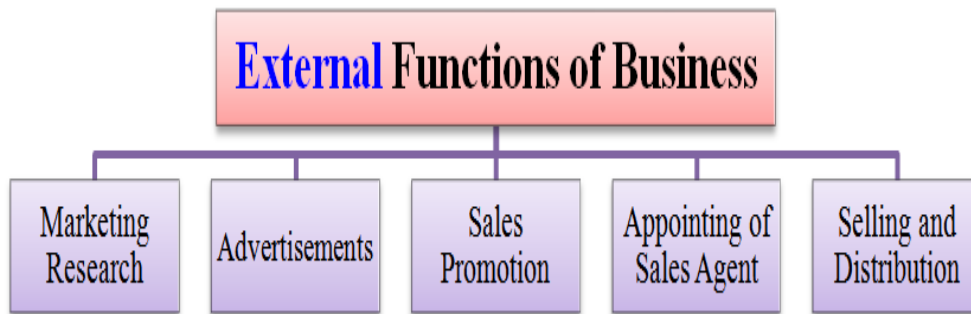
2. External functions of business

External functions consist of all those activities happening outside the premises or precincts of an organisation and which facilitate the promotion of goods produced by the business organisation. These functions are required to carry on the business of the organisation at its best in the competitive markets.

External functions are also required to make strategic decisions during the course of a business. These are required in scenarios such as:

1. Introduction of new product in the market,
2. Discontinuation of an old product from the market,
3. Determination of the selling price of an existing product, etc.

The major external functions of business are depicted below.



The main external functions of business are as follows:

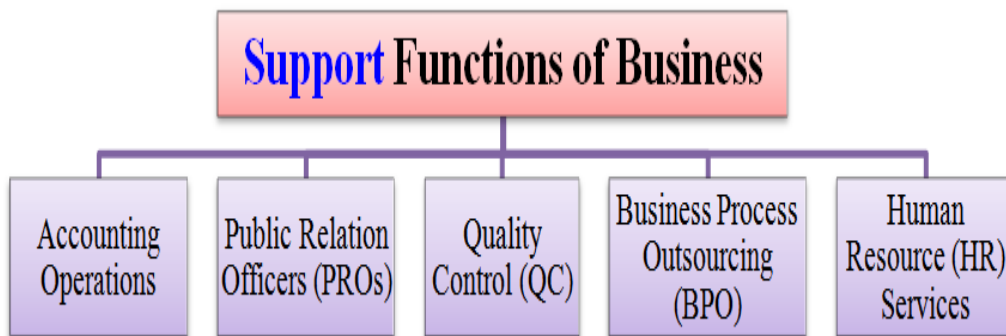
1. **Marketing research** helps to explore and find out the market demand for the goods produced by the organisation. It collects information of the produced goods in relation to its consumers, competitors, policies of the government, etc. This collected researched information is then studied carefully by the top-level of management to ascertain the future scope of the product in the market.
2. **Advertisement** is a way to inform, educate, and make people aware about any specific goods and/or services. It helps to lure (attract) the consumers to purchase a product. Generally, advertisements are propagated to people through mass media like newspapers, magazines, television, the internet, radios, etc.
3. **Sales promotion** means to promote a product in the market. It is a technique whose purpose is to increase the sales of the product. This technique covers activities like providing free samples, offering discounts, giving gifts, giving cash back schemes, etc.
4. **Appointing of sales agent** helps the organisation to represent itself in front of consumers. The sale agents communicate in person with consumers. They inform and demonstrate various functions of the product and convince the consumers to buy their quality product. They also collect feedbacks from the consumers and report it to their organisation.
5. **Selling and distribution** covers of all those activities which direct the flow of goods from producer to the consumers. Sales manager led these activities and is responsible for timely delivery of goods to the consumers. He must also ensure the goods are properly and promptly supplied to all target (advertised) areas.

3.1 AC 1: The concept of a support function

Support functions of business

Support functions include all those ancillary (assisting) activities, which facilitate and ensure smooth working of both internal and external functions of business.

The significant support functions of business are depicted below.



Followings are the main support functions of business:

1. **Accounting operations** are required for recording and transacting the day-to-day financial transactions of business. This includes transactions related to purchases and sales, expenses and incomes, etc. It helps the organisation to know about their sales-turnover and profitability. For example, if an organisation wants to fund a new product, then the accounting operation shall provide prompt information of the available funds.
2. **Public relation officers** (PROs) are the authorised (official) representatives of the organisation. They link their organisation with customers, shareholders, media, government, and others. They also support in providing the correct information with respect to activities like production of goods, selling and distribution, etc. of the organisation as and when required.
3. **Quality control** (QC) is a process through which we assess the inputs and outputs with some pre-determined standards. It helps to ensure and control the purchase of good-quality materials. It takes care that the productions of goods are in accordance with the pre-established standards set by the organisation. Furthermore, it also helps in distribution of good quality (i.e. quality checked) products to consumers.
4. **Business process outsourcing** (BPO) helps to outsource the non-productive works of the organisation. Generally, this includes taking customers' complaints, preparing payroll accounts, calculating sales agents' commission, etc. It also helps to focus on income-generating activities of business such as selling and distribution, acquisition of finance, production of goods, advertisements, and so on.

5. **Human resource services** helps to appoint a suitable candidate for the requisite post available within the organisation. HR services verify candidate's eligibility for the required position after checking his or her's qualification, experience, background, and so on. For e.g., the appointment of a production manager shall be done only after verifying his necessary experience and qualification needed to lead the production process.

The Value Stream Map and Shared Services

Once developed, the value stream map (a diagram, or flowchart of the value stream) becomes the foundation to implementing an effective shared services function. The internal service providers are just as critical to the company's success as the operations functions. Without an understanding of the value stream, however, it is difficult to know exactly what value service functions provide to the organization, and particularly how to improve quality and reduce costs.

With this in mind, implementing an effective shared services function requires addressing the following:

- Clarifying expectations that serving customers is everyone's responsibility, and those who do not directly serve external customers are responsible to support those who do (i.e., their internal customers);
- Develop the purpose of the shared services function. Since this is most likely a new approach for the company, it is important to bring support team leaders together to develop the purpose and assure that, once developed, the purpose is clearly communicated throughout the company;
- Map the company's value stream. Develop the high-level value stream map for the company and clarify how the shared services functions fit into the system. Follow up with more detailed maps to show how each support function serves the value stream, keeping in mind that support functions can also serve each other;
- Understand the barriers to effective teamwork. There are likely obstacles that will interfere with getting people to focus completely on serving the value stream. These obstacles (e.g., fear, or objectives and rewards that discourage serving internal customers) need to be clearly identified and addressed.

Outsourcing services or cutting support budgets will not, by themselves, result in improving company performance. It is critical to clearly understand the interactions between functions that exist and how these relationships contribute to serving the external customer. It is only with this level of understanding that costs can be reduced while service to customers is improved.

3.2 (AC2): Specific support functions

Organisation Support Department

The Organisation Support Department has three divisions:

- Auxiliary and telecommunication support;
- Administrative and council support; and

- Information management and technology.

Administrative and council support

The purpose of this division is to provide administrative support to the municipality and council committees. Its key functions are:

- The provision of printing services.
- The provision of typing services.
- The provision of administrative support to council and its committees by way of preparation and collation of agendas and minutes.
- The witnessing and evidencing of tenders.

Information management and technology

This division is responsible for providing information management and technological support. Key functions of this division are:

- The provision of all software application support to the municipality.
- The design of a management system and tool to track service delivery and customer satisfaction.
- The sourcing and dissemination of information (research).
- The implementation of sound IT governance principles and policies supported by the appropriate IT governance structures.
- The provision and support of computer hardware and software to the municipality.
- The setting up, support and improvement of the IT systems.
- The development of an integrated IT plan and budgeting process.
- The development and implementation of user allocation policies and all IT policies.
- The development of a knowledge and process management system to support strategic planning and economic development.
- The provision of support to customer call centres.
- The provision of user education to staff and councillors.
- The provision and upgrade of an informative and accessible interactive website.
- The establishment and facilitation of community access to the municipality through interactive internet participation.
- The provision of a help-desk.
- The development and implementation of council's information management and technology strategy.

3.3 (AC3): team and the support units

Teamwork, effective work teams, and team building are popular topics in today's organizations. Successful teamwork fuels the accomplishment of your strategic goals. Effective work teams magnify the accomplishments of individual employees and enable you to better serve customers.

If you're experimenting with ongoing teams, start with a few to determine what team activities your organization can support. Teams require resources, and especially, time. Your work teams are most effective when:

- a diverse group of employees is able to participate,
- you limit the number of teams on which any one employee may participate
- the teams establish a regular meeting schedule,
- you require periodic team goal setting,
- minutes or notes are posted from team meetings or projects, and
- Teams self-perpetuate by regularly adding newer employees.

There are five work teams that every organization needs. Different organizations may also group responsibilities differently.

Leadership Team

Often an organization's senior managers or department heads, the leadership team is the group that must pull together to lead your organization. The leadership team is responsible for the strategic direction of your organization, the leadership team plans, sets goals, provides guidance to, and manages your organization.

Motivation or Employee Morale Team

The team leads the celebration of company milestones, employee birthdays, and the arrival of new babies. The team sponsors company sports teams. You can have fun with this team as the team's only limit is the imagination of the team members.

Safety and Environmental Team

The team ensures the safety of employees in the work place. The team takes the lead in safety training, monthly safety talks, and the auditing of housekeeping, safety, and workplace organization. Recycling and environmental policy recommendations and leadership are provided by the team as well.

Employee Wellness Team

The wellness team focuses on health and fitness for employees. Most popular activities include walking clubs, running teams, and periodic testing of health issues such as high blood pressure screening. The wellness team can sponsor whole person wellness activities such as how to make a budget or lunch and learns about investment products – not investment advice.

Culture and Communication Team

The team works to define and create the defined company culture necessary for the success of your organization. The team also fosters two-way communication in your organization to ensure employee input up the chain of command. The team may sponsor the monthly newsletter, a weekly company update, quarterly employee satisfaction surveys, and an employee suggestion process.

Topic 4 (SO4): Investigate and explain the role of a selected team and its contribution.

4.1 AC 1: The main function of a selected team

The six team roles in the team model each have specific functions and responsibilities. This is true whether you fill the role with a single individual in a small project, or with a sub team whose manager oversees its role in the larger team. The following sections describe the role of each team member.

Product Management

The *Product Manager* (or Product Management team) establishes and sustains the business case for the project, and plays a key role in identifying and setting priorities across the target audience. This includes ensuring that business expectations are clearly articulated and understood by the project team, and that the functional specifications respond to business priorities.

Product Management owns the *vision statement* for the project. The vision statement is an informal document that communicates the expectations and assumptions on which the project is based.

Product Management is also responsible for high-level project communications such as business projections, project costing, and contract negotiation. Product Management communicates the high-level milestones to the target audience and other team members.

Program Management

The *Program Manager* or Program Management team "owns" the specification for an application's features and functionality and coordinates the day-to-day communication required to develop and deliver the application effectively and consistently within organizational standards.

Program Management has a key communication and coordination role, as indicated by its central position in the team model diagram. With input from other team leads, Program Management assists Product Management in articulating the vision for the project. Using this vision, Program Management drafts the initial version of the functional specification and is considered the *keeper* of the functional specification. Program Management is responsible for all activities associated with analysis, specification, and architecture.

Development

The *Development* team is responsible for delivering a responsive system that fully complies with the functional specification.

An important aspect of this role is active participation during the process of building the functional specification. Development works in parallel with Program Management to build proof-of-concept prototypes, while providing ideas on technical possibilities and exploring design options. When the functional specification is baselined, Development must be in agreement with Program Management regarding how the significant parts of the problem will be solved, and they become accountable for the development schedule.

Test and Quality Assurance (QA)

The *Testing and Quality Assurance* team verifies that the system complies with the functional specification. In keeping with the philosophy of *zero-defect* code, the Test/QA team is actively involved in the development process to ensure that quality is built into the product, instead of being tested into the product. Test/QA prepares the test plans, writes automated tests, and manages the bug tracking process. This role works independently but in parallel with development, and maintains checks and balances with the Development team.

User Education (Documentation)

The User Education team designs, develops, and publishes printed and online documentation, including instructional materials.

Logistics Planning

The *Logistics Planning* team manages a smooth transition from development to operations, ensuring a smooth rollout, deployment, and transfer to the operations and support groups. It works with Development leads to ensure that the system is packaged in a way that facilitates installation and administration.

4.2 (AC2): The role of working in a team

The principle of working together with your team should underpin how you operate. Managing people doesn't just mean acting as overseer, to see that they get their work done satisfactorily. It means involving people throughout the team in a creative role, to ensure that together you are all able to succeed.

Involving people on broad issues is motivational. Never underestimate people. Their views can enhance everything: methods, standards, processes and overall effectiveness.

Remember, managers are not paid to have all the ideas that are necessary to keep their section working well in a changing world, but they are paid to make sure that there are enough ideas to make things work and go on working.

For all its familiarity and common sense this maxim is worth reiterating. No one and no organisation works well without clear objectives. The responsibility for setting many of them may well be yours.

Objectives will only be clear if they are SMART:

- **Specific** so that they are clearly understood and no misunderstanding is possible.
- **Measurable** so that everyone knows whether they have hit them, or not.
- **Achievable** because if they are simply pie in the sky they will be ignored and you, and any future process of objective setting, will lose credibility.
- **Realistic** in the sense that they must logically fit within the broad picture and be a desirable way of proceeding.

Team effectiveness

Team effectiveness refers to the system of getting people in a company or institution to work together effectively. The idea behind team effectiveness is that a group of people working together can achieve much more than if the individuals of the team were working on their own. Team effectiveness is determined by a number of factors, such as:

- **The right mix of skills.** Team effectiveness depends in part on bringing together people who have different skills that somehow complement each other. This can mean different technical abilities or communication skills. In fact, teaming up people who share the exact same characteristics is often a recipe for disaster. Team effectiveness depends on people taking on different roles in a group setting. If there is no agreement on who does what in the group, it is unlikely that the team will prosper.
- **The right motivation.** Team effectiveness is directly linked to the interest that the group has on the project. If the job is too easy or too difficult, or if the rewards for achieving the end result do not seem worth the effort, the team may end up working half-heartedly in the project. The task should also have a clear outcome. Working towards a specific goal enhances team effectiveness significantly.
- **The ability to solve conflicts without compromising the quality of the project.** Team work has one major downfall. Sometimes groups end up making decisions they know are not in the best interest of the project, just so they can keep the process moving. Conflict is innate to any work done in groups, and should be taken as part of the challenge rather than as something to be avoided by compromising. Team effectiveness should be increased, not compromised, through conflict.

Advantages of Working in a Team

There are many advantages of teamwork. We've all heard the phrase "two heads are better than one." Of course with more minds set on a specific goal, you have access more ideas. Looking at things from the perspective of others can increase the likelihood of quality innovation.

Disadvantages of Working in a Team

For every advantage of working in a team, there is the flip side. Just as "two heads are better than one," we've all heard, "too many chefs spoil the soup."

Basically, there are just too many people, too many ideas, and too many “experts” to come to an agreement and achieve a good result. It is simply why we have to constantly be reminded that there is “no ‘I’ in team.”

When people can't leave their egos behind, conflict and resentment arises. People become unwilling to open their minds to other perspectives and are intent on either forcing their point of view or not cooperating with others. The more conflict, the less innovation, the farther the team gets from implementation and meeting goals. While a team has the potential to boost up the individual members, if it is not functioning properly it can make some members feel inferior and unimportant. They contribute less and are discouraged from accessing their strong qualities.

Topic 5 (SO5): Investigate the different types of work done in the organisation

An **organization** (or **organisation** – see spelling differences) is a social entity that has a collective goal and is linked to an external environment.

An organization is defined by the elements that are part of it (who belongs to the organization and who does not?), its communication (which elements communicate and how do they communicate?), its autonomy (which changes are executed autonomously by the organization or its elements?), and its rules of action compared to outside events (what causes an organization to act as a collective actor?).

5.1 (AC1): roles of an organisation structure.

Organizational structure

Organizational structure pertains to the way in which companies arrange their departments. Smaller companies tend to have flatter organizational structures with few management levels. Larger companies use tall organizational structures with many echelons of management and employees. Companies use several types of organizational structure for specific roles. For example, companies using a geographic organizational structure decentralize various functions like marketing because of varying regional needs.

Efficiency

One role of organizational structure is efficiency. Most companies need to make the most of various resources. Duplicating raw materials or job duties is wasteful and inefficient. Consequently, a company will structure its organization according to products and services it offers. A small software manufacturer may use a customer-oriented organizational structure because of its wide variety of customers. For example, the software company may sell to consumers, corporations, financial institutions, hospitals and health clubs. In this case, organizing departments by customers is efficient because of diversity. Product management duties may differ widely by customer type. Marketing to consumers is much different than targeting corporations.

Harnessing Experience

Another role of organizational structure is harnessing experience. Companies may arrange their companies by specific functions, such as marketing, accounting, finance and engineering. The purpose of grouping departments by function is to use the experience of groups to accomplish tasks and projects. A certain synergism exists when skilled employees of similar talents work together as a whole. For example, marketing and advertising managers can better evaluate the potential success of a new product introduction as a group.

Decision Making

Organizational structure in a company also enhances decision making, according to Referenceforbusiness.com. Companies will often structure their organizations to make the best decisions possible. For example, a company may decentralize its marketing to make quicker decisions locally. Consequently, the company may put marketing managers in one of four different regions. It is much easier for regional marketing managers to make local decisions about consumer needs than a marketing manager in a distant corporate office.

Communication

Companies also use various organizational structures for communication purposes. Larger companies have many levels of management. Therefore, the most effective way to communicate is usually from the top of the organization down. Executives create certain operational procedures which they communicate to directors and managers. Managers, in turn, explain these operational procedures to subordinates or hourly employees.

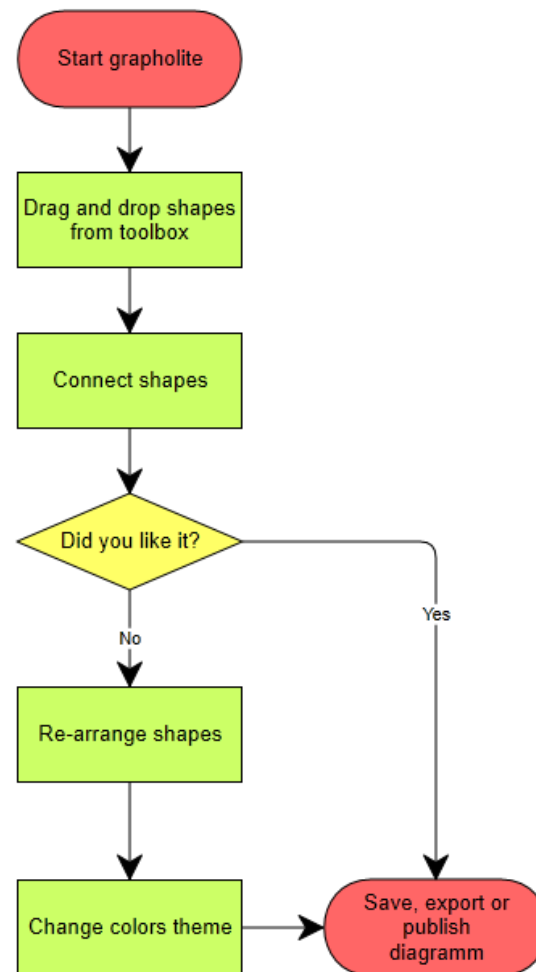
Span of Control

Organizational structure is used for span of control. For example, a vice president of marketing may be in charge of four directors: One for marketing research, brand management, advertising and public relations. The directors may have three separate groups of managers reporting to them. Span of control pertains to the number of employees an executive or manager oversees. This reporting structure is how companies establish accountability.

5.2 (AC2): Organizational Workflow

What Is Workflow?

Workflow of drawing workflow



Workflow, loosely defined, is the set of tasks—grouped chronologically into processes—and the set of people or resources needed for those tasks, that are necessary to accomplish a given goal. An organization's workflow is comprised of the set of processes it needs to accomplish, the set of people or other resources available to perform those processes, and the interactions among them.

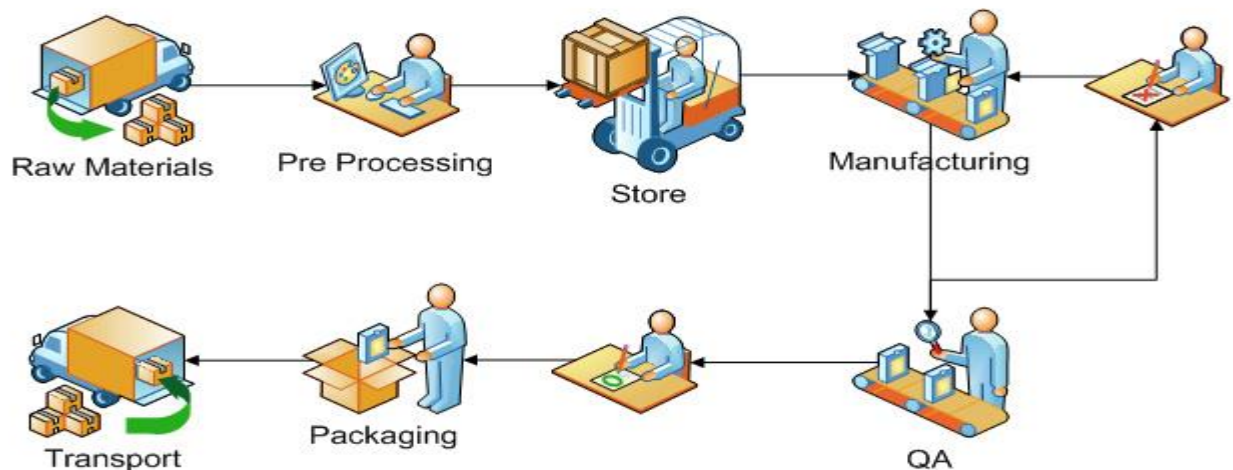
Effect on Efficiency

Workflow analysis has often been used with the goal of improving efficiency. In response to financial pressure and incentives driving provider organizations, minimizing slack time has become important. Some of the studies discussed below demonstrated the power of analyzing and changing workflow to improve efficiency.

Workflow analysis can be used to redesign existing processes. A classic study of this type is Cendan and Good's analysis of the routine tasks of the various members of the operating room (OR) team. They found that there was a wide variability in functions based on clinical and organizational factors. They designed a new workflow based on the analysis and conducted a pilot study. Part of their recommended solution involved

defining functions in a more consistent fashion. They were able to improve turnover and improve the mean number of cases handled in a day. A significant factor in their success was their consideration of workflow from both the physician and the nursing perspectives.

Efficiency can also be improved by carrying out processes in parallel, rather than improving the efficiency of existing steps. Friedman and colleagues compared the impact of administering an anesthesia in the induction room versus in the OR for hernia repair patients. They found that the OR time used by the surgeon decreased without significant impacts on patient satisfaction or outcomes. Harder and colleagues employed a combination of approaches. They used parallel processing and process redesign to improve workflow in a tertiary care center with multiple OR suites. This combination of approaches allowed for a reduction in no operative time. Similarly, in a study of trauma teams, Driscoll and Vincent modified task allocation so that standard tasks performed during a trauma code were conducted in parallel rather than sequentially.



Topic 1 (SO1) Explain the Concepts of Business Environments

1. Describe the Types of Environments

The business has complete control over the *micro environment*. When the planned results are not reached, decisions need to be made to correct the current situation. The whole micro environment can be changed, or only those elements that affected the smooth running of the business, may need to be changed. A **SWOT** analysis needs to be conducted. This is usually done by management to determine the threats to and the weaknesses of the business. It is best to get to know where operations need to be adjusted. Management will also be able to determine the strengths and opportunities of the business. This will provide a direction that can be taken so that better results can be achieved.

The vision of the business refers to the expectations of what the business can achieve. The mission is the reason for the existence and main directions of the business. The goals are the end results that the business hopes to achieve, while the objectives are the outcomes which the business works towards. If things need to be revised, the management should start from the objectives and work towards the vision statement. When not much adjustment is necessary, only one or more objectives can be changed. However, when major problems exist, it might be necessary to revise the vision of the business, which will lead to a different mission with different goals and objectives.

The **top, middle** and **lower management** are variables that can be changed or replaced, if the operations do not run as planned. The department which a manager controls should operate as productively as possible. It helps to make the business more profitable. If this does not happen, an investigation should be launched to find the reason for this. It can start by looking into the abilities of the manager. Several methods can be used to either improve the performance of the manager, or to replace the manager with someone else.

There are four factors of production, namely natural resources (raw materials), human resources (labour), finances (capital) and entrepreneurial abilities. All four production factors can be controlled completely and can be changed to suit the needs of the business.

- **Natural resources:** If the natural resources used in production are not suitable to satisfy the needs of the business and consumers, it can be replaced. If production costs are too high, the natural resources can be replaced by less expensive **substitutes**.
- **Human resources:** If workers do not perform well or are under-qualified, they can be retrained or even substituted.
- **Finances:** If finances are the stumbling blocks, more capital should be obtained or existing funds should be utilized more productively and economically.
- **Entrepreneurial abilities:** The owner of a business can be supported by competent managers. Alternatively, he or she can attend training courses in business management and the better utilization of resources.

The immediate work environment is formed by the suppliers of goods and services, the consumers buying goods and services, the labour force, the community in which the business operates competitors and the makers of law and regulations. Management can ensure business functions to be profitable, by cutting costs or increasing sales. They should try to improve work satisfaction for workers by offering good **remuneration** packages, good working conditions and favourable working relations. The relations between the business and its suppliers of goods and services should be healthy. Every effort should be made to sustain this. Quality goods and services should be supplied to the consumers; if not the product contents should be adjusted.

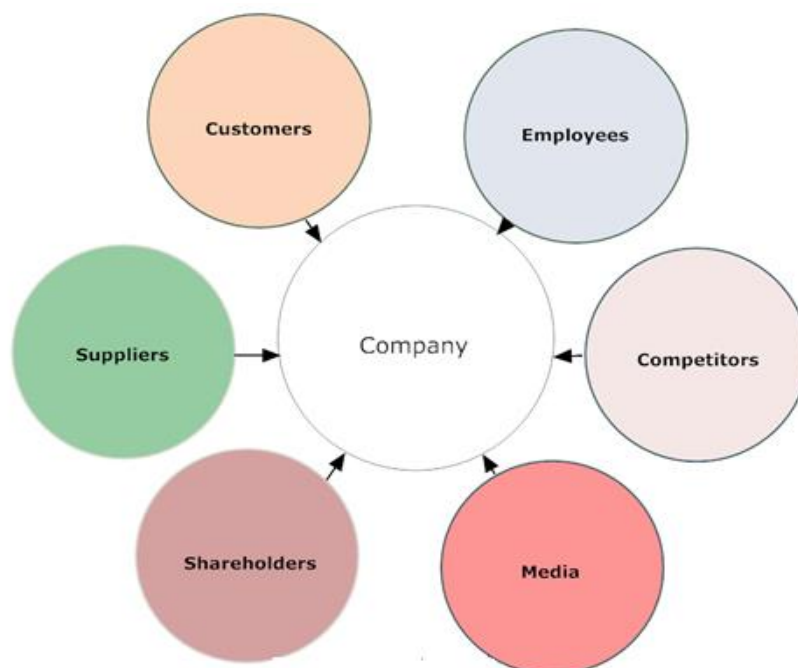
A business depends on the community as potential customers and business should do everything in its power to create a positive image amongst the community members. Community involvement can be in the form of sponsorships, community upliftment projects, wildlife conservation, and many others. Competition amongst the suppliers of similar products and services should be fair and just.

Every business should strive towards good relations with their competitors. If a business operates within the legal limitations set in the industry and in the country, no adjustments will be necessary. However, it sometimes becomes necessary to adjust to new legislation when it comes into effect.

Each business establishes its own unique culture in which business is conducted. It can be the way in which they offer their products to the consumers or the overall appearance of staff, documents and the layout of offices or shops.

The business can change or adjust its values and norms (values and norms of the people working for the business, as well as its orientation towards the public). Aspects such as tolerance, respect, quality of service and social responsibility should be addressed.

The diagram below shows the micro environment in which a business operates:



The management of the business cannot control the **market environment** at all. It cannot dictate to the consumers what and where to buy. The suppliers will not choose who they can or can't supply to.

Competitors cannot be prevented from entering the market. Intermediaries are not there to render services. They can enter into agreements of their choice and will not

be influenced by anyone to change the **distribution channel** in which they operate. The only positive steps that can be taken are to turn threats into opportunities.

Management can influence the market environment, or adjust to the influences from this environment. This is done to improve the profitability and operating efficiency of the business in order to survive in the industry.

The market environment consists of four variables: namely consumers, suppliers, competitors and intermediaries.

Consumers' behaviour cannot be changed, but can be directed or influenced by a good marketing programme. Advertisements can be planned to convince consumers to buy a specific product or to change their attitude towards using certain products.

Suppliers offer products or services for sale. By buying or not buying products, a business can change the supplier's product policy. Negotiations with suppliers can change the content of a product to suit the needs of the consumers. The content of the product can also be changed to assist the business in marketing those products.

Competitors need to supply efficient services and the best possible products to consumers. In order to eliminate competitors from the market, you can form a **monopoly**. However, you can be sure that new competitors will enter the market anyway. One way to resolve this problem would be to actually work with the competitors, providing you cover the aspects or areas that the competitors can't perhaps do. By doing this, everyone will be able to benefit from having a share in the **buying power** and the satisfaction of consumers' needs.

Intermediaries are there to direct products and services from producers or manufacturers to the consumers. They form part of the tertiary sector in the economy and consist of wholesalers, retailers and auxiliary services (transport, storage, banking, insurance and communication).

Contracts are drawn up between intermediaries and the business. Agreements must suit all parties. When the business is not satisfied with the services that are supplied, the contracts can be altered or terminated. Legal action can also be taken against perpetrators of crime (people who perform or are responsible for taking part in crime)

The **macro environment** consists of non-controlled variables. No matter what the nature of the business is, nothing can be done to control this environment. All that needs to be done is to adapt to this environment. The macro environment will influence the activities of all businesses. No business is large enough to influence the macro environment. However, businesses can work together to soften the influence or can lessen the burden of it through negotiation.

The macro environment consists of eight possible variables, namely the economic environment, the physical environment, the technological environment, the social environment, the political environment, the legal environment, the institutional environment and the international environment.

Economic environment

The adaptive measure that can be taken is to adjust the productivity of the business. Every business should strive to make a good profit. To be able to do so, they must cut down on input, yet increase the output. Productivity measures efficiency. All the production factors should be used more efficiently to produce a higher output, better machinery, better trained workers, motivation and effective management should be able to increase output successfully.

Physical environment

The business can adapt to this variable by applying responsible business practices. The business should use the production factors to their full potential. They should prevent exhaustion of natural resources. The mineral wealth of the country should be respected. Programmes to protect the fauna and flora of the country should be supported. Pollution should be combated and the development of a good **infrastructure** should be one of the top priorities.

Technological environment

Technology changes rapidly. Businesses must both use and adapt to technological changes to be able to complete effectively in the market place. Changes constantly occur in communication, production techniques, human resources, marketing, transport, etc. Businesses can also be innovative and develop better technical skills or production processes.

Social environment

Any business should have a social conscience. This is the only way to survive in a very competitive market. Businesses should take up a social responsibility. It could be community involvement, job creation or the supply of the best goods and services at reasonable prices.

Training of workers could also uplift the quality of life in a country. The lifestyles, habits and values of the population should be taken into consideration.

Political environment

The business should adapt to the political environment by becoming politically involved.

The economic objectives of the government of the day can help businesses expand, but the opposite is also possible. All businesses within the boundaries of a country should play an active and responsible role in local, provincial and national levels of government.

Legal environment

Businesses should operate within the laws of the land. Law-abiding citizens could expand rather than slow down economic development and growth.

Institutional environment

Businesses should use the following institutions for assistance:

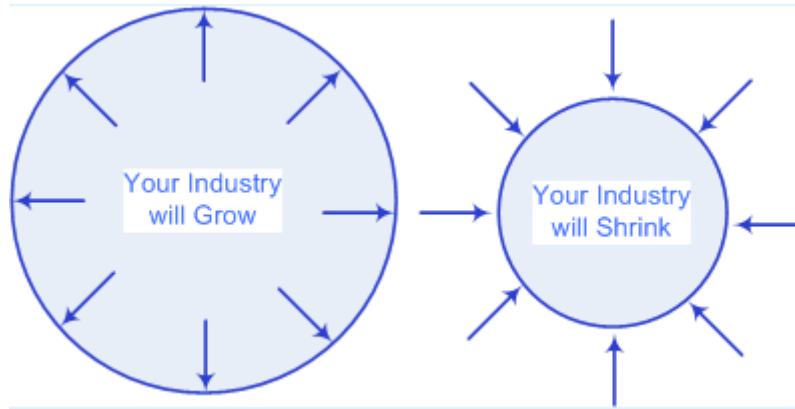
- The South African Bureau of Standards (SABS) can provide requirements and standards for manufacturing commodities.
- The South African Reserve Bank (SARB) controls the rates at which banks lend money to businesses.
- The Johannesburg Securities Exchange (JSE) South Africa provides a place where shares can be bought or sold to obtain capital.
- The Council for Scientific and Industrial Research (CSIR) does research and development to improve technology.
- There are many other institutions that could play an active role assisting businesses.

International environment

Businesses should have a global awareness. Businesses do not operate in isolation, but within a global boundary. Businesses can be affected by both importing and exporting of goods, depending on which goods and services each business relies on. South Africa businesses should be able to compete internationally. They should strive to be equal to or be better than others with whom they compete for trade agreements.

The Macro Environment Analysis is traditionally the first step of a strategic analysis; it is sometimes referred to as an external analysis, a pest analysis or a pestle analysis.

The purpose of the Macro Environment Analysis is to identify possible opportunities and threats to your industry as a whole that are outside the control of your industry. When completing a macro environment analyses you will be seeking to answer the questions “what will affect the growth of our industry as a whole” and “What is the likely impact of all of the things that affect the growth of your industry”



For example: An aging population is a demographic trend in many western countries, which will result in an increase in the total number of caravans sold – if you are in the caravan industry you should expect to see growth in the total size of your industry.

These opportunities and threats may affect many industries, such as possible interest rate rises, but you should only be interested if interest rate rises will affect your industry.

For example: If you are in the greeting card industry and fluctuations in interest rates will not affect the size of your industry then you do not need to consider interest rates in your macro environment analysis. (However if you are heavily geared or have large borrowings you will need to consider interest rates in your internal analysis).

PEST ANALYSIS	
Political <ul style="list-style-type: none"> ecological/environmental issues current legislation home market future legislation 	Economic <ul style="list-style-type: none"> home economy situation home economy trends overseas economies and trends
Social <ul style="list-style-type: none"> lifestyle trends demographics consumer attitudes and opinions fashion and role models 	Technological <ul style="list-style-type: none"> competing technology development research funding associated/dependent technologies

Topic 2 (SO1) Explain Ways in Which a Business Interacts With Its Environments

Business activities are divided into primary, secondary and tertiary sectors. We will now look at an individual business from each of the three sectors. For each enterprise we will consider how the micro, market and macro business environments influence the business and how the business may be able to control these influences.

1 Primary Sector

George Fisheries	
Micro Environment	
Resources Available	The business can control all four factors of production. Controlling the natural resources, i.e. the fish is crucial. Control can take two forms: i) obeying the laws forbidding exhaustion if the resource; and ii) taking measures to increase the fish population.
Immediate Work Environment	The business should use local supplies and labour for their operations. Using local firms and individuals means the business contributes towards the economic development of the community. Co-operation with competitors in the fish industry is

George Fisheries	
	vital in preventing exhaustion of the natural resource. Laws and regulations affecting fishing should always be obeyed.
Micro Environment	
Consumers	The business must be sure that their potential consumers can afford their product. Marketing techniques may help persuade consumers to buy the fish, but the business must make sure it targets the right people.
Intermediaries	Intermediary businesses operate in the tertiary sector of the economy and their purpose is to direct products and services from primary enterprises to the consumers. Intermediaries consist of wholesalers, retailers and support services such as transport, storage, banking, insurance and communication companies.
Macro Environment	
Physical Environment	Preventing the fish' natural environment – seawater – from becoming polluted is critical. Polluted waters will directly affect the quality of fish available. The business must co-operate with the marine authorities on pollution matters and ensure its employees have proper awareness of this issue.
Legal environment	Government passes laws affecting fish operations. These laws state when and where fish is permitted, the amount of fish that may be caught and what penalties exist for those breaking the law. A fishing license must also be applied for. To fish without a license is illegal.
International environment	Fish are internationally sought. Competition with businesses in other countries is inevitable. George fisheries should strive to be equal, or be better than its international competitors.

Secondary Sector activities involve firms that manufacture and process products from natural resources. A few examples are: Construction, Clothing Manufacture, Baking, Brewing and Computer Production.

Tertiary Sector activities involve firms that provide services to consumers and other businesses, such as retailing, transport, insurance, banking, hotel and tourism businesses.

Module 2: Interpret Information about Events in the Physical Environment that Could Impact on a Business

Dealing with Challenges

There are many challenges facing businesses in South Africa. The environment constantly changes. The needs of consumers also change and are not always consistent. The political field requires constant adjustment, because of new legislation coming into effect. The effect of HIV/Aids has an effect on every business. Technological changes take place at an increasing rate. Finally, the demand for

businesses to become involved in their socio-economical environment increase rapidly.

The **consumer** is the main source of income to a business. Therefore the consumer should be the core of all the planning in the business. All operations should strive to best satisfy the needs of the consumer at the lowest reasonable cost.

Consumerism brought along more pressure against unsafe products and harmful practices in business. The challenge for any business should be to refrain from manufacturing and selling unsafe products and to keep their business practices sound and within the legal parameters.

Generally speaking, income levels of households are rising because of efforts to create jobs. This results in higher employment. Consumers have more disposable income to satisfy their needs with more luxury goods and services. Businesses follow this trend in what they produce.

The spending patterns of consumers have changed because of the increased employment of women and the concentration of consumers in urban areas. This is an opportunity for businesses to develop as long as they meet these demands of the consumers.

However, those businesses in the rural areas are faced with a declining demand.

Consumers' behavior also changed a lot in recent years. The teen market is growing at an enormous rate due to the fact that teenagers are increasingly making their own choices regarding purchases.

The composition of household also changed, with families having fewer children. People also tend to live longer, and therefore are consumers for much longer.

All these points mentioned above, directly influence consumers' needs and results in changing consumer behavior. These challenges should be addressed by businesses for them to be competitive and develop.

2. Politically related challenges

The government leads the economic climate in a country. Changes in government or maintaining the same one for decades influence businesses. Businesses have to abide with the way in which the government of the day regulates business practices.

Redressing imbalances of the past had a huge effect on businesses in South Africa. Businesses had to employ previously disadvantaged people, more women and people with disabilities. The face of management had to be changed. Financial investments in businesses had to reflect the composition of the population of the country. Businesses also had to contribute towards a skills development programme. In some instances they were indirectly forced to take up social responsibilities, to train people and to lay down workers because of set minimum wages. All these measures were implemented to improve the working conditions in South Africa, to give equal

opportunities to all members of the labour force and to create equal investments and entrepreneurial opportunities for all.

Challenges of contemporary business legislation

Legislation is set to regulate the performance of business and to protect the assets of a country.

The law had to provide protection for the rights of consumers, to obtain quality products at affordable prices. The labour force was not protected against malpractices such as low wages, long working hours and unsafe working conditions. Natural resources had to be protected against exploitation.

Businesses did not always invest in developing the skills of the labour force. The skills development programme had to be implemented by the government to do so. Parameters were set in legislation and businesses had to operate within them.

Tshwane and Cape Town are two capitals of the country, each with a different role to play regarding legislation.

What are their roles?

Legislation passed in Parliament since the new dispensation had the redressing of imbalances of the past, in mind. The South African Constitution and the Bill of Rights form the basic parameters within which a business can operate.

The following acts on direct business activities have been passed in Parliament since 1996:

- Agricultural Labour Act
- Basic Conditions of Employment Act
- Employment Equity Act
- Labour Relations Act as amended
- Protected Disclosures Act
- Promotion of Equality and prevention of unfair Discrimination Act
- Skills Development Act

Several regulatory councils have also been formed to pay particular attention to business practice and make sure it falls within acceptable standards of procedures. One of the councils is the Micro Finance Regulatory Council (MFRC). The MFRC helps provide information to people enabling them to make sound financial decisions. Micro lenders make it very easy for consumers to fall into debt that they cannot easily be reversed. The MFRC ensured that all micro lenders are registered and that they conduct their businesses lawfully. They make sure that the interest charged falls within

normal repayments. They also ensure that the amount is not excessive and the repayment period is reasonable.

Businesses are usually aware of the impact of HIV and Aids on their operations. Many people are living with HIV or Aids. This means that the personal, economic and family lives of many people are affected. The cost of providing medical and welfare services for affected people is very high. The high rates of illness and death caused by HIV and Aids have a negative impact on productivity in business. It is therefore necessary for businesses to assist in main-training the health of members of their workforce living with HIV or Aids and to take measures to reduce the spread of this virus.

It is not only HIV and Aids that should be attended to, but also related issues such as nutrition, health in the workplace and at home, the stigma surrounding the illness and the impact of society on affected people and how they impact on society.

Steps that can be implemented by businesses to determine and monitor HIV and Aids include:

- Formulate a strategy to address the threat of HIV and Aids.
- Establish workplace awareness.
- Encourage openness in the workplace. Workers should feel free to come forward and disclose their HIV status.
- Provide for voluntary HIV-testing within the workplace.
- Make use of educational programmes.
- Form focus groups and motivate peers to counsel each other.
- Get HIV counselors to visit the business.
- Monitor absenteeism and follow it up.
- Create a positive environment that prevents a negative attitude towards HIV and Aids sufferers.
- If possible, provide free treatment.

The technological challenges for businesses increase daily. New products are developed almost every day.

Every business has a social responsibility to the community. Enterprises should constantly consider the consequences of their decisions and actions on employees, clients and society at large. If they remain active in the community, they will draw the necessary members of staff and they will increase their sales amongst the community. By doing so, they will become well established in the community.

The business can pay benefits to employees. For example, assistance with housing could be provided or educational assistance through bursaries for children of the employees. Another example, is when the government pays housing subsidies to their employees, enabling the employees to afford a house.

The business should acknowledge the customer's right to safety, their right to be informed, the right to freedom of choice and the right to be heard. Many businesses base their advertising campaigns on consumer-related issues. For example, Pick 'n Pay's slogan is; 'we're on your side'.

The business can fund educational, cultural, scientific and social institutions. Bursaries can be given to students in a field of study that would benefit the business. Sponsorships for community development programmes are possible. Sponsorships can also be granted for nature conservation, for sport and for cultural events. Another example of this is, how Mazda has started a wildlife fund to facilitate wildlife conservation.

One of the most important economic concepts is inflation. At its most basic level, inflation is simply a rise in prices. Over time, as the cost of goods and services increase, the value of a rand is going to go down because you won't be able to purchase as much with that rand as you could have last month or last year. Of course, it seems like the cost of goods are always going up, at least to an extent, even when inflation is thought to be in check. It is important to note that some amount of inflation is considered normal (actually, as we explain below, because of its relationship with unemployment, some inflation is actually desirable). The annual rate of inflation has fluctuated greatly over the last half century, ranging from nearly zero inflation to 23% inflation.

Deflation (for example, -1%) occurs when prices actually decrease over a period of time. Please note that deflation is not the same as disinflation, which is when the rate of inflation decreases but stays positive (for example, a change from a 3% rate to a 2% rate).

There are two main indices used to measure inflation. The first is the Consumer Price Index, or the CPI. The CPI is a measure of the price of a set group of goods services. The "bundle," as the group is known, contains items such as food, clothing, gasoline, and even computers. The amount of inflation is measured by the change in the cost of the bundle: if it costs 5% more to purchase the bundle than it did one year before, there has been a 5% annual rate of inflation over that period based on the CPI. You will also often hear about the "Core Rate" or the "Core CPI." There are certain items in the bundle used to measure the CPI that are extremely volatile, such as gasoline prices. By eliminating the items that can significantly affect the cost of the bundle (in either direction) on a month-to-month basis, the Core rate is thought to be a better indicator of real inflation, the slow, but steady increase in the price of goods and services.

The second measure of inflation is the Producer Price Index, or the PPI. While the CPI indicates the change in the purchasing power of a consumer, the PPI measures the change in the purchasing power of the producers of those goods. The PPI measures how much producers of products are getting on the wholesale level, i.e. the

price at which a good is sold to other businesses before the good is sold to a consumer. The PPI actually combines a series of smaller indices that cross many industries and measure the prices for three types of goods: crude, intermediate and finished.

Generally, the markets are most concerned with the finished goods because these are a strong indicator of what will happen with future CPI reports. The CPI is a more popular measure of inflation than the PPI, but investors watch both closely.

MODULE 3 (US: 14667) DESCRIBE AND APPLY THE MANAGEMENT FUNCTIONS OF AN ORGANIZATION.

Topic 1 (SO1) Business objectives

Each business has four basic objectives, namely to:

- Identify what consumers want and will pay
- Organise the factors of production
- Allocate revenue to the four factors of production
- Increase real capital investment

These objectives can be summarised in one overriding concern, namely to make a profit.

In order to make a profit, a business has to achieve the abovementioned objectives and in order to do so, it needs to fulfil certain functions through applying certain processes.

These business functions and processes will be discussed in this module in order to shed more light on the management functions and processes in an organisation.

2. Business functions

We need to briefly recap what we have learnt about the organisation and its structure (US 13919), before we can explore its purpose, functions and processes in more detail.

An organisational structure “defines how job tasks are formally divided, grouped and coordinated.”

An organisation’s structure will be designed around the following principles:

- Work specialisation – the degree to which tasks are subdivided into separate jobs
- Departmentalisation- the basis on which jobs are grouped together
- Chain of command- to whom do individuals and groups report?
- Span of control- the number of individuals that a manager can efficiently and effectively direct
- Centralisation and decentralisation – where does decision-making authority lie?

- Formalisation- the degree to which there are rules and regulations to direct employees and management

Your company's organogram will reflect these principles to a greater or smaller degree. At the very least, you should be able to tell at a glance what the company's chain of command is and how the jobs are grouped together into departments.

In any organisation, big or small, you will find the following functions :

Topic 2 (SO2) **General management function**

This is the management process as a whole:

- Planning
- Organising
- Leading
- Control

It is the overall function through which top management develops strategies and formulates policies for the whole organisation.

This function cuts through all the other functions, because functions such as planning and controlling are performed not only at top management level, but also in each functional area.

2.1 Marketing function

This entails the marketing of a company's products or services, which includes assessing the market and the needs of consumers and developing a strategy to fulfil those needs in a way that is profitable to the company.

2.2 Financial function

The financial function includes acquiring, utilising and controlling the money the company needs to finance its operations and buy materials and equipment.

2.3 Production (or operations) function

The production or operations functions deals with the physical production of products, such as the establishment and layout of the production area and converting raw materials or semi-finished products into finished products to be sold to the consumer. The sales of services will also fall under the ambit of Operations.

Purchasing function

The acquisition of all products and materials the business needs to operate profitably is part of the purchasing function:

- Raw materials
- Components
- Tools
- Equipment
- Inventory (if it's a dealer)

The purchasing department interacts with suppliers and keeps inventory up to date to ensure continuity of functioning.

2.4 Human resource function

This function entails the recruitment, appointment, development and maintenance of the human resources of the organisation.

2.5 Public relations function

This function entails creating a favourable image of the organisation and establishing good relations with customers and suppliers.

2.6 Administration function

This function is an integral part of all the other functions, as each department or business unit in an organisation has to run efficiently and be administered effectively.

In a small business, you will find one or two people managing all these functions, while in a large organisation, each function will be run by a department or business unit dedicated specifically to that function.

Topic 3 (SO3) Business processes

The basic business functions are realised through such basic business processes as:

- Customer Relations Management
- Supply Chain Management
- Accounting and Financial Management
- Product Lifecycle Management
- Human Resource Management

3.1 Customer Relations Management (CRM)

Market research, marketing and promotion, sales, and customer service are some of the activities that take place in the CRM business process:

- In market research, employees use customer feedback and study other sources of information to determine the need for new or enhanced products and services
- Marketers work with the existing customer base as well as those who do not presently use the product/service to promote an organisation's products and services through print and electronic advertisements, industry trade shows, or conferences
- Salespeople have direct contact with customers -- in person or online -- and handle the actual sale transaction. Sometimes they are involved in after-the-sale customer service; other times companies create separate customer service teams to handle these inquiries

3.2 Supply Chain Management (SCM)

SCM starts with the supplier and ends with the customer. Some of the tasks falling under the SCM business process include:

- Evaluating and selecting suppliers for products, parts, or sub-assemblies
- Monitoring inventory levels and reordering from suppliers
- Planning production activities based on customer demand
- Overseeing manufacturing tasks
- Scheduling and tracking product deliveries to customers
- Collaborating with CRM employees on customer service

3.3 Accounting and Financial Management (AFM)

AFM activities span the entire accounting and finance spectrum. Some examples include:

- Accounting -- recording the financial statement impact of every transaction, from purchasing inventory to making sales to paying employees; preparing periodic financial reports
- Treasury and financial management -- planning, controlling, and monitoring the organisation's cash and other investments in a manner consistent with top management's goals
- Business analytics -- forecasting and budgeting short- and long-term business activities

- Strategic performance management -- using financial data to support performance monitoring and strategic planning

3.4 Product Lifecycle Management (PLM)

PLM involves all of the activities in a product's conceptualisation, design, prototyping, and manufacturing. The product lifecycle management process can also be seen as the plan for a product's life: its birth, growth, maturity, and death.

3.5 Human Resource Management (HRM)

Employees involved in HRM processes manage and lead an organisation's "people" resources. Some of the process's areas of activity include:

Recruiting new employees for the organisation

- Interviewing and hiring new workers for the organisation
- Assessing employee performance
- Managing benefit plans for employees through competitive salary increases or other incentive programmes
- Developing future career potential and current levels of task training for current employees

4. Management activities

In previous Modules, you have encountered the various management functions, namely planning, organising, leading and controlling, in various forms and to various degrees.

If we take the Marketing function of a manager as an example, we can see that all these managerial functions play a role. The marketing manager is responsible for all of the following:

- Planning the marketing department's activities and goals, which will be in line with the organisation's goals and targets
- Organising marketing activities and allocating tasks to people in his/her department so that those goals can be achieved and targets reached
- Leading: motivating, guiding and instructing the marketing staff to perform the tasks allocated to them in order to achieve the goals formulated in the marketing plans
- Controlling the marketing activities so that marketing goals and objectives are completed according to plan

All the other functional managers plan, organise, lead and control in the same way.

It has also probably become clear that management is essentially creative problem solving and that this creative problem solving is accomplished through these four functions of management.

The ultimate aim of management, and therefore creative problem solving, is the use of an organisation's resources in such a way that it accomplishes the organisation's mission and objectives.

Management tasks include, but are not limited to, decision making, communicating, controlling, disciplining, motivating, coordinating, evaluating and delegating.

We will, therefore, focus on the four functions of management as they manifest in the following management activities:

- Creativity
- Problem solving
- Decision making
- Motivating
- Communicating
- Coordinating
- Delegating
- Instructing
- Controlling
- Disciplining
- Evaluating

Topic 4 (SO4) What is Creativity?

• An Ability

A simple definition is that creativity is the ability to imagine or invent something new. It is the ability to generate new ideas by combining, changing, or reapplying existing ideas. Some creative ideas are astonishing and brilliant, while others are just simple, good, practical ideas that no one seems to have thought of yet.

Everyone has substantial creative ability. Just look at how creative children are. In adults, creativity has too often been suppressed through education, but it is still there and can be reawakened. Often all that's needed to be creative is to make a commitment to creativity and to take the time for it.

• An Attitude

Creativity is also an attitude: the ability to accept change and newness, a willingness to play with ideas and possibilities, a flexibility of outlook, the habit of enjoying the good, while looking for ways to improve it. We are socialised into accepting only a small number of permitted or normal things, like chocolate-covered strawberries, for example. The creative person realises that there are other possibilities, like peanut butter and banana sandwiches, or chocolate-covered prunes.

• A Process

Creative people work hard and continually to improve ideas and solutions, by making gradual alterations and refinements to their works. Contrary to the mythology surrounding creativity, very few works of creative excellence are produced with a single stroke of brilliance or in a frenzy of rapid activity. Much closer to the real truth are the stories of companies who had to take the invention away from the inventor in order to market it because the inventor would have kept on tweaking it and fiddling with it, always trying to make it a little better.

The creative person knows that there is always room for improvement.

4.1.1 Understanding Logical and Creative Thinking

When we are faced with a familiar problem, logical thinking enables us to tap into our personal experiences and find a suitable solution with the minimum of effort.

By assessing a situation against our relevant experience, we can choose the most appropriate path, and move towards a solution. This logical approach, which is also known as convergent thinking, is very efficient.

However, it can become a barrier when one has little relevant experience; when there is more than one potential solution, or when one needs a brand new solution.

Logical thinking emphasises the skills of analysis: how to understand claims, follow or create a logical argument, figure out the answer, eliminate the incorrect paths and focus on the correct one. However, there is another kind of thinking, one that focuses on exploring ideas, generating possibilities, looking for many right answers rather than just one, namely creative thinking.

Divergent thinking, or creative thinking, involves opening up one's mind to find new solutions and new ways of doing things. Instead of taking your usual, logical approach to a problem, you can learn to suspend your judgment and look for different, more inventive solutions.

However, once you have generated as many ideas as possible in this way, you need to use a logical thinking process to refine your ideas and identify the best solution to the problem.

Therefore, both of these kinds of thinking are vital to a successful working life.

We might differentiate these two kinds of thinking like this:

Critical/ Logical Thinking	Creative Thinking
analytic	generative
convergent	divergent
vertical	lateral
probability	possibility

judgment suspended judgment

focused diffuse

objective subjective

answer an answer

left brain right brain

verbal visual

linear associative

reasoning richness, novelty

yes but yes and

In an activity like problem solving, both kinds of thinking are important to us. First, we must analyse the problem; then we must generate possible solutions; next we must choose and implement the best solution; and finally, we must evaluate the effectiveness of the solution. As you can see, this process reveals an alternation between the two kinds of thinking, logical/ critical and creative. In practice, both kinds of thinking operate together much of the time and are not really independent of each other.

4.1.2 Unlocking Creativity

Unlock your creativity and empower yourself to question your ways of doing things. “Where will you end up if you always apply the same way of thinking?” or “Where will you end up if you act without thinking?”

Edward de Bono says that there are often unchallenged, and unchallengeable, central points in our thinking. We can challenge everything around them, but not the central points. This may be because such points are considered permanent truths, or because we realise that any change in such central points would be far too risky.

We tend to accept categories such as “management”, “investors”, “workers” and “customers” as essential truths, and in advertising and marketing a particular product, we accept certain principles as central points. This may be because we know how extremely hard it is to change perceptions. Or it may be that we do not feel that such central points are open to change or improvement. De Bono poses the following questions, “Does toothpaste really have to make your teeth whiter?” “What about a double-ended tube with ‘whitener’ at one end and ‘mouth hygiene’ paste at the other end?” Both would have more credibility than a mixed product.

De Bono says that it is always going to be difficult to exchange a tried and accepted concept for something new, even if the new concept has been shown to be successful.

But showing that the new concept can work is also always going to be difficult if it is a central point or a sacred cow that is being challenged. Obviously, there cannot be a trial period involving everyone. That would be disruptive and risky. Pilot projects are often seen to be pilot projects, and people do not behave in a totally normal fashion during experiments.

Gradual change would be ideal. Small changes are introduced and watched. If they work, then the next small step is taken. This continues until the original concept has been totally changed. This is fine in theory, but there are few central concepts that could be changed in this gradual way.

Another approach is a defined trial period. It is made clear that the new way is going to be tried for a defined limited period. At the end of this period people are going to be allowed to choose whether to continue or to go back to the original concept.

A further approach is that of 'parallel options'. People are given the choice of using the usual method or opting for the new method. Both are available. If the new idea is going to work, then more people will gradually shift to the new option. For example, workers might choose the option of 'flexi-time'.

Reference is always a powerful tool for change. If you can show that another company has successfully used a new system, then the risk of switching is much less. But who is going to go first? Occasionally there is growing dissatisfaction and a growing pressure for change. If the new alternative is ready and waiting, then it might be possible to 'ride' on this increasing pressure for change.

In theory it should be possible to create a new idea that is so obviously better that everyone would immediately want to use it. This can happen with engineering, but rarely where people are concerned, because human reactions are much less predictable. It might be possible if the benefits of the new idea were well designed and very obvious.

Because it is so very difficult to bring about changes in central concepts, should we stop thinking about them? Should we indeed treat them as sacred cows which cannot be touched?

From a practical point of view, why spend time and effort thinking about things which cannot be changed? Should you not use that thinking effort elsewhere? If no one ever thinks about these matters, then certainly they are never going to change. But, maybe, it is always someone else's business, not yours, to do that thinking.

Thinking creatively about anything develops creative skill, so the effort is always worthwhile.

In addition, once you start to challenge sacred cows, you find that there are many sacred cows in your own field of action which can really be challenged and changed.

The real value of thinking about anything is that the mind is enriched with new concepts and possibilities. Once thought these cannot be unthought. Such concepts may have an application in many other areas.

Too many people believe that the sole purpose of creative thinking is to turn up a specific usable idea. This is only one of the purposes. Another purpose is to enrich the mind with new possibilities, new connections, new concepts, new values and new perspectives.

Just as the existence of a town tends to dominate the network of roads in the neighbourhood, so a 'dominant' idea tends to organise values and mechanisms around itself. Part of the process of 'challenge' in lateral thinking is to identify such dominant ideas and then to challenge them. Is the purpose of a hotel really to provide 'beds'? Perhaps a hotel could function also to provide working and meeting places. This would go beyond conferences to provision of private working space. Is the purpose of a bank to provide only its own customers with access to financial services? What about a 'polybank centre' where access could be provided to customers of any bank?

What is being suggested here is the opposite of small step and small idea creativity. It is the willingness to think about and to challenge the really big ideas. Is it the purpose of education to teach and to select out the real high-fliers who then go on to university, etc? Maybe the purpose of education might be to educate the greater mass of non-high-fliers so that they could contribute more to society.

De Bono warns that sometimes when we set out to be creative, we end up "fiddling around the edges", focusing only on what seems to be doable. There is nothing wrong with this. But from time to time we should give thought to the rarely challenged central points and to the sacred cows.

It is not a matter of either/or. It is a matter of investing thinking time. People like to live a reasonable commuting time from their work. A lot of creativity can go into travel arrangements (lift clubs, rotation, etc.). But it can also make sense to consider moving the work to where the people like to live - or even working from home part of the time. Challenging central points, sacred cows and dominant ideas can re-set the whole picture. De Bono says that we should remember that there are the two sorts of creativity: the practical adjustment type and the revolutionary type and invest thinking time in both.

As George Bernard Shaw says:

'Progress is due to the unreasonable person. The reasonable person adjusts to the world around. The unreasonable person seeks to change that world'.

4.1.3 Develop a Framework for Effective Thinking

The following steps will provide you with a framework for effective thinking, integrating logical and creative thinking processes:

Step 1: Identify the direction of your thinking

- What is the focus / purpose of your thinking?
- What do you hope to achieve with your thinking?

- What are you thinking about?

Step 2: Obtain information and generate possibilities

- Identify different sources of information
- Ask questions to obtain information from other people.
- Determine the quality of information obtained.
- Identify the perceptions and feelings of the people involved.
- Make the 'most' of information, by reading between the lines.
- Generate as many possibilities as you can.
- Do not immediately evaluate each possibility as it arises - you will stay firmly within your own thinking.

Step 3: Choose between possibilities

- Develop possibilities to become usable ideas.
- Spend time improving and building up the idea.
- Do not be satisfied just because an idea seems good – it may be possible to make it even better.
- Divide possibilities into groups of stronger and weaker. Choose some quality or characteristic, which all usable ideas should have.

Step 4: Decide and take action

- Decide what to do – to proceed, or not.
- Do a hindsight check – spell out the reasons why a decision has been made.
- Examine the need for a decision as well as the risks involved.
- Make things happen – putting the output of thinking to work.

4.1.4 Taking a new approach

Being creative means using a different approach to the way you solve certain problems. This is not something you need to do all the time, for example when a problem is clear or close-ended. However, if a problem is open-ended and has a number of potential solutions, start to apply what you have learned about effective thinking.

“...Thinking is a skill that can be learned, practised, and developed. But you have to want to develop that skill. You need to learn how to ride a bicycle or drive a car...”

4.2 Problem solving

Creative thinking, problem solving and decision making are essential supervisory skills. They are also vital to the planning process. Before any planning can take place, some problem-solving and decision-making activities are usually required.

4.2.1 What is a problem?

DEFINITION

“Something difficult to deal with that has to be decided” OR “A question which needs a solution”

We can see that a problem is “difficult” and poses a “question”. We can also see that it has to be solved and involves making a decision. Therefore, an integral part of decision making is problem solving and vice versa.

We all encounter problems on a daily basis. Sometimes they are small, such as an alarm clock not going off, and sometimes they are big, such as a spouse filing for divorce.

We also make decisions every day, whether they are the routine decisions, such as what to have for breakfast, or the really hard ones, such as whether to initiate disciplinary action against a team member.

We need to do some problem solving and make decisions before we can plan how to deal with these daily occurrences.

4.2.2 Basic rules to follow when dealing with problems

As supervisors/team leaders we should:

- Always be on the lookout for problems
- Try to prevent problems – by applying the rules of good supervision
- Never ignore problems – they don’t go away on their own
- Try to prevent problems from happening again

4.2.3 Stages of problem solving

Analytical – What is the problem?

Creative – What are the possible solutions?

Evaluative – Which alternative is best?

4.2.3.1 Analytical Stage:

What is the problem? Search for possible causes. Find the real problem. We also need to decide what we want to achieve – where do we want to be after the problem is resolved.

- Analyse and investigate the problem:

What is the problem? Next page

Defining the problem: (with input from yourself and others)

Ask yourself and others, the following questions:

- a. What can you see that causes you to think there's a problem?
- b. Where is it happening?
- c. How is it happening?
- d. When is it happening?
- e. With whom is it happening? (HINT: Don't jump to "Who is causing the problem?" When we're stressed, blaming is often one of our first reactions. To be an effective manager, you need to address issues more than people.)

Why is it happening?

- f. Write down a description of the problem in terms of "The following should be happening, but isn't ..." or "The following is happening and should be: ..." As much as possible, be specific in your description, including what is happening, where, how, with whom and why.

Example:

- The roof of the outbuilding is leaking in the area where the skylight has recently been installed

Make the following more specific:

- Staff not working
- Production deadlines not met
- Operators standing around
- Investigate what the possible causes of the problem are:

Write down a description of the cause of the problem and in terms of what is happening, where, when, how, with whom and why.

Examples:

- Piece of roof blown away, missing screws, sealant faulty
- Staff demotivated, lazy staff, untrained staff, don't understand instructions
- Improper resource application, bad scheduling
- Faulty machine, broken machinery, lazy workers
- After investigation state what the real problem is:
 - Rust
 - Lack of communication, not sharing end goal with staff
 - No product
 - Broken machinery
- Where do you want to be after the problem is resolved?
 - No leaking roof
 - Staff that are motivated
 - Deadlines are met
 - Operator working productively

4.2.3.2 Creative stage:

- What are the possible solutions?

Once the causes of the problem have been identified, it is important to generate ideas for solving the problem.

This is the stage when creativity is needed. This means we have to think of many ideas that might solve the problem, even if they are far-fetched or unrealistic.

This can be done by brainstorming and involving the team to get even more ideas as to what the possible causes and possible solutions are. (see US 13917- Team Charter) In this way you will get buy-in to the idea and the implementation of the solution will be easier.

- **Brainstorming:**

Brainstorming is the process of opening our minds to many new ideas. It is used to generate a lot of different ideas on a given topic.

Very simply put, brainstorming is collecting as many ideas as possible, then screening them to find the best idea.

Rules:

- One person acts as a scribe and writes down the group's ideas
- Think of as many ideas as you can, and offer them – even if you think they are silly! They may not be foolish and may trigger off ideas in other members
- Let the ideas flow freely and quickly
- Build on the ideas of others
- Do not judge other people's ideas. Don't make comments, either good or bad about other people's ideas. No one must laugh at other people's ideas and call them "stupid" or the person an idiot" or say "that will never work!"
- Be creative! Have fun
- Enjoy participating in the session

Creativity is inhibited by:

- Logical thinking and rules
- Prejudice: The older we get, the more preconceived ideas we have about things. These preconceptions often prevent us from seeing beyond what we already know or believe to be possible. They inhibit us from accepting change and progress.
- Functional fixation. Sometimes we begin to see an object only in terms of its name rather in terms of what it can do. Thus, we see a mop only as a device for cleaning a floor, and do not think that it might be useful for clearing cobwebs from the ceiling, washing the car, doing aerobic exercise, propping a door open or closed, and so on.
- Limiting yourself to your "area of expertise" or thinking that you are not creative
- Learned helplessness. This is the feeling that you don't have the tools, knowledge, materials, ability, to do anything, so you might as well not try. We are trained to rely on other people for almost everything. We think small and limit ourselves.
- Psychological blocks. Some solutions are not considered or are rejected simply because our reaction to them is "Yuck." But yucky solutions themselves may be useful

or good if they solve a problem well or save your life. Eating lizards and grasshoppers doesn't sound great, but if it keeps you alive in the wilderness, it's a good solution.

4.2.3.3 Evaluating Stage

Analyse all possible solutions that have been generated. Choose the best solution.

As a result of brainstorming, you may have several possible solutions from which to select the best one.

Which is the best solution? Choosing the best solution is not always easy. All options must be evaluated carefully. Apply reasoning skills, weigh up advantages and disadvantages, consider the consequences.

When selecting the best solution, consider:

- a. Which approach is the most likely to solve the problem for the long term?
- b. Which approach is the most realistic to accomplish for now? Do you have the resources? Are they affordable? Do you have enough time to implement the approach?
- c. What is the extent of risk associated with each alternative?

(The nature of this step, in particular, in the problem solving process is why problem solving and decision making are highly integrated.)

Criteria to apply when evaluating alternative solutions:

- Cost
- Time
- Manpower
- Effects on others
- Delivery time
- Availability
- Feasibility
- Priority

4.3 Making a decision

- a. Carefully consider "What will the situation look like when the problem is solved?"

- b. What steps should be taken to implement the best alternative to solving the problem? What systems or processes should be changed in your organisation, for example, a new policy or procedure? Don't resort to solutions where someone is "just going to try harder".
- c. How will you know if the steps are being followed or not? (These are your indicators of the success of your plan)
- d. What resources will you need in terms of people, money and facilities?
- e. How much time will you need to implement the solution? Write a schedule that includes the start and stop times, and when you expect to see certain indicators of success.
- f. Who will primarily be responsible for ensuring implementation of the plan?
- g. Write down the answers to the above questions and consider this as your action plan.
- h. Communicate the plan to those who will be involved in implementing it and, at least, to your immediate supervisor.

(An important aspect of this step in the problem-solving process is continual observation and feedback.)

4.3.1 Monitor implementation:

Monitor the indicators of success:

- a. Are you seeing what you would expect from the indicators?
- b. Will the plan be done according to schedule?
- c. If the plan is not being followed as expected, then consider: Was the plan realistic? Are there sufficient resources to accomplish the plan on schedule? Should more priority be placed on various aspects of the plan? Should the plan be changed?

4.3.2 Verify if the problem has been resolved or not:

One of the best ways to verify if a problem has been solved or not is to resume normal operations in the organisation. Still, you should consider:

- a. What changes should be made to avoid this type of problem in the future? Consider changes to policies and procedures, training, etc.
- b. Lastly, consider "What did you learn from this problem solving?" Consider new knowledge, understanding and/or skills.

c. Consider writing a brief memo that highlights the success of the problem solving effort, and what you learned as a result. Share it with your supervisor, peers and subordinates.

The decision-making flow chart below shows the entire process we follow when making a decision: on

4.3.3 Decision Traps to avoid:

Don't:

- See every situation as a big decision- some are really small and can be made easily
- See every situation as a crisis situation – many situations are normal – just make the decision carefully
- Make promises you can't keep – be honest and realistic before committing yourself
- Hesitate and keep changing your mind – once you have made a decision, stick to it!

4.3.4 Reaching Consensus

Consensus is a decision-making process that fully utilises the resources of a group. It is more difficult and time consuming to reach than a democratic vote or an autocratic decision.

Most issues will involve trade-offs and the various decision alternatives will not satisfy everyone. Complete unanimity is not the goal - that is rarely possible.

However, it is possible for each individual to have had the opportunity to express his/her opinion, be listened to, and accept a group decision based on its logic and feasibility considering all relevant factors. This requires the mutual trust and respect of each team member.

A consensus decision represents a reasonable decision that all members of the group can accept.

It is not necessarily the optimal decision for each member. When all the group members feel this way, you have reached consensus as defined here. This means that a single person can block consensus if he or she feels that it is necessary.

Here are some guidelines for reaching consensus:

- Make sure everyone is heard from and feels listened to.
- Avoid arguing for your own position.

- Present your position as clearly as possible.
- Listen to other team members' reactions and comments to assess their understanding of your position.
- Consider their reactions and comments carefully before you press your own point of view further
- Do not assume that someone must win and someone must lose when a discussion reaches a stalemate. Instead, look for the next most acceptable alternatives for all parties.
- Try to think creatively. Explore what possibilities exist if certain constraints were removed.
- Do not change your mind simply to avoid conflict, to reach agreement, or maintain harmony. When agreement seems to come too quickly or easily, be suspicious. Explore the reasons and be sure that everyone accepts the solution for basically similar or complementary reasons.
- Yield only to positions that have objective or logically sound foundations or merits.
- Avoid conflict-reducing techniques such as majority vote, averaging, coin toss or bargaining.
- When dissenting members finally agree, do not feel that they have to be rewarded or accommodated by having their own way on some later point.

Remember:

- Differences of opinion are natural and expected.
- Seek them out, value them, and try to involve everyone in the decision process.
- Disagreements can improve the group's decision.
- With a wider range of information and opinions, there is a greater chance of that the group will hit upon a more feasible or satisfactory solution.

4.4 Planning

“Planning sets the goals and provides the road map for almost all a supervisor’s actions.”

Planning is concerned with the future impact of today's decisions. It is the fundamental function of management from which the others stem. The need for planning is often apparent after the fact. However, planning is easy to postpone in the short-run. Postponement of planning especially plagues labour-oriented, hands-on type managers.

The organising, staffing, leading and controlling functions stem from the planning function

The manager is ready to organise and staff only after goals and plans to reach the goals are in place.

Likewise, the leading function, or influencing the behaviour of people in the organisation, depends on the goals to be achieved.

Finally, in the controlling function, the determination of whether or not goals are being accomplished and standards met, is based on the planning function.

The planning function provides the goals and standards that drive the controlling function.

Planning is important at all levels of management. However, as you saw in previous Modules, its characteristics vary by level of management (see US 13918 and 13919).

Long-range, or strategic, planning is generally handled by top levels of management, while supervisors are generally responsible for short-range or tactical plans.

4.4.1 Strategic Planning

Strategic planning is one specific type of planning. Strategies are the outcome of strategic planning. An organisation's strategies define the business the company is in, the criteria for entering the business, and the basic actions the organisation will follow in conducting its business.

Strategies are major plans that commit large amounts of the organisation's resources to proposed actions, designed to achieve its major objectives and goals. Strategic planning is the process by which the organisation's strategies are determined.

In the process, three basic questions are answered:

1. Where are we now?
2. Where do we want to be?
3. How do we get there?

The "where are we now?" question is answered through the first three steps of the strategy formulation process:

- Perform internal and external environmental analyses
- Review vision, mission and objectives
- Determine SWOT: Strengths, Weaknesses, Opportunities and Threats

SWOT analysis requires managers to be honest, self-disciplined and thorough. Going on to strategy choices without a comprehensive SWOT analysis is risky.

Strengths and weaknesses come from the internal environment of the company

Strengths:

Strengths can be exploited, built upon and made key to accomplishment of mission and objectives. Strengths reflect past accomplishments in production, financial, marketing and human resource management.

Weaknesses:

Weaknesses are internal characteristics that have the potential to limit accomplishment of mission and objectives. Weaknesses may be so important that they need to be addressed before any further strategic planning steps are taken.

Opportunities and threats are uncontrollable by management because they are external to the company. Opportunities provide the company with the possibility of a major improvement. Threats may stand in the way of a company reaching its mission and objectives

4.4.2 Planning Process

Vision

Vision can be described as non-specific directional and motivational guidance for the entire organisation. Top managers normally provide a vision for the business.

Mission

This is an organisation's reason for being. It is concerned with the scope of the business and what distinguishes this business from similar businesses. Mission reflects the culture and values of top management.

Objectives

Objectives refine the mission and address key issues within the organisation, such as market share, innovation, productivity, physical and financial resources, profitability, management and worker performance and efficiency. They are expected to be general, observable and challenging.

Goals

Goals are specific statements of anticipated results that further define the organisation's objectives. They are expected to be SMART: Specific, Measurable, Attainable, Rewarding/ Realistic, and Timed.

Development of tactics is a fifth level of planning. Tactics, the most specific and narrow plans, describe who, what, when, where and how activities will take place to accomplish a goal.

Once goals have been set, the supervisor follows the following 6-step planning process to come up with his/her tactical plans:

1. **Develop a master plan.**

This focuses on your main objective, e.g. higher quality products

2. **Draw up supporting plans.**

Think about how each activity in your department can contribute to your master plan, e.g. assemblers need better lighting in their work areas, or machinists need training on how to read the new computer-generated blueprints

3. **Date and number everything possible**

Plans work best when every employee knows exactly how much and exactly when something is required of him/her- dates and time are essential.

4. **Allocate assignments**

Assign responsibility for carrying out each part of the plan to a specific person.

5. **Explain the plan to all concerned**

Explain the rationale behind the plan and why certain goals have been set. Employees who know why they are doing something are more motivated and cooperative.

6. **Review your plans regularly**

Your plans must be reviewed regularly to see if they should be adapted, as circumstances and opportunities change all the time too.

4.4.3 **Double check your plans**

You can apply the following five-point planning check chart to ensure that your plan is on track: next page

Five-point Planning Check Chart

2.

- What

Objectives

Specifications

Cost/ price limits

- Where

Locale

Delivery point

- When

Time elapsed

Starting time

Completion date

- How

Tactics Methods

Procedure

Sequence

Strategy

- Who

Responsibility Authority

Control

Assignment

Did you know?

The average business unit manager spends approximately 38% of his/her thinking time on problems that come up on the same day, 40% on those one week ahead, 15% on those one month ahead, 5% on those three to six months ahead, and 2% on those one year ahead.

4.4.4 Scheduling

Scheduling is an integral part of putting a plan into action. It establishes a time sequence by arranging when each step of the plan can take place.

“Scheduling brings the planning process right down to the shop floor”

There are many planning tools a business unit manager can use to schedule, such as calendars, to-do lists, diaries, computer software programs, charts and boards.

We are going to look at one of these planning tools in more detail, as you have dealt with the others in US 13918 already.

4.4.4.1 The Gantt chart

During World War 1 Henry Laurence Gantt, an industrial engineer, developed the first production control chart. To this day, most organisations use some or other form of it to plan and chart output performance.

The Gantt chart is a graphic planning and control method in which a project is broken down into separate tasks. Estimates are then made of how much time each task requires, as well as the total time needed to complete the whole project.

The planner also indicates the start and end dates of the tasks on this chart.

Example:

The planning for a training session was broken up into the essential activities.

These are depicted on the vertical axis in the figure that follows:

- Writing
- Proofreading and editing
- Printing and binding
- Marketing and selling the course
- Sourcing trainers
- Arranging the facility
- Training

It is clear from the chart that some of the activities require the completion of other activities before they can begin (for example, the course must be written before it can be edited and proofread).

Once the basic activities have been determined, a target completion date must be set. This is depicted on the horizontal axis.

The next step is to determine the duration of each activity. If the training is scheduled for 29 June, the venue must be booked at least a month in advance. Therefore 29 May is the latest date for booking the venue.

Once the activities, activity duration, completion time and latest starting time have been determined, the Gantt chart can be drawn. You can monitor the progress of a project by comparing actual progress with planned progress.

1. Write course

2. Proofread and edit

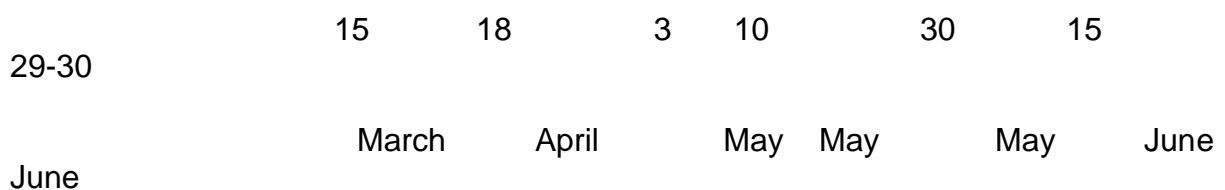
3. Print and bind Manuals

4. Market and sell course

5. Source trainers

6. Arrange facility

7. Training



Now you can see at a glance:

- Where the activities are ahead of schedule
- Where the activities are behind schedule
- Where the activities are exactly on schedule

To construct a Gantt chart:

- Identify the list of tasks to be completed
- Determine the duration of each task and when it must start and end
- Determine which tasks overlap and which are dependant on one another
- Number and list the tasks down the left (vertical) axis

- Write the time period in days, weeks, or months under the horizontal axis
- For each task draw a white horizontal bar to show when each task starts and ends
- When an activity is completed, fill in a black bar. One will be able to see at a glance how the project is progressing.

4.5 Organising and Coordinating

Organising is establishing the internal organisational structure of the business. The focus is on division, coordination, and control of tasks and the flow of information within the organisation. Managers distribute responsibility and authority to job holders in this function of management

4.5.1 Organisational Structure

We have already seen that each organisation has an organisational structure (US 13919). By action and/or inaction, managers structure businesses.

Ideally, in developing an organisational structure and distributing authority, managers' decisions reflect the mission, objectives, goals and tactics that grew out of the planning function.

Specifically, they decide on:

- Division of labour
- Delegation of authority
- Departmentation
- Span of control
- Coordination

Management must make these decisions in any organisation that has more than two people.

4.5.2 Division of Labour

Division of labour is captured in an organisation chart, a pictorial representation of an organisation's formal structure. An organisation chart is concerned with relationships among tasks and the authority to do the tasks.

Eight kinds of relationships can be captured in an organisation chart:

1. The division/specialisation of labour
2. Relative authority

3. Departmentation
4. Span of control
5. The levels of management
6. Coordination centres
7. Formal communication channels
8. Decision responsibility

Organising follows planning. The organisational structure provides the framework for carrying out the plan.

For example:

A team leader plans to load a boxcar by 17:00:

The goal will be met if one team member is assigned to remove the cartons from the stockroom, another to operate a fork truck, another to stack the cartons in the boxcar, and another team member to check and prepare the inventory and shipping documents.

Therefore, the organising process moves from the knowledge of the goal or plan into a systematic division of labour or work:

- Make a list of all the tasks that must be performed
- Divide these tasks into activities that can be performed by one person
- Each person has a group of activities to perform, called a job
- Group together related jobs (e.g. production jobs or accounting jobs) in a logical and efficient manner
- Establish relationships between the various jobs and groupings of jobs so that all members have a clear idea of their responsibilities and their dependence on, or control over people in other jobs or groups of jobs

4.6 Directing/ Leading

Directing is influencing people's behaviour through motivation, communication, group dynamics, leadership and discipline.

The purpose of directing is to channel the behaviour of all personnel to accomplish the organisation's mission and objectives, while simultaneously helping them accomplish their own career objectives.

Managers give this function a variety of names. Some call it leading. Other labels are: influencing, coaching, motivating, interpersonal relations, and human relations.

Leadership is “the process of leading, influencing and directing the behaviour of individuals and groups in such a way that they work willingly to pursue the goals and objectives of the organisation” and is one of the four fundamental management functions:

- Planning and organising set the wheels of the management process in motion
- In leading, management gives direction to the organisation’s activities so that all its resources are deployed as effectively as possible to realise its objectives
- Once management has provided the necessary leadership to set the management process in motion, it must periodically monitor, or control, the situation to see that the activities and resources are applied properly to enable the organisation to continue functioning productively.

The directing function gives the manager an active rather than a passive role in employee performance, conduct and accomplishments.

Managers accomplish their objectives through people.

The directing function gives managers a second responsibility: helping people in the organisation accomplish their individual career goals. Organisations do not succeed while their people are failing.

Helping people in the organisation with career planning and professional development is an integral part of the directing function.

There are many theories on what makes a successful leader.

We will briefly look at one of the theories regarding leadership style, namely Blanchard and Hersey’s theory of Situational Leadership:

Blanchard and Hersey characterised leadership style in terms of the amount of direction and support that the leader gives to his or her followers, and created the following simple grid: next page

- Telling Leaders define the roles and tasks of the 'follower', and supervise them closely. Decisions are made by the leader and announced, so communication is largely one-way.
- Selling Leaders still define roles and tasks, but seeks ideas and suggestions from the follower. Decisions remain the leader's prerogative, but communication is much more two-way.
- Participating Leaders pass day-to-day decisions, such as task allocation and processes, to the follower. The leader facilitates and takes part in decisions, but control is with the follower.

- Delegating Leaders are still involved in decisions and problem-solving, but control is with the follower. The follower decides when and how the leader will be involved.

Effective leaders are versatile in being able to move around the grid according to the situation, so there is no one right style, even though we tend to have a preferred style.

However, we need to be able to apply the style that suits the situation and person we are dealing with.

For example:

- Aggressive, hostile people generally respond best to autocratic leaders, as their latent hostility needs to be firmly channelled
- Self-assertive, cooperative people work best under democratic leadership, where they are allowed to head in the right direction on their own
- Insecure people who tend to depend on their superiors for guidance and instruction perform better under autocratic leadership
- Individualists do best under democratic or free-rein leadership- as long as they know what they're doing!

Is a leader always popular with the people s/he supervises?

Probably not. Many of the decisions you have to make as a team leader will not please everybody and sometimes you will please nobody, but as long as you are satisfied that your leadership has been responsible, considerate and fair, you can at least count on the respect of your followers.

4.7 Motivation

Motivation is dealt with in great detail in US 13947, so we will just touch on one or two issues here:

The following statements about motivation leave employers wanting to be surrounded by highly motivated people, but unable to motivate their employees:

- Selection, training, evaluation and discipline cannot guarantee a high level of employee performance.
- Motivation, the inner force that directs employee behaviour, also plays an important role.
- Highly motivated people perform better than unmotivated people.
- Motivation covers up ability and skill deficiencies in employees.

Employers and supervisors want easily applied motivation models, but such models are unavailable.

Motivation probably tops the list of complex activities with which labour managers deal.

They think there is an easy answer, "I want everyone around here to be motivated."

They often blame employees for their lack of motivation and performance problems.

Employees on the other hand often blame any performance problems they may have on external factors - their supervisors, equipment, training, co-workers, weather, unrealistic demands made on them, pressures at home, lack of recognition, etc.

Despite the conflicting perceptions held by employers and employees, employers have no choice but to deal with employee motivation.

Three ways of looking at motivation are: needs, rewards and effort.

The needs approach stems from the notion that peoples' unsatisfied needs drive their behaviour.

Figure out a person's needs, satisfy the needs and the person will be motivated.

For example:

A person with a high need to satisfy goals is motivated by production targets.

The rewards approach is based on the expectation that rewarded behaviour is repeated.

Giving a person a bonus for excellent performance during a difficult period encourages the person to make a special effort during the next difficult period.

The effort approach to motivation is based on the expectation that effort brings the worker what he or she wants.

The thought that working hard leads to advancement and new career opportunities is consistent with the effort approach

The effort approach includes a presumption that the employer is fair, i.e., effort is recognised and rewarded.

Managers cannot reduce motivation to a simple choice of one of these approaches. Each of the three approaches contributes to an understanding of motivation and how motivation varies from person to person and over time.

The most effective motivation for employees comes from within each employee, i.e. self-motivation.

Possible indicators of self-motivation include:

- Past accomplishments in school, sports, organisations and work
- Stated career goals and other kinds of goals
- Expertise in one or more areas that shows evidence of craftsmanship
- Pride in knowledge and abilities
- Self-confidence
- An evident desire to continue to learn
- A general enthusiasm for life.

Threats, bribery, manipulation and coercion have only limited usefulness beyond the very short-term in changing behaviour in the work environment.

More effective employer action responds to employee needs, making their work useful to satisfying their needs, helping employees understand the relationship between their contribution to the success of the business and rewards received, and creating an atmosphere of equity and fairness.

4.8 Communication

Communication plays a major role in any business. It affects the relationships among members of the management team and their relationships with employees.

Although effective communication does not guarantee the success of a business, its absence usually assures problems. A communication problem may soon become a crisis, or it may linger on for years.

More specifically, communication influences the day-to-day relations among management and employees.

Communication also affects the willingness of employees to provide useful suggestions. Making employees outside the management team feel a part of the business requires communication.

In fact, for employees to make the important evolution from "workers" to "working managers" requires effective communication between team leaders and employees.

Employees are typically hesitant to state their goals, their concerns and their disappointments.

Of course, an employee may be a complainer and share views to the point other employees silently beg for less "communication."

Much more common is the need to understand better what employees are "really thinking."

4.8.1 Barriers to Communication

the barriers to communication were discussed in detail in the Communication modules:

- Muddled messages
- Stereotyping
- Wrong channel
- Language
- Lack of feedback
- Poor listening skills
- Interruptions
- Physical distractions

4.8.2 Facilitating Communication

Beyond removal of specific barriers to communication, the following general guidelines may also help communication:

- Have a positive attitude about communication. Defensiveness interferes with communication
- Work at improving communication skills. It takes knowledge and work. This increased awareness of the potential for improving communication is the first step to better communication
- Include communication as a skill to be evaluated along with all the other skills in each person's job description. Help other people improve their communication skills by helping them understand their communication problems
- Make communication goal oriented. Relational goals come first and pave the way for other goals. When the sender and receiver have a good relationship, they are much more likely to accomplish their communication goals
- Approach communication as a creative process rather than simply part of the chore of working with people.
- Experiment with communication alternatives. What works with one person may not work well with another person. Vary channels, listening techniques and feedback techniques
- Accept the reality of miscommunication. The best communicators fail to have perfect communication. They accept miscommunication and work to minimise its negative impacts

4.8.3 Summary

Communication is at the heart of many interpersonal problems in businesses. Understanding the communication process and then working at improvement provides managers with a recipe for becoming more effective communicators.

Knowing the common barriers to communication is the first step to minimising their impact.

When taking stock of how well you are doing as a manager, first ask yourself and others how well you are doing as a communicator.

4.9 Instructing and Delegating

DEFINITION: INSTRUCTING

An instruction is the information we give when we tell someone what to do. An instruction must be logical, be in simple language, must have a start and deadline time, must say how something must be done, as well as how well it must be done.

The way we give instructions is important; it will ensure that we get what we need to get done, when we need it.

Before giving an instruction, make sure that you plan.

Why is the instruction necessary?

- To whom will you give the instruction
- When must you give the instruction? (16h45 on a Friday afternoon is not a good time)
- Where the instruction must be given?
- How much information is necessary to carry out the instruction?

Make sure that the instruction is:

- Accurate
- Brief
- Clear
- Logical
- Emphasising the important steps

Guidelines for Instruction giving:

- Put the employee at ease
- Explain why you want to talk to him/her
- Explain the tasks that have been assigned to him/her
- Keep eye contact and watch the other person's body language to get an idea of understanding and feeling
- Ask for feedback to check for understanding. Do not ask, "Do you understand?"
- Ask whether they have any questions and discuss these
- Confirm understanding of the final agreement, summarise what they are going to do
- Offer your continued support and assistance
- Set a specific completion date
- Follow up promptly and check for progress. Never assume things will go according to plan

DEFINITION: DELEGATING

Is the handing out of tasks and giving of authority and responsibility to a team member so that s/he can make their best contribution to the overall productivity of the team or department.

Authority and responsibility:

Authority is the power to make decisions and use resources without getting permission from someone else. Authority is necessary to make decisions, take actions to control quality and costs.

Responsibility is the obligation to carry out the assigned action to completion

Delegation of Authority

Authority is legitimised power. Power is the ability to influence others. Delegation is distribution of authority.

Delegation frees the manager from the tyranny of urgency. Delegation frees the manager to use his or her time on high priority activities.

Note, however, that delegation of authority does not free the manager from accountability for the actions and decisions of subordinates.

Delegation of authority is guided by several key principles and concepts:

- **Exception principle**

Someone must be in charge. A person higher in the organisation handles exceptions to the norm. The most exceptional, rare, or unusual decisions end up at the top management level because no one lower in the organisation has the authority to handle them.

- **Hierarchical chain of command**

Formal distribution of organisational authority is in a hierarchical fashion. The higher one is in an organisation, the more authority one has.

- **Decentralisation**

Decisions are to be pushed down to the lowest feasible level in the organisation. The organisational structure goal is to have working managers rather than managed workers.

- **Parity principle**

Delegated authority must equal responsibility. With responsibility for a job must go the authority to accomplish the job.

- **Span of control**

The span of control is the number of people a manager supervises. The organisational structure decision to be made is the number of subordinates a manager can effectively lead. The typical guideline is a span of control of no more than 5-6 people. However, a larger span of control is possible depending on the complexity, variety and proximity of jobs.

- **Unity principle**

Ideally, no one in an organisation reports to more than one supervisor. Employees should not have to decide which of their supervisors to make unhappy because of the impossibility of following all the instructions given them.

- **Line and staff authority**

Line authority is authority within an organisation or unit's chain of command. Staff authority is advisory to line authority.

For example:

Assume a crew leader reports to the store manager, who in turn reports to the president.

Further assume that the crew leader and store manager can hire and fire, and give raises to the people they supervise. Both the crew leader and store manager have line authority.

In contrast, assume that the president has an accountant who prepares monthly financial summaries with recommendations for corrective action. The accountant has staff authority but not line authority.

- **Departmentation**

Departmentation is the grouping of jobs under the authority of a single manager, according to some rational basis, for the purposes of planning, coordination and control.

The number of departments in an organisation depends on the number of different jobs, i.e., the size and complexity of the business.

For example:

Farm businesses are most likely to have departments reflecting commodities and services.

A large dairy farm might be organised into dairy, crop, equipment and office departments.

The dairy department might be further divided into milking, mature animal and young stock departments.

- **Informal Structure**

The formal structure in each organisation that has been put in place by management has an accompanying informal structure.

Management does not and cannot control the informal structure.

The informal structure has no written rules, is fluid in form and scope, is not easy to identify, and has vague or unknown membership guidelines.

For management, the informal structure may be positive or negative.

Positive qualities include the ability to quickly spread information and provide feedback. The informal structure gives people a sense of being in the know.

Management can feed information into the informal structure at very low cost. The informal structure can also help satisfy employees' social needs.

The negative qualities of the informal structure mirror the positive qualities in several ways. The more juicy a rumour, the more likely the informal structure is to repeat it, expand it and make it into the "truth."

Management may not know what information is flowing through the informal structure.

Employees can waste a great deal of time nurturing and participating in the informal structure.

Finally, the informal structure can push out new employees and change agents, no matter the extent to which the formal structure makes them a part of the organisation.

4.10 Controlling

Controlling is a four-step process of establishing performance standards based on the company's objectives, measuring and reporting actual performance, comparing the two, and taking corrective or preventive action as necessary.

Performance standards come from the planning function.

No matter how difficult, standards should be established for every important task.

Although the temptation may be great, lowering standards to what has been attained is not a solution to performance problems.

On the other hand, a manager should lower standards when they are found to be unattainable due to resource limitations and factors external to the business.

Corrective action is necessary when performance is below standard. If performance is anticipated to be below standard, preventive action must be taken to ensure that the problem does not recur.

If performance is greater than or equal to standards, it is useful to reinforce behaviours that led to the acceptable performance.

4.10.1 Characteristics of the Control Process

The control process is cyclical, which means that it is never finished.

Controlling leads to identification of new problems that in turn need to be addressed through establishment of performance standards, measuring performance, etc.

Employees often view controlling negatively.

By its very nature, controlling often leads to management expecting employee behaviour to change.

No matter how positive the changes may be for the organisation, employees may still view them negatively.

Control is both anticipatory and retrospective. The process anticipates problems and takes preventive action. With corrective action, the process also follows up on problems.

Ideally, each person in the business should view control as his or her responsibility. The organisational culture should prevent a person walking away from a small, easily solvable problem because "that isn't my responsibility." In customer-driven businesses, each employee cares about each customer.

Controlling is related to each of the other functions of management. Controlling builds on planning, organising and leading.

4.10.2 Management Control Strategies

Managers can use one or a combination of three control strategies or styles:

- Market
- Bureaucracy
- Clan

Each control strategy serves a different purpose.

- External forces make up market control.
- Without external forces to bring about needed control, managers can turn to internal bureaucratic or clan control.
- Bureaucratic control relies primarily on budgets and rules.
- Clan control relies on employees wanting to satisfy their social needs through feeling a valued part of the business.
- Self-control is complementary to market, bureaucratic and clan control.

By training and encouraging individuals to take initiative in addressing problems on their own, there can be a resulting sense of individual empowerment.

This empowerment plays out as self-control. The self-control then benefits the organisation and increases the sense of worth to the business in the individual.

4.10.3 Designing Effective Control Systems

Effective control systems have the following characteristics:

- Control at all levels in the business
- Acceptability to those who will enforce decisions
- Flexibility
- Accuracy
- Timeliness
- Cost effectiveness
- Understandability

- Balance between objectivity and subjectivity
- Coordinated with planning, organising and leading

4.10.4 Dysfunctional Consequences of Control

Managers expect people in an organisation to change their behaviour in response to control. However, employee resistance can easily make control efforts dysfunctional. The following behaviours demonstrate means by which the manager's control efforts can be frustrated:

- Game playing: control is something to be beaten, a game between the "boss and me and I want to win."
- Resisting control: a negative reaction to too much control
- Providing inaccurate information: a lack of understanding of why the information is needed and important, leading to "you want numbers, we will give you numbers."
- Following rules to the letter: people following dumb and unprofitable rules in reaction to "do as I say."
- Sabotaging: stealing, discrediting other workers, chasing customers away, gossiping about the firm to people in the community
- Playing one manager off against another: exploiting lack of communication among managers, asking a second manager if they don't like the answer from the first manager.

4.11 Evaluating/ Performance Appraisal

No employee escapes performance appraisal. As a minimum, each employee receives informal messages from his or her team leader and co-workers. The messages may be carefully calculated or emotional outbursts, frequent or infrequent, helpful or hurtful, understood or misunderstood, consistent or inconsistent, fair or unfair. They may improve performance or cause additional performance problems. They may motivate an employee or leave the employee discouraged and disgruntled.

Turning performance appraisal into a positive force challenges even the best manager.

Three steps are necessary:

- Establish written standards for employee performance
- Develop both team leader- and employee-understanding of these standards
- Regularly inform employees of how they are performing relative to the established standards

Effective performance appraisal moves beyond informal communication but does not exclude it.

Planned and formal performance evaluation interviews complement spontaneous informal employer-employee interaction about performance.

Too often, employees are left guessing about the quality of their performance or underrate their performance because of the sharing of negative but not positive evaluations.

Performance evaluation is a complex activity. A formal performance evaluation system can be a realistic long-term goal to work toward.

The first step is to develop job profiles for everyone with everyone's help. These job profiles evolve continuously rather than being done once and for all. Job profiles have value only if they are current, in writing, and used regularly to clarify job content, the organisational structure of the business and as a basis for evaluation.

The following statements and questions can guide performance evaluation, counselling and planning discussions with each employee:

- I see the following three things as your most important strengths.
- I see the following two things for us to work on during the next six months.
- What do you see as your most important strengths?
- What would you like to learn or work on improving?
- What should I work on improving?

Include clear communication of expectations for employees, regular feedback to employees about their performance, providing employees with the opportunity to respond to their supervisor's comments and additional training for employees based on needs identified through performance appraisal. The notion of catching people doing things right should be an important part of employee evaluation and improving performance appraisal.

4.13 Discipline

High quality worker performance requires implementation of carefully made tactical plans. Deviations from the plans by employees results in standards not being met and goals not being accomplished. Managers must deal with employees' deviation from rules, procedures and expected behaviours.

Employees coming late to work, not following safety procedures when working alone, not properly cleaning equipment in their rush to get home, and using wrong amounts of important substances are examples of unacceptable behaviour that should be addressed rather than ignored.

The employee can reasonably be expected to perform or behave according to established standards, norms or rules, i.e., they have been carefully selected, well trained and are regularly evaluated.

A disciplined person exhibits the self-control, dedication and orderly conduct consistent with successful performance of job responsibilities. This discipline may come through self-discipline, co-workers or the supervisor/employer.

Self-discipline is best and most likely to come from well-selected, trained, and motivated people who regularly have feedback on their performance.

An employee not performing up to the agreed upon standards or not following the understood rules is subject to punishment, i.e., disciplinary action.

Punishing or disciplining employees falls among the least pleasant activities in human resource management.

In the short-term, doing nothing or ignoring errant actions and behaviour almost always comes easier than taking the needed action.

Not disciplining when needed sends confusing messages to the errant employee, other employees and other managers in the business.

If starting work at 6:30 a.m. rather than 6:00 a.m. draws no reaction from the employer, does this mean the starting time has been changed to 6:30?

Several guidelines help reduce the compounding of discipline problems with problems in disciplining:

- Both employers and employees need to know the rules and performance expectations.
- An employee handbook or other form of written statement provided to each employee is a basic requirement.
- Rules should be uniformly enforced among all employees. If special rules apply to a certain employee, e.g., use of the truck without asking permission, other employees need to be so informed.
- Punishment should be based on facts. All parties should be heard rather than depending on one person only for facts.
- Action should be taken promptly.
- "Saving up" a series of minor problems and infractions for a grand explosion is poor disciplinary practice.
- All discipline, other than discharge, should have the objective of helping the employee.

- Allow the employee to maintain self-respect by disciplining the employee's behaviour or act. Do not belittle or attack the person.

Keeping punishment consistent with the severity of an offence challenges all managers. Being thirty minutes late for work the fourth time in two weeks has to be handled differently from being thirty minutes late for the first time in two years.

Theft of tools has to be handled differently from lateness for work.

Progressive discipline provides a formal structure within which errant employees can be handled.

In progressive discipline, the severity of punishment increases in relation to the seriousness of the offence or the number of times an offence is repeated.

Typical levels in progressive discipline are:

- Informal talk and counselling
- Verbal warning or reprimand
- Written warning
- Disciplinary layoff and discharge.

Both employers and employees usually react negatively to the atmosphere of conflict and parent disciplining child inherent to progressive discipline.

High priority placed on selection, training, informal communication and performance appraisal reduces the need for punishment of employees. Treating employees as adults, expecting them to rely on self-assessment for correcting problems and relying on informal counselling rather than formal reprimands provides an atmosphere of positive discipline.

MODULE 4 (13944) DESCRIBE THE RELATIONSHIP OF JUNIOR MANAGEMENT TO OTHER ROLES

Introduction

Managers are people who steer an organisation towards meeting its' business objectives. Management has been described as: 'the process of planning, organising, leading and controlling the efforts of organisation members and of using all organisational resource to achieve stated organisational goals.' A manager's job is to maintain control over the way an organisation does things, and at the same time to lead, inspire and direct the people under them. In a company the shareholders will elect a board of directors to represent their interests. A Managing Director will be appointed who has overall responsibility for running the company. The managing director with help from other directors will appoint senior managers to run the company. The type of managers appointed will depend on the structure of the company. Possible structures will include:

- regional managers when an organisation operates on a regional basis
- functional managers when an organisation is split up into various functions e.g. human resources, finance, sales etc
- departmental managers when an organisation is split up into departments e.g. a school, or a retailing outlet
- general managers - for example, an office or factory may have a general manager who functional managers report to. Each manager in an organisation is given an area of responsibility. Typically they will have targets and objectives to meet which fit into the organisations overall targets and objectives.

Managers are typically responsible for:

- establishing, prioritising, and making sure that objectives are met
- establishing a framework for communications, and patterns of work within their area of responsibility e.g. department
- communicating targets, goals and results to people that work for them
- motivating employees
- setting out the administrative arrangements for their area of responsibility
- Creating, monitoring, and making sure that budgets are achieved.

The relationship between the type, ownership, size of an organisation and its management structure.

A **business** (also known as **enterprise** or **firm**) is an organization engaged in the trade of goods, services, or both to consumers. Businesses are predominant in capitalist economies, where most of them are privately owned and administered to earn profit to increase the wealth of their owners. Businesses may also be not-for-profit or state-owned. A business owned by multiple individuals may be referred to as a company, although that term also has a more precise meaning.

The etymology of "business" relates to the state of being busy either as an individual or society as a whole, doing commercially viable and profitable work. The term "business" has at least three usages, depending on the scope — the singular usage to mean a particular organization; the generalized usage to refer to a particular market sector, "the music business" and compound forms such as agribusiness; and the broadest meaning, which encompasses all activity by the community of suppliers of goods and services. However, the exact definition of business, like much else in the philosophy of business, is a matter of debate and complexity of meanings.

Although forms of business ownership vary by jurisdiction, several common forms exist:

- **Sole proprietorship:** A sole proprietorship is a business owned by one person for-profit. The owner may operate the business alone or may employ others. The owner of the business has unlimited liability for the debts incurred by the business.
- **Partnership:** A partnership is a business owned by two or more people. In most forms of partnerships, each partner has unlimited liability for the debts incurred by the business. The three typical classifications of for-profit partnerships are general partnerships, limited partnerships, and limited liability partnerships.

The relationship between various management roles.

Basic functions

Management operates through various functions, often classified as planning, organizing, staffing, leading/directing, and controlling/monitoring and motivation.

- **Planning:** Deciding what needs to happen in the future (today, next week, next month, next year, over the next five years, etc.) and generating plans for action.
- **Organizing:** (Implementation) pattern of relationships among workers, making optimum use of the resources required to enable the successful carrying out of plans.
- **Staffing:** Job analysis, recruitment and hiring for appropriate jobs.
- **Leading/directing:** Determining what needs to be done in a situation and getting people to do it.
- **Controlling/monitoring:** Checking progress against plans.
- **Motivation:** Motivation is also a kind of basic function of management, because without motivation, employees cannot work effectively. If motivation does not take place in an organization, then employees may not contribute to the other functions (which are usually set by top-level management).

Basic roles

- **Interpersonal:** roles that involve coordination and interaction with employees.
- **Informational:** roles that involve handling, sharing, and analyzing information.
- **Decisional:** roles that require decision-making.

Management skills

- **Political:** used to build a power base and establish connections.
- **Conceptual:** used to analyze complex situations.
- **Interpersonal:** used to communicate, motivate, mentor and delegate.
- **Diagnostic:** ability to visualize most appropriate response to a situation.

2.1: Management roles with examples from own workplace.

Management is a purposive activity. It is something that directs group efforts towards the attainment of certain pre - determined goals. It is the process of working with and through others to effectively achieve the goals of the organization, by efficiently using limited resources in the changing world. Of course, these goals may vary from one enterprise to another. E.g.: For one enterprise it may be launching of new products by conducting market surveys and for other it may be profit maximization by minimizing cost.

Management involves creating an internal environment: - It is the management which puts into use the various factors of production. Therefore, it is the responsibility of management to create such conditions which are conducive to maximum efforts so that people are able to perform their task efficiently and effectively. It includes ensuring availability of raw materials, determination of wages and salaries, formulation of rules & regulations etc.

Roles of management

Various roles are played by the management in your business from planning to conflict management. Management plans goals and manager plans the route map of achieving the goals. Planning is an important function of management.

Management organizes various activities in your business. Management controls various activities of your business. Management recruits the employees and manages their needs. Management motivates your employees to achieve the organizational goals.

Most of the problems in business are solved by managers. The important role of management in your business is decision making. Managers make various decisions to achieve organizational goals. Management does and tries to do every activity that helps or will help in achieving organizational goals.

Strategy making is one of the important roles of management. Managers make strategy for organizational success and management decides whether to follow an aggressive strategy or defensive one.

Managers build the team and motivate them to achieve the organizational goals. Managers ensure the growth of business. Management sets the direction and follows the direction of business. Management assign the roles to every individual and make sure that they are obeying their duties properly.

Management plays a vital role in conflict management. It is duty of management to create value for stake holders and making a profit for shareholders. Reporting is another crucial role of management in business. Managers take reports from their subordinates and report to upper management, thus management plays a bridge builder role. They build bridge between employers and owners.

Every successful business is successful because of their successful management. And every successful management provides good training and coaching to their employees. One of the primary roles of management is forecasting and they forecast the sale on the basis of various data.

In today's era of global competition, the role of management is changing rapidly. And because of global competition and increasing expectations of employees today the role of management has become more critical than ever.

Functions of Managers

Managers just don't go out and haphazardly perform their responsibilities. Good managers discover how to master five basic functions: planning, organizing, staffing, leading, and controlling.

- **Planning:** This step involves mapping out exactly how to achieve a particular goal. Say, for example, that the organization's goal is to improve company sales. The manager first needs to decide which steps are necessary to accomplish that goal. These steps may include increasing advertising, inventory, and sales staff. These necessary steps are developed into a plan. When the plan is in place, the manager can follow it to accomplish the goal of improving company sales.
- **Organizing:** After a plan is in place, a manager needs to organize her team and materials according to her plan. Assigning work and granting authority are two important elements of organizing.
- **Staffing:** After a manager discerns his area's needs, he may decide to beef up his staffing by recruiting, selecting, training, and developing employees. A manager in a large organization often works with the company's human resources department to accomplish this goal.
- **Leading:** A manager needs to do more than just plan, organize, and staff her team to achieve a goal. She must also lead. Leading involves motivating, communicating, guiding, and encouraging. It requires the manager to coach, assist, and problem solve with employees.
- **Controlling:** After the other elements are in place, a manager's job is not finished. He needs to continuously check results against goals and take any corrective actions necessary to make sure that his area's plans remain on track.

All managers at all levels of every organization perform these functions, but the amount of time a manager spends on each one depends on both the level of management and the specific organization.

Table 1 contains a more in-depth look at each category of roles that help managers carry out all five functions described in the preceding "Functions of Managers" section.

TABLE 1 Mint berg's Set of Ten Roles

Category	Role	Activity
Informational	Monitor	Seek and receive information; scan periodicals and reports; maintain personal contact with stakeholders.
	Disseminator	Forward information to organization members via memos, reports, and phone calls.
	Spokesperson	Transmit information to outsiders via reports, memos, and speeches.
Interpersonal	Figurehead	Perform ceremonial and symbolic duties, such as greeting visitors and signing legal documents.
	Leader	Direct and motivate subordinates; counsel and communicate with subordinates.
	Liaison	Maintain information links both inside and outside organization via mail, phone calls, and meetings.
Decisional	Entrepreneur	Initiate improvement projects; identify new ideas and delegate idea responsibility to others.
	Disturbance handler	Take corrective action during disputes or crises; resolve conflicts among subordinates; adapt to environments.
	Resource allocator	Decide who gets resources; prepare budgets; set schedules and determine priorities.
	Negotiator	Represent department during negotiations of union contracts, sales, purchases, and budgets.

Skills needed by managers

Not everyone can be a manager. Certain **skills**, or abilities to translate knowledge into action that results in desired performance, are required to help other employees become more productive. These skills fall under the following categories:

Technical: This skill requires the ability to use a special proficiency or expertise to perform particular tasks. Accountants, engineers, market researchers, and computer scientists, as examples, possess technical skills. Managers acquire these skills initially through formal education and then further develop them through training and job experience. Technical skills are most important at lower levels of management.

Human: This skill demonstrates the ability to work well in cooperation with others. Human skills emerge in the workplace as a spirit of trust, enthusiasm, and genuine involvement in interpersonal relationships. A manager with good human skills has a high degree of self-awareness and a capacity to understand or empathize with the feelings of others. Some managers are naturally born with great human skills, while others improve their skills through classes or experience. No matter how human skills are acquired, they're critical for all managers because of the highly interpersonal nature of managerial work.

Conceptual: This skill calls for the ability to think analytically. Analytical skills enable managers to break down problems into smaller parts, to see the relations among the parts, and to recognize the implications of any one problem for others. As managers assume ever-higher responsibilities in organizations, they must deal with more ambiguous problems that have long-term consequences. Again, managers may acquire these skills initially through formal education and then further develop them by training and job experience. The higher the management level, the more important conceptual skills become.

Although all three categories contain skills essential for managers, their relative importance tends to vary by level of managerial responsibility.

Business and management educators are increasingly interested in helping people acquire technical, human, and conceptual skills, and develop specific competencies, or specialized skills that contribute to high performance in a management job. Following are some of the skills and personal characteristics that the

Leadership — ability to influence others to perform tasks

- **Self-objectivity** — ability to evaluate yourself realistically
- **Analytic thinking** — ability to interpret and explain patterns in information
- **Behavioural flexibility** — ability to modify personal behaviour to react objectively rather than subjectively to accomplish organizational goals
- **Oral communication** — ability to express ideas clearly in words
- **Written communication** — ability to express ideas clearly in writing
- **Personal impact** — ability to create a good impression and instill confidence
- **Resistance to stress** — ability to perform under stressful conditions
- **Tolerance for uncertainty** — ability to perform in ambiguous situations
-

2.2: The relationship between the various management roles with reference to own organisational context.

Relationship managers typically handle operational details. Working as a liaison between different groups of people, a relationship manager facilitates communication, deals with complaints, resolves problems and coordinates planning. Businesses rely on relationship managers who utilize excellent communication and analysis skills to coordinate complex and interdependent activities.

There are typically five main types of relationship managers: business relationship managers, client relationship managers, customer relationship managers, vendor relationship managers and community relationship managers. Each type performs a specialized function within an industry.

Function

Business relationship managers form a liaison between different organizations within a corporation. For example, information technology groups typically employ a business relationship manager to work with other groups in the company to explain IT functions.

Acting as a connection between groups that may not use the same vocabulary, the business relationship manager facilitates meetings and other events to improve communication.

Client relationship managers typically work with individuals outside the company, explaining policies and procedures to clients receiving an ongoing service. The manager can also be responsible for managing legal and contractual obligations.

Customer relationship managers also work outside the company, focusing on understanding customer needs. Customer relationship managers respond to complaints, proactively respond to issues and look for opportunities to sell additional products to existing and potential customers.

Vendor relationship managers develop and manage service level agreements of companies providing a product or service to a company. They hold vendors accountable for meeting or exceeding the terms of the agreement.

Community relationship managers work with officials and volunteers in the area around a company to resolve conflicts and proactively respond to issues. The manager can be responsible for fund raising, as well as recruiting and training volunteers.

Benefits

Relationship managers build strong alignments between different groups that may not ordinarily see eye-to-eye. As a relationship manager, you become an expert in the culture of all the organizations you serve. By building confidence, you can establish a position of trusted partner to key stakeholders in each function. A well-coordinated team produces results and maintains a competitive edge more consistently.

The Relationship between HR & a Department Manager

Human resources departments interact with department managers in numerous ways. The particular function an HR manager or specialist plays is sometimes contingent upon the department manager's title. A department manager in accounting, for example, may need more numerical statistics from HR than a customer service manager. Whatever the case, the relationship between HR and various department managers is ongoing. Many of the functions performed by HR pertain to employees of department managers.

Selecting and Screening Employees

Department managers in small companies usually ask HR to assist them with selecting and screening job applicants. For example, a marketing manager may need to hire a marketing analyst. Hence, she may ask the human resources manager to find people with specific skills to interview. In turn, the HR manager may help screen candidates who don't meet the qualifications or fail to demonstrate their skills. HR typically screens employees for substance abuse, too, subjecting new hires to drug tests, for example. HR also works with department managers in determining whether to hire permanent employees or independent contractors for certain jobs.

Orientation and Training

HR managers also work with department managers in putting their employees through orientation. The process of orientation may entail introducing new hires to company policies, completing paperwork such as W-4's for tax purposes and signing confidentiality statements. HR may also help department managers introduce new employees to other people in the company with whom they will have a working relationship. Some may also provide training manuals or arrange training sessions for new hires. This helps the department manager better prepare workers for specific job and department tasks.

Determining Compensation Packages

Small company department managers may ask HR to help them determine salaries or wages for various jobs in their department. The department manager may want to determine a low, mid-range and cap on salaries she offers employees. The HR manager may, in turn, research salaries of competitors or comparably sized companies to derive suggested salary ranges. Similarly, HR may work with department managers in deciding which benefits their employees receive, including health, life insurance, paid holidays and vacations, and retirement plans.

Considerations

The relationship between HR and a department manager may also include grievances or sensitivity issues. For example, a finance department manager may need the help of HR to resolve a complaint from a subordinate. The human resources manager may be able to resolve the situation to everyone's liking and prevent a possible lawsuit. HR may also assist department managers with employees who violate certain sensitivity policies. These policies can include sexual harassment or conflicts with respect to race, religion or gender.

2.3: The role of the junior manager

The term “**Levels of Management**’ refers to a line of demarcation between various managerial positions in an organization. The number of levels in management increases when the size of the business and work force increases and vice versa. The level of management determines a chain of command, the amount of authority & status enjoyed by any managerial position. The levels of management can be classified in three broad categories: -

- 1. Top level / Administrative level**
- 2. Middle level / Executor**
- 3. Low level / Supervisory / Operative / First-line managers**

Managers at all these levels perform different functions. The role of managers at all the three levels is discussed below:



LEVELS OF MANAGEMENT

1. Top Level of Management

It consists of board of directors, chief executive or managing director. The top management is the ultimate source of authority and it manages goals and policies for an enterprise. It devotes more time on planning and coordinating functions.

The role of the top management can be summarized as follows -

- a. Top management lays down the objectives and broad policies of the enterprise.
- b. It issues necessary instructions for preparation of department budgets, procedures, schedules etc.
- c. It prepares strategic plans & policies for the enterprise.
- d. It appoints the executive for middle level i.e. departmental managers.
- e. It controls & coordinates the activities of all the departments.
- f. It is also responsible for maintaining a contact with the outside world.
- g. It provides guidance and direction.
- h. The top management is also responsible towards the shareholders for the performance of the enterprise.

2. Middle Level of Management

The branch managers and departmental managers constitute middle level. They are responsible to the top management for the functioning of their department. They devote more time to organizational and directional functions. In small organization, there is only one layer of middle level of management but in big enterprises, there may be senior and junior middle level management. Their role can be emphasized as -

- a. They execute the plans of the organization in accordance with the policies and directives of the top management.
- b. They make plans for the sub-units of the organization.
- c. They participate in employment & training of lower level management.
- d. They interpret and explain policies from top level management to lower level.
- e. They are responsible for coordinating the activities within the division or department.
- f. It also sends important reports and other important data to top level management.
- g. They evaluate performance of junior managers.
- h. They are also responsible for inspiring lower level managers towards better performance.

3. Lower Level of Management

Lower level is also known as supervisory / operative level of management. It consists of supervisors, foreman, section officers, superintendent etc. According to *R.C. Davis*, "Supervisory management refers to those executives whose work has to be largely with personal oversight and direction of operative employees". In other words, they are concerned with direction and controlling function of management. Their activities include -

- a. Assigning of jobs and tasks to various workers.
- b. They guide and instruct workers for day to day activities.
- c. They are responsible for the quality as well as quantity of production.
- d. They are also entrusted with the responsibility of maintaining good relation in the organization.
- e. They communicate workers problems, suggestions, and recommendatory appeals etc to the higher level and higher level goals and objectives to the workers.
- f. They help to solve the grievances of the workers.
- g. They supervise & guide the sub-ordinates.
- h. They are responsible for providing training to the workers.
- i. They arrange necessary materials, machines, tools etc for getting the things done.
- j. They prepare periodical reports about the performance of the workers.
- k. They ensure discipline in the enterprise.
- l. They motivate workers.
- m. They are the image builders of the enterprise because they are in direct contact with the workers.

Other roles include:

STAGE	ROLE
Planning	· Know the process and the system

	<ul style="list-style-type: none"> · Schedule a planning meeting and give the process the time and quality it deserves. · Review all steps of the planning process. · Share unit goals, objectives and projects and competencies. · Review duties, responsibilities and objectives for each position. · Establish and communicate <u>performance standards</u>. · Review responsibilities and job standards with each staff member and mutually agree on performance and competency expectations. Revise Performance Agreement accordingly. · Encourage employee input throughout the meeting. · Make sure expectations for the future are clear and understood by both parties. · Assess strengths and areas for development with each employee and plan training interventions for the year. Review employees Personal Development Plan · Agree upon regular check-ins for coaching and feedback with employee
Monitoring	<ul style="list-style-type: none"> · Provide frequent informal coaching. Point out the good work that the employee is doing. Help the employee whose performance is lagging to bring their work up to par. · Monitor employee performance throughout the year via informal review sessions. · Review performance plans for progress and agree on revisions as necessary. · Gather input and performance data from all available sources. · Document observations and interventions in a log. This will be useful during the assessment meeting. · Acknowledge good performance through feedback. This will keep the employee motivated.
Developing	

	<ul style="list-style-type: none"> · Initiate and facilitate personal development planning meetings with employees. · Determine how to improve or develop knowledge, skills and abilities. · Creatively plan and support learning opportunities. · Link development plan to a performance plan for each staff member.
Assessing	<ul style="list-style-type: none"> · At least twice a year formally review the performance of employees, and provide feedback. · Set up formal meetings for assessment · Know the employee being reviewed - think about the person; consider all aspects of performance and development. · Use the meeting as an opportunity to talk about what went right and what went wrong, in a balanced way · Exploring problem areas should be a joint problem-solving exercise, do not pre-judge, keep an open mind. · Encourage employee input. · Assess progress against each performance and development objective set for the year. · Complete analysis and rate progress on each competency. · Review assessment with second line manager as needed. · Provide open, honest and constructive feedback to employee on performance. · Always provide positive reinforcement.
STAGE	ROLE
Planning	<ul style="list-style-type: none"> · Review job profile. · Consider special projects/assignments · Share performance and professional development goals

	<ul style="list-style-type: none"> · Mutually agree on performance expectations and competencies · Actively participate in all aspects of the planning processes · Complete draft Performance Agreement and Personal Development Plan online
Monitoring	<ul style="list-style-type: none"> · Execute the performance agreement and PDP · Monitor daily progress · Make note of achievements and difficulties encountered. · Retain feedback from others in the University who have commented positively on your performance. · Prepare for informal progress meetings. Initiate these if the manager doesn't. · Actively participate. · Remain open and receptive to feedback. · Periodically throughout the year, ask the manager for feedback on your performance. Consider the feedback received to be suggestions for improving performance, not personal criticisms. Try to follow through on suggestions for improvement and development of new skills. · Talk to the manager about progress as well as any obstacles to improvement, so that the manager can help remove the barriers to good performance. · Seek out coaching and informal update opportunities. · Apply what is learnt. Take responsibility for performance and achievement of your PDP. · Review performance plan for progress and recommend revisions as necessary to the manager.
Developing	<ul style="list-style-type: none"> · Take responsibility for personal continuous performance improvement and development. · Assess strengths and areas for development.

	<ul style="list-style-type: none"> · Determine how to improve or develop knowledge, skills and abilities. · Link development plan to performance agreement. · Actively seek learning opportunities and bring them to the manager's attention. · Become the primary driver for own development and learning.
Assessing	<ul style="list-style-type: none"> · Prepare for the assessment discussion by collecting notes on performance. · Participate in the assessment meeting by providing documentary evidence of accomplishments and by suggesting things that might help. · Obtain feedback from peers and others when appropriate. · Remain open and receptive to feedback. · Attend and participate actively and cooperatively in partnership with the manager to improve performance.

2.4: The interaction between a junior manager's own area of responsibility.

Junior managers own responsibility and other functions

A **supervisor, foreperson, team leader, overseer, cell coach, facilitator, or area coordinator** is a manager in a position of trust in business.^[1] The US Bureau of Census has four hundred titles under the supervisor classification.

An employee is a supervisor if he has the power and authority to do the following actions:

1. Give instructions and/or orders to subordinates.
2. Be held responsible for the work and actions of other employees.

If an employee cannot do the above, legally he or she is probably not a supervisor, but in some other category, such as lead hand.

A supervisor is first and foremost an overseer whose main responsibility is to ensure that a group of subordinates get out the assigned amount of production, when they are supposed to do it and within acceptable levels of quality, costs and safety.

A supervisor is responsible for the productivity and actions of a small group of employees. The supervisor has several manager-like roles, responsibilities, and powers. Two of the key differences between a supervisor and a manager are (1) the supervisor does not typically have "hire and fire" authority, and (2) the supervisor does not have budget authority.

Lacking "hire and fire" authority means that a supervisor may not recruit the employees working in the supervisor's group nor does the supervisor have the authority to terminate an employee. The supervisor may participate in the hiring process as part of interviewing and assessing candidates, but the actual hiring authority rests in the hands of a Human Resource Manager. The supervisor may recommend to management that a particular employee be terminated and the supervisor may be the one who documents the behaviours leading to the recommendation but the actual firing authority rests in the hands of a manager.

Lacking budget authority means that a supervisor is provided a budget developed by management within which constraints the supervisor is expected to provide a productive environment for the employees of the supervisor's work group. A supervisor will usually have the authority to make purchases within specified limits. A supervisor is also given the power to approve work hours and other payroll issues. Normally, budget affecting requests such as travel will require not only the supervisor's approval but the approval of one or more layers of management.

As a member of management, a supervisor's main job is more concerned with orchestrating and controlling work rather than performing it directly.

Lower level is also known as supervisory / operative level of management. It consists of supervisors, foreman, section officers, superintendent etc. According to *R.C. Davis*, "Supervisory management refers to those executives whose work has to be largely with personal oversight and direction of operative employees". In other words, they are concerned with direction and controlling function of management. Their activities include -;

- a. Assigning of jobs and tasks to various workers.
- b. They guide and instruct workers for day to day activities.
- c. They are responsible for the quality as well as quantity of production.
- d. They are also entrusted with the responsibility of maintaining good relation in the organization.
- e. They communicate workers problems, suggestions, and recommendatory appeals etc to the higher level and higher level goals and objectives to the workers.
- f. They help to solve the grievances of the workers.
- g. They supervise & guide the sub-ordinates.
- h. They are responsible for providing training to the workers.
- i. They arrange necessary materials, machines, tools etc for getting the things done.
- j. They prepare periodical reports about the performance of the workers.
- k. They ensure discipline in the enterprise.
- l. They motivate workers.

They are the image builders of the enterprise because they are in direct contact with the workers.

From a workplace perspective:

- Explain the structure of an organisation
- Describe the management function of an organization
- Perform junior management functions
- Co-ordinate and work with others
- Apply knowledge of self and team to enhance team performance
- Maintain records
- Conduct a formal meeting
- Induct a new member of a team
- Motivate a team
- Interpret current affairs related to a specific business sector
- Carry out simple research and tasks
- Recognise the effect of HIV/AIDS on the specific workplace, business sub-sector and own organisation.

References