

MNG 2016 General Management



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OBJECTIVES OF THE GROUP DISCUSSION CLASS

1. AN OVERVIEW OF THE CONTENT OF THIS MODULE.
2. PREPARATION FOR THE EXAMINATION.
3. THE FORMAT OF THE EXAMINATION PAPER.



STUDY UNITS:

- Introduction to general management
- The evolution of management theory
- Managing in a changing environment
- Managerial decision making
- Information management
- Planning
- Organising
- Leading
- Control
- Ethics and corporate social responsibility

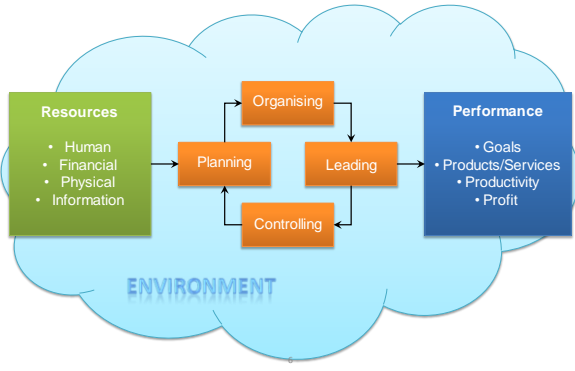


STUDY UNIT 1 / CHAPTER 1, SMIT & CRONJE, 2011:4-22

INTRODUCTION TO GENERAL MANAGEMENT



INPUT – TRANSFORMATION – OUTPUT



WHAT IS AN ORGANISATION?

System, consisting of value adding elements that work together to reach a common goal & purpose.



VALUE?

VALUE IS **CREATED** IN THE **MIND** OF THE CUSTOMER.

HOW?

By **satisfying** the **EVER CHANGING needs** of society.

EXAMPLE

CREATING VALUE WITH POLC



Creating VALUE:



INPUTS

Natural Resources

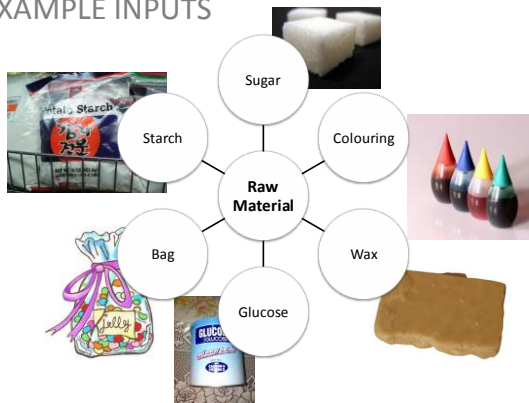


Organisational Resources (Production Factors)

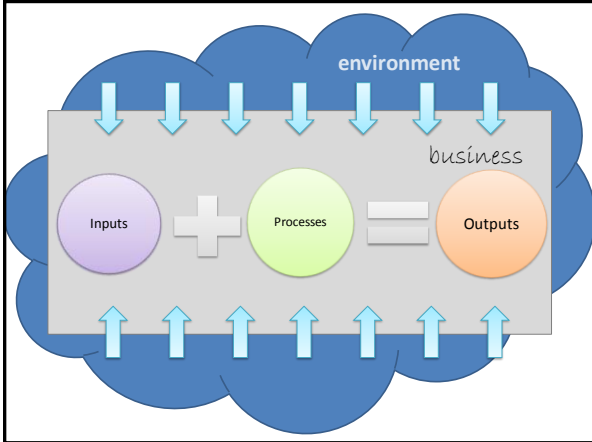
- Physical Resources:
 - Land & Natural Resources
- Financial Resources:
 - Capital (Financial Means)
- Human Resources
 - Labour (Physical & Mental)
- Information & Knowledge Resources
 - Entrepreneurship, Creativity, Know How

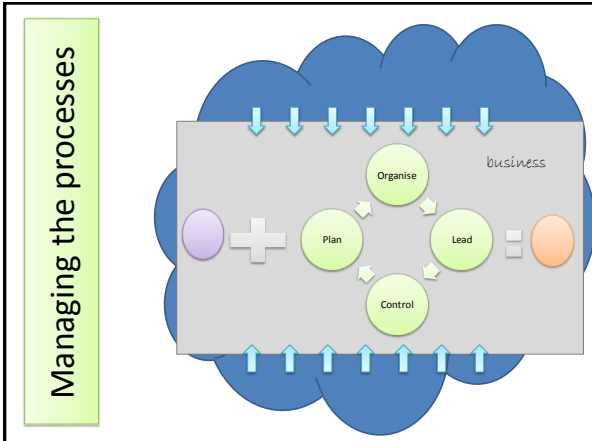


EXAMPLE INPUTS



Business adds value by
using its RESOURCES
during its PROCESSES





Management Process

TASKS:

- P_{lan}
- O_{rganise}
- L_{ead}
- C_{ontrol}

GOAL:

Satisfy **NEEDS** of Customers by

- Create more value than your competition
- Create value that your competitions can not

COMPETITIVE ADVANTAGE

PLAN

Where do I want to be in the future?
Goal – what we want to achieve

Managers determine the organisations' VISION, MISSION, GOALS and decide on a STRATEGY to achieve it.

TOPIC 3: Chapters 4 & 7

TYPES OF PLANS:



WHY PLAN?

- Gives direction
- Allows the use of advanced technology and processes
- Ensure cooperation
- Future orientated

ORGANISE

How will it be done?

Organisational Design: Allocation of resources, development of organisational structure, delegation of responsibility, accountability, tasks & goals.

Topic 4: Chapters 8 & 15

LEADING

Leaders are people that use their **POWER** to **INFLUENCE** other people.

Managers DIRECT and MOTIVATE Employees (Human Resources) to achieve the organisations Vision, Mission & Goals

Topic 5: Chapters 11 & 14

Control

If its not measured it is not done

Managers must Monitor - measure actual results against planed results - take corrective action.

Topic 6: Chapter 16

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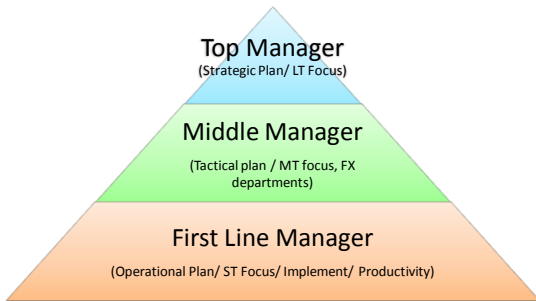
managers all perform these tasks but
managers do differ from each other

YES, managers differ!



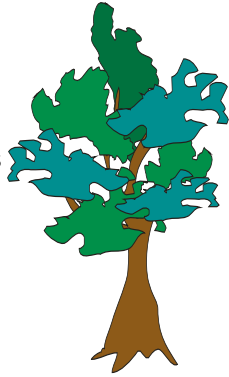
- Focus
 - Level
- Scope
 - Function

FOCUS



SCOPE / FUNCTIONS

- Marketing
- Financial
- Production and operations
- Human Resources
- Research & Development
- SHE
- IT & Ecommerce
- Public Relations



3

THE ROLES MANAGERS PLAY

Henry Mintzberg

1 Decisional

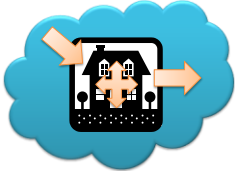
- Negotiator (diversity & conflict)
- Entrepreneur (innovation & creativity)
- Resource Allocator
- Disturbance Handler (takes corrective action)

2 Interpersonal

- Figure Head (Reflecting acceptable behaviour)
- Leader (Motivates & inspire)
- Liaison/ Relationship Builder (Alliances between work teams)

3 Informational

- Monitor
- Disseminator (Analyse)
- Spokesperson



3

THE SKILLS MANAGERS NEED

1 Conceptual

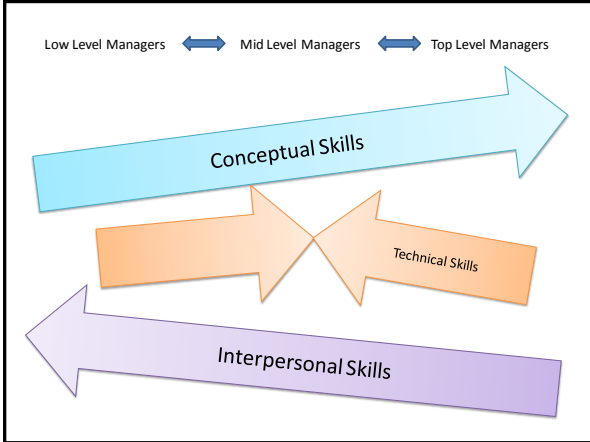
- Ability to understand complex ideas
 - Ability to view the organisation holistically
 - Create alternatives in you mind
 - Solve problems
 - Make decisions
 - Ability to think strategically (CA)
- Must be able to think on your feet - world is changing, diversifying*

2 Technical skills

- Ability to use processes and techniques to perform designated tasks
- Success = ability to use
 - Knowledge
 - Techniques
 - Resources

3 Interpersonal skills

- Ability to work in teams (with other people)
- Communication Skills
- Manage Diversity
- Motivation Skills



Managers have generic **TASKS, ROLES, SKILLS** – but have to create value in different **CONTEXTS (Environments)**.

KEY is to be **BOTH**:

EFFECTIVE – doing something in the right way

EFFICIENT – doing the right thing

Manager must **ALLOCATE** resources in a **MANNER** that is as **PRODUCTIVE** as possible.



where do I find managers?

- Business Organisations (Large, SMME)
- Government Organisations
- NGO

FREE MARKET ECONOMY:

- Private ownership
- Individual profit
- Freedom of choice
- Supply & demand
- Min government interference



STUDY UNIT 2 / CHAPTER 2, SMITH & CRONJE, 2011:27-56

MANAGEMENT THEORY



Leonardo DaVinci:

"He who loves practice without theory is like the sailor who boards a ship without a rudder and compass and never knows where he may cast"

THE STORY

1800's (19th Century):

Entrepreneurs: 1 person organisations, capitalists

INDUSTRIAL REVOLUTION
 Steam Engines – Mass Production – Factories
 Pulled workers from FARMS – CITIES
 Re-skilled to work in Industry

*TOO MANY PEOPLE for ONE person to handle =
 the appointment of helpers (MANAGERS)*

MANAGEMENT THEORY

How to increase productivity?

Split into 2 parts:



ECLECTIC

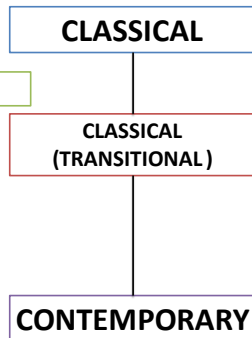
- 1900 – Scientific
- 1910 – Bureaucratic
- 1920 – Administrative

GREAT DEPRESSION

- 1930 – Human Relations
- 1940 – 1950 Quantitative

WORLD WAR 2

- 1950 – Systems Approach
- 1970 – Contingency
- 1980's – TQM
- 1990's – Six Sigma
 - Learning
 - Re-engineering
 - SA Excellence



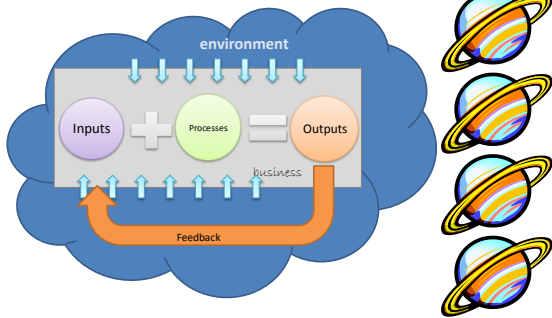
STUDY UNIT 3 / CHAPTER 3, SMIT & CRONJE, 2011:57-86

MANAGING IN A CHANGING ENVIRONMENT

The one thing that remains constant is that nothing ever remains constant...



SYSTEMS APPROACH





THE FISH

MICRO
ENVIRONMENT

The Fish

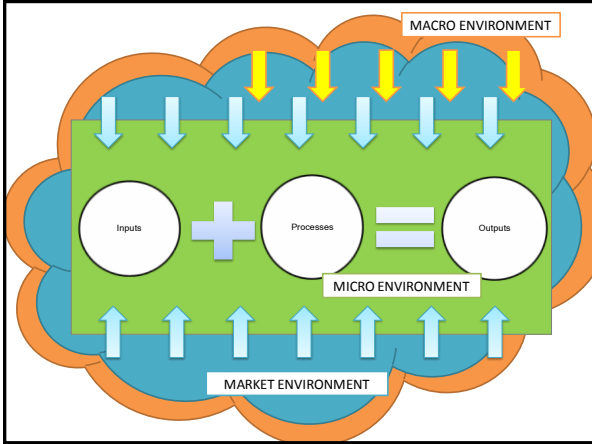
INSIDE – POLC



YOUR BUSINESS

You can control your value chain, just as the fish can control when he opens his mouth, sleep and how he will react to food!





WHY DO I NEED TO UNDERSTAND THE MICRO ENVIRONMENT?

- Strengths?
- Weaknesses?

You can change this, you have control over it!

A simple line drawing of a fish skeleton, showing the spine, ribs, and skull with a single eye.

Market Environment

A photograph of a busy outdoor market. Numerous people are seen walking through aisles lined with stalls and vendors. The market appears to be in a sunny, open-air setting.

THE WATER – MARKET ENVIRONMENT
THE OTHER FISH – COMPETITION / RIVALS



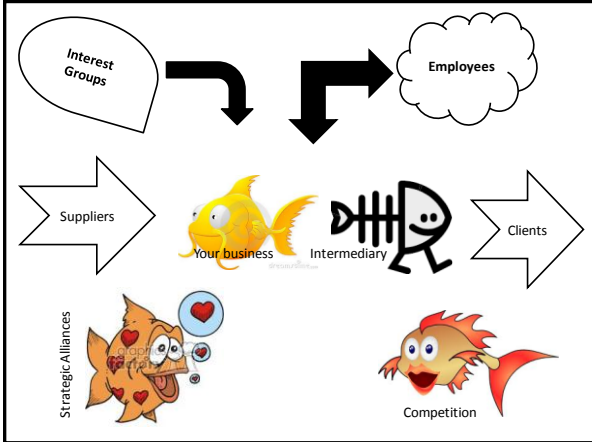
THE WATER – MARKET ENVIRONMENT
THE OTHER FISH – COMPETITION /
RIVALS

- Direct Influence on your business
- Limited Control
- Interaction determines org ability to compete
- Link between the business and the Macro Environment
- Contains the people or businesses that value and need your product or services.

THE WATER – MARKET ENVIRONMENT
THE OTHER FISH – COMPETITION / RIVALS

- What will happen when there is too little water in the bowl?
- What will happen to fish that is sleeping when they are fed?

The fish has NO control over the water, BUT he can decide how he will react to the food.



WHY DO I NEED TO UNDERSTAND THE MARKET ENVIRONMENT?

- Buffer between you and the MACRO environment
- Understand the strength and weaknesses of your competition
- Understand Clients– **WHAT** they want (Form Utility) , **WHERE** they want it (Place Utility) en **WHEN** they want it (Time Utility)
- **WHAT** can I do to create **MORE** value than my rivals?

**THE ROOM
MACRO ENVIRONMENT**

- Includes all external forces that do not influence your organisation directly.
- NB: ORIGINATES OUTSIDE

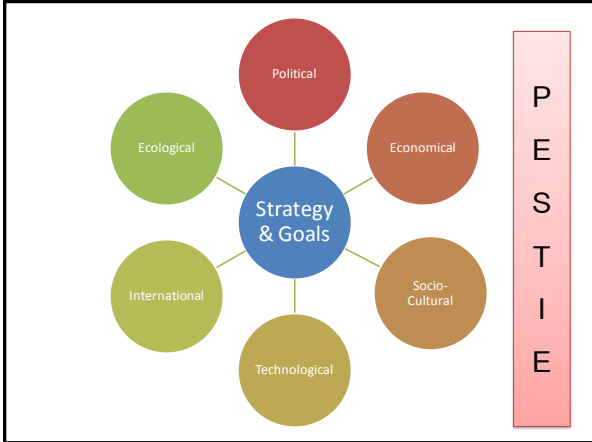
NO CONTROL

**THE ROOM
MACRO ENVIRONMENT**

- What will happen to the fish if you spray DOOM in the room?
- Does the fish have any control over the room?

MACRO ENVIRONMENT

↑
International Departures
Départs vols internationaux
国际出发



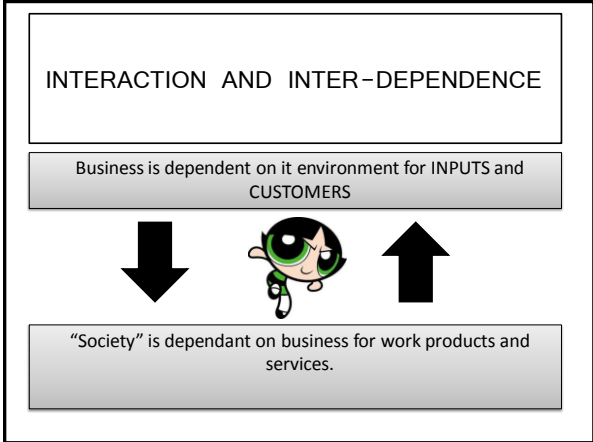
WHY DO I NEED TO UNDERSTAND THE MACRO ENVIRONMENT?

1. Changes contentiously and fast
2. Change can effect your business:
 - Negatively
 - Positively
3. Have to see the changes FAST & REACT
 - NEGATIVE – Adjust to survive
 - POSITIVE – Adjust to grow
4. Adjust? Need a PLAN = Strategy

INTERACTION AND INTER-DEPENDENCE

The fish depends on you for food and water – and trust you not to buy a cat!

You are influenced by the fish, it draws your attention when you get home, provides entertainment and you spend time on it



Understand your Environment

Think of the rugby world cup....

1. What is the goal? Who determines the goal?
2. Where are we going to play?
3. Who are our opponents?
4. What are their strengths and weaknesses?
5. What are our strengths and weaknesses?

THE BUSINESS ENVIRONMENT

1. **Environmental complexity**
Function of the number of environmental factors you must take into account.
2. **Environmental factors are interrelated**
A change in the micro environment can trigger a change in the market environment (Apple iPad)
3. **Increasing instability**
Interdependence of the three environment cause change to happen faster and more frequent.
4. **Environmental uncertainty**
Function of information

TWO MAJOR CHALLENGES

• GLOBALISATION

– The process whereby the world economy is moving from distinct separate national economies towards one global economy, of which the end result is globality.

– The four ANY's

- body can go
- where
- time and do it
- way

• INFORMATION TECHNOLOGY



How do I prepare?

1. Information Management

- Know about it
- Scan the environment

2. Scenario Development

- Strategic Responses (VALUE & POSITIONING)
- Structural Changes

STUDY UNIT 4 / CHAPTER 6, SMITH & CRONJE, 2011:164-190

MANAGERIAL DECISION MAKING

DEFINITION

MANAGERIAL DECISION MAKING is the process of selecting an alternative course of action that will solve a problem



TYPES OF MANAGERIAL DECISIONS

- Programmed decisions
- Non-programmed decisions



DECISION-MAKING CONDITIONS

- Certainty

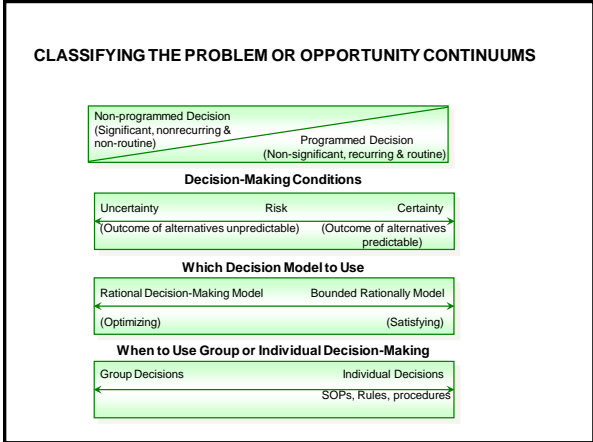


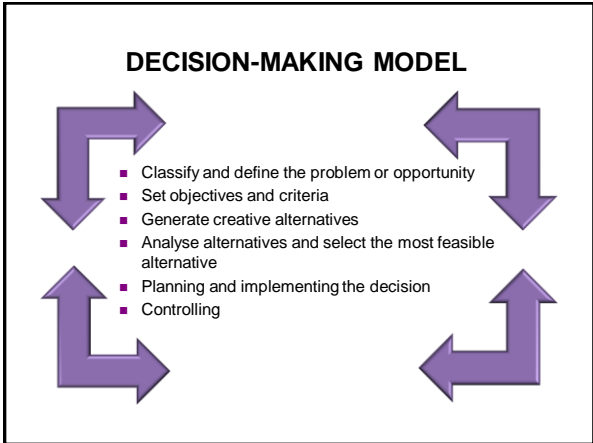
- Risk

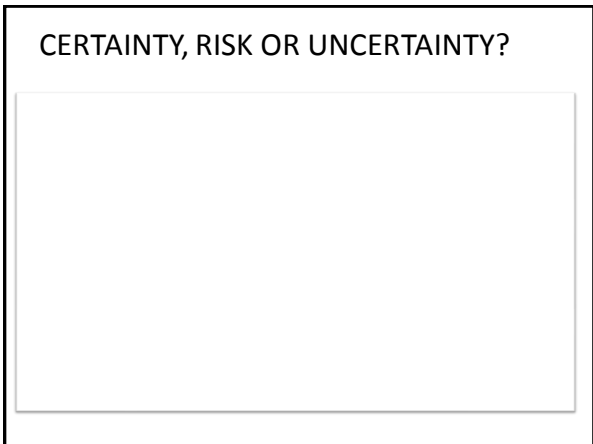


- Uncertainty









STUDY UNIT 5 / CHAPTER 7, SMIT & CRONJE, 2011:192-211
INFORMATION MANAGEMENT



ROLE OF INFORMATION AS A MANAGERIAL RESOURCE

Data vs. information



Raw numbers and facts vs. processed data that is relevant to manager

Management information



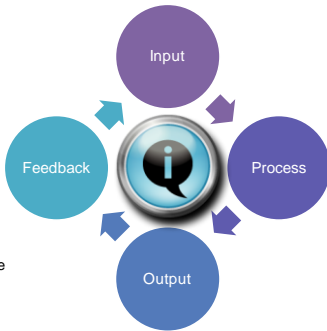
Timely, accurate and relevant to a particular situation – what should be done in a specific situation

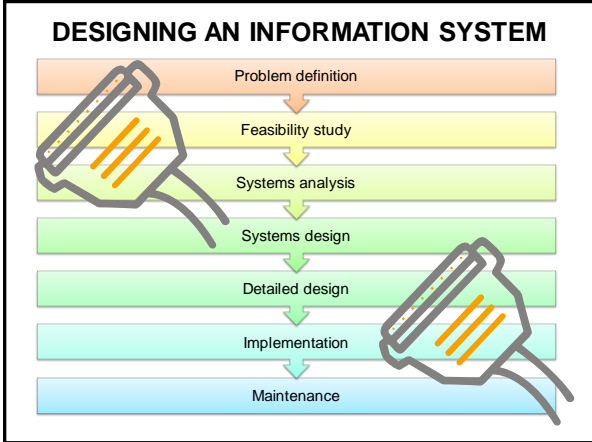
Information systems



People, procedures and other resources to collect, transform and disseminate information in an organisation. Data- transformation-information

INFORMATION SYSTEM COMPONENTS







PLANNING

"Do you remember the following conversation from Lewis Carroll's Alice in Wonderland? Alice asked the Cheshire Cat: "Would you tell me please, which way do I ought to go from here?"

"That depends a good deal on where you want to go", said the Cat.


Alice replied: "I don't much care where..."

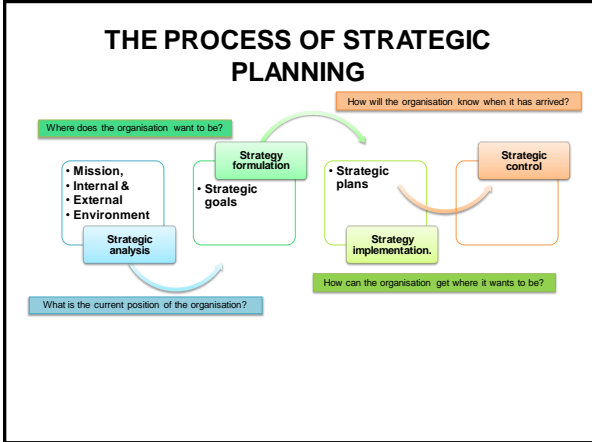
Concluded the cat: "Then it doesn't matter which way you go"."



STUDY UNIT 6/ CHAPTER 4, SMIT & CRONJE, 2011:90-128


STRATEGIC PLANNING





THE VISION

- A vision is a mental image or “picture” of what an organisation could become and sets the foundation for plans and activities.
 - Change
 - Basis for strategic plan
 - Performance measures
 - Decision making in context
 - Motivates
 - Positive consequences



EXAMPLE: VISION

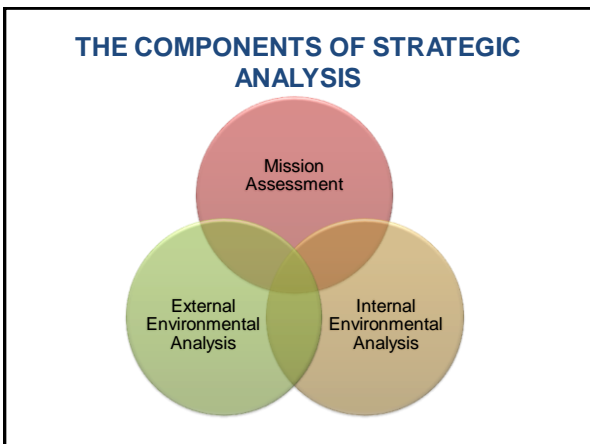
“ To be rated in the top five brewing companies in the world, by any measure” (South African Breweries, 1999).

THE MISSION STATEMENT

- A **mission** comes from **top management's vision** as to where the organisation is headed, and **why**. Aligns the organisation with its vision in terms of product, market and technology
 - Survival, culture, public image, self concept
 - Social responsibility
 - Customer
 - Quality

THE MISSION STATEMENT: EXAMPLE

The university of South Africa is a comprehensive, open learning and **distance education** institution, which, in response to the diverse needs of the **global competitive society** provides **quality general academic and career-focussed learning opportunities** underpinned by principles of **lifelong learning, flexibility, and student-centeredness**; undertakes research and knowledge development guided by integrity, quality and rigour, participating in community development by utilising its resources and capacities for the upliftment of the disadvantaged; is accessible to **all learners**, especially in the **African continent**, by way of a barrier-free environment, while responding to the global market.



THE INTERNAL ENVIRONMENT



- Identify strategic internal factors
 - Critical in industry
 - Functional segments, value chain, resource-based view, product/market evolution, financial aspects
- Evaluate strategic internal factors
 - Past performance, comparison with competitors, industry ratios, benchmarking
- Develop input for the strategic planning process
 - Competitive edge, typical, current weaknesses

ANALYSIS OF THE INTERNAL ENVIRONMENT

- Identify strategic internal factors
- Evaluate strategic internal factors
- Develop input for the strategic planning process

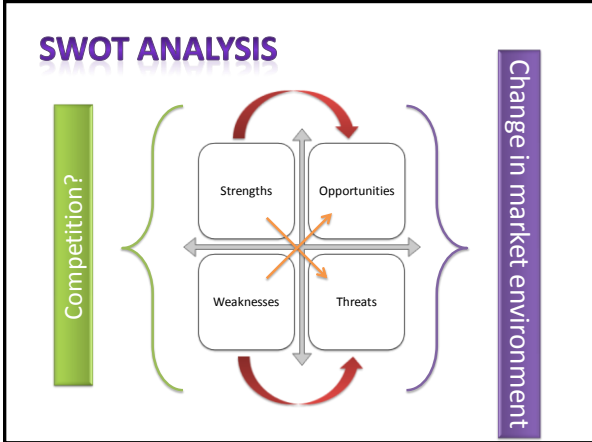


What do I have?

ANALYSIS OF THE EXTERNAL ENVIRONMENT

- Select critical environmental variables
- Select sources of information
- Evaluate forecasting techniques
- Develop an environmental profile
- Monitor forecasts





**STEP 1:
TRANSLATE THE MISSION INTO LONG-TERM GOALS**

- Translate mission into **SMART** long-term goals
 - What
 - When
 - How
 - Who

**STEP 3
CHOOSING A STRATEGY**

Three types of **GENERIC (CORE) STRATEGY**

- Low cost
- Differentiation
- Focus

CHOICE OF STRATEGIES

2 TYPES OF STRATEGIES

Grand (corporate) strategies:

What business or businesses an organisation is in or should be in.

Business strategies:

Strategies that can be adopted to gain a competitive edge over their rivals in the market.

STRATEGIES: RESULT OF SCANNING

Maintenance strategy

Growth strategy

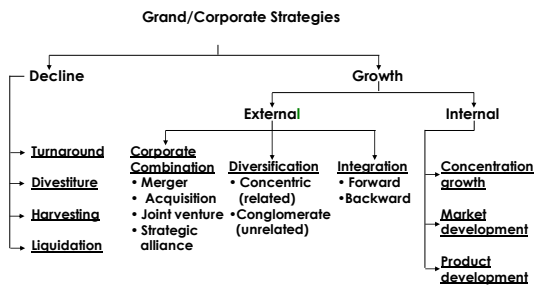
Curtailing strategy

Combination strategy

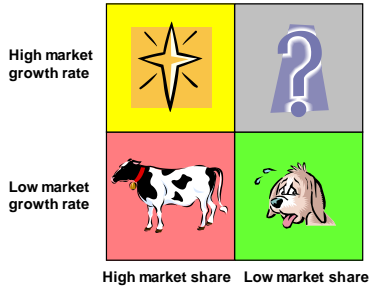
Specific activity strategy



GRAND STRATEGIES



THE BCG GROWTH-SHARE MATRIX



STUDY UNIT 7/ CHAPTER 7, SMIT & CRONJE, 2011:192-211

GOAL FORMULATION & PLANNING

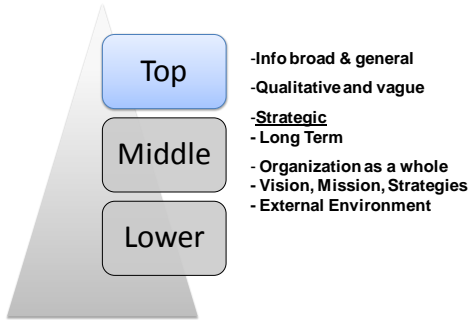


PLANNING

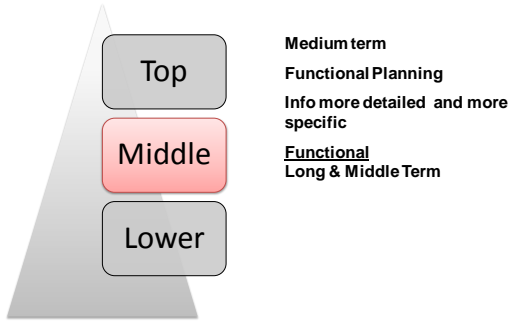
- Planning means deciding in advance what is to be done in future.
- Managers and the organisations where they work need to know where they are going.

- **Planning = HOW you want to achieve it**
- **Goal setting = WHAT you want to achieve**

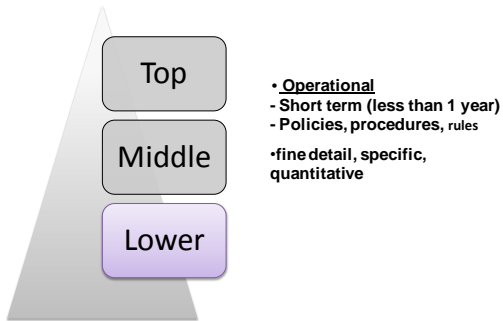
LEVELS OF PLANNING: TOP MANAGERS

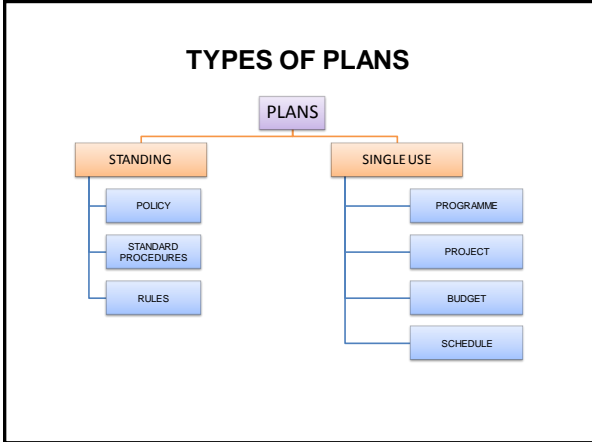


LEVELS OF PLANNING: MIDDLE MANAGERS



LEVELS OF PLANNING: LOWER LEVEL MANAGERS







GOAL FORMULATION

- Goals are the starting point of the planning process
- A goal is a particular state of things to be achieved by the organisation or a particular section of the organisation

NATURE OF GOAL SETTING

- Different organisational levels
- Focus areas (finance, customers, internal processes, learning and innovation)
- Degree of openness
- Time frame

PROPERTIES/SPECIFICATIONS OF WELL-FORMULATED GOALS

- Specific (time frame)
- Flexible to accommodate change in environment
- Measurable
- Attainable
- Congruent with other goals
- Acceptable to the people who must achieve them

GOALS

- Our goal is to maximise profits
- Our goal is to increase sales



BETTER GOALS

To increase headline earnings per share by 53% to 522,0 cents by December 2008.

To increase revenue by 20% to R9,1 billion by December 2008.



STUDY UNIT 8/ CHAPTER 8, SMIT & CRONJE, 2011:218-241

ORGANISING



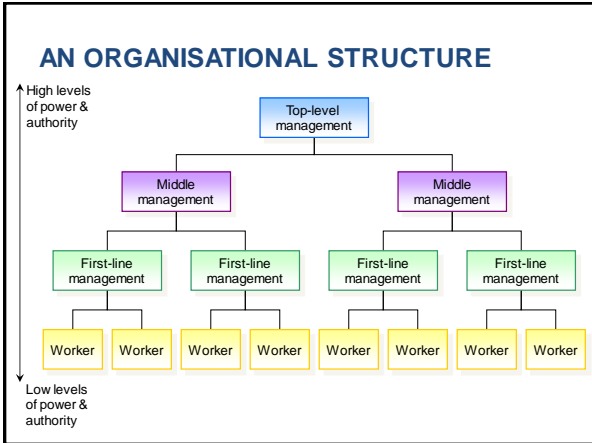
WHAT IS ORGANISING?

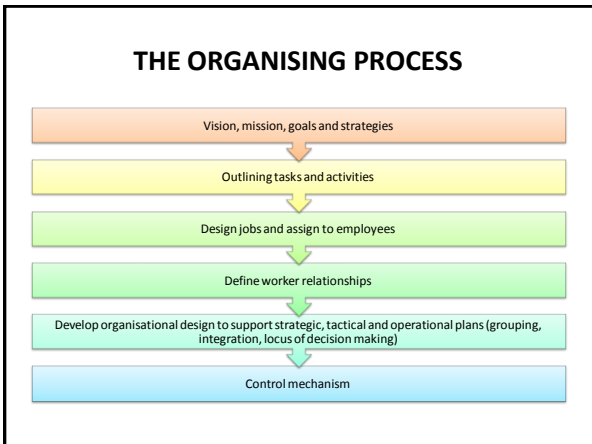
- Organising can be defined as the process of creating a **structure** for the organisation that will enable its people to work effectively towards its goals.
- The design of the organisation structure includes the tasks of **dividing** up the work, **allocating responsibility** and establishing chains of command.
- An organisation structure is the basic framework of **formal relationships** among responsibilities, tasks and people in the organisation.



REASONS FOR ORGANISING

- Allocates responsibilities and accountability
- Creates clear channels of communication
- Ensures effective use of resources
- Synergy
- Division of work
- Grouping tasks, procedures and resources
- Departmentalisation
- Coordination





PRINCIPLES OF ORGANISING

- Unity of command
- Chain of command
- Span of control
- Division of work (functional areas)
- Standardisation (uniform practices)
- Coordination (greater interdependence, greater coordination)
- Responsibility, Authority, Accountability
- Power (legitimate, reward, coercive, referent, expert)
- Delegation
- Downsizing
- Delaying

AUTHORITY

Authority is the right to make decisions, give orders and use resources.

- Organisational authority comes from the positions that people have in organisations.
- Formal authority passed downwards from upper level managers is known as **delegation of authority**.



AUTHORITY

- Line authority is the responsibility to make decisions and issue orders down the chain of command to attain goals.
- Staff authority entails the responsibility to advise and assist other personnel.
- Functional authority – staff personnel have the right to issue orders to line personnel (accounting procedures)
- Staff managers may have both staff and line authority

AUTHORITY

- Centralised and decentralised authority: Who makes the important decisions?

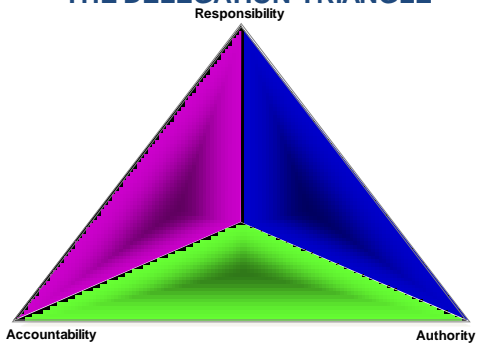


ORGANISATIONAL DESIGN

Departmentalisation

- Functional
- Product
- Location
- Customer
- Multiple (matrix, divisional, network, new venture, team, virtual network)

THE DELEGATION TRIANGLE



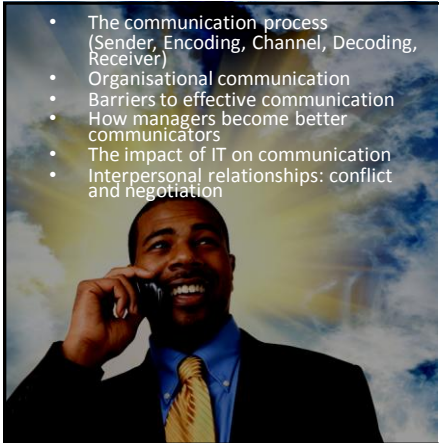
STUDY UNIT 9/ CHAPTER 15, SMIT & CRONJE, 2011:410-433

COMMUNICATION



The UNISA logo consists of the word "UNISA" in a bold, sans-serif font, followed by a stylized red and blue wave graphic and the text "UNIVERSITY OF NORTH-WEST" and "SOUTH-AFRICA" in smaller font below it.


- The communication process (Sender, Encoding, Channel, Decoding, Receiver)
- Organisational communication
- Barriers to effective communication
- How managers become better communicators
- The impact of IT on communication
- Interpersonal relationships: conflict and negotiation



A photograph of a man in a dark suit, blue shirt, and yellow tie, smiling and talking on a mobile phone. The background is a cloudy sky.

STUDY UNIT 10/ CHAPTER 11, SMIT & CRONJE, 2011:308-333

LEADERSHIP



The UNISA logo consists of the word "UNISA" in a bold, sans-serif font, followed by a stylized red and blue wave graphic and the text "UNIVERSITY OF NORTH-WEST" and "SOUTH-AFRICA" in smaller font below it.

Leading And Leadership



LEADERSHIP IS THE PROCESS OF INFLUENCING AND DIRECTING THE BEHAVIORS OF INDIVIDUALS AND GROUPS IN SUCH A WAY THAT THEY WORK **WILLINGLY** TO PURSUE THE OBJECTIVES AND GOALS OF THE ORGANISATION

LEADERSHIP MODELS

- Leadership traits
- Behavioral approach to leadership (concern for production or people)
- Contingency or situational approach to leadership (Fiedler, Hersey and Blanchard, Vroom-Yetton-Yago).
- Path-goal theory (Robert House)

STUDY UNIT 11/ CHAPTER 14, SMIT & CRONJE, 2011:384-408

MOTIVATION

“ An inner desire to satisfy an unsatisfied need”
“The willingness of an employee to achieve organisational goals”



MOTIVATION CAN BE EITHER....

**INTERNAL
(Intrinsic)**



OR

**EXTERNAL
(Extrinsic)**





CLASSIFICATION OF MOTIVATION THEORIES

- **Content theories:** the **WHAT** of motivation
 - Maslow
 - Herzberg
 - McClelland
- **Process theories:** the **HOW** of motivation
 - Equity
 - Expectancy
- **Reinforcement theories:** **WAYS** in which behaviour can be acquired

STUDY UNIT 12/CHAPTER 16, SMIT & CRONJE, 2011:438-439

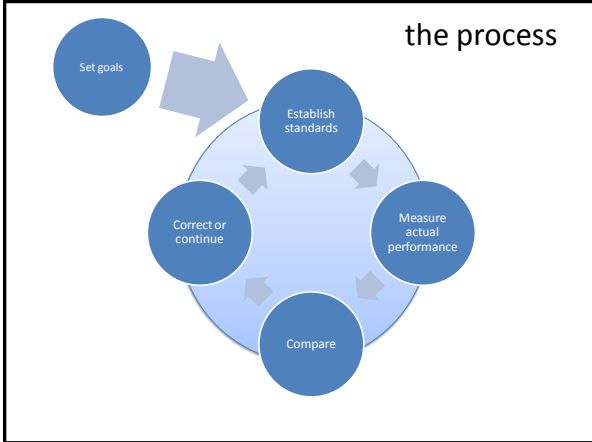
CONTROL



WHY IS CONTROL IMPORTANT?

- Ensures that all activities at all levels of the organisation are in accordance with the organisation's objectives
- Resources are deployed in such a way that it attains objectives
- Better quality products and services are provided
- Enables management to cope with change





STUDY UNIT 13/CHAPTER 17, SMIT & CRONJE, 2011:466-487

ETHICS, CORPORATE RESPONSIBILITY AND CORPORATE GOVERNANCE

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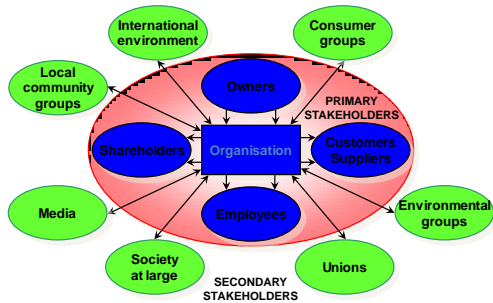
ETHICS

- Falls in the domain between **prescribed law** and **free choice**
- **Ethical dilemma** – each alternative, choice or behavior is undesirable because of potentially negative ethical consequences
- **Decisions:** individual, organisational, association, societal, international
- In **business ethical questions** arise where there is a conflict of interest in the business environment
- **Approaches:** utilitarian, human rights, justice

CORPORATE SOCIAL RESPONSIBILITY

- **Social obligation**
Pursues profits within the constraints of law (Adam Smith and Milton Freedman)
- **Social reaction**
Society is entitled to more than mere provision of goods & services. Must be accountable for ecological, environmental & social cost incurred by their actions
- **Social responsiveness**
Actions that exceed social obligation and social reaction

STAKEHOLDERS IN THE ORGANISATION



CORPORATE GOVERNANCE

- "... the way you behave when you are not being watched" King.
- It is the system by reference to which organisations are managed and controlled and from which the organisation's values and ethics emerge, and it is a topic of the utmost importance to the **directors** of a company and other **stakeholders**.

THE EXAMINATION

- **70 Multiple-choice questions**





**BEST OF LUCK WITH YOUR EXAMINATION
AND THE REST OF YOUR TIME HERE WITH US AT UNISA**