Univeristy of Skikda

Faculty of Economics, Commerce and Management Sciences

Department of Commercial Sciences

Introduction to Management

Lectures for Second Year Students ; Commercial Sciences

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Content

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Introduction

Management is one of the most essential disciplines in the world of business and organization. It plays a critical role in guiding human, financial, and material resources toward achieving set objectives in the most efficient and effective manner. As future professionals in the field of commercial sciences, understanding the foundations of management is not only important—it is indispensable.

This set of lectures, **"Introduction to Management"**, is designed specifically for second-year students in the Department of Commercial Sciences. It aims to equip learners with a strong conceptual and practical foundation in key areas such as planning, organizing, leading, and controlling. By exploring both classical and modern management theories, students will gain insight into how organizations function and how managers can solve real-world problems in a dynamic business environment.

Through a combination of theoretical concepts, historical development, case examples, and modern applications, this course will provide students with a comprehensive overview of the management function and its evolution. Special attention is also given to the development of managerial skills, organizational behavior, and decision-making processes.

Whether your career path leads you into public administration, private enterprise, or entrepreneurial ventures, the principles outlined in these lectures will serve as a fundamental stepping stone in your professional development.

Problematic

In today's rapidly changing economic and organizational environments, the success of any institution—be it private, public, or nonprofit—largely depends on its ability to **manage resources efficiently**, **adapt to market dynamics**, and **respond to complex internal and external challenges**. Despite the growing need for skilled managers, many students and future professionals lack a

foundational understanding of what management truly entails: its functions, principles, evolution, and real-world applications.

This raises a central question:

How can students in Commercial Sciences acquire a comprehensive understanding of management theories, functions, and practices to effectively prepare for their future roles as decision-makers in diverse organizational settings?

Sub-questions that arise from this include:

- What are the historical roots and modern developments of management thought?
- How do the core functions of management (planning, organizing, leading, controlling) operate in practice?

- What skills and competencies must future managers develop to be effective in the 21st-century global economy?
- How do different organizational environments and cultures affect management approaches?

This course seeks to address these questions by providing students with an integrated overview of managerial principles, helping them bridge the gap between **theoretical knowledge** and **practical application**.

Lecture one : Management Notions

1. Definition of Management

Definition:

Management is the process of planning, organizing, leading, and controlling resources (including human, financial, and material) efficiently and effectively to achieve organizational goals.

Robbins, S. P., & Coulter, M. (2018). *Management* (14th ed.). Pearson.

2. Management Pioneers

Key Pioneers and Their Contributions:

- **Frederick W. Taylor (1856–1915)** – Scientific Management: Emphasized efficiency and productivity through scientific analysis of work.

  Work: The Principles of Scientific Management (1911)

- **Henri Fayol (1841–1925)** – Administrative Theory: Proposed 14 principles of management and 5 key managerial functions.

  Work: General and Industrial Management (1916)

- **Max Weber (1864–1920)** – Bureaucratic Management: Introduced the idea of a structured, rule-based organizational model.

- **Elton Mayo (1880–1949)** – Human Relations Movement: Focused on social relations and employee well-being (Hawthorne Studies).[1]

3. Management Skills and Levels

A. Management Skills

Robert L. Katz (1974) categorized managerial skills into **three core types**, which are essential for effective management at different levels:

1. Technical Skills

- These involve the **ability to use specific knowledge, tools, and techniques** to perform tasks related to a particular field.
- Most important for **first-line managers** who supervise day-to-day operations.
- Examples:
    - An IT manager knowing how to troubleshoot systems.
    - A restaurant manager understanding food preparation processes.

[1] Wren, D. A., & Bedeian, A. G. (2009). *The Evolution of Management Thought* (6th ed.). Wiley.

2. Human (Interpersonal) Skills

- The **ability to work effectively with and through other people**, both individually and in groups.
- Crucial at **all levels** of management.
- Includes communication, empathy, conflict resolution, negotiation, and motivation.
- Example: A middle manager resolving a conflict between team members through diplomacy.

3. Conceptual Skills

- The **ability to see the organization as a whole**, understand how its parts are interrelated, and assess how it fits into the broader external environment.
- Most important for **top-level managers** involved in strategic planning and decision-making.
- Involves thinking abstractly, problem-solving, and long-term forecasting.
- Example: A CEO evaluating the impact of global economic trends on the company's future direction.[2]

[2] Katz, R. L. (1974). *Skills of an Effective Administrator*. Harvard Business Review, 52(5), 90–102.

B. Management Levels

Management operates at three hierarchical levels, each with distinct responsibilities and required skills:

1. Top-Level Managers

- Titles: CEO, CFO, President, Executive Director
- **Responsibilities:**
  - Define overall organizational goals and strategies.
  - Represent the organization to stakeholders.
  - Make high-level decisions under uncertainty.
- **Key Skills:** Strong conceptual and leadership abilities.

2. Middle-Level Managers

- Titles: Department Head, Division Manager, Operations Manager
- **Responsibilities:**
  - Translate top management's strategic goals into departmental plans.
  - Coordinate departments and supervise lower-level managers.
- **Key Skills:** A balance of technical, human, and conceptual skills.

3. First-Line Managers

- Titles: Supervisor, Team Leader, Foreman
- **Responsibilities:**
  - Direct and supervise non-managerial employees.
  - Handle routine work and day-to-day operations.
- **Key Skills:** Strong technical and human skills.

Reference:

Robbins, S. P., & Coulter, M. (2018). *Management* (14th ed.). Pearson.

The following scheme will give more clarification and summary about management skills and levels :

4. Management Functions

Henri Fayol originally identified **five** managerial functions, later refined into **four core functions** widely used today:

1. Planning

- **Definition:** Determining organizational goals and the best course of action to achieve them.
- **Activities Include:**
  - Setting objectives
  - Forecasting future conditions
  - Creating strategies
- **Importance:** Provides direction, reduces uncertainty, sets the standard for performance.
- **Example:** A retail chain planning expansion into a new region.

2. Organizing

- **Definition:** Arranging resources and tasks to implement the plan.
- **Activities Include:**
  - Assigning tasks
  - Allocating resources

    - Defining roles and hierarchies

- **Importance:** Creates an efficient structure to support execution.
- **Example:** HR department organizing recruitment efforts for a new project.

3. Leading (or Directing)

- **Definition:** Motivating, guiding, and influencing employees to achieve organizational goals.
- **Activities Include:**
    - Communication
    - Motivation
    - Team leadership
- **Importance:** Inspires employees and maintains morale and productivity.
- **Example:** A project manager encouraging their team to meet a tight deadline.

4. Controlling

- **Definition:** Monitoring performance, comparing it to objectives, and implementing corrective actions.
- **Activities Include:**

    - Setting performance standards
    - Measuring actual performance
    - Taking corrective action

- **Importance:** Ensures that goals are met efficiently and effectively.
- **Example:** A budget manager analyzing expenditures and adjusting resource allocations.

Reference:

Fayol, H. (1949). *General and Industrial Management.* Pitman Publishing.

5. Relationship Between Management and Other Sciences

Interdisciplinary Links:

- **Economics:** Resource allocation, productivity, cost management.
- **Psychology:** Motivation, leadership, team dynamics.
- **Sociology:** Organizational culture and structure.
- **Statistics & Mathematics:** Decision-making, forecasting, data analysis.
- **Law:** Compliance, business regulations.

- **Information Technology:** Systems management, decision support tools.

Reference:

Koontz, H., & Weihrich, H. (2010). *Essentials of Management* (8th ed.). McGraw-Hill Education.

Management as a System: Input – Process – Output – Feedback - IPOf

Management can be viewed as a **cybernetic system**, where it takes **inputs**, transforms them through a **process**, generates **outputs**, and uses **feedback** to improve future decision-making.

1. Inputs

These are the **resources** the organization needs to achieve its goals. Inputs fall into several categories:

- **Human resources** (employees, skills, leadership)
- **Material resources** (raw materials, equipment)
- **Financial resources** (capital, budgets)
- **Information resources** (data, reports, technology)
- **Time** (planning and deadlines)

Inputs are the "raw materials" of the management process.

2. Process (Management Functions)

This is where inputs are **transformed** into outcomes using the four primary **management functions**:

- **Planning:** Setting goals and defining strategies.
- **Organizing:** Structuring resources and teams.
- **Leading:** Guiding and motivating people.
- **Controlling:** Monitoring and adjusting activities.

This stage is the core of the **management process** and decision-making.

3. Outputs

These are the **results** of the process. Outputs can be:

- **Products** or **services**
- **Customer satisfaction**
- **Increased efficiency or productivity**
- **Achieving organizational goals**
- **Profit or growth**

Outputs show whether the management system is effective.

4. Feedback

Feedback is **information about performance** that is returned to the system. It allows managers to:

- Evaluate the success of strategies and operations
- Identify areas for improvement
- Adjust future plans, structures, or leadership styles

Feedback turns the process into a **continuous cycle of improvement**.

Scheme 2 :

Example in Practice – Hotel Management:

- **Input:** Budget, staff, hotel building, guest data
- **Process:** Managers plan marketing, organize housekeeping, lead staff, and control quality
- **Output:** Satisfied guests, revenue, brand reputation
- **Feedback:** Guest reviews and surveys used to improve services

Reference:
Koontz, H., & Weihrich, H. (2010). *Essentials of Management* (8th ed.). McGraw-Hill Education.

Efficiency vs. Efficacy (Effectiveness)

These two terms are often used together in management, but they refer to **different measures of performance**:

1. Efficiency

Definition:
Efficiency is about **doing things right** — using **the least amount of resources** (time, money, effort) to achieve a result. It focuses on the **process** and how well inputs are converted into outputs.

It answers the question:
"Are we minimizing waste and maximizing productivity?"

Key ideas:

- Resource conservation
- Speed and cost-effectiveness
- Focus on methods and tools

Example:

A hotel housekeeping team cleans 10 rooms in 3 hours using minimal cleaning supplies.
→ This shows **high efficiency** because the same job is done faster and with fewer resources.

2. Efficacy (Effectiveness)

Definition:

Efficacy (or effectiveness) is about **doing the right things** — achieving the **desired goal or outcome**, regardless of how many resources it takes.

It answers the question:
"Are we reaching our objectives?"

Key ideas:

- Goal achievement
- Output quality
- Focus on results and impact

Example:

A hotel launches a guest loyalty program that **successfully increases repeat bookings by 30%.**
→ This is **effective** because the strategy achieved its intended outcome.

Efficiency vs. Effectiveness – Comparison Table

Feature	Efficiency	Efficacy / Effectiveness
Focus	Process	Results / Goals
Goal	Minimize input and maximize output	Achieve objectives
Question it answers	How well are we doing it?	Are we doing what needs to be done?
Resource Use	Minimal	Doesn't prioritize
Measurement	Input-output ratio	Goal achievement
Risk	May overlook goals	May waste resources
Example	Producing 100 shirts with 10% less fabric	Meeting sales target for the quarter

Ideal Management: Both Efficient and Effective

Great managers aim for a **balance** between efficiency and effectiveness:

Efficient + Effective
→ Optimal outcome with minimal resources (the goal of all good management)

Efficient but Not Effective
→ Doing things right, but not achieving goals (e.g., fast production of an unwanted product)

Effective but Not Efficient
→ Achieving goals, but wasting resources (e.g., hitting sales targets but with excessive spending)

Real-World Example in a Hotel Context

- **Efficient but not effective:** A hotel reduces front-desk staff to save labor costs (efficient), but guests face long check-in times and leave bad reviews (not effective).
- **Effective but not efficient:** The hotel hires extra concierge staff to improve guest satisfaction, which works (effective), but the labor cost skyrockets (inefficient).

- **Efficient and effective:**
  The hotel installs a self-check-in kiosk that reduces wait times (efficient) and improves guest experience (effective).

Reference:

- Drucker, P. F. (2007). *The Effective Executive: The Definitive Guide to Getting the Right Things Done.* HarperBusiness.
- Robbins, S. P., & Coulter, M. (2018). *Management* (14th ed.). Pearson.

Lecture 2: Classical School of Management

1. Definition

The **Classical School of Management** is one of the earliest schools of thought in the history of management. It emerged during the **late 19th and early 20th centuries**, during the **Industrial Revolution**, in response to the need for increased efficiency and productivity in organizations, particularly factories.

Definition:
The Classical School of Management focuses on **improving efficiency, productivity, and output through formal structures, clear roles, hierarchy, and rational planning**.

It assumes that:

- Work can be **scientifically studied**,
- Employees are mainly motivated by **money**, and
- There is **"one best way"** to perform a job.

Reference:

Wren, D. A., & Bedeian, A. G. (2009). *The Evolution of Management Thought* (6th ed.). Wiley.

2. Main Characteristics of the Classical School

Feature	Explanation
Scientific and Rational	Belief in rational planning, clear rules, and structured workflows.
Work Specialization	Each worker performs a specific task to increase efficiency.
Hierarchical Structure	A clear chain of command and authority.
Focus on Efficiency	Goal is to maximize productivity and minimize waste.
Formal Organization	Emphasis on organizational structure over individual behavior.

Economic Motivation	Workers are primarily motivated by financial rewards.
Standardized Procedures	Jobs and tasks are designed and executed in a uniform, optimal way.

The Classical School emphasizes **efficiency, order, and control**.

3. Main Theories of the Classical School of Management – In Depth

The Classical School is structured into **three major branches**:

A. **Scientific Management**

B. **Administrative (Process) Management**

C. **Bureaucratic Management**

A. Scientific Management Theory

Founder: Frederick Winslow Taylor
Key Contributors: Frank and Lillian Gilbreth, Henry Gantt
Published Work: *The Principles of Scientific Management* (1911)

Core Idea:

Scientific Management aims to **improve the efficiency of individual workers** through systematic observation, measurement, and analysis.

Taylor believed that work processes could be studied scientifically to identify the most efficient way to perform a task — **"the one best way."**

Key Principles:

1. **Scientific Job Analysis**: Use time-and-motion studies to determine the most efficient way to perform each job.
2. **Selection and Training**: Scientifically select, train, and develop workers rather than letting them choose tasks themselves.
3. **Standardization of Tools and Methods**: Create a uniform method for tasks and use standardized tools.
4. **Division of Work and Responsibility**: Management plans the work; workers execute it.
5. **Performance-Based Incentives**: Link pay to productivity to motivate workers.

Example:

In a manufacturing plant, Taylor's approach might involve measuring how long it takes workers to assemble a product, eliminating unnecessary steps, and then training all workers to follow this optimized process.

Strengths:

- Increased productivity

- Clear performance metrics
- Laid groundwork for operations management

Criticisms:

- Treats workers like machines
- Ignores motivation, satisfaction, and human needs
- Leads to repetitive, dehumanizing work

Quote:
"In the past the man has been first; in the future the system must be first." – F. W. Taylor

B. Administrative (Process) Management Theory

Founder: Henri Fayol
Key Work: *General and Industrial Management* (1916)

Core Idea:

While Taylor focused on **task-level efficiency**, Fayol focused on how to **manage the entire organization**. He believed that management is a **universal process** made up of key **functions and principles** that apply across all industries.

Fayol's 5 Functions of Management:

1. **Planning** – Defining goals and outlining steps to achieve them.
2. **Organizing** – Structuring resources and tasks.

3. **Commanding (Leading)** – Directing and motivating staff.

4. **Coordinating** – Aligning efforts across departments.

5. **Controlling** – Monitoring and correcting performance.

Fayol's 14 Principles of Management:

1. Division of Work

Specialization increases productivity by making employees more efficient.

- Work should be divided into smaller tasks and assigned to individuals or teams based on their expertise.
- Encourages efficiency, accuracy, and speed.

Example: In a hotel, one team handles front-desk operations while another manages housekeeping.

2. Authority and Responsibility

Managers must have the authority to give orders, but they must also be accountable.

- Authority: the right to command.
- Responsibility: the duty to perform assigned tasks.
- A balance between the two is essential to avoid misuse of power or failure to deliver.

3. Discipline

Employees must obey and respect the rules that govern the organization.

- Good discipline requires clear rules, fair leadership, and a culture of respect.
- Promotes smooth operations and harmony.

4. Unity of Command

An employee should receive orders from only one superior.

- Avoids confusion and conflict in instructions.
- Ensures accountability and consistent direction.

Example: A hotel chef reports only to the kitchen manager, not to both the kitchen manager and general manager.

5. Unity of Direction

Each group of organizational activities should have the same objective and one plan.

- All efforts should be aligned toward the same goals under one leader.
- Different teams should not work on the same objective in conflicting ways.

6. Subordination of Individual Interest to General Interest

The interests of the organization must take precedence over personal interests.

- Organizational goals should guide behavior, even when individual desires conflict with them.
- Promotes cooperation and unity.

7. Remuneration

Employees must be fairly paid for their services.

- Includes financial compensation and non-monetary rewards.
- Fair wages promote satisfaction and motivation.

8. Centralization

The degree to which authority is concentrated or dispersed.

- Centralization = decision-making by top management.
- Decentralization = distribution of decision-making to lower levels.
- The right balance depends on the organization's size, goals, and structure.

9. Scalar Chain (Line of Authority)

A clear chain of command from top to bottom is essential for order and discipline.

- Communication should flow through this chain, but "gangplanks" (shortcuts) can be allowed for urgent matters.

10. Order

There is a place for everything and everyone in the organization.

- Material order: equipment and materials are properly placed.
- Social order: right people are in the right jobs.

Example: Staff and supplies are organized logically in a hotel to maximize efficiency.

11. Equity

Managers should treat employees fairly and kindly.

- Fair treatment builds loyalty and commitment.
- A mix of kindness and justice is essential.

12. Stability of Tenure of Personnel

High employee turnover is inefficient.

- Retaining experienced staff reduces training costs and increases productivity.
- Encourages long-term loyalty and organizational knowledge.

13. Initiative

Employees should be encouraged to take initiative and propose improvements.

- Boosts morale and creativity.
- Management should support and reward innovation and problem-solving.

14. Esprit de Corps (Team Spirit)

Promoting team spirit builds harmony and unity within the organization.

- Encourages mutual trust and collaboration.
- Reduces conflicts and boosts morale.

Example: Team-building activities in a hotel encourage collaboration among departments.

Summary Table

No.	Principle	Focus
1	Division of Work	Specialization increases efficiency
2	Authority and Responsibility	Right to command with accountability
3	Discipline	Obedience, respect, and order
4	Unity of Command	One boss per employee

5	Unity of Direction	One objective, one leader
6	Subordination of Individual Interest	Company interests above personal
7	Remuneration	Fair pay and rewards
8	Centralization	Balance of power and delegation
9	Scalar Chain	Clear hierarchy and communication
10	Order	Everything and everyone in place
11	Equity	Fair treatment
12	Stability of Tenure	Low turnover, staff retention
13	Initiative	Freedom to propose and act
14	Esprit de Corps	Teamwork and unity

Reference:

- Fayol, H. (1949). *General and Industrial Management.* Pitman.
- Robbins, S. P., & Coulter, M. (2018). *Management* (14th ed.). Pearson.

Strengths:

- Applicable to all managerial levels
- Introduced structure and administrative clarity
- Balanced efficiency with some attention to human factors

Criticisms:

- Still overlooks employee motivation and creativity
- Can be rigid and overly bureaucratic

Quote:

"To manage is to forecast and to plan, to organize, to command, to coordinate, and to control." – Henri Fayol

C. Bureaucratic Management Theory

Founder: Max Weber
Key Work: *The Theory of Social and Economic Organization* (1922)

Core Idea:

Weber developed the concept of **bureaucracy** as the most rational and efficient form of organization. He envisioned organizations governed by **rules, hierarchy, and merit**, not personal relationships or favoritism.

Key Characteristics of Bureaucracy:

1. **Clear Division of Labor** – Everyone has a defined role and responsibility.
2. **Formal Rules and Procedures** – Consistency and predictability in decision-making.
3. **Hierarchy of Authority** – Chain of command with clearly defined levels.
4. **Impersonality** – Decisions based on rules, not personal bias.
5. **Merit-Based Employment** – Hiring and promotion based on qualifications and performance.

Example:

In a government office or university, decision-making and job responsibilities follow strict policies and procedures, ensuring fairness and efficiency across a large organization.

Strengths:

- Clear structure and accountability
- Reduces favoritism and inconsistency
- Works well in large, complex organizations

Criticisms:

- Inflexibility and resistance to change

- Excessive red tape
- Lack of innovation and employee motivation

Quote:

"Bureaucratic administration means fundamentally the exercise of control on the basis of knowledge." – Max Weber

Summary Comparison of Classical Theories

Theory	Focus Area	Key Thinker	Emphasis	Strength	Limitation
Scientific Management	Individual tasks	Frederick Taylor	Efficiency and productivity	Time studies, standardization	Ignores human/social needs
Administrative Theory	Entire organization	Henri Fayol	Universal management principles	Planning, organizing, control	Limited attention to behavior
Bureaucratic Theory	Structure and rules	Max Weber	Formal hierarchy and	Merit-based, fair, consistent	Inflexibility, red tape

			procedures		

Conclusion

The Classical School of Management laid the **foundation for modern management practices**, especially in structured organizations. While criticized for being too mechanical and ignoring human factors, it introduced valuable principles still used today in operations, planning, and administration.

Lecture 3 : Behavioural School of Management

Also known as the Human Relations Movement**. This school emerged as a** reaction to the limitations of the Classical School**, particularly its lack of attention to human factors in the workplace.**

1. Definition

The Behavioural School emphasizes the **importance of human behavior, needs, and attitudes** within the workplace. It focuses on how **motivation, group dynamics, communication, and leadership** affect employee performance and organizational success.

This school views employees not as machines (as in Scientific Management), but as **social beings** whose performance is influenced by psychological and emotional factors.

2.Main Characteristics

1. **Focus on people, not just tasks**
2. **Attention to motivation and leadership**
3. **Recognition of informal groups and social systems**
4. **Emphasis on communication and feedback**
5. **Belief that employee satisfaction leads to productivity**

3. Key Theories and Contributors

A. Hawthorne Studies – Elton Mayo (1924–1932)

Conducted at: Western Electric Company, Hawthorne Plant (Chicago)

These studies marked the **birth of the Human Relations Movement**.

Key Findings:

- Workers are more responsive to social factors and attention than to physical working conditions (like lighting).
- **The "Hawthorne Effect"**: People perform better when they feel observed and valued.
- Informal groups affect performance more than formal rules.

Impact:

Management began to focus on the **social needs of workers** and **group dynamics**.

B. Maslow's Hierarchy of Needs – Abraham Maslow (1943)

Maslow proposed a **hierarchical model of human motivation** based on five levels of needs:

Level	Description
1. Physiological	Basic survival: food, water, rest
2. Safety	Security, stability, health
3. Love/Belonging	Relationships, friends, community
4. Esteem	Respect, status, achievement
5. Self-Actualization	Reaching full potential and creativity

Application:

Organizations must satisfy employees' **lower-level needs first** (e.g., fair wages, safety) before expecting higher-level performance and innovation.

C. Theory X and Theory Y – Douglas McGregor (1960)

Theory X:

- People are lazy, avoid work
- Need strict supervision and control
- Motivation is external (money, fear of punishment)

Theory Y:

- People are self-motivated and seek responsibility
- Enjoy work and creativity

- Motivation is internal (growth, achievement)

Managers who adopt Theory Y tend to create more empowering workplaces.

D. Chris Argyris – Maturity-Immaturity Theory

Argyris believed that **traditional management practices keep employees in an "immature" psychological state**, leading to dependency and passive behavior.

He suggested organizations should help employees:

- Grow psychologically
- Be more responsible
- Use their full potential

E. Herzberg's Two-Factor Theory (1959)

Herzberg identified **two categories of job factors**:

- **Hygiene Factors (Dissatisfiers):** Salary, job security, working conditions. Their absence causes dissatisfaction, but their presence doesn't motivate.
- **Motivators (Satisfiers):** Achievement, recognition, work itself, growth. These **drive motivation** and performance.

4.Key Concepts in Behavioural Management

Concept	Description
Motivation	Understanding what drives employees to perform
Leadership	Emphasis on people-centered leadership styles
Communication	Essential for teamwork and collaboration
Group Behavior	Informal groups impact morale and productivity
Organizational Culture	Shared values and behaviors shape the work environment

5.Advantages of the Behavioural School

- Recognizes employees as valuable human assets
- Improves morale, motivation, and performance
- Encourages leadership and communication
- Promotes participative management

6. Limitations

- Sometimes overly focused on people, ignoring technical aspects
- May underestimate the importance of structure and control

- Difficult to apply uniformly due to individual differences

Reference

- Mayo, E. (1933). *The Human Problems of an Industrial Civilization*
- Maslow, A. (1943). *A Theory of Human Motivation, Psychological Review*
- McGregor, D. (1960). *The Human Side of Enterprise*
- Robbins, S. P., & Coulter, M. (2020). *Management* (14th ed.)
- Herzberg, F. (1959). *The Motivation to Work*

Lecture4 : Modern School of Management

The **Modern School of Management** evolved post-1950s in response to the limitations of classical and behavioral schools. It focuses on **complexity**, **interdependence**, **adaptability**, and **technological systems** within management.

Key Features:

- Emphasis on **systems**, **contingency**, and **quantitative** models
- Focus on **dynamic environments**
- Acknowledgment of **external influences** on organizations
- Use of **interdisciplinary** knowledge (engineering, sociology, cybernetics)

a- Systems Management

Learning Objectives

By the end of this lecture, students should be able to:

- Understand the core principles of **System Management Theory**
- Explain the role of **inputs, processes, outputs, and feedback**
- Apply system thinking to solve organizational challenges
- Analyze real-world examples of system-oriented management

- Identify the **advantages and limitations** of the systems approach

1. Introduction to System Management

What is a System?

A **system** is a set of **interrelated and interdependent components** working together to achieve a common goal.

In business, this includes:

- People
- Processes
- Technology
- Resources
- Policies

Definition of System Management:

“System management is an approach that views the organization as a unified, purposeful system composed of interrelated parts. Effective management ensures all subsystems work together harmoniously to achieve organizational goals.”

2. Origins and Key Thinkers

- **Ludwig von Bertalanffy** – General Systems Theory (biology-based, 1940s)
- **Kenneth Boulding**, **Russell Ackoff** – Applied systems theory to organizations
- Popular in the 1960s–1970s as a **response to the limitations** of classical and behavioral theories.

3. Components of a Management System

Basic System Model (IPOF)

1. **Inputs**: Resources (raw materials, information, labor, capital)
2. **Processes**: Activities and functions that transform inputs into outputs
3. **Outputs**: Products, services, reports, decisions
4. **Feedback**: Information on performance, customer satisfaction, and outcomes
5. **Environment**: External factors influencing the system (economy, laws, tech)

Open Systems vs. **Closed Systems**:

- **Open systems** interact with the environment (modern businesses)

- **Closed systems** are isolated from external factors (rare in practice)

4. Application of Systems Theory in Management

a. Organizational Structure

- Encourages **cross-department collaboration** and **horizontal communication**
- HR, IT, Operations, and Marketing are seen as **subsystems** contributing to a unified goal

b. Strategic Planning

- Aligns all parts of the system with **long-term objectives**
- Identifies how a change in one area affects the whole (e.g., supply chain disruptions)

c. Decision Making

- System thinking promotes **data-informed**, holistic decision-making
- Avoids silo-based decisions by considering organizational interdependencies

d. Change Management

- Systems approach anticipates **resistance, ripple effects**, and **resource realignment**

- Enables smoother **change implementation** through feedback loops

5. Real-World Examples

Toyota Production System (Lean Manufacturing)

- Integrates all functions: production, logistics, customer service
- Continuous feedback via **Kaizen (continuous improvement)**

Amazon

- Integrated logistics, AI systems, inventory, and customer service work as a **unified system**
- Feedback systems (ratings, analytics) drive improvements

Hospitals (Healthcare Systems)

- Inputs: Patients, staff, data
- Processes: Diagnosis, treatment, administration
- Outputs: Health outcomes, reports
- Feedback: Patient satisfaction, audits, metrics

6. Advantages of System Management

- **Holistic view** of operations and strategy
- Better **coordination** between departments

- Promotes **continuous improvement**
- Emphasizes **adaptability and feedback**
- Encourages **strategic thinking**

7. Limitations of System Management

- Can be **overly complex** for small organizations
- May require **significant data and integration systems**
- Difficult to identify all variables and **causal relationships**
- Risk of **over-analysis** and slow decision-making

8. Critical Thinking & Discussion

- *"What happens if one part of the system fails — how should management respond?"*

- *"How can feedback loops be designed to improve organizational learning?"*

- *"Compare the systems approach with classical (Taylor) or behavioral (Mayo) theories. Which is more suited to the digital age?"*

9. Conclusion

System Management is a powerful framework for managing modern, complex organizations. By recognizing interdependencies, focusing on processes, and building responsive feedback mechanisms, it enables better decision-making and adaptability.

"An organization that works as a system performs as a symphony — each part must be tuned, coordinated, and aware of the whole."

Further Reading

- Peter Senge – *The Fifth Discipline*
- Russell Ackoff – *Creating the Corporate Future*
- Jay Forrester – *Industrial Dynamics*
- Ludwig von Bertalanffy – *General System Theory*

b- Quantitative School of Management

The **Quantitative School of Management** emphasizes the application of **mathematics, statistics, and decision models** to solve complex management problems. It emerged during and after World War II, when **military operations research (OR)** teams used quantitative methods for logistical and tactical decision-making. Post-war, these techniques were adapted into business management.

1.Definition:

"The Quantitative School uses mathematical and statistical models to improve decision-making, resource allocation, and overall efficiency in organizations."

Source: Taylor, B. W. (2013). *Introduction to Management Science.*

2. Historical Background

Origins in Military Planning:

- During WWII, mathematicians and scientists were recruited to solve military logistics, submarine detection, and resource deployment issues.
- Success led to the adoption of **Operations Research (OR)** in civilian and business contexts.

Post-War Adoption:

- Businesses began using OR techniques to optimize **inventory**, **production**, **scheduling**, and **transportation**.

Key Contributors:

- George Dantzig – Linear Programming
- Lanchester – Combat modeling (Lanchester's Laws)
- Churchman, Ackoff & Arnoff – Pioneers of OR in business

3. Core Concepts & Techniques

The Quantitative School is built around **systematic, data-driven, and objective decision-making**.

3.1 Operations Research (OR)

A discipline that deals with the application of **analytical methods** to improve decision-making.

3.2 Key Tools and Techniques:

Technique	Purpose	Example
Linear Programming	Optimize resource allocation	Maximize profit / minimize cost
Queuing Theory	Manage waiting lines and service efficiency	Bank teller scheduling, call centers
Inventory Models	Optimize stock levels	EOQ (Economic Order Quantity)
Simulation	Test scenarios and outcomes	Emergency planning, market behavior
Decision Theory	Analyze choices under uncertainty	Investment, pricing strategies
PERT/CPM	Project planning and control	Construction or R&D project timelines
Forecasting Techniques	Predict future trends	Sales, demand forecasting
Game Theory	Analyze competitive interactions	Pricing and negotiation strategies

4. Application in Management Functions

Management Area	Quantitative Application Example
Production	Scheduling, cost minimization
Finance	Risk analysis, investment portfolios
Marketing	Demand forecasting, pricing models
HR Management	Workforce scheduling, productivity analysis
Logistics	Route optimization, fleet management
Project Management	Resource allocation, timeline optimization

5.Real-World Examples

- Example 1: FedEx

Uses **linear programming** and **network modeling** to optimize package routing, saving millions in fuel and logistics costs.

- Example 2: Airlines

Use **yield management systems** (based on forecasting, pricing, and simulation) to set ticket prices dynamically.

- Example 3: Amazon

Employs **inventory optimization models** to balance stock levels, customer demand, and supply chain efficiency.

6. Advantages of the Quantitative Approach

- Objective, data-driven decision-making
- Enhances efficiency and productivity
- Reduces waste and costs
- Supports long-term planning and forecasting
- Improves control over complex systems

7. Limitations of the Quantitative School

Limitation	Explanation
Over-reliance on data	Ignores human behavior, emotions, culture
Assumption of certainty	Real-world conditions are often uncertain
Model complexity	Some models are too abstract or impractical
Lack of flexibility	Not suitable for dynamic or creative tasks

Requires skilled personnel	Needs math/statistics expertise

8. Integration with Other Schools

- **With Systems Theory:** Uses models to optimize systems as a whole
- **With Behavioral School:** Can balance human factors with quantitative analysis
- **With Contingency Theory:** Quantitative models are used when context is stable and predictable

9. Summary

- The **Quantitative School** is an essential component of **modern management**, providing precision and analytical rigor.
- It is most effective when combined with other approaches, especially those accounting for human and cultural factors.

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Lecture5: Contingency Theory of Management

1. Introduction to Contingency Theory

Definition:

Contingency Theory is a behavioral theory that claims there is **no single best way to manage**. The most effective management style or organizational structure **depends on the specific internal and external situation (contingencies)** the organization faces.

Definition (Fiedler, 1964): "Organizational effectiveness results from fitting characteristics of the organization, such as structure and leadership style, to contingencies that reflect the situation."

2. Historical Development

The theory emerged in the **1960s–1970s** as a reaction against the rigid "one best way" approaches of the **classical** and **behavioral** schools.

Key Contributors:

Scholar	Contribution
Fred Fiedler	Developed the **Contingency Model of Leadership Effectiveness**
Joan Woodward	Researched the link between **technology and structure**
Paul Lawrence & Jay Lorsch	Focused on **environmental uncertainty and differentiation**
Tom Burns & G.M. Stalker	Differentiated between **mechanistic and organic** organizations

Fiedler, F. E. (1964). A Contingency Model of Leadership Effectiveness

3. Core Principles of Contingency Theory

1. **There is no one-size-fits-all approach.**
2. **Management decisions depend on various internal and external factors.**
3. **Effectiveness results from aligning organizational variables with environmental demands.**
4. **Key Variables in Contingency Theory**

Contingency Factor	Example Influence

Environment **(stable vs. dynamic)**	Affects structure and strategy
Technology **(routine vs. complex)**	Influences coordination and control
Size of Organization	Larger firms may need more formalization
Leadership Style	Must match team maturity and task structure
Organizational Structure	Mechanistic vs. Organic systems
Culture	Impacts motivation, communication, decision-making

5. Key Models of Contingency Theory

5.1 Fiedler's Contingency Model (1964)

A leadership effectiveness model that links a leader's style with situational favorableness.

Components:

- **Leadership Style** (measured by LPC scale: Low LPC = Task-Oriented, High LPC = Relationship-Oriented)
- **Situational Favorableness**:
    1. Leader-member relations

2. Task structure
3. Position power

Match: Task-oriented leaders perform best in **very favorable or very unfavorable** situations; relationship-oriented leaders do better in **moderate** situations.

5.2 Burns and Stalker (1961): Mechanistic vs. Organic Systems

Mechanistic	Organic
Rigid hierarchy	Flexible structure
Centralized decisions	Decentralized authority
Suitable for stable environments	Suitable for dynamic environments

5.3 Lawrence & Lorsch (1967): Differentiation and Integration

Organizations in uncertain environments require:

- **Differentiation**: Division into specialized departments
- **Integration**: Mechanisms to coordinate between departments

Key Insight: Highly differentiated organizations must develop **integration mechanisms** (like cross-functional teams) to remain effective.

5.4 Joan Woodward's Study (1958)

Linked **technology** type with optimal **organizational structure**.

Technology Type	Suitable Structure
Unit/Small Batch	Organic
Mass Production	Mechanistic
Continuous Process	Organic

6. Application of Contingency Theory in Management

a- Leadership:

- Adapt leadership styles based on **team maturity**, **task structure**, and **crisis level**.

b-Organizational Structure:

- Align structure (centralized/decentralized) based on **market volatility** and **technology**.

c- Decision Making:

- Use **centralized** control for routine tasks and **decentralized** for innovation environments.

d- Strategy Formulation:

- **Miles & Snow Typology**: Prospector, Defender, Analyzer, Reactor — each fits different environments.

7. Real-World Examples

Toyota:

- Uses a **hybrid structure** blending mechanistic (production) and organic (innovation) elements to adjust to global markets.

Google:

- Adopts an **organic structure** in R&D to thrive in high-uncertainty innovation sectors.

McDonald's:

- Operates in a **stable environment** → highly **mechanistic**, standardized processes and clear hierarchies.

8. Strengths of Contingency Theory

- Encourages **flexibility and adaptability**
- Recognizes the complexity of **real-world environments**
- Promotes **situational awareness** and context-based decision making
- Integrates elements of **systems theory**, **organizational behavior**, and **leadership**

9. Limitations and Criticism

Criticism	Explanation
Too complex to apply	Many variables, hard to measure "fit"
Lacks prescriptive guidance	Doesn't always tell what to do, only "it depends"
Difficult to test empirically	Many combinations and subjective factors
May ignore cultural dimensions	Overlooks values and norms in international contexts

10. Comparison with Other Management Theories

Theory	Approach	Flexibility	Context Consideration
Classical	Universal rules	Low	Low
Behavioral	Human-focused	Medium	Some
Contingency	"It depends"	High	High
Systems	Interconnected parts	High	Medium
Quantitative	Data-driven	Medium	Low–Medium

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Conclusion:

Contingency theory provides a **realistic and flexible framework** for understanding how managers can tailor strategies, leadership, and structure based on their unique circumstances. It acknowledges complexity and rejects universal answers, instead promoting **contextual intelligence** in management practice.

Lecture 6 : Change Management & Quality Management

PART 1: CHANGE MANAGEMENT

1. Introduction to Change Management

Definition:

Change Management is the **structured approach to transitioning individuals, teams, and organizations** from a current state to a desired future state to achieve lasting outcomes and strategic goals.

Hiatt (2006):
"Change management is the process, tools, and techniques for managing the people side of change to achieve a required business outcome."

2. Historical Evolution

Era	Development
1940s–50s	Kurt Lewin introduces planned change theory (Unfreeze–Change–Refreeze)
1970s–80s	Rise of organizational development (OD), focus on culture and values

1990s–2000s	John Kotter and Prosci models gain popularity
Today	Agile change, digital transformation, change in VUCA environments

3. Importance of Change Management

- Helps organizations **adapt to dynamic environments**
- Supports **innovation and digital transformation**
- Reduces **resistance and failure rates**
- Improves **employee engagement** and **performance**
- Ensures **sustainable change** and continuous improvement

Statistic: According to McKinsey, 70% of organizational change efforts fail due to poor management of the human side of change.

4. Types of Organizational Change

Type	Description
Strategic Change	Shift in goals, mission, business model
Structural Change	Change in organizational design or hierarchy
Technological Change	Adoption of new IT systems, AI, automation

Cultural Change	Shifts in values, norms, behaviors
People-Centric Change	Leadership changes, talent restructuring
Process Change	Operational or workflow redesign (Lean, Six Sigma)

5. Core Models of Change Management

5.1 Lewin's Three-Step Model (1947)

1. **Unfreeze** – Prepare the organization for change
2. **Change (Transition)** – Move toward the new state
3. **Refreeze** – Institutionalize the change

Lewin, K. (1947). Frontiers in Group Dynamics

5.2 Kotter's 8-Step Model (1996)

1. Create urgency
2. Form a powerful coalition
3. Create a vision for change
4. Communicate the vision
5. Empower others to act
6. Generate short-term wins

7. Build on the change
8. Anchor in the culture

Kotter, J. P. (1996). Leading Change

5.3 ADKAR Model (Prosci)

A bottom-up model focusing on **individual change**:

- **A**wareness of the need for change
- **D**esire to support and participate
- **K**nowledge of how to change
- **A**bility to implement change
- **R**einforcement to sustain the change

Hiatt, J. (2006). ADKAR: A Model for Change

5.4 Bridges' Transition Model

Focuses on **psychological transitions** rather than external change:

1. Ending, Losing, Letting Go
2. The Neutral Zone
3. New Beginning

6. Tools & Techniques

Tool	Use
Stakeholder Analysis	Identify and manage key influencers
Change Readiness Assessment	Gauge organizational preparedness
Force Field Analysis	Analyze drivers vs. resistors
Communication Plan	Ensure clear, consistent messaging
Training & Coaching	Build capacity and skill for change
Resistance Management	Identify and mitigate pushback
Change Impact Analysis	Evaluate how change affects roles/processes

7. Real-World Examples

Example 1: British Airways (1980s)

- **CEO Colin Marshall** led cultural transformation
- Focus on customer service, cost reduction, and restructuring
- Used Lewin's model + intensive communication & training

Example 2: Microsoft's Satya Nadella Era

- Cultural shift from "know-it-all" to "learn-it-all"
- Promoted agility, empathy, and innovation

- Embedded continuous learning and inclusivity in strategy

Example 3: Nokia's Failure

- Ignored technological and consumer trends
- Resistance to internal change led to collapse in the smartphone market

8. Challenges in Change Management

Challenge	Description
Resistance to Change	Fear of job loss, status, uncertainty
Poor Communication	Misunderstanding, confusion
Lack of Leadership Support	Inconsistent messages and actions
Change Fatigue	Too many initiatives with little success
Inadequate Resources	Not enough time, money, or people
Cultural Incompatibility	New practices may conflict with old values

9. Strategies for Successful Change

- Start with **clear vision** and measurable goals
- Gain **executive sponsorship**
- Communicate **early and often**
- Empower employees through **involvement**
- Use **pilot programs** and **quick wins**
- Embed change into **systems and culture**

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12. Summary

- **Change is inevitable**, but managing it is a skill.
- Effective change requires a balance of **strategy, leadership, and human psychology**.
- Use structured models like **Lewin**, **Kotter**, and **ADKAR** for guidance.
- Understand the **organization's culture**, **readiness**, and **barriers**.
- **Sustain the change** by embedding it into systems and rewarding new behaviors.

PART 2: QUALITY MANAGEMENT

1. Introduction to Quality Management

Definition:

Quality Management is a comprehensive approach to ensuring that products, services, and processes meet or exceed customer expectations and regulatory requirements. It integrates planning, control, assurance, and continuous improvement of quality across all levels of an organization.

ISO 9000:2015:
"Quality management is the management function that determines and implements the quality policy."

2. Evolution of Quality Management

Era	Focus	Description
Pre-Industrial	Craftsmanship	Quality ensured by skilled artisans
Early 20th Century	Inspection	Detecting defects after production
1920s–40s	Statistical Quality Control	Shewhart introduced control charts
1950s–70s	Total Quality Management	Organization-wide quality focus
1980s–present	Continuous Improvement, ISO, Six Sigma, Lean	Integrated systems and global standards

3. Key Concepts in Quality Management

a- Quality:

- **Fitness for use** (Juran)
- **Conformance to requirements** (Crosby)
- **Meeting or exceeding customer expectations** (Feigenbaum)

b- Dimensions of Quality (Garvin, 1987):

1. Performance
2. Features

3. Reliability
4. Conformance
5. Durability
6. Serviceability
7. Aesthetics
8. Perceived Quality

4. Key Contributors and Philosophies

a- W. Edwards Deming

- Emphasized **system thinking**, **leadership**, and **variation reduction**
- Introduced **PDCA Cycle** (Plan–Do–Check–Act)
- Famous for **Deming's 14 Points** for management

Out of the Crisis (1986)

b- Joseph M. Juran

- Developed **Juran Trilogy**:
    1. Quality Planning
    2. Quality Control
    3. Quality Improvement

- Advocated for top management commitment and quality cost analysis

Juran on Quality by Design (1992)

c- Philip B. Crosby

- Advocated for "**Zero Defects**"
- Believed **quality is free** if done right the first time
- Introduced **four absolutes of quality management**

Quality Is Free (1979)

d- Armand Feigenbaum

- Developed the concept of **Total Quality Control**
- Introduced the idea that quality is **every employee's responsibility**

5. Total Quality Management (TQM)

a- Definition:

An integrated organizational approach that seeks **continuous improvement in all processes**, with **employee involvement** and **customer focus** at the core.

b-TQM Principles:

1. Customer Focus

The primary goal of TQM is to meet or exceed customer expectations. Organizations must understand customer needs, deliver value, and continuously seek feedback to improve satisfaction and loyalty.

2. Continuous Improvement (Kaizen)

TQM promotes ongoing, incremental improvements in all areas of the organization. This principle, rooted in the Japanese concept of *Kaizen*, encourages small, daily changes rather than large, disruptive transformations.

3. Employee Involvement

Quality improvement is not the responsibility of a single department but involves **every employee**. Engaged and empowered workers are more likely to contribute ideas, solve problems, and take ownership of quality.

4. Process Approach

A focus on managing **work as a series of processes** (inputs → transformation → outputs). Understanding, measuring, and optimizing these processes ensures consistent and efficient results.

5. Data-Based Decision Making

Decisions should be based on **analyzing data and factual evidence**, not intuition. Tools like control charts, Pareto analysis, and root cause analysis support better planning and quality control.

6. Leadership Commitment

Strong leadership is essential for setting a clear vision, supporting a quality culture, and aligning strategies and goals. Leaders must model the values of TQM and create an environment that fosters improvement.

Oakland, J. S. (2014). *Total Quality Management and Operational Excellence*

6. Modern Quality Standards and Frameworks

a- ISO 9001:2015

- International standard for Quality Management Systems (QMS)
- Focuses on **risk-based thinking**, **process approach**, and **customer satisfaction**

b- Six Sigma

- A methodology that uses **DMAIC** (Define, Measure, Analyze, Improve, Control)
- Goal: Reduce variation to 3.4 defects per million opportunities

George, M. L. (2002). *Lean Six Sigma*

c- Lean Quality

- Focus on **waste reduction (muda)** and **value creation**
- Principles: Identify value, map value stream, flow, pull, perfection

7. Tools of Quality Management

Tool	Use
Check Sheets	Collect data in real-time
Control Charts	Monitor process variation
Fishbone Diagram	Identify root causes (Ishikawa)
Pareto Analysis	Focus on vital few (80/20 rule)
Flowcharts	Visualize processes
Scatter Diagrams	Show relationships between variables
Histograms	Analyze data distribution
Benchmarking	Compare against industry best practices
FMEA (Failure Mode and Effects Analysis)	Anticipate potential failures

8. Application in Business Functions

Area	Application Example
Production	Process control, SPC, defect reduction
Marketing	Customer satisfaction surveys, service quality (SERVQUAL)
Finance	Cost of quality (prevention, appraisal, failure)
HR	Training programs for continuous improvement
Supply Chain	Vendor quality audits, incoming inspections

9. Real-World Examples

Toyota (Lean and Kaizen)

- Focus on employee involvement, standardization, and incremental improvements

Motorola and GE (Six Sigma)

- Saved billions by reducing process variability

Samsung

- Integrated quality management in product development, winning multiple global quality awards

10. Benefits of Quality Management

- Increased **customer satisfaction**

- Improved **efficiency and productivity**
- Reduced **costs and waste**
- Higher **employee morale**
- Better **market competitiveness**
- Compliance with **international standards**

11. Challenges and Limitations

Challenge	Explanation
High implementation cost	Initial investment in training and systems
Resistance to change	Especially in long-established companies
Requires top management commitment	Without it, efforts may fail
Time-consuming	Continuous improvement is long-term

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14. Conclusion

Quality Management is not a department or a checklist—it's a **culture**, a **philosophy**, and a **strategic imperative**. Organizations that embed quality into their **processes**, **people**, and **products** are better equipped to deliver excellence, drive efficiency, and remain competitive in today's global market.

Lecture7: Business Ethics

1. Introduction to Business Ethics

Definition:

Business ethics is the application of moral principles and standards to the conduct, behavior, and decision-making of individuals and organizations in the business world.

Ferrell, Fraedrich & Ferrell (2021): "Business ethics comprises the principles and standards that guide behavior in the world of business."

2. Why Business Ethics Matters

Aspect	Explanation
Trust & Reputation	Ethical behavior builds brand value and public trust
Legal Compliance	Prevents legal issues and fines
Investor Confidence	Attracts ethical investors and long-term capital
Customer Loyalty	Consumers favor socially responsible companies
Employee Morale	Ethical workplaces improve motivation and reduce turnover

Statistic: According to the Ethics & Compliance Initiative (ECI), companies with strong ethical cultures have **40% fewer ethical violations**.

3. The Nature of Ethics

a- Morality vs. Ethics

- **Morality** refers to personal beliefs of right and wrong
- **Ethics** refers to rules provided by an external source (e.g., professional code)

b- Types of Ethics in Business

- **Personal ethics** – Individual values and conscience
- **Professional ethics** – Industry standards and codes (e.g., medical, legal)
- **Corporate ethics** – Ethics adopted by businesses as part of policy

4. Major Ethical Theories and Frameworks

1. Utilitarianism (Consequentialism)

The morally right action is the one that produces the **greatest good for the greatest number**.

- Proponents: **Jeremy Bentham**, **John Stuart Mill**
- Application: Cost-benefit analysis in decision-making

2. Deontology (Duty Ethics)

Ethics is about **rules and duties**, not consequences.

- Proponent: **Immanuel Kant**
- Emphasizes **universal moral laws** and treating people as ends, not means

3. Virtue Ethics

Focuses on the **character** of the decision-maker, not just actions or outcomes.

- Proponent: **Aristotle**
- Core virtues: honesty, fairness, courage, compassion

4. Rights-Based Ethics

Actions are ethical if they **respect the rights** of all individuals (e.g., privacy, safety, dignity).

5. Justice Theory

Ethics is about **fairness** in distribution of wealth, power, and opportunities.

- Proponent: **John Rawls**
- Emphasizes equity, fairness, and impartiality

5. Common Ethical Issues in Business

Issue	Example
Discrimination	Gender pay gap, biased hiring practices
Corruption & Bribery	Offering money to officials for contracts
Environmental Impact	Pollution, resource overuse
Deceptive Advertising	Misleading claims about products
Privacy Violations	Selling customer data without consent
Insider Trading	Using confidential info for stock trading

Conflict of Interest	Personal gain from company decisions

6. Corporate Social Responsibility (CSR)

CSR is closely linked to ethics and refers to a business's responsibility to contribute to **society and the environment** beyond legal compliance.

Pillars of CSR:

1. **Economic Responsibility** – Be profitable
2. **Legal Responsibility** – Obey laws and regulations
3. **Ethical Responsibility** – Do what is right and fair
4. **Philanthropic Responsibility** – Give back to society

Carroll's CSR Pyramid (1991)

7. Business Ethics in Practice

Tools and Approaches:

- **Codes of Ethics**: Written guidelines for expected behavior
- **Ethics Training Programs**: Workshops to teach ethical conduct
- **Whistleblower Systems**: Confidential reporting channels
- **Auditing and Monitoring**: Ensuring compliance with ethical policies

- **Ethical Leadership**: Leaders modeling integrity and fairness

Example 1: Patagonia

- Strong environmental commitment
- Transparent supply chain ethics
- "Don't buy this jacket" campaign promoting sustainability

Example 2: Johnson & Johnson (Tylenol Case)

- Immediate product recall in 1982 to protect customer safety
- Regarded as a gold standard in ethical crisis management

Example 3: Volkswagen (Emissions Scandal)

- Installed defeat devices to cheat emissions tests
- Resulted in billions in fines and loss of trust

8. Challenges to Ethical Business Practices

Challenge	Description
Globalization	Different cultures = different values and laws
Short-Term Pressure	Focus on quarterly profits over long-term ethics
Ambiguity	Ethical dilemmas often lack clear right/wrong

Peer Pressure	Organizational culture may normalize bad behavior
Whistleblower Risks	Retaliation can deter ethical reporting

9. Business Ethics and Law

Law	Ethical Link
Anti-bribery Acts **(e.g., FCPA)**	Promotes fairness and transparency
Data Protection Laws **(e.g., GDPR)**	Supports privacy rights
Employment Laws	Encourages non-discrimination and fair pay
Environmental Regulations	Drives sustainable responsibility

Note: **Law ≠ Ethics** — Not all unethical actions are illegal, and vice versa.

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11. Teaching Activities and Assignments

- **Case Study Debate**: Was VW ethical in its emissions strategy?
- **Dilemma Workshop**: Analyze ethical gray areas using moral frameworks
- **Role-Play**: Ethics committee investigating a workplace complaint
- **Code of Ethics Creation**: Students develop a code for a fictional company
- **Ethical Audit**: Students assess a real company's CSR and ethics

12. Conclusion

Business ethics is not just about **following rules**, but about **doing the right thing** when no one is watching. In today's global and digital economy, ethical companies are not only **more trusted**—they are **more sustainable**.

Lecture8 : Corporate Governance & CSR

Part1 : Corporate Governance

1. Introduction to Corporate Governance

Definition:

Corporate Governance refers to the system by which companies are **directed and controlled**, focusing on the relationships among a company's **board of directors**, **management**, **shareholders**, and other **stakeholders**.

OECD (2015):
"Corporate governance involves a set of relationships between a company's management, its board, its shareholders, and other stakeholders, and provides the structure through which the objectives of the company are set and the means of attaining those objectives and monitoring performance are determined."

2. Evolution of Corporate Governance

Period	**Key Development**
Pre-20th Century	Shareholder primacy, minimal regulation
1930s–50s	Berle & Means highlight separation of ownership and control
1970s–80s	Rise of institutional investors and agency theory
1990s–2000s	Global reforms after scandals (Enron, WorldCom)
2010s–present	ESG integration, stakeholder theory, digital governance

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3. Key Theories of Corporate Governance

1. Agency Theory

- Separation between **owners (shareholders)** and **managers (agents)**
- Problem: Agents may not act in the best interests of principals
- Solutions: Monitoring, incentives, performance-based compensation

Jensen & Meckling (1976)

2. Stakeholder Theory

- Corporations have **responsibilities to all stakeholders** (employees, suppliers, community), not just shareholders

Freeman (1984)

3. Stewardship Theory

- Managers are **trustees** acting in the best interest of the company
- Emphasizes trust, intrinsic motivation, and long-term goals

4. Resource Dependency Theory

- Boards provide companies with **resources**, such as legitimacy, advice, and access to networks

4. Pillars of Corporate Governance

1. **Accountability** – Management is accountable to the board, and the board to shareholders.
2. **Transparency** – Disclosure of accurate, timely financial and operational information.
3. **Fairness** – Equal treatment of all shareholders and stakeholders.
4. **Responsibility** – Ethical conduct and compliance with laws and regulations.
5. **Risk Management** – Identifying and mitigating risks across all operations.

5. Key Institutions and Frameworks

OECD Principles of Corporate Governance (2015)

1. Ensuring basis for effective corporate governance
2. Shareholders' rights and key ownership functions
3. Equitable treatment of shareholders
4. Role of stakeholders in corporate governance
5. Disclosure and transparency
6. Responsibilities of the board

Corporate Governance Codes

- UK Corporate Governance Code (comply or explain)
- Sarbanes–Oxley Act (US, 2002): Requires CEO/CFO certification, audit committee independence
- King IV Code (South Africa): Applies integrated thinking and sustainability

Other Frameworks

- **IFRS**: Financial reporting standards
- **ESG Reporting**: Environmental, Social, Governance metrics
- **Global Reporting Initiative (GRI)**: Voluntary sustainability disclosure

6. Board of Directors

Functions:

- Strategic oversight
- Monitoring and control
- Appointing/firing CEOs
- Risk management
- Ensuring compliance

Board Composition:

Type	Role
Executive Directors	Active managers (e.g., CEO, CFO)
Non-Executive Directors	Independent oversight
Chairperson	Leads the board
Audit Committee	Reviews financial reports and internal controls
Nomination Committee	Manages board appointments
Remuneration Committee	Oversees executive compensation

7. Corporate Governance and Performance

Positive Impacts:

- Higher investor confidence
- Lower cost of capital
- Greater resilience to crisis
- Enhanced innovation and competitiveness

World Bank and IFC research: Strong governance correlates with **better firm performance**, **lower fraud**, and **more access to finance**.

8. Corporate Governance Failures

Company	Governance Issue
Enron (2001)	Fraudulent accounting, lack of oversight
WorldCom	CEO misused funds, false financials
Volkswagen (2015)	Emissions cheating, board lacked technological insight
Wirecard (2020)	Fraudulent reporting, weak audit governance

Lessons:

- Weak boards and poor risk oversight lead to collapse
- Importance of transparency, independence, and ethics

9. Corporate Governance in Emerging Economies

- Emphasis on improving investor protections
- Weak enforcement of laws remains a challenge
- Growing interest in **family business governance** and **Islamic corporate governance** models
- Many countries adapting global codes to local contexts (e.g., Algeria, Nigeria, India)

10. Challenges and Future Trends

Challenge	Trend
Board diversity	Gender and cultural representation
Digital governance	Cybersecurity, data privacy oversight
ESG Integration	Linking sustainability to governance
Shareholder activism	More vocal institutional investors
Executive compensation	Aligning pay with long-term performance
Global standardization	Harmonizing governance codes across markets

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12. Teaching Activities and Assignments

- **Case Analysis**: Enron, Volkswagen, or Wirecard
- **Debate**: Shareholder vs. stakeholder governance
- **Boardroom Role-Play**: Simulate a board meeting handling a crisis
- **Research Task**: Compare governance codes across countries
- **Quiz**: On theories, board functions, OECD principles
- **Group Project**: Evaluate the governance practices of a local or global firm

13. Summary

Corporate Governance is about **responsible leadership**, **strategic direction**, and **ethical stewardship** of organizational resources. It bridges the gap between **ownership and control**, ensures **accountability**, and builds **long-term trust** with stakeholders.

Strong governance is not just about compliance—it is about creating **value**, **resilience**, and **sustainability**.

Lecture 9 : Knowledge Management

There is no universally accepted definition of knowledge management. But there are numerous definitions proffered by experts. Put very simply, knowledge management is the conversion of tacit knowledge into explicit knowledge and sharing it within the organization. Putting it more technically and accurately, knowledge management is the process through which organizations generate value from their intellectual and knowledgebased assets. Defined in this manner, it becomes apparent that knowledge management is concerned with the process of identifying, acquiring, distributing and maintaining knowledge that is essential to the organization.

Source : Filemon A. & Uriarte ; JR ; ***Introduction to knowledge management***, ASEAN Foundation, 2008.

1. Introduction to Knowledge Management

Definition:

Knowledge Management (KM) is the systematic process of **capturing, developing, sharing, and effectively using**

organizational knowledge to achieve objectives, innovation, and competitive advantage.

Davenport & Prusak (1998):
"Knowledge management is the process of capturing, distributing, and effectively using knowledge."

2. Importance of Knowledge in the Knowledge Economy

In today's global and digital economy, **knowledge is a core organizational asset**, often more valuable than physical or financial resources. KM helps organizations:

- Preserve **institutional memory**
- Foster **innovation and learning**
- Avoid **knowledge loss** due to turnover
- Support **better decision-making**
- Improve **customer service** and **efficiency**

3. Types of Knowledge

Type	Description	Example
Explicit Knowledge	Codified, documented knowledge	Manuals, reports, databases
Tacit Knowledge	Personal, experience-based knowledge	Know-how, intuition, skills
Embedded Knowledge	Found in processes, culture, routines	Organizational norms

Nonaka & Takeuchi (1995) emphasize the importance of converting tacit knowledge into explicit knowledge through a dynamic process.

4. Knowledge Management Processes

1. **Knowledge Creation** – Developing new knowledge from learning, innovation, or experience
2. **Knowledge Capture** – Documenting or extracting knowledge from people or processes
3. **Knowledge Storage** – Organizing and maintaining knowledge in repositories
4. **Knowledge Sharing** – Distributing knowledge across the organization
5. **Knowledge Application** – Using knowledge in decision-making, problem-solving, and innovation

5. The SECI Model (Nonaka & Takeuchi, 1995)

A key framework describing how knowledge is created and converted:

Process	Conversion	Description
Socialization	Tacit → Tacit	Sharing through observation or practice
Externalization	Tacit → Explicit	Articulating know-how (e.g., manuals)
Combination	Explicit → Explicit	Integrating documents and data

Internalization	Explicit → Tacit	Learning by doing

6. Knowledge Management Systems (KMS)

KMS are IT systems designed to facilitate KM processes.
Features may include:

- Document repositories
- Collaboration tools (e.g., SharePoint, Slack)
- Databases and intranets
- Decision support systems
- AI-based knowledge discovery tools

7. KM Strategies

Strategy	Focus	Best for
Codification	Documenting and storing knowledge	Large organizations with structured knowledge
Personalization	Face-to-face knowledge sharing	Professional services, creative industries

Hansen, Nohria, & Tierney (1999): Organizations must choose a dominant strategy based on their structure and goals.

8. Enablers of Knowledge Management

- **Organizational Culture** – Supportive of learning and sharing
- **Leadership** – Drives knowledge vision and incentives
- **Technology** – Facilitates knowledge capture and distribution
- **Trust** – Encourages open exchange of insights

- **Incentives** – Recognize contributions to knowledge sharing

9. Barriers to Effective KM

Barrier	Description
Knowledge hoarding	Employees reluctant to share
Lack of time or incentives	No reward for sharing
Poor technology	Hard-to-use systems
Organizational silos	Limited cross-department exchange
Tacit knowledge complexity	Difficult to codify or document

10. Case Studies

IBM

- Developed **Lotus Notes** and a global knowledge network
- Promoted communities of practice and virtual teams

Toyota

- Emphasizes **tacit knowledge transfer** through mentoring and teamwork
- Uses the "Toyota Way" to embed continuous learning

NASA

- Created KM systems to avoid repeating past errors in mission planning

- Documented **lessons learned** for future engineers

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12. Teaching Activities and Assignments

- **Case Analysis**: Evaluate KM practices at companies like Google or PwC
- **Knowledge Audit**: Identify knowledge assets and flows in a small business
- **KM Strategy Project**: Develop a KM plan for a department or institution
- **SECI Simulation**: Role-play each SECI phase with examples
- **Quiz**: On types of knowledge and KM tools

13. Summary

Knowledge Management is more than just managing information—it's about **leveraging the collective intelligence** of an organization. By effectively managing knowledge, businesses can **innovate**, **adapt**, and **compete** in increasingly complex environments.

Lecture 10 : Creativity & Innovation Management

1. Introduction

In a competitive global economy driven by change, **creativity** and **innovation** have become critical capabilities for organizations seeking sustainable growth. Creativity fuels **idea generation**, while innovation enables **idea implementation**—both are essential for success in modern management.

Drucker (1985):
"Innovation is the specific instrument of entrepreneurship… the act that endows resources with a new capacity to create wealth."

2. Key Definitions

Concept	Definition
Creativity	The ability to generate **novel and useful ideas**, solutions, or approaches
Innovation	The process of **transforming creative ideas into value**, such as new products, services, or processes

Concept	Definition
Innovation Management	The planning, organizing, and controlling of innovation processes within an organization

Amabile (1996): Creativity requires domain-relevant skills, creativity-relevant processes, and intrinsic task motivation.

3. Types of Innovation

Type	Description	Example
Product Innovation	New or improved goods/services	iPhone, electric cars
Process Innovation	New ways of producing/delivering	Assembly line, cloud computing
Business Model Innovation	Changing how value is created/delivered	Netflix, Uber
Incremental Innovation	Small improvements	Software updates
Radical/Disruptive Innovation	Game-changing innovations	Blockchain, AI
Open Innovation	Collaboration beyond the firm	Crowdsourcing, strategic alliances

4. The Creativity-Innovation Process

A typical innovation process includes:

1. **Idea Generation** – Brainstorming, lateral thinking, design thinking
2. **Idea Evaluation** – Feasibility analysis, SWOT, risk assessment
3. **Idea Development** – Prototyping, R&D, business modeling
4. **Implementation** – Launching, scaling, organizational integration
5. **Diffusion** – Adoption across departments, markets, or users

5. Tools for Creativity and Innovation

- **Brainstorming**
- **SCAMPER technique** (Substitute, Combine, Adapt, Modify, Put to another use, Eliminate, Reverse)
- **TRIZ (Theory of Inventive Problem Solving)**
- **Mind Mapping**
- **Design Thinking**
- **Lateral Thinking** (Edward de Bono)
- **Innovation Labs** or **Hackathons**
- **Cross-functional teams**

6. Organizational Enablers of Creativity & Innovation

Factor	Role
Leadership	Inspires risk-taking and vision (transformational leadership)
Culture	Tolerates failure, supports experimentation
Structure	Flat, decentralized structures enable flexibility

Resources	Time, budget, and tools for experimentation
Team Diversity	Different perspectives foster creativity
Reward Systems	Recognition of innovative contributions

Teresa Amabile's Componential Theory of Creativity (1983) emphasizes the role of environment and motivation in creative performance.

7. Barriers to Innovation

Barrier	Explanation
Fear of failure	Risk aversion stifles experimentation
Rigid hierarchy	Bureaucracy slows idea flow
Lack of resources	Innovation often deprioritized under pressure
Groupthink	Lack of diversity leads to safe, repetitive ideas
Short-term focus	KPIs focused only on efficiency may hinder exploration

8. Real-World Examples

Google (Alphabet)

- 20% time policy encouraged creative side projects (Gmail was one result)
- Innovation labs like X (moonshot projects)

Apple

- Radical product innovation based on design and customer needs
- Culture of secrecy but strong internal innovation structure

Tesla

- Disruptive innovation in electric vehicles and battery technology
- Innovation led by strong entrepreneurial leadership (Elon Musk)

9. Measuring Innovation

- **R&D spending**
- **Number of patents filed**
- **Time-to-market for new products**
- **Percentage of revenue from new products**
- **Employee innovation surveys**
- **Innovation maturity assessments**

10. Key Theories and Models

Theory/Model	Description
Amabile's Componential Model	Creativity arises from domain skills, creativity skills, and motivation
Diffusion of Innovations (Rogers)	Explains how innovations spread across populations
Innovation Value Chain (Hansen & Birkinshaw)	A framework to analyze innovation from idea generation to diffusion

Blue Ocean Strategy (Kim & Mauborgne)	Creating uncontested market space through innovation

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12. Teaching Activities and Assignments

- **Group Brainstorming**: Use SCAMPER to redesign an everyday object
- **Case Study Analysis**: Compare innovation strategies at Apple and Samsung
- **Creativity Audit**: Students analyze their personal creative process
- **Innovation Pitch**: Teams develop and present a new product idea
- **Reflection Essay**: What fosters or hinders your creativity?

13. Summary

Creativity and innovation are **not luxuries**—they are **necessities** in a fast-changing business world. Effective innovation management requires not only brilliant ideas but the organizational capacity to turn them into **value-generating solutions**. Fostering a **culture of creativity**, encouraging **risk-taking**, and using the right tools can help firms achieve sustained competitive advantage.

Innovation distinguishes between a leader and a follower. – Steve Jobs

Lecture 11 : International Management

1. Introduction to International Management

Definition:

International Management refers to the process of **planning, organizing, leading, and controlling** business operations and strategies in **multinational and multicultural environments**.

Deresky (2017):
"International management is the process of applying management concepts and techniques in a multinational environment and adapting management practices to different economic, political, and cultural settings."

2. Importance of International Management

In the age of globalization, companies face increasing pressure to:

- Expand into **foreign markets**
- Manage **cross-cultural teams**
- Adapt to **diverse regulatory and political systems**
- Build **global supply chains**
- Navigate **economic interdependence and competition**

International managers must balance **global integration** with **local responsiveness**.

3. Key Concepts in International Management

Concept	Description
Globalization	The process of increasing global connectivity and interdependence
Multinational Corporation (MNC)	A company operating in multiple countries
Transnational Strategy	Combining global efficiency with local flexibility
Global Mindset	The ability to operate across cultures and borders effectively
Cross-cultural Management	Understanding and managing cultural differences

4. Cultural Dimensions in International Management

Culture affects management style, decision-making, communication, and leadership.

Hofstede's Cultural Dimensions (1980–2010):

1. **Power Distance** – Acceptance of inequality in power
2. **Individualism vs. Collectivism** – Self-interest vs. group orientation
3. **Uncertainty Avoidance** – Tolerance for ambiguity
4. **Masculinity vs. Femininity** – Competitive vs. caring cultures
5. **Long-term Orientation** – Future focus vs. tradition
6. **Indulgence vs. Restraint** – Enjoyment of life vs. self-control

Example: Japan (high uncertainty avoidance) vs. USA (low)

Trompenaars & Hampden-Turner's Dimensions:

Includes Universalism vs. Particularism, Achievement vs. Ascription, etc.

5. Entry Strategies for International Markets

Strategy	Description	Risk
Exporting	Selling products abroad	Low
Licensing/Franchising	Allowing others to use brand/process	Low-medium
Joint Ventures	Partnership with local firms	Medium
Foreign Direct Investment (FDI)	Establishing owned operations abroad	High
Mergers & Acquisitions	Buying a foreign company	High

6. Key Functions of International Managers

Planning

- Global market research
- Risk analysis (political, economic, legal)
- Strategic entry and expansion

Organizing

- Choosing between global, regional, or local structures
- Managing global supply chains

Leading

- Leading multicultural teams
- Adapting leadership styles

Controlling

- Monitoring performance across countries
- Ensuring compliance with international standards

7. International HRM (IHRM)

Key responsibilities include:

- **Recruiting expatriates vs. local hires**
- **Cultural training and adaptation**
- **Compensation strategies**
- **Managing repatriation**
- **Global talent management**

Dowling, Festing, & Engle (2013): IHRM differs from domestic HRM due to **greater complexity, diversity, and risk.**

8. Legal, Political, and Ethical Considerations

Issue	Example
Legal systems	Common law vs. civil law countries
Trade regulations	Tariffs, quotas, sanctions
Political risk	Expropriation, regime change
Ethical standards	Child labor, corruption, environmental laws
Corporate Social Responsibility (CSR)	Managing global environmental and social impact

9. Global Strategy Models

Bartlett & Ghoshal's Model of International Strategy

Strategy Type	Global Integration	Local Responsiveness
Global	High	Low
Multinational	Low	High
Transnational	High	High
International	Low	Low

Transnational strategy is ideal for balancing efficiency and responsiveness.

10. Real-World Company Examples

Company	International Practice
McDonald's	Local menu adaptation + global branding
IKEA	Standardized products + local sourcing
Coca-Cola	Centralized control + local partnerships
Samsung	Global innovation hubs across continents

11. Challenges in International Management

Challenge	Example
Cultural misunderstandings	Miscommunication across teams
Political instability	Operating in high-risk countries
Currency fluctuations	Profit margin risks
Ethical dilemmas	Child labor in supply chains
Coordination complexity	Managing operations across time zones

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13. Teaching Activities and Assignments

- **Case Study Analysis**: How did Starbucks expand internationally?
- **Cross-cultural Simulation**: Team activity using Hofstede's framework
- **Market Entry Strategy Project**: Propose an expansion plan for a local business
- **Ethics Debate**: Operating in countries with weak labor laws
- **Quiz**: On international entry modes, global strategies, and cultural models

14. Summary

International Management requires a **global mindset**, the ability to adapt to **diverse cultural, political, and economic contexts**, and a clear understanding of **strategic and operational complexities**. It's not just about expanding business abroad—it's about learning how to thrive across **borders, languages, and systems**.

"The world is your market—but only if you can manage it."

Conclusion

The study of **Introduction to Management** provides a foundational understanding of how organizations function and how managers contribute to their success. Throughout these lectures, we explored the evolution of management thought, the primary functions of management—**planning, organizing, leading, and controlling**—and the essential skills required in today's dynamic business environment.

We have also examined key schools of management theory, from classical and behavioral approaches to modern perspectives like systems theory, contingency theory, and quantitative analysis. These theoretical frameworks help explain how managerial decisions are shaped by organizational goals, external environments, human behavior, and available resources.

Management is not just a technical function—it is a **strategic, human-centered, and adaptive process** that requires critical thinking, ethical decision-making, and the ability to lead in conditions of complexity and change. As future business professionals, students are expected to apply these concepts to real-world organizational contexts, whether in the public or private sector, local firms, or global corporations.

Ultimately, the knowledge gained from this course lays the groundwork for more advanced studies in management and business. More importantly, it prepares students to become **effective,**

responsible, and innovative managers capable of navigating the challenges of the modern world.

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