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MANAGEMENT IN MEDICINE

(courses for medical students)

HEALTH MINISTRY OF THE REPUBLIC OF MOLDOVA
THE UNIVERSITY OF MEDICINE AND PHARMACY
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The medical Management course is designed to students from medical institutions especially. The main goal of this course is to provide actual knowledges about work relationship, leadership, administration.

By knowing the main management rules on interaction and communication, students will learn to construct positive relationship with medical stuff, their future patiens and with persons around, may build good carrier.

Computer designer: *Zupcu Alexandrina*

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4. Manager in the Public Health System (PHS).

Key terms:

Management, manager, qualification of management, roles of manager, decisional roles, interpersonal roles, informational roles, levels of managers, human resources management, motivation, centralization, division of labor, subordination, responsibility, spirit of corporation, top manager, leader, behavior, organization.

1. The essence of Management. Management definitions, relative sciences.

Without a doubt, *Management* is one of the most challenging, exciting and rewarding of professions. The men and women who manage business firms play an important part in shaping the world we live in.

What is important to an organization is not the number of managers it employs, but the ability of these managers to achieve the organization's goals, such as those established by the Management at the largest business companies of the world. As you will see, this task requires the application of a variety of shills to a wide range of functions and roles.

Management is the process of coordinating the resources of an organization to achieve the primary goals of the organization. Most organizations make use of 4 kinds of resources: material, human, financial and informational.

Material resources are tangible, physical resources that an organization uses (a college or university uses books, classroom, buildings, desks, computers to educate students; a clinic uses beds, operating rooms, equipment, diagnostic machines to provide health care).

Human resources – perhaps, it is the most important resources of any organization. In fact, some firms live by the philosophy that this employees are their most important assets. To keep people happy, a variety of incentives or perks are used, including higher-than-average pay, flexible working hours, recreational facilities, day-care centers, lengthy paid vacations, cafeterias offering inexpensive meals, generous benefit programs. Working people in medical institutions are: doctors, nurses, assistants, laboratory workers, economists, etc.

Financial resources – are the funds that the organization uses to meet its obligations to various creditors, to pay salaries to their workers, to buy new equipment, etc. A college obtains money in the form of tuition, income from its endowment, and state and federal grouts. It uses the money to pay utility bills, insurance premiums, professors' salaries. Each of these transactions involves financial resources. Finally, many organizations are increasingly finding that they cannot afford to ignore information. External environmental conditions – including the economy, consumer markets, technology, politics and cultural forces- are all changing so rapidly that an organization that does not adapt will probably not survive. Companies, medical institutions, universities are finding it increasingly important to gather information about their competitors in today's business environment. Scientific and technological information is also very important.

It is important to realize that these are only general categories of resources. Within each category are hundreds of more specific types, from which management must choose the set of resources that can best accomplish its goal. Consider, for example, the wide variety of skills and talents that people have to offer.

The general foundation of management, history and development.

Current literature offers many new valuable perspectives of management, but the general foundations have also changed.

Effective management can be discussed by focusing on three basic concepts:

1. The first one is the concept of management role: the <u>behavior associated</u> with a manager's position in an organization.

2. The second one is the concept of a management function: any one of the varying task performed by <u>executives </u>under the leadership of manager.

3. The third concept of a <u>managing style</u>: the manner in which roles or functions of management are carried out.

These three concepts can help illuminate the nature of effective management in organizations, but they also provide a basis for describing the special features of management in the health care.

Definitions of management:

1. It's the ability to reach the aim (goal) of organization.

2. It's an art and science: management uses labor, intellect and motives (reasons) of people's behavior.

3. It's a kind of activity in the field of the managing other people in the organization.

Management has appeared in the end of 19th century and become popular in 20th century and 21st century. The term management has appeared in U.S.A. and its known all over the world. Management is the function of a managing process i.e, <u>it's a kind of professional activity in any type of economy</u> (industry, agriculture, trade, construction, transport, banking, health care (medicine), Education, tourism); In order to have profit and achieve good effectiveness of any organization, by means of effective sources usage.

The relative sciences: (They help to develop management).

1. Philosophy.	5. Economics.	9. Psychology.
2. Logics.	6. Mathematics.	10. System approach.
3. Psychology.	7. Cybernetics.	11. Culture.
4. Sociology.	8. History.	

The functions of modern management:

1. To connect people for labor.
2. The development of needs (of each individual's work).
3. Development of self improvement process.
4. Social contact between people.
5. Different criteria of human activity

Conclusions:
1. Management – the science of managing.
2. Management – it is an organization of managing of business, practice. Organization is simultaneously an object of management and subject. (WHO is managed and how to manage). Top management, middle management, sole management.
3. Management is a process of making decisions. On the basis of each decision, the manager sets the task for each member of the organization, the analysis of information on internal and external environment of the organization and taking decisions, its technology of management.

2. The history of Management, main concepts and aims.

In the beginning of the 20th century in the U.S.A and Western Europe there were spread and defined **4 basic concepts of management:**
1. Scientific management (Taylor Fredrik, 1911)"The principles of scientific management".
2. Administrative management (Anryi Fayol, 1916) "The management of production".
3. Human resources and social relations (personal relations) management; (M.Baker, Follet, A.Mayo).
4. "Manager's and worker's behavior management" (K.Aredgiris, D.MC Gregor).

There are three periods of management history:
1. Before Taylor (non-scientific management).
2. Taylor period (scientific management before the Second World War).(1,2)
3. Management of human resources (modern management). (3,4)

The aims of management: To provide the conditions of maximal profit of organization, maximal prosperity for the members of organization by means of limited resources. It has appeared in the process of collective labor, collaboration between economists, leaders, workers and scientists.

During the early part of the 20th century, Frederic W. Taylor became interested in improving the efficiency of individual workers. This interest stemmed from his personal experiences in manufacturing plants. It eventually led to scientific management, the application of scientific principles to management of work and workers.

One of Taylor's first jobs was with the Midvale steel company in Philadelphia, where he developed a strong distaste for waste and inefficiency. Taylor later left Midvale and spent several years at Bethlehem steel. It was there that he made his most significant contribution. In particular, he suggested that each job should be divided into separate tasks. Then, management should determine:

(1) The best way to perform these tasks.
(2) The job output to expect when the tasks were performed properly.
(3) The best person for each job, and train that person to do the job properly.
(4) Management should cooperate with workers to ensure that jobs were performed as planned.

Taylor also developed the idea that most people work only to earn money. He therefore reasoned that pay should be tied directly to output. The more a person produced, the more he or she should be paid. This gave rise to the piece – rate system, under which employees are paid a certain amount for each unit of output they produce. Under Taylor's piece- rate system, each employee was assigned an output quota. Those exceeding the quota were paid a higher per- unit for all units they produced.

Taylor's system was put into practice at Bethlehem Steel, and the results were dramatic. Overage earnings per day for steel handles rose from 1,15$ to 1,88$. The average amount of steel handles per day increased from 16 to 57 tons.

Taylor's ideas were revolutionary and had a profound impact on management practice.

Later, A. Fayol contributed to the management development with his 14 management principles of administration. It was the IInd period of management history.

The Administrative school of management considers that the role of administration in the business must increase. A. Fayol suggested 14 general principles of business administration. These principles will be shown in the next vertical and horizontal division of labor, people's responsibilities, subordination, motivation, order in the organization and other rules of corporation.

And, finally the Human Resources management has appeared. This type of management uses people's behavior, methods of leadership and motivation, human needs.

There are several scientific schools of management in this period:

1) **The school of human relations**. This school appeared in the USA during 20-s and 30-s years of the last century. The school was founded by E. Mayo and M. Follett. Taylor didn't take into consideration the human personality, psychology. And this school had done this principle the general foundation of management approach: social relations and human needs are the main aspects of success in the management process.

2) **The school of human behavior** (Lickert, McGregor, Ardjiris, Herzberg) is the basis of modern system of staff management. This school takes its origins in the school of human relations. There is also a new school of "behaviorism"-psychological direction of motivation use, behavior, people's participation in management process.

3) **The school of empircizm** (P. Drucker, D. Miller, P. Davis) – it was the new period in management. There were two main questions: the practical and modern market and capitalism conception. The school was directed to offering practical recommendations for managers.

4) **The school of social systems.** The center of this school – The Carnegy Institute (USA) and scientists Symon, Atciony. The main idea of this school – organization is the complex of human relation, based on several levels of human needs. A. Maslow also was the representative of this school. According to Maslow, the function of a manager is to avoid contradictions between organizational and human needs.

3. The principles of Management (A. Fayol). 10 roles of Management (Minzberg).

An organization structure can be divided into areas of management specialization:

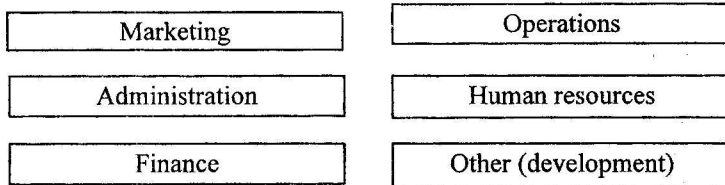| Marketing	Operations
Administration	Human resources
Finance	Other (development)

Figure 1. Areas of Management specialization

Other areas are to be added depending on the nature of the firm and the industry.

The role of Administration according to A. Fayol is increasing in this system. So the founder of this theory suggested 14 principles of management:

**The principles of management (*according to Anry Fayol):*

1. **The Division of labor.**
   - ➢ Vertical division (logical building of hierarchical structure of organization from up to down).
   - ➢ Horizontal division (distribution of production process among different parts and members (conveyer).
2. **Responsibilities and power.**
3. **Discipline in relationship with partners.**
4. **One chief or one director.**
5. **One direction.**
6. **Subordination of personal interests to the general interest.**
7. **Motivation of subordinates (wages and salaries).**
8. **Centralization.**
9. **Scalar chain of organization.(all chiefs are connected together by means of one link)**
10. **Order in the organization.**
11. **Justice.**
12. **the stability (guarantee) of work place for personnel.(staff)**
13. **Initiative.**
14. **Corporative principle (spirit of corporation).**

Financial Managers - a financial manager is a manager whose primary responsibility is the organization's financial resources. Accounting and investment are specialized areas within financial management. Financing affects the operation of the entire firm.

As we have explained earlier, vertical division is a hierarchical structure of organization from up to down;

– horizontal divisionit-is a labor process distribution among workers;

– "responsibilities and power" means people's duties , their obligations and their authority;

– "discipline" means that people must obey the internal rules;

– "motivation" means not only wages and salaries, but also moral values, carrier growth;

– "centralization" means the hierarchical center, administration, the chief center;

– "scalar chain" means that all managers (chiefs) are connected by means of one purpose, tasks, principles;

– "initiative" means that good manager initiates new ideas of effective labor, and his initiative must be appreciated;

– "Corporative principle" means the spirit of friendship between workers, spirit of help and good relations.

Managerial Roles (by Mintzberg)

Researchers suggest that managers mostly, act in 10 different roles if they are to be successful (by "role" we mean a part that someone plays).

These 10 roles can be grouped into 3 categories: decisional, interpersonal and informational.

There are 10 roles in the management (*according to Mintzberg).*

1. **Interpersonal roles**:
   - ➤ Top manager (high director, chief).
   - ➤ Leader.
   - ➤ Connecting link between all people in the organization.
2. **Informational roles**:
   - ➤ The receiver (receptor) of information.
   - ➤ The distributor of information.
   - ➤ The representative of organization.
3. **The roles of decision making**:
   - ➤ Businessman.
   - ➤ Corrector of infringements, disorders.
   - ➤ Distributor of resources.
   - ➤ The person who is doing negotiations (negotiator)

Decisional roles. As you might suspect, a decisional role is one that involves various aspects of management decision making. In the role of entrepreneur, the manager is the voluntary initiator of charge. For example, the manager who develops a new strategy is playing this role. A second role is that of disturbance handler. A manager who finds a new supplier of raw materials is handling a disturbance. Also the manager plays the role of resource allocator (he might have to decide which departmental budgets to cut and which expenditure requests to approve). The fourth and last decisional role is that of negotiator (for ex., negotiating a new contract).

Interpersonal roles. Dealing with people is an integral part of the manager's job. It is a role in which the manager deals with people. The manager may be called on to serve as figurehead, perhaps by taking an important client to dinner. The manager may also have to play the role of liaison by serving as a go- between for 2 different groups. As a liaison, a manager might represent the firm at meetings of an industry wide trade organization. Finally, the manager often has to serve as a leader (being an example for others in the organization as well as developing the skills, abilities, motivation of subordinates.

Informational roles. An informational role is one in which the manager either gathers or provides information. In the role of monitor, the manager actively seeks information that may be of value to the organization. I. e., a manager who hears about a good business opportunity is engaging in the role of monitor. The 2nd role is disseminator (the manager transmits key information to those who can make use of it. He would tip off the marketing manager about the business news). The 3rd informational role is that of spokesperson. In this role the manager provides information to people outside the organization, such as the press (mass media) and the public.

4. The Manager in the Public Health System (PHS).

Managers can be classified along 2 dimensions: level within the organization and area of management. We will use these 2 perspectives to explore the various types of managers.

Levels of management

Top managers – a top manager is an upper level executive who guides and controls the overall fortunes of the organization. In terms of planning, they are generally responsible for interpreting the organization's purpose and developing its mission. They also determine the firm's strategy and define its major policy. It is very hard to reach the ranks of top management in large companies.

Common titles associated with top managers are president, vice president, chief executive officer (CEO) and chief operating officer (COO).

Middle managers – a middle manager is a manager who implements the strategy and major policies handed down from the top level of the organization. Middle managers develop tactical plans and standard

operating procedures; they coordinate and supervise the activities of lower level managers. This management level includes division managers, department- head, plant manager, operations manager.

Lower-level managers – a lower- level manager is a manager who coordinates and supervises the activities of operating employees. Lower level managers spend most of their time working with motivating employees, answering questions, solving day- to- day problems. Most of them are former operating employees who were promoted into management. Common titles include: office managers, supervisor and foreman.

Areas of management

1. **Financial manager** – is a manager whose primary responsibility is the organization's financial resources (money, first of all).

2. **Operating manager** – creates and manages the system that converts resources into goods and services. They act in production and services.

3. **Marketing manager** – is responsible for facilitating the exchange of products between the organization and its costumers or clients. Specific areas within marketing are: marketing research, advertising, promotion, sales and distribution. The great number of today's company presidents has risen from the ranks of marketing management.

4. **Human resources manager** – is a person charged with managing the organization's formal human resources programs. He engages in human resources planning; designs systems for hiring, training; HRM is a relatively new area of specialization in many organizations, there are not many top managers with this kind of background.

5. **Administrative manager** (also called general manager) is a manager who is not associated with any specific functional area but who provides all the administrative guidance and leadership. A hospital administrator is a good example of an administrative manager. He is not specialized in operations, finance, marketing or personnel management, but instead he coordinates the activities of specialized managers in all these areas. In many respects, most top managers are really administrative managers.

What does an effective manager do?

In general, effective managers are those who (1) possess certain important skills and (2) are able to use these skills in a number of managerial roles. Probably no manager is called to use any particular skill

constantly or to play a particular role all the time. However, they must be available when they are needed.

Key management skills

(1) **Technical skills**- they are specific skills needed to accomplish a specialized activity. I.e., the skills that engineers, lawyers, and machinists need to do their jobs are technical skills. Although these managers may not have to perform the technical tasks by themselves, they must be able to train subordinates, answer questions, and otherwise provide guidance and direction. Understanding the technical side of things is an aid to effective management at every level.

(2) **Conceptual skills** – the ability to think in abstract terms, they allow the manager to see the "big picture" and to understand how the various parts of an organization or an idea can fit together. They appear to be more crucial for top manager than for middle or lower- level managers.

(3) **Interpersonal skills** – the ability to deal effectively with other people, both inside and outside the organization (the ability to relate to people, understand their needs and motives).

(4) **Diagnostic skills** – the ability to assess a particular situation and identify its causes. The diagnostic skills of a successful manager parallel to those of the physician, who assesses the patients' symptoms to pinpoint the underlying medical problem. In management as in medicine, correct diagnosis is often critical in determining the appropriate action to take. These skills are probably used by all managers, but most of all by top managers.

(5) **Analytic skills** – are used to identify issues (or variables) in a situation, to determine how they are related, and to assess their relative importance. All managers need these skills.

Management in public health system (PHS)

Characteristics of the PHS manager:

1. The doctor must be a professional and have different talents and skills in the field of management.

2. He must have the knowledge system on methodology and using these methods.

3. He must know the theory of system approach and principles of organization of a system.

4. He must manage to define the aim of the organization and make different projects.

5. He must know the requirements and the order of decision making.

6. He must provide the quality of economic activity.

7. He must know the technique and technology of working information.

8. He must know the theoretic foundations of staff management and methods of psychology and management.

9. He must know the economic analysis of situation and economic methods of management.

10. He must build his relations with people based on the principles of good- will, truth, motivation...

The PHS manager is performing such functions as:

➢ He determines the purpose of organization.

➢ He is searching the ways of achieving it.

➢ He organizes the system of medical institution and he knows its structure.

➢ He is making decisions during his activity; also he is making some decision about resources.

➢ He uses modern requirements to personal or staff managing processes.

➢ He has different contacts and dialogues with his subordinates, and then he directs their activity and provides the atmosphere of creativity.

➢ He must have the ability to lead scientific researches and make scientific conclusions during his activity; he delegates powers and responsibilities or duties.

➢ He has the ability to lead negotiations and to make transactions; he must be able to solve problems with different public organizations, government and other institutions.

(There are not bad organizations but may be bad directors)

The subordinates are divided into 2 parts:

1. Subordinates who are creating reality and events.
2. Subordinates who are watching this reality and events.

Review questions

1. Define the term "manager" without using the word management in your definition
2. What exactly does a manager organize, and for what reason?
3. Which kinds of resources are coordinating in the management
4. In what degree are management skills related to the roles management play?
5. Explain the relation between the 14 principles of Fayol.
6. Explain the following: decisional, interpersonal and informational roles?
7. Describe the basic concepts of management
8. Describe the essence of management evolution.
9. What makes a manager an effective manager?
10. Describe the key management skills in general and in P.H. system

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№ 2. Organization. Internal and External environments of an organization. Organizational culture.

Questions
1. Organization: definition, characteristic features, main types.
2. The internal environment of an organization and its characteristics. The external environment of an organization, and its characteristics. Direct and indirect factors.
3. The structure of an organization: definition, elements, main types. Centralization.
4. Organizational culture: definition, main types.

Key terms:
Organization, organizing process, organizational environment (internal and external), aims, structure, functions, technology, people (staff), direct and indirect influence, centralization, decentralization, organizational culture, formal and informal organizations, job design, department–lization, delegation, bureaucratic and organic (adaptive) structure, line and functional structure.

1. Organization: definition, characteristic features, main types.

__The definition of an organization__. The everyday meaning of an organization is close to its business meaning.

__Organization is a group of two or more people working together in a predetermined fashion to achieve a common set of goals.__ I.e., a neighborhood grocery store owned and operated by a husband-and- wife team is an organization. Your medical institution is also an organization.

An organization has obligatory <u>one common goal</u> and <u>people</u> who are going to achieve this goal.

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Organizing the Enterprise. After goal setting and planning, the second major function of the manager is organization. Organizing is the grouping of resources and activities to accomplish some end results in an effective manner. For example, imagine an inventor (entrepreneur) who creates a new product and goes to sell it.

a) He must purchase (buy) raw materials, equipment.
b) He must hire people (workers).
c) He must make the product.
d) He must advertise it.
e) He must sell the product.
f) He must keep his business.
g) He will hire professional sales representative and a bookkeeper.
h) As his business grows, he will find out that he needs help (!).

Later he might need to hire other specialists and it will be better for him if he will hire professional managers in order to know about all problems in his business; managers will make decisions, lead, and control all business process.

Organization(medical institution). Internal and external environment of the organization (medical institution). Organizational culture.

Organization: represents a group of people whose activity is coordinated by means of management in order to reach an aim.

The conditions of general aim:
1. At least 2 or more people (persons).
2. One general (universal) goal. (Aim, purpose, target).
3. Group of persons which is working to achieve this target (people work together).

The characteristic features of organization:
1. To transform resources.
2. To interact with external factors of environment.
3. Horizontal division.
4. Vertical division of labor (to coordinate activity to create hierarchical structure).
5. The necessity of management (using the functions):

Planning   Motivation   Control

The links of management:
Top managers.   Middle managers.   Sole (basic) managers.

Without a doubt, management is one of the most exciting domains and women, who manage business-firms play an important part in the world we live in. Many corporations are successful due to an effective management.

An organization may employ a number of specialized managers who are responsible for different areas of management. But it depends of course, on the size of organization. (The owner of a sole proprietorship may be the only manager in the organization) He or she is responsible for all levels of management.

The number of managers is not as important to an organization as the ability of these managers to achieve the organizations goals. This profession requires the variety of skills to perform a lot of functions and roles.

So far we have discussed the organization as a more or less formal structure consisting of positions and relationships among these positions. It is formed by authorities, by order of high management or government for example. But there is also another kind of organization. We shall define it as informal (or, non-formal) organization.

It is the pattern of behavior and interaction that stems from personal rather than official relationships. A formal group is one that is created by the organization to help accomplish the organization's goals. Such groups as departments, task forces and committees are thus formal groups. On the other hand, an informal group is one that is created by the members of the group to accomplish goals that may be relevant to the organization. We shall discuss this fact further on. All characteristic features of the organization are, without doubt, connected with each other: people are transforming resources, so they have to interact with external factors or organizational environment. In order to do this they have to use horizontal and vertical division of labor, workers must coordinate their activity. During this process people create hierarchical structures; and the necessity of management appears. Managers are planning, organizing, motivating and controlling.

2. Internal environment of an organization and its characteristics. External environment of an organization and its characteristics. Direct and indirect factors.

The environment of an organization is represented by 3 structures: internal, external, international.

Internal environment of an organization is represented by its internal resources, first of all. The basic factors of an internal environment

are: aims (goals), structure, functions, technology and people (staff or personnel). We may represent in a schema the management and organizational goals:
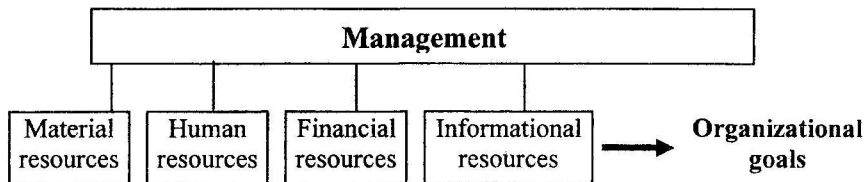
Management				
Material resources	Human resources	Financial resources	Informational resources	→ Organizational goals

Figure 1. Management resources

Goals of an organization must be in any case concrete, definite, finished, and they must contain a finished concrete result which people working together are going to reach.

Structure means rational or logical relations between management levels. All levels of structure are connected in such form which allows achieving goals.

Functions of tasks are represented by the whole complex of different working problems and aspects which must be fulfilled by using different concrete methods in concrete time.

Technology includes different qualification skills, equipment, machinery, infrastructure of an organization and knowledge. You know that all these, listed above, are necessary to work.

People (staff). They have criteria:

Abilities.	Expectation.	Necessity.	Faith.
Patience.	Talents.	Relations.	Values.

The characteristic feature of internal factors is in the fact, that the members of an organization are able to influence them and so, to change some of them, if it is necessary for success. But when we are speaking about external factors, we must know that the members of an organization could not influence the external factors of an environment.

In turn, all **external factors** of the organization are divided into 2 groups:

(1) **Direct factors** are represented by such elements and participants as suppliers (for example, in medical organization, they are Medical Universities, who supply medical organizations with medical personnel- young doctors, for example), labor resources (i. e., human resources), government law and rules, which are provided by state organizations and government, different state institutions (for example, the State

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Bank); consumers (for medical sphere it is the wide conglomerate of patients), competitors (for medical institutions they are represented by other analogical medical institutions). All these factors influence the organization almost immediately.

(2) **Indirect factors** influence the organization indirectly, through other factors. They are represented by economic situation of the region or country, by scientific and technical progress of the world and in the special sphere of business activity of organization. The general culture and social changes also may be called external factor. Especially, it influences the level of organization culture. We may also call here group interests (for example, corruption) and international factors: culture, the level of economic development and world economic growth, foreign affairs, world prices, etc.

International factors are represented by the influence of different national cultures, by international economic factors, by foreign affairs and policy. For example, today we know about the influence of European policy on our domestic problems. The influence of international factors is increasing in modern economic conditions due to the process of globalization and informatization (or "informational revolution").

In the same time, the most important factor of internal environment is, without doubt, people or staff, because it is an active factor. People fulfill all functions of management and business activity, the reach concrete aims, they solve problems and tasks (functions) using technology and external factors. The span of management is the number of subordinates who report directly to a manager. Spans are generally characterized as wide (many subordinates per manager) or narrow (few subordinates per manager). Wide spans generally result in flat organizations (few layers of management); narrow spans generally result in tall organizations (many layers of management).

Organization: It is also the creation of structure which allows people to perform tasks and provide the achievement of goal.

Organization: It is a structure for performing tasks.

Organization: Represents relations, powers and delegation (transmission of power).Power=authority

3. The structure of organization: definition, elements, main types. Centralization.

An inventor, who goes into business to produce and sell a new invention, adds people to the organization and then decides what each of them will do, who will report to whom and so on. These activities are the essence of organization – **pre-process of organization is creating**.

Organizational structure – positions, hierarchy within (inside) the organization and relationships among the positions.

Elements of structure of organization:
1. Departments.
2. Workers.
3. Offices.
4. Horizontal and vertical relations. (Hierarchical).

The forming of structure:
➢ Division of organization. (Horizontal).
➢ The establishment of relations.
➢ The establishment of power of different parts, their responsibilities.

An organization **chart** is a diagram that represents the organizational structure. The chain of command is the line of authority that extends from the highest to the lowest levels of the organization. Each vice president reports directly to the president. Other managers report directly to the vice president. Some officers, for example, high director, are not part of the direct chain. They hold advisory or staff, positions. (Figure N° 1)

The dimensions of the organizational structure. Main steps.

(1) Divide the whole work into separate parts. This step is called **job design.** The result- Degree of **specialization** within the organization.

(2) Group the various positions into manageable units (**Departmentalization**).

(3) Distribute responsibility and authority within the organization (**Centralization**).

(4) Determine the number of subordinates who will report to each manager ("**Span of management**").

(5) Determine direct authorities and support positions – **Chain of command.**

The forms of organizational structure. There are 2 major types of organizational structure - bureaucratic and organic (adaptive). But some-

times scientific theories tell us about 3 types: bureaucratic, organic and matrix.

A Bureaucratic structure is a management system based on a formal framework of strict authority. A bureaucracy is likely to have the following characteristics:

(1) A high level of job specialization.

(2) Departmentalization by function.

(3) Precise and formal patterns of delegation.

(4) A high degree of centralization.

(5) Narrow spans of management, resulting in a tall organization.

(6) Clearly defined line and staff positions, with formal relationships between two.

Perhaps the best examples for contemporary bureaucracies are government agencies, colleges, universities, hospitals because they have the biggest lack of flexibility. It creates difficulties in the conditions of dynamic business environment.
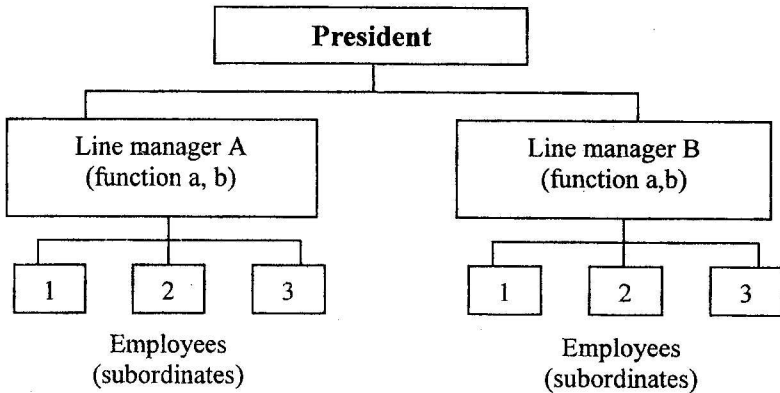
Bureaucratic structures

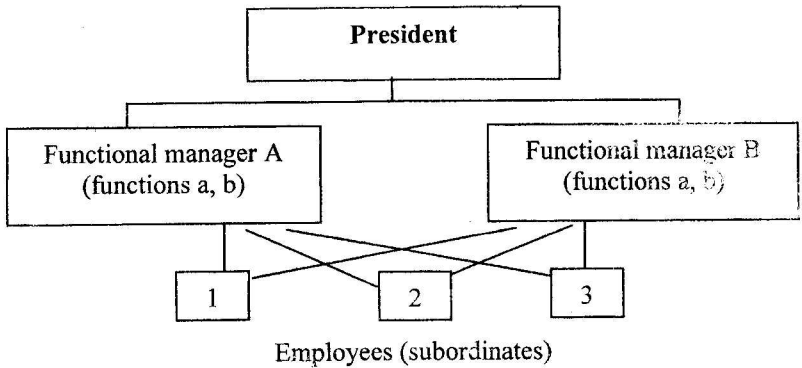*Figure 2.* Line organizational structure

Figure 3. Functional organizational structure

The organic (Adaptive) structure – it is a management system founded on cooperation and knowledge-based authority. It is much less formal, than bureaucracy and much more flexible. Its structural dimensions are:

(1) A low level of job specialization.

(2) Departmentalization by product, location or customer.

(3) General and informal patterns of delegation.

(4) A high degree of decentralization.

(5) Wide spans of management, resulting in a flat organization.

(6) Less clearly defined line and staff positions, with less formal relationships between the two.

The organic structure tends to be more effective when the environment of the firm is complex and dynamic. This structure allows the organization to monitor the environment and react quickly to changes. It requires more cooperation among employees; they are working in an informal atmosphere.

The matrix structure. It is the newest and most complex organizational structure.

Its hallmark is a multiple command system, in which individuals report to more than one superior at the same time. It combines vertical and horizontal lines of authority, authority flows down and across. It is more flexible; people are more motivated, but it may be more expensive to maintain. The multiple command system can cause confusion about who has authority. All things considered, it is likely that in the future more and more firms will begin to explore this innovative method of organization.
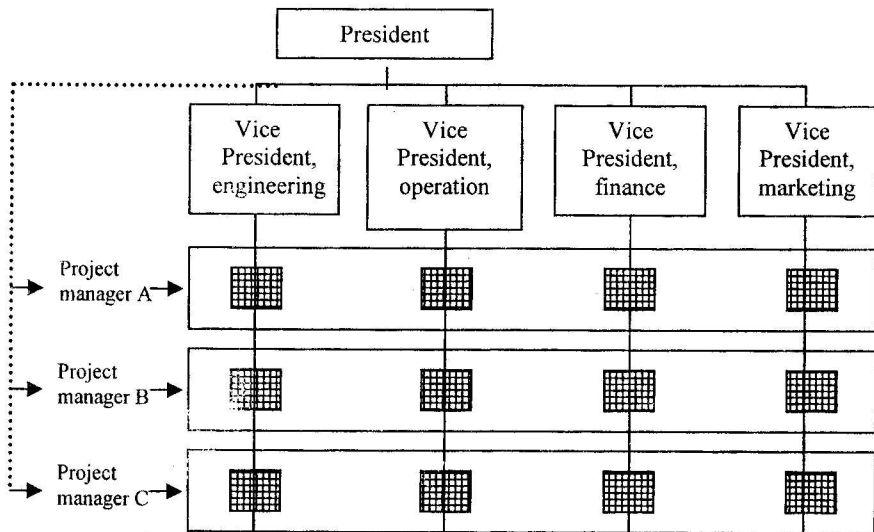
Figure 4. Matrix structure.

Sometimes matrix structure is classified or a kind of organic structure.

Delegation, Decentralization and Centralization

Delegation – the act of distributing power from manager to subordinates. Responsibility – is the duty to do a job or perform a task (He must not transfer his own responsibility).

Authority – is the power within the organization to accomplish jobs (the power to obtain specific information, to make decisions…)

Accountability – obligation of a subordinate to accomplish jobs. Accountability is created but cannot be delegated away.

Barriers to Delegation

For several reasons managers may be unwilling to delegate work (responsibilities and authority):

1) He remains accountable for the work.
2) He wants to be sure that the work will be done well.
3) He doesn't trust the subordinates.
4) Opposite situation: the manager is afraid of the success of his subordinates.
5) The manager is disorganized and is not able to plan delegation.

Decentralized organization – in which management attempts to spread authority in the lower levels
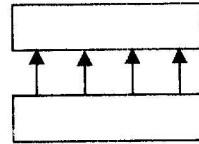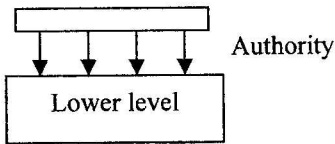
Authority

Centralized organization-concentrated authority at the upper levels.

Reasons: 1. External environment   3. Ability of low-level managers

2. Nature of decision itself   4. Traditions

The span of Management (span of control)

The number of subordinates who report directly to one manager. Wide span of management – a large number of subordinates. span – only a few subordinates

Narrow:
- subordinates are physically located far from each other.
- many interactions between supervisor and subordinates
- the manager is very busy
- many new problems

Wide:
- well- established structure of organization
- there are not a lot of new problems
- the manager and the subordinates are very competent

The types (forms) of structures: Type one: BUREAUCRATIC (Hierarchical).

➢ Line (one manager (chief) and others (subordinates).
➢ Functional (specialization), every department has its own chief.
➢ Mixed.

Type two: adoptive (to adapt to new conditions).

➢ Brigade (team) of workers (self decision), flexible relations.
➢ Matrix structure (a lot of managers).
➢ Project team (during project performing).

Centralized organizations (one chief).

(Bureaucratic, Hierarchical). One chief takes all decisions.

Advantages:

1. Improves control.
2. Minimizes mistakes.
3. Uses experience and skills of staff very economically

<u>**Decentralized organizations (many chiefs): Advantages:**</u>
1. The right to take the decision by the chief, who is the best in the problem.
2. Stimulates the initiative of people and allows solving organizational problems.
3. Allows raising quality (skills) of all members of organization (all managers).
4. Helps to prepare young managers.

4. Organizational culture - definition, main types.

It is sometimes tempting to place personal welfare above the welfare of others or the welfare of an organization. Relationships with customers and coworkers often create ethical problems since confidential information is expected to be kept secret and all obligations are expected to be honored. Specific issues that arise include taking credit for others ideas or work, not meeting one's obligations in a mutual agreement, and pressuring people to behave unethically. <u>Business ethics</u> takes the beginning in the system of organizational culture.

Organizational culture is the inside system of values, traditions and customs, organizational relationships and other internal cultural factors of organization.

The culture of organization is represented by customs, imaginations about organization, aims and methods of economic activity, internal order of organization.

<u>It's a system of organization values, events, process and norms.</u>

All this values are used to satisfy organization needs and they have quantity and quality level. They determine the social policy of organization.

They are forming the relationship between organizations.

The staff policy is of great importance for organizational culture because this policy promotes such values as initiative, creativity, innovation and other characteristics. Some old corporations have their own histories, myths and stories. There are different organization cultures in different countries.

There are significant such components as: language, norms, traditions, customs, esthetics, education, training, religion, etc. (national culture).

Each manager must know these national components because they influence the organization and its efficiency.

The types of organization culture: Two levels: visible and non-visible. It's necessary to discover the non-visible level of culture because it's connected with human psychology and internal process.

Classification of organizational culture:

> **Japan organization _(Yosimuri)_.** It comprises between Japan and Europe countries according to such items as world and world vision.

    – nature and fatum.

    – behavior and social relations.

> _**Noiman theory.**_

American type of culture. The idea of the following American management is based on the position that each action of people may be performed only with the help of business firm. Noiman also used **features:**

1. Different believes of people may influence the future.
2. The role of business.
3. The role of selection of staff.
4. The role of decision making.
5. Responsibility.
6. The role of progress in our life.

> _**Black and Muton model.**_

There are 2 main directions of culture:

    – Production, volume of products, efficiency, economic results.

    – Orientation to human personality to human necessities, abilities and possibilities.

> **Culture of American managers (Irwing _Ouchy model_). There are 3 ideas:**

1. Market culture.
2. Bureaucratic culture (the system of power).
3. Clan culture.

It may be in non-formal organization (it's the system of values which is created in non-formal way).

**Handi** **culture models**.

A lot of developed structures are based on the power division and different relationship within organizations. **There are many culture models:**

    — **The culture of power or of _(Zeus)._**

The importance of leaders, their personal characteristics and abilities

The main place belongs to the resource owner.

— **Role culture _Apaloun._**

Apaloun model is connected with the rational organization in comprising with emotional structure of other **gods** (Bureaucratic culture with strict role subdivision of activity and management).

— **The culture of task _(Athena)._**

It's the god of war: the idea of this type is more adapted for extreme situation.

Handi considered this culture is useful for such situations when we have limited resources and complex aims of organization.

— **The system of personality or (Dionisys)** .

It's connected with emotional structures of personality. The idea is in the fact that organization exists not for performing some general tasks but for satisfaction of some personal needs. (The power is based on resources, professionalism and the ability to agreements).

Ethical issues are a very important part of it. They are the following:

– Fairness and Honesty. Besides obeying all laws and regulations, business persons are expected to refrain from knowingly deceiving, mispresenting, or intimidating others. Lying is also business problem.

– Organizational relationships. These relationships are very important in an organizational culture successful forming, because they form the base of non- formal organization or non- formal groups' spirit inside the formal organization.

– Conflict of interest. Conflict of interest results when a business person takes advantage of a situation for his or her own personal interest rather than for the interest of his or her employer. Sometimes payments and gifts make their way into business deals.

– Communications. Business communications, especially advertising, can present ethical questions. False and misleading advertising is unethical and can infuriate customers. Sponsors of advertisements aimed at children must be especially careful to avoid messages that are misleading. Advertisers of health- related products must also take precautions to guard against deception.

Review questions

1. What is the organization?
2. What is the organizing process?
3. Describe the organizational environment of medical university:
   a) internal environment;

b) external environment;
c) international environment;
4. Give examples of direct and indirect factors of organization.
5. Why managers use:
   a) centralization?
   b) decentralization?
6. How people use delegation?
7. Compare different types of organizational structure:
   a) bureaucratic and adaptive;
   b) line and functional;
   c) matrix and line;
8. Organizational culture of medical institution: what is it?
9. American type of organizational culture.
10. Describe the "Model of Iceberg" (for hospital).

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№ 3: The functions of Management: Forecasting, planning, organizing, motivating, controlling

Questions:
1. Basic Management functions. Goal setting, Forecasting, planning.
2. Organizing the enterprise. Organization as a function of management.
3. Motivating and leading theories of motivation.
4. Controlling. Types of control.

Key terms:
Forecasting, Planning, Organizing, Organization, Motivation, Control and Controlling, Functions of Management, job design, Motivation techniques, Reward System, Strategic Planning, Missions of Organization, Strategic alternatives, Stages of planning, line and apparatus powers, Content theories of motivation, Processional theories of motivation, Hierarchy of Needs, Expectancy Theory, Equity Theory, Quality Control, Preliminary, Current and Resulting Control.

1. Basic Management functions. Goal setting, Forecasting, Planning.

First, goals must be established for the organization, and plans must be developed to achieve those goals. Next, managers must organize people and other resources into a logical and efficient system (structure). Then, managers must lead employers in such way that they will be motivated to work effectively to achieve the goals of the organization. Finally, managers need to maintain adequate control to insure that the organization is working steadily toward its goals.

At any given time, managers are likely to be engaged in a number of functions simultaneously.
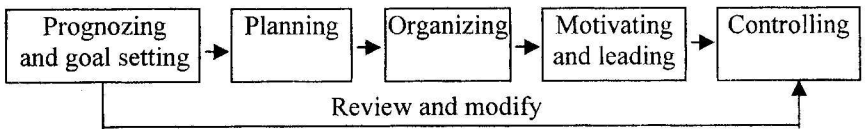
| Prognozing and goal setting | → | Planning | → | Organizing | → | Motivating and leading | → | Controlling |

Review and modify

Figure 1. The management functions.

The most fundamental type of <u>goal</u> is the organization purpose, which is the reason of organization's existence (to earn profit, to provide an education, medical services, etc.).

The functions of management: prognosis, planning, organization.

(And also motivation, control, decision making and communication).

The functions of management: Are the result of division and distribution of labor, specialization in the field of management. All functions are closely connected and related, they exist together and provide effective managing process.

Prognosis: It's probable imaginations and thoughts about the object in concrete time moment in future, about alternative ways of achievement of this state (conditions).

Characteristic features of management and prognosis:

1. It's created on the base of intuition (intuitional information), using imagination, and mathematical methods data.

2. It's before planning.

3. It's not concrete.

4. The basis of prognosis is norming.

5. There is a connection between decision making, control and forecasting.

Planning: At this stage the aims of organization are defined (which are necessary for it), also all measures are defined such as funds, capital, workers and other resources and all methods are elaborated (designed), which are more effective in concrete conditions.

Strategic planning: It's the system of activity and decisions of administration which are aimed to help organization to achieve goals.

Key element of strategic planning:

1. Aims.

2. Stages of planning.

Strategy: It's a detailed plan, based on researches, it must give the individual character to the firm, and it must be elaborated, taking into account all perspectives of organization.

1. The aim of organization depends on its mission.
Missions:
- Economic (aim- finance, profit).
- Political (aim- power, authority).
- Social (aim- the freedom of faith and power).
- Scientific (aim- new technologies, profit).

Characteristics of aim:
- ➢ It must be concrete and measured.
- ➢ It must have concrete horizontal line of forecasting.
  - – < 1 year _short term.
  - – > 5 years_ long term.
- ➢ It must be achievable.
- ➢ It must be connected with other aims of organization.
- ➢ It must be supported by others goals.

2. The stages of planning:
❖ **Evaluation and analysis of external environment:** its together market conditions (supply, demand, price, competition) and technological factors.

❖ **Managing researches, internal weak and strong side of organization. Functions:**
- – Marketing.
- – Finance (profits and expenses).
- – Production.
- – Human resource.
- – Forming of corporation (culture, image).

❖ **Learning of strategic alternatives.**
- – Limited growth (establishing of goals from achieved results).
- – Growth (we are planning more than last year).
- – Cut (making down from last result), the level of planning is established below the result (*liquidation, reorientation*).
- – Combination between the above points.
- – Planning of strategy and realization.
- ➢ (Short term strategy) Tactics.
- ➢ Politics (policy) of general administration.
- ➢ Procedures.
- ➢ Rules (the answers to concrete questions).

> The evaluation of strategy (it's done by means of comparison of different results).

Forecasting is always before planning. It consists of goal setting and different predictions about the future of an organization. They are intuitive imaginations, but they are based on the former experience, real analysis and practice, it is not concrete, but it is also the base for planning.

A plan is an outline of the actions by which the organization intends to accomplish its goals. The process involved in developing plans is referred to as planning. An organization strategy it is a broadest set of plans and is developed as a guide for major policy setting and decision making. A tactical plan is a smaller – scale (and usually shorter- range) plan developed to implement strategy. If a strategic will take 5 years to complete, the firm may develop 5 tactical plans, one covering each year. A policy is a general guide for action. A standard operating procedure (SOP) is a plan, which outlines the steps to be taken in a situation that arises again and again.

2. Organizing the enterprise. Organization as a function of management.

After goal setting, forecasting and planning, the third major function of the manager is organizing (organization). **Organizing is a grouping of resources and activities to accomplish some result; it is also a process of creating organizational structure.**

Organization- it is a system of factors, departments and liaisons.

So there are 8 Dimensions of the organizational structure:

DIMENSION	PURPOSE
1) Job design ⟶	To divide the work performed by an organization into parts. Job specialization, job rotation, job enlargement, job enrichment.
2) Departmentalization ⟶	To group various positions into manageable units. It is based on function, products, location, customer or their combination.

3) Delegation   ⟶   To distribute part of a managers work and power to subordinates. A deliberate concentration of power creates a centralized structure. A wide distribution of authority into lower levels creates a decentralized structure.

4) Span of management   ⟶   To distinguish between those positions that are part of the chain of command and those that provide support, advice or expertise to those in the chain of command.

5) Line and staff Management   ⟶   To set the number of subordinates who report directly to one manager. May be narrow and wide spans.

6) Work schedules   ⟶   To assign the time in which a subordinate is to perform assigned responsibilities (compressed week, flexible workweek, job sharing, etc.).

7) Committees   ⟶   To accomplish a specific task by assigning it to a group of individuals within the organization.

8) Coordination techniques   ⟶   To coordinate organizational resources, to minimize inputs and maximize outputs and effectiveness. There are 4 coordination techniques: <u>Hierarchy</u>, <u>rules and procedures</u>, <u>liaisons</u>, <u>committees</u>.

Job Design

<u>Specialization</u> – reparation of a production process into distinct tasks and delegation of these tasks to different people what are "+" and "-"?

Alternatives to job specialization

(1) <u>Job rotation</u>- systematic shifting of employers from one job to another.

(2) Job enlargement – the worker is given more things to do within the same job.

(3) Job enrichment – job rotation and job enlargement do not really change the routine and monotonous nature of jobs. For example, providing workers with both more tasks to do and more control over these tasks, more responsibilities and technique possibilities. (Decision making, design, complexity of jobs).

Departmentalization. A Dep. Basis is the scheme or criterion by which jobs are grouped into units. The most common bases are:
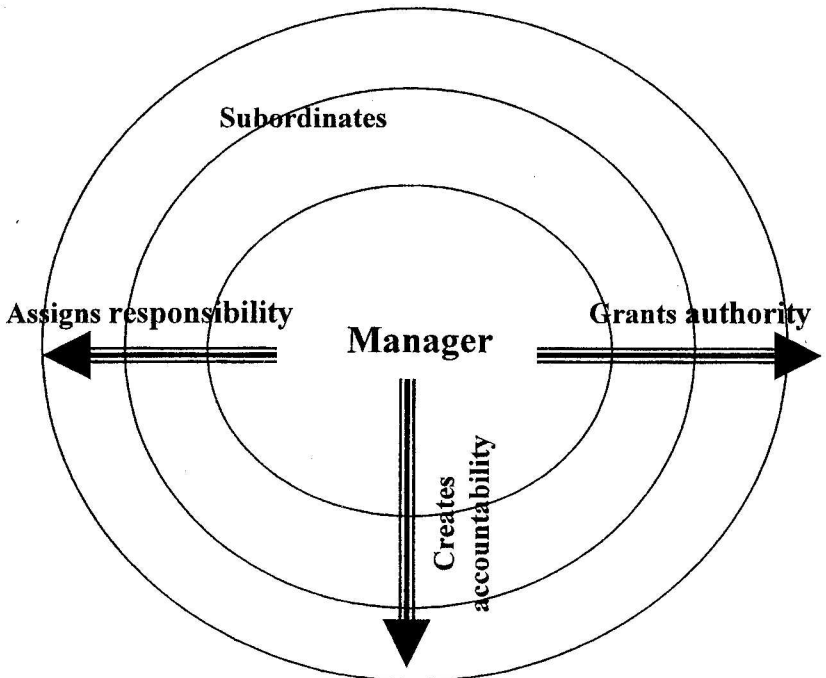- function
- product
- location
- costumer

Figure 2. Steps in the Delegation process

Dep. By function – grouping together all jobs that relate to the same organization activity (for example, all marketing personnel are grouped together in the marketing department).

Dep. By product – grouping together all activities related to a particular product or product group. Each product department handls its own marketing, financial management, human resources.

Dep. By location – grouping together all activities according to the geographic area in where they are performed (Dep. Areas may range from whole countries to regions or city blocks).

Dep. By customer – grouping together all activities according to the needs of various customer groups. For example, car dealership may have one sales staff to deal with individual consumers, and a different sales staff to work with corporate buyers.

Using combination of Bases. In fact, many firms make use of several different bases within a single organization (Figure N2).

Organization.

➤ It's a process of creating of structure which gives the possibility to work for achieving a goal.

➤ It's also relationship, powers and delegation.

➤ It's a sum of elements:
  – Departments.
  – Workers.
  – Offices.
  – Relations (horizontal and vertical).

The forms:

Bureaucratic:	*Adaptive:*
– Line structure.	– Brigade (team).
– Functional.	– Matrix (many chiefs).
– Line functional (mixed).	– Project.

The relations within organization:

1. The **delegation** – it's transferring of tasks and powers to the person who takes the responsibility for their performance, but it's impossible to delegate the responsibility itself.

2. **Powers** – it's the limited right to use the resources of organization. They are delegated to function, not to the person. Powers= authorities

The powers of the manager are limited. They depend on customs, traditions, culture.

Types of powers:

1. **Line** powers (from chief to subordinates – hierarchical structure) (the number of subordinates, < 12 persons)

2. **Apparate** (state) powers.

- Consultative (for consultations).
- Service department (staff department).
- Personal staff (secretary for chief)

3. Motivating and leading theories of motivation.

Motivating is the process of providing reasons for people to work in the best interests of the organization. **Motivating** and **leading** (the process of influencing people to work toward a common goal) – together – often referred to as **directing**. Different people do things for different reasons because they have different **motivations**. Some are primarily interested in earning as much money as they can, others may be spurred on by opportunities to get ahead in an organization.

Motivation is the individual, internal process that energizes, directs and sustains behavior. There are II main groups of motivation theories: I – content theory of motivation (Maslow theory, Mc-Cleland theory of 3 needs, Herzberg theory); II – processional theories (Expectations theory, Equity theory, Mixed theory).

Motivation is the personal "force" that causes one to behave in a particular way: When we say the job rotation motivates employees, we mean that it activates this force or process within employees. Most often, the term is used to explain people's behavior.

The functions of management: motivation and control.

Motivation: it's a process of self stimulation and of workers for labor activity in order to achieve personal aim or aim of organization.

May be ***internal motivation:*** which is connected with the satisfaction of your real property or object. And ***external motivation:*** which is connected with the wish to possess something new.

Also human needs (necessities)may be:
1. Direct (physiology).
2. Indirect (psychological: respect, remuneration and power).

Remuneration: (reward, fee, compensation). It may be:
1. Internal (working conditions).
2. External (wages and salaries, transport to home).

The theories of motivation:

1. Group: *content theories.* Are based on identification of internal motives (necessities) which make people to act in a certain way, but not in other.

2. Group: *processional theories.* Are based on people's behavior, they take into account their knowledge and psychology.

I. Group: Content theories (Maslow).

1. Physiological needs.
2. The need of protection, safety (security) and confidence (Certainty) in future.
3. Social needs (public relations).
4. The need of respect.
5. The needs in self appearance, self perfection, Creativity.

Maslow's Hierarchy of Needs

A. Maslow assumed that humans are "wanting" beings who seek to fulfill a variety of needs. He assumed that these needs can be arranged according to their importance in a sequence known as Maslow's pyramid.

Physiological needs include food and water, clothing, sleep, etc. they are usually satisfied through adequate wages.

Safety needs – may be satisfied through job security, health insurance, pension plans, safe working conditions.

Social needs – may be satisfied through the work environment and the informal organization, and also – by means of family and friends.

The needs in respect are also called esteem needs. They are satisfied through personal accomplishment, promotion, various honors and awards, recognition.

Self-perfection, or self-realization needs are the most difficult. (learning a new skill, starting a new, career after retirement and so on…)

Maslow's theory provides a useful way of viewing employee motivation, as well as a guide for management.
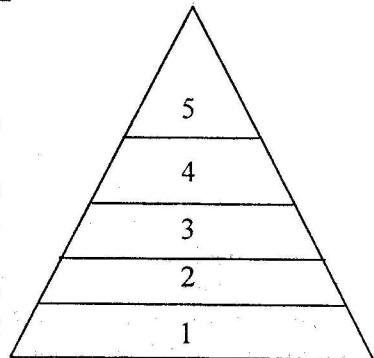
The theories of needs (*Mc-Cleand*). 3 needs:

1. Power.
2. Success.
3. Relations.

The necessity in **power** appears as wish to act, influence people.

The necessity of **success** makes managers to motivate, (stimulate) subordinates (workers) and give them tasks.

The necessities of **relations** (public relations) people are interested in good company of friendly people.

There is the 2 factors theory: (*Herzberg*)

1. Hygiene factors – different environmental factors. If hygiene is bad, people are not satisfied with their work.

2. Motivation is connected with the character of work.

Herzberg's Theory

The idea that satisfaction and dissatisfaction are separate and distinct dimensions is referred to as the motivations – hygiene theory.

Hygiene factors	Motivation factors
– Supervision	– Achievement
– Working conditions	– Recognition
– International relationships	– Responsibility
– Play	– Advancement
– Job security	– Growth
– Company policies and administration	– The work itself

Herzberg's Theory takes into account that there are different dimensions to job satisfactions and dissatisfaction and that these factors do not overlap.

II. Group: Processional theories:

Are based on behavior. Take into account knowledge and perception.

– **Theory of expectations:** People expect goods (wealth) in future. "Labor costs – result, compensation, self appearance, growth". The necessity in not the single reason of motivation, a person considers his own way of life is the most rational.

The Theory of Expectations (or Expectancy theory) was developed by Victor Vroom. Motivation depends on how much we want something and on haw likely we think we are to get it:

1) Does the person want the outcome? (Yes or No)

2) Does the person think the outcome is likely? (Yes or No)

3) Motivated or not motivated

– **Theory of justice (equity, fairness).** People in their own way evaluate compensations-money that they get). This way is subjective. They compare their remuneration with other compensations of other people and if the result doesn't satisfy them their motivation goes down.

Theory of justice or Equity theory.

This theory is based on the premise that people are motivated first to achieve and then to maintain a sense of equity, justice. Equity is the distribution of rewards in direct proportion to the contribution of each employee to the organization. Everyone needs not to receive the same

rewards, but the rewards should be in accordance with individual contributions.

Mixed theory (Porter & *Lowland*). (Has 5 elements).

1. Expensed efforts.
2. Perceptions.
3. Received result.
4. Compensations.
5. The degree of satisfaction.

Mixed Theory (porter-Lowland) or reinforce theory

This theory is based on the premise, that behavior that is rewarded is likely to be repeated, whereas behavior that has been punished is less likely to recur.

Or positive reinforcement is one that strengthens desired behavior by providing a reward.

Key Motivation techniques

➤ Management by objectives (MBO) is a motivation process in which a manager and his subordinates collaborate in setting goals. The primary purpose of MBO is to clarify the roles that the subordinates are expected to play in reaching the organizations goals, it allows people to participate in goal setting and in performance evaluation, this increasing their motivation. Most MBO programs consist of 5 steps:

(1) Program endorsed by top manager.

(2) Preliminary goals established by management.

(3) Goals established between manager and subordinates according to resources determined.

(4) Progress review.

(5) Results evaluated.

➤ Job enrichment - it is an alternative to job specialization. It is an attempt to provide workers with variety in their tasks, and it accords them some responsibility for, and control over, their jobs (steams from Herzberg's theory).

➤ Modified work weeks - the compressed workweek, the flexible work week, job sharing- alternatives to traditional work schedules.

➤ Employee participation - when employees are given a voice, in determining what they will be doing and where the organization would be going, they develop a sense of involvement and commitment.

➤ Behavior modification - it is the use of a systematic program of reinforcement to encourage desirable organizational behavior. We begin

with the identification of target behavior- the behavior that is to be changed. Then, managers provide positive reinforcement in the form of rewards, the employees exhibit the desired behavior (such as discipline or increased production and quality of labor).

Types of Reward system

A. Fixed – rate – employees are paid a set amount of money for the work they do during a specific time (salary for labor hours).

B. Incentive – employees are paid a set amount of money for each unit produced (Taylor's piece – rate system, or salary for the volume of production, or the number of services).

C. Skill - based job evaluation – analytical pay system- more skil-led employees receive the higher pay.

D. Lump - sum salary increases – employees are allowed to take their entire pay raise in one lump sum at the beginning of the year.

E. Cafeteria benefits plan – employees are allowed to have a cer-tain amount of benefits money to "spend" as they see fit in the "benefits cafeteria". It is the system of additional benefits. These may include paid vacations, holidays, health insurance. Some of the people do not use general benefits, in this case they are allotted money instead of general benefits.

4. Controlling. Types of control.

Controlling **is the process of evaluating and regulating ongoing activities to ensure that goals are achieved.** Managerial control involves both close monitoring of the progress of the organization as it works toward its goals, and the regulating and adjusting required to keep it on course.

1. Setting standards
2. Measuring actual performance
3. Taking corrective action

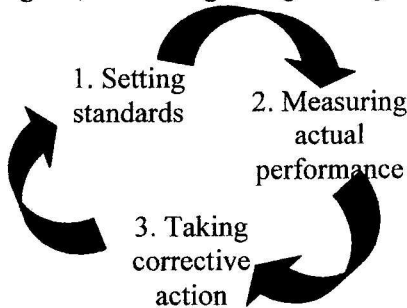*Figure 4.* The control function includes 3 steps:

For example, suppose that the large National clinic of Beauty (cosmetology services) establi-shes a goal of increasing its profit by 12% next year. To ensure that this goal is reached, the manage-ment of this organization might monitor its profit on a monthly basis. After 3 months, if the profit has increased by 3%, manage-ment might be able to assume that

everything is going according to schedule. Probably no action will be taken, however, if the profit has increased by only 1% after 3 months, some corrective actions would be needed to get the firm on track. The action depends on the reason for the low increase in profit.

Standards are specific goals (norms) to which performance can be compared (Quantitive goals, Qualitative goals). The results of the third step may affect the setting of standards. Note, that the control function is circular in nature. The steps in the control function must be repeated periodically until the primary goal is achieved. Classification of control you will find in the summary and conclusions after this chapter.

Control: It's a process providing achievement of aims of organization, process of checking up (verification) of tasks and labor.

There are 3 stages of control:
1. Establishing of standards of organization activity.
2. Measuring and analysis of results.
3. Correction mistakes.

The meaning (significance) of control:
• You can discover negative factors which influence organization before great spreading.

• For effective control it's necessary to have strategy as general direction.

• Control is directed not to the discovery of problems, but to their resolution.

The requirements to control:
1. Flexibility.
2. Objectiveness, good willed.
3. Economical. (Main resource).
4. It must be directed to concrete result.

The types of control:
I. Before-hand (preliminary, advance) control. (before work process)

It is before active work of organization; different norms, procedures, policy are used.

Objects:
1. Human resources.
2. Labor resources.
3. Financial resources.
4. Material resources.

II. Current control.(during work process)
Control of subordinates is based on results.
III. Resulting control (in the end of activity)
It's a basis of motivation and planning.

Quality control is the process of ensuring that goods and services are produced in accordance with specifications for the products. These specifications should reflect the organization's goals and strategies regarding quality. The major objective of quality control is to see that the organization lives u to the standards that it has set for itself on quailty. A lot of organizations have built their reputations on quality. Customers pay more for their products; in return, other firms adopt a strategy of emphasizing lower prices along with reasonable (but not particularly high) quality.

Preliminary, Current and resulting control is widely used in medical institutions, but only the resulting control (for example, the state of health of patient) may be considered as a basis of motivation of staff (doctors and nurses). Who will do the controlling in the organization –it is the organization – it depends on the type of controlled object: it may be human resources manager, or financial manager.

Review questions

1. What are the basic management functions?
2. Describe the connection between forecasting, planning, organizing.
3. Give examples of job design and departmentalization in the medical organization.
4. Describe the missions of medical organization.
5. Name the steps of learning of strategic alternatives.
6. Describe the essence of Content Theories.
    a) Maslow theory
    b) McCleland theory
    c) Minzberg theory
7. Processional theories: describe them and compare with content theories.
8. What are the four attributes of an effective reward system?
9. Describe the main steps or stages of control. What is "correction of mistakes"?
10. Why control result? And what to concrete result? And what does it mean –resulting control?

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№ 4. The process of communication and decision making as a process of functional relationships in management

Questions:
1. The process of communication in management: definition, types, participants.
2. Collecting data: internal and external sources.
3. Management Information System (MIS): main functions.
4. Decision making management.

Key terms:
Communication, informational exchange, verbal and non-verbal communication, formal and informal communication, participants of the communicational process, sender, message, recipient, communicational channel, reception, semantic obstacles, feed-back, code and de-code, decision-making, alternative decision, planned and non-planned decision, practical and rational decision, diagnostic of problem, the decision making models, management of information system, collecting data.

1. The process of communication in management: definition, types, participants.

The process of communication in management presents an informational exchange based on different managerial decisions. The manager is able to receive information for further process of decision making.

Classification of communications:

1) Internal communications (meetings inside the business – firm, common discussions, reports, conferences, telephone talking, dialogues between chief and his subordinates, etc...).

2) External communication (consumers, clients, patients, quality and work. Time controlling, mass media, public relations, political groups, TV, radio, advertising, competitors, etc...).

3) Verbal communication (talking, discussions, written form – letters, messages, etc…).

4) Nonverbal communication (gesture, physiognomies, eyes).

5) Formal communications (in the frame work of formal organization, relations: chief – subordinates, etc…).

6) Non formal communications (may be inside the formal organization – between non formal groups and individuals inside non formal groups).

7) Advertising, image forming, PR, TV, computer, radio, internet).

8) Horizontal (between departments).

9) Vertical (from level to level of hierarchy).

10)Between managers of different levels.

11)Between chief and subordinates

12)Among members of working groups.

Information may be distorted. Reasons:

1 – Miss- presentation.

2 – Miss -understanding.

3 – Obstacles.

It may be done by poor knowledge or deliberately (intentionally).

Another reason is the poor structure of organization.

Communication may also be:

1. Organization and its environment (external communication).

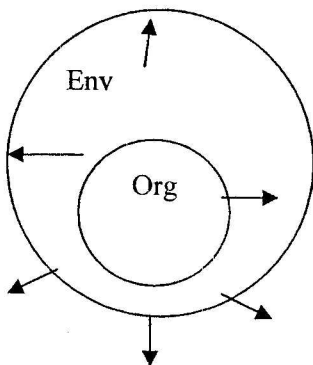2. Between departments and levels within organization. (Internal communication).
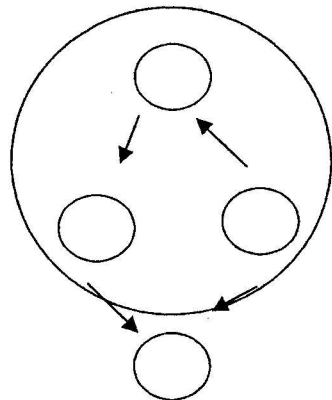

Figure 1. Communication environment

Figure 2. Communication environment

External communication: Factors:
– Mass media (radio, TV).
– Consumers, control of quality, state regulation, political groups, suppliers, competitors.

Internal communication: Factors:
Meeting on the firm, discussion, telephone talking, reports and conferences; and also all the communications between chiefs and workers.

2/3 of the activity of the firm it's activity based on communications:

Manager ⟶ subordinate.

This communications influence the working process and its efficiency. Very often non-formal groups, influence communications because depending on the psychology of subordinates, managers must take into account these factors.

| 1 | | 2 | | 3 | | 4 | | 5 |

Sender ↑ forming of idea↑ transferring of idea ↑ recipient   the grade
                                                              of perception
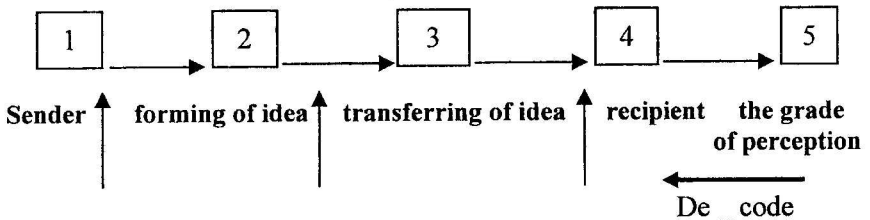
De _ code

Figure 3. Communication process

Code: It's a process of using symbols: words, intonation, and gesture. In the process of decoding symbols change into thoughts of receiver, then the back connection takes place.

Interpersonal communications (between members of organization).

Factors of efficiency:
• Degree (grade) of faithfulness.
• Honesty.
• Sympathy.
• Semantic clearness.

Semantic: It's a science about methods of word using and signs, transferring by words. For different people words may have different meanings and also we know homonyms – the same words with different meaning (bird...) and also one word may have a lot of different meanings.

Phrase: "You may call when you will have problems". The subordinate may think that he must advise with his manager in any case, and he can't solve the problem on his own.

Organizational communications: Factors of efficiency:

- The system of collecting proposals. (Ideas from workers).
- Monthly newspapers in organizations, leaf- lets.
- Videos
- Meeting and discussion.

The participants of communicational process are:
1. A person, collecting and transferring information is its sender.
2. A person, receiving information from sender – recipient (receiver).
3. Method of communication – communicational channel
4. Information itself – message or report message.

Step by step, information is going to the final destination – receiver. First of all, the <u>origin of idea</u> takes places, then it will be <u>coded</u> – the process of using symbols (words, in phonation, gesture, etc...) and afterword it will be the choosing of informational <u>channel</u> – the way of transference of information. Then it will be the <u>de-code</u> process (it depends on the level of receiver's perception of information, its comprehension of message).

There may be some obstacles or barriers in the process of communication – they may be the following – <u>semantic expressions</u> (expressions and words with 2 or 3 senses, the level of perception, information, gesticulation).

Communications must be effective. **The process of their efficiency represents:**
  a. The manager must be able to present information.
  b. He must be able to hear other people.
  c. He must present the aim of communication.
  d. He must not use semantic expressions.
  e. He must be able to do the "feedback".

2. Collecting data: internal and external sources of data.

The first step in using a MIS (Management Information System) is to gather the information needed to establish the system – that is the firm's <u>data bank</u> (It will include all past and current data).

Internal sources of data. The most common internal sources of information include company records, reports, managers, conferences, meetings. Past and present accounting data can be obtained from grow ledgers or from financial statements. Accounting source documents can be used to obtain information about the firm's costumers, creditors, suppliers. Personal records are useful as a source of data on wage and benefits levels, hiring patterns, employee turnover, and other human resources variables.

External sources of data – they include customers, suppliers, bankers, trade and financial publications, industry conferences, etc...

Again, these data take various forms, depending on the needs and requirements of the firms and its managers.

Bankers can often provide valuable insights and projections. The information furnished by trade publications and industry conferences is usually concerned as much with the future as with the present. Both are valuable sources of data on competitors and production technology.

Various management reports and the minutes of committee meetings can also yield valuable information for an MIS. Specific plans and management decisions-regarding capital expansion and new-product development, for example-should be made a part of the system. The firm's managers can supply additional data concerning its economic and legal situations.

A marketing research company may be used to acquire forecasts pertaining to product / service demand, consumer tastes, and other marketing variables. Suppliers are an excellent source of information about the future availability and costs of raw materials and parts, used by the firm (i.e. – costs of equipment for medical institution).

Cautions in collecting data – there are some cautions that should be taken into account in collecting data for an MIS.

1. The cost of obtaining data from external sources (as marketing research firms are) can be rather high.

2. Although computers do not make mistakes, the people who program them can do them or cause errors (by simply pressing the wrong key on a computer keyboard, for example).

3. Outdated or incomplete data usually yield in accurate information (data collection is an ongoing process. New data must be added to the data bank as they are obtained).

Storing and updating data: Data should be entered into data bank as they are collected. Computers are especially well suited for both storing and rapidly updating MIS data. Storing data is simply holding them for future use. A computer can store vast quantities of data in a very small place.

Automatic updating: In automatic updating, the system itself updates the existing data bank as new information becomes available. The data bank usually in the form of hard disks (as flash) is permanently connected to the MIS.

Processing data: We shall define data processing as the transformation of data into a form that is useful for a specific purpose. Most business data are in the form of numbers large groups of members, such as daily sales volumes in a particular city. In such cases we use statistics. Statistics as summaries: a statistics is a measurement of particular characteristics of a group of numbers.

3. Management Information System (MIS): main functions.

A management information system (MIS) – is a means of providing managers with the information they need to perform their functions as efficient as possible.
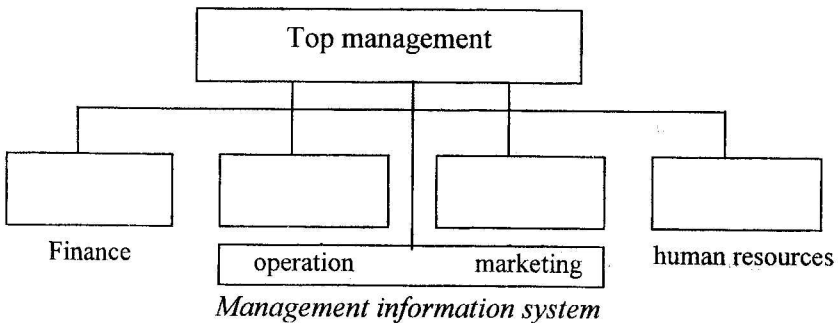

Management information system

Figure 4. Management information system

Managers' information requirements. Managers have to plan for the future, implement their place in the present and evaluate the results against what has been accomplished in the past.

Operating managers. Are concerned with present and future sales levels and with the availability of resources, also they need to have available detailed information about their firm's product mix and the products offered by competitors. Such information includes prices, pricing, strategies, new and projected promotional companies, new products for the market, etc...

Human resources managers. Must be aware of anything that pertains to the firm's employees and employment in general – from plant safety to the unemployment rate (current wage levels, benefits, current legislation, union activities, etc...).

Administrative managers. They are responsible for overall management of the organization. Thus they are concerned with the coordination of information. Administrators must ensure that their subordinates have access to the information they need to do their jobs. They also must ensure that the information is used in a consistent manner.

The 4 MIS functions are:
1. To collect data
2. To store and update data
3. To process data into information
4. To present information to users

Presenting information
Processed data should be presented in the form that has the most informational value. **Verbal** information may be presented in a list or paragraph form. Employees are often asked to prepare formal business reports.

A typical business report includes:
1) An introduction
2) The body of report
3) Conclusions
4) Recommendations

The introductory section sets the stage for the remainder of the report describes the problem to be studied in the report, identifies the research techniques that we used, and serves as a preview of the material that will be presented in the report. **The body of the report** should objectively describe the facts that were discovered in the process of completing the report. This section of the report should provide a foundation for the conclusion and the recommendations. **The conclusions section,** should contain statements of facts that describe the findings contained in the

report. They should be specific, practical, and based on the evidence contained in the report. The recommendation section presents suggestions on how the problem under study might be solved. Like the conclusions, recommendations should be specific, practical, and based on the evidence.

4. Decision making management

Decision making is the process of developing a set of possible alternative solutions and choosing one alternative from among that set. In ordinary, everyday situations our decisions are made casually and informally. We encounter a problem, mull it over for a way out, settle on a likely solution, and go on. Managers, however, require a more systematic method for solving complex problems in a variety of situations.

It's a choice (selection) of alternative ways and methods of solving decisions. The decision must be rational (maximum result, minimum costs).

4 roles of the manager (in the field of decision making).
1. Entrepreneur.
2. Specialist in correcting mistakes.
3. Distributor of resources.
4. Specialist in agreements (contracts), negotiation and transaction.

Planned decision and non planned decision. *Planned decisions* are established for known situations on the base of standards with traditional methods.

Non planned decision: may be for new situations.

Types of decisions:
1. Intuitive (intuition, forcing) on the base of feelings.
2. Practical (based on practice and old situations, experience).
3. Rational. Has 6 stages:
1st stage – diagnosis of the problem.
2nd stage – forming of limitation and criteria in decision making.
3rd stage – definition of alternatives.
4th stage – estimation of alternative.
5th stage – choice of alternative.
6th stage – realization of decision.

Factors which influence the process of making decisions:
1. Environment situation.
2. Risk.

3. Information.
4. Mutual relation and dependence between decisions.
5. Negative consequences of decision.
6. Personal characteristics of manager.

The models of making decision

- Theory of games.
- The model of turns (lines).
- The model of managing of stocks.
- The method of payment matrix.
- The tree of decisions (all decision in form of the tree).
- Economic analysis.
- Imitation models.

The methods of payment matrix: are useful to define alternative which may give more for achievement of aim.

The tree of decisions: Allows imagining the problem in scheme and comparing possible alternatives visually.

- **Theory of games** represents the creation of the situation of play. Different business situations may be tasted during this play or game.

- **The model of turns or lines** includes the set of alternatives for different decision making situations. Managers must choose the most important alternative for decision, and this decision making will be the first in the turn, etc.

- **Economic analysis** represents the analysis of economic costs and expenses and economic profit. We compare economic advantages and disadvantages of the situation. The criteria of the advantage of sales or of activity. The main method of economic analysis is measurement of economic results, inputs and outputs.

Major steps in the managerial decision – making process

1. Identifying the problem of opportunity.
2. Generating alternatives.
3. Selecting alternatives.
4. Implementing the solution.

Identifying the problem of Opportunity. A problem is the discrepancy between an actual condition and a desired condition – the difference between what is occurring and what one wishes to occur. A "problem" may be negative or positive; a positive problem may be viewed as an "opportunity". Effective managers learn to look ahead so that they are

prepared when decisions must be made. They clarify situations and examine the causes of problem.

Generating alternatives. After a problem has been suitably defined the next task is to generate alternatives. Different techniques can aid in the generation of creative alternatives. For example, brainstorming is commonly used in group dissensions, encourages participants to come up with as many new ideas as possible, etc... Other techniques for stimulating new ideas are also useful in this page of decision making.

Selecting an alternative. Decision is influenced by a number of considerations, including financial constraints, finite human and information resources, time limits, legal obstacles, political factors. Managers must select the alternative that will be most affective and practical under the circumstances at times two or more alternatives or some combination of alternatives will be equally appropriate.

Implementing the solution. This process requires the time, planning, preparation of personnel. Managers must usually deal with consequences as well, even when alternatives have been carefully considered.

Decisional Roles. As you might suspect, a decisional role is one that involves various aspects of management decision making. In the role of entrepreneur, the manager is the voluntary initiator of change. For example, the manager, who develops a new strategy or expands the sales force into a new market is playing the **entrepreneur's role**. A second decisional role is that of **disturbance handler** (specialist in correcting mistakes). A manager, who settles a strike, or finds a new supplier of raw materials because there have been inventory shortages, is handling a disturbance.

Third, the manager also occasionally plays the role of resource allocator (distributor of resources). In this role, the manager might have to decide which departmental budgets to cut and which expenditure requests to approve. The forth and last decisional role is that of negotiator (specialist in agreements). Being a negotiator might involve settling a dispute between a manager and the manager's subordinate or negotiating a new labor contract.

Review questions

1. The Process of Communication I what.
2. Explain the connection between two processes: communication and decision making.
3. Characterize participants of communicational process in the Public Health System(PHS).
4. External and internal communications in the PHS: what is it?
5. Do you know the condition of effective communications?
6. Characterize the sources of collecting data.
7. Management of information system (MIT): let's discuss its main functions.
8. Why do we consider decision making as a choice of alternative methods of solving problems?
9. Discuss the main stages of rational decision. Give examples for medical sphere.
10. Which factors influence the process of decision making?

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№ 5. The groups of people. Forms of power, influence and leadership. The leadership system

Questions:

1. The groups of people. Informal organization. The Hawthorne studies.
2. Styles of leadership. X,Y Theories. Forms of power.
3. Contemporary management issues. Z Theory. Management style and effectiveness. Effective leader.

Key terms:

Groups of people, formal organization (group), informal organization, Hawthorne studies, social group, human behavior, human relations, group of chiefs, group of workers, team, comities, human needs, social control, norms and standards of behavior, formal and informal leaders, influence, power (authority), the formula of power, motivation, forms of power, charisma, situational approach in leadership, autocratically style of behavior, democratic style, theory X, theory Y, theory Z, Likert models of leadership, liberal style.

1. The groups of people. Informal organization. The Hawthorne studies.

After people have worked closely and continuously with each other for a period of time, the mutual adjustments of behavior settles down into a fixed pattern, a set of mental attitudes becomes established which all share, and very often certain customs become so strongly entrenched that they are almost compulsory. **A collection of individuals has now transformed into a <u>working group</u>, which is a special type of <u>social group.</u>**

The importance of the working group has first shown clearly by Elton Mayo and his colleagues in a detailed study of worker behavior at the western electric company factory at Hawthorne, near Chicago, between 1924 and 1932.

E. Mayo had been called in by management because production at the factory was thought to be too law. Afterwards E. Mayo began his studies at the same factory, the original objective of these studies, now referred to as the Hawthorne studies, was to determine the effects if the work environment in employee productivity. In the first set of experiments, lighting in the workplace was varied for one group of workers but not for the second group. Then the productivity of both groups was measured to determine the effect of the variations in light. To the amazement of the researches, productivity increased for both groups, and for the group whose lighting was varied, productivity remained high until the light was reduced to the level of moonlight.

The second set of experiments focused on the effectiveness of the price – rate system in increasing the output at groups of workers. Researches expected that output would increase because faster workers would put pressure in slower workers to produce more. Again, results were not as expected. Output remained constant, no matter what "standard" rates were set by management. The researches came to the conclusion that **human factors were responsible for the results of the two experiments.** In the lighting experiments, researches had given both groups of workers a <u>sense of involvement</u> in their jobs merely by asking them to participate in the research. These workers – perhaps for the first time, felt as though they were an important part of the organization. In the piece – rate experiments, each group of workers informally set the acceptable rate of output for the group. To gain the <u>social acceptance</u> of the group, each worker had to produce at that rate. Slower or faster workers were pressured to maintain the group's speed.

The Hawthorne studies showed that such human factors are at least as important to motivation as pay rates. From these and other studies, the <u>human relations movement</u> in management was born. The premise was the assumption that employees who are happy and satisfied with their work will be motivated to perform better, management would do best to provide a work environment that maximizes employee satisfaction. For we have discussed the organization as a <u>more or less formal structure consisting of positions and relationships among these positions</u>. This is the organization that is shown on an organization chart (formal organization). There is another kind of organization; however that does not show up in any chart. We shall define this <u>informal</u> (or non formal) <u>organization</u> as the pattern of behavior and interacti-

on that stems from personal rather than official relationships. Firmly embedded within every informal organization are informal groups and the notorious grapevine.

Formal group: Group, created officially under the will of administration in order to conduct production process: these groups are called formal and they may be:

– Group of chiefs or directors.

– Group of workers (teams), they have their tasks and work together.

– Committees: they are workers groups with special aims, for example: tradition committees, control committees.

A committee can be also special (created for special task, the time is strictly limited) sometimes organization needs a constant committee (Trade union, for example).

In the beginning of the 20th century there was set up an experiment. The aim of this experiment: to establish the reasons (factors) of productivity and non-productivity.

Material factors: hygiene factors, vibration, ecology of labor.

It was discovered the significance of social factors and the theory of human relations. There were discovered such components of society as non-formal groups. The conclusions of *Hawthorne* experiment:

1. The importance of behavior.
2. The importance of social and psychological factors.
3. The discovery of non- formal groups.
4. The significance of democratic forms of control.

Organization: It's the social system of relationship between people, formal and non- formal groups. It has aims and resources.

Informal groups.

A **formal group** is one that is created by the organization to help accomplish the organization's goals. Such groups as **departments, task forces, committees** are thus formal groups. On the other hand, an **informal group** is one that is created by the members of the group themselves to accomplish goals that may or may not be relevant to the organization. Workers may create an informal group to go bowling, form a union, etc. The group may last for several years or only a few hours.

Employees choose to join informal groups for a variety of reasons. Perhaps the main reason is that people like to be with others who are

similar to themselves. The activities of a particular group may also be appealing. Or it may be that the goals of the group appeal to the individual. Others may join informal groups simply because they have a need to be with their associates and be accepted to them.

Non-formal groups: Are created in non- official way and they have emergent character (they are not planned). The reasons of their appearance are connected with human necessities. These necessities are:

1. People like to belong to some non- official group of people with their own interests.

2. The necessity in help.

3. The protection.

4. Communication.

5. Sympathy.

Characteristics of non- formal organization:

- Social control and norms of behaviour.
- The resistance to changes in organization.
- Non- formal leaders.

Factors of non- formal leadership:

1. The character of leader is flexible.

2. Professional competence.

3. The ability to hear.

4. The ability to speak.

5. The sense of humour.

6. The tendency to justice.

7. The ability to solve problems.

The management in the field of non- formal organization:

The main role of manager is to understand the interests of non- formal groups; their needs and aims. The tasks of official formal leader are to use this characteristic in order to increase the efficiency of formal organization and to perform the formal aim. There must be used such forms of power as democratic management and control participation in management, the rule "share the power".

The factors of efficiency of small groups:

1. The number of members (5 to 7 persons).

2. The content of groups (may have the same interest or different interests).

3. Group norms and standards (it's the system of traditions and rules of organization).

4. The system of points of view.

5. The conflicts.

6. The roles of members of group (for example: the roles connected with the aim of organization and supported roles).

7. The position of workers in the organization.

Informal groups can be powerful forces in organization. They can restrict output, or they can help managers, through tight spots. They could cause disagreement or conflict, or they can help job satisfaction. They can show new people how to contribute to the organization, or they can help people get away with substandard performance. Clearly, managers should be aware of these informal groups. Those who make the mistake of fighting the informal group have a major obstacle to overcome.

2. Styles of leadership. X, Y Theories. Forms of power.

For many years **leadership was viewed as a combination of personality traits, such as self-confidence, intelligence, and dependability.** A consensus on which traits were most important was difficult to achieve, however, and attention turned to styles of leadership behavior. In the last few decades several styles of leadership have been identified:

1) **Authoritarian**

2) **Laisser – faire (liberal)**

3) **Democratic**

The <u>authoritarian leader</u> **holds all authority and responsibility, with communication usually moving from top to bottom**. This leader assigns workers to specific tasks and expects orderly, precise results.

At the other extreme is the <u>laissez – faire leader,</u> **who waives responsibility and allows subordinates to work as they choose with a minimum** of interference. Communication flows horizontally among group members.

The <u>democratic leader</u> **holds final responsibility but also delegate authorities to others, who participate in determining work assignments.** In this leadership style, communication is active both upward and downward.

Each of these styles has its <u>advantages</u> and <u>disadvantages</u>. For example democratic leadership can motivate employees to work effecttively because it is <u>their</u> decisions that they are implementing. On the other hand, the decision making process takes time that subordinates

could otherwise be devoting to their tasks. Actually, each of the three leadership styles can be effective. The style that is most effective depends on the interaction among the subordinates, the characteristics of the work situation, and the manager's personality. There are also formal (official) leaders and informal (unofficial) leaders. Formal leaders are aimed to the goals of organization, but informal are aimed to the needs of subordinates.

Leadership is the ability of a person to influence the thoughts and behavior of others. A leader is usually defined in terms of the group he or she leads, the leader is the person who directs and controls the group so that the purposes of the group are achieved.

Leadership has been broadly defined as the ability to influence others. A leader has power and can use it to affect the behavior of others. It the power is granted by an organization, the leader is said to have **authority** as well. Leadership is different from management it that a leader strives for voluntary cooperation, whereas a manager may depend on coercion to change behavior. A leader can be a manager, however, and an effective manager, will probably display leadership skills.

Formal and Informal Leadership.

Some experts make a distinction between formal leadership and informal leadership (official and non official).

Formal leaders have power of position; that is, they hold authority from an organization and influence others to work for the organization's objectives.

Informal leaders usually have no authority and may or may not exert their influence in support of the organization. **Both formal and informal** leaders make use of several **kinds of power,** including the ability to grant rewards or impose punishments, the possession of expert knowledge, and personal attraction of charisma.

The **unofficial** leader can be a very important person, particularly when the working group is strongly united.

On the other hand, the **official** leader is the person given formal authority. Of his or her function of seeing that a certain area of the firm's business is effectively deal with.

The power forms of official leader are based on the following:

- **Force**
- **Motivation**
- **Traditions**

- **Faith, belief of people**
- **Charisma of leader**
- **Participation in decisions making**

Note that <u>authority (power)</u> and <u>power influence</u> need not to coincide. Authority (power) is the <u>right</u> to control, as determined by a person's position in the official management hierarchy. It is associated with taking decisions and giving orders, allocating work, assigning rewards and penalties to subordinates.

Influence: It's any behavior of one person who makes changes in behavior, relationship and feelings of other persons.
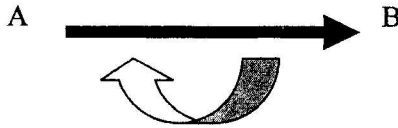
Power: It's the possibility to influence other people.

Leadership: It's the ability to influence.

Power and leadership are instruments of effective management and influences.

The formula of power. The level of influence of one person (A) to the person (B) is equal to the extent in which one person (B) depends on other person (A). There is also power of subordinates (chief depends on their economic activity).

Power forms and influence form: According to the formula of power, we must control the necessities of our subordinates according to the situation; there may be different power forms.

There are 5 forms of Powers:
1. The power based on force.
2. The power based on remunerations.
3. The power based on system of motivations.
4. The power based on traditions
5. The power based on experts, believes and faith.

In the case of Charisma power all subordinates fall in love with their chief.

The modern forms of power: It's the participation of subordinates in managing process, democratic forms.

The theories of leadership: Scientists in this field use 3 methods (approaches):

1. The position of personal characteristics of manager (director must have the best characteristic).

2. The position of personal behavior and style of leadership (manager has different styles of leadership in dependence of the organization aims, structure and other factors).

3. Situational approach, (mixed)- everything depends on situation.

Nevertheless, a person does not have to occupy an official management position in order to exercise power. Individuals can be powerful when they influence people in consequence of their charisma, ability to satisfy other group members' needs, or their control over information or resources. The analysis research of leadership behavior were worked by Blake and Mouton, W. Y. Reddin, F. Fiedler, Douglas McGregor (theory X and Y), R. Likert.

Theory X and Y

The concepts of theory X and theory Y were advanced by Douglas Mc Gregor in his 1960 book "the human side of enterprise". They are in reality, a set of assumptions that underline management's attitudes and beliefs, regarding worker behavior. Theory X is a concept of employee motivation generally consistent with Taylor's scientific management. Theory X assumes that employees dislike work and will function effectively only in a highly controlled work environment:

a. people dislike work and try to avoid it.

b. because people dislike work, managers must coerce, control, and frequently threaten employees to achieve organizational goals.

People generally must be led because they have little ambition and will not seek responsibility. They are concerned mainly with security. The logical outcome of such assumptions will be a highly controlled work environment – one in which managers make all the decisions and employees just take orders.

Theory Y is a concept of employee motivation generally consistent with the ideas of the human relations movement. Theory Y assumes that employees accept responsibility and work toward organization goals it by so doing they also achieve personal rewards:

1. people do not naturally dislike work. In fact, work is an important part of their lives.

2. people will go towards goals to which they committed.

3. people often seek out and willingly accept responsibility.

4. employees have the potential to help accomplish organizational goals.

Obviously this view is quite different from that of theory X. Mc Gregor argued that most managers behave in accordance with theory X. But he maintained that theory Y is more appropriate and effective as a guide for managerial action.

Table 1

Area	Theory X	Theory Y
Attitude towards work	indifference	Involvement
Control system	External	Internal
Supervision	Direct	Indirect
Level of commitment	Low	High
Employee potential	Ignored	Identified
Use of human resources	limited	Utilized

*Theory X and theory Y contrasted

In the theory of management there are 2 main styles of manager behaviour:

1. Autocratically style of behaviour. The idea of this style: people have not the inclination to creativity; they could not perform their work without strong power. They need command style of leadership (strong hands)-theory "X".

2. Democratic style or theory. Good imagination about people. They are able to create something by themselves, they don't need strong power (theory "Y").
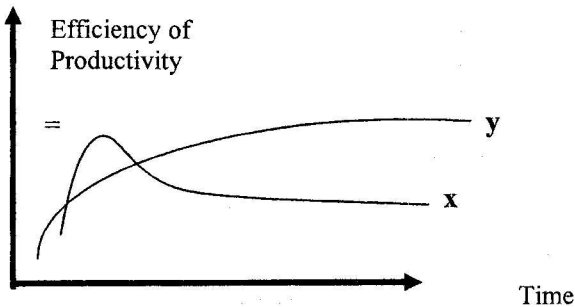
Two graphics:

Figure 1. Theory X, Y

Lickert suggests the subdivision of these styles into 4 models:
1. Exploitation style.   ⎤   I – "X"
2. Consultations or autocratic style. ⎦
3. Democratic style(participation in managing process) ⎤
4. Liberal style (free style).   ⎦ II – "Y"

The human relations movement and theories X and Y increased managers' awareness of the importance of social factors in the work place. However, human motivation is a complex and dynamic progress to which there is no simple key – neither money alone not social factors alone. Rather, a variety of factors must be considered in any attempt to increase motivation.

3. Contemporary management issues. Theory Z. management style and effectiveness. Effective leader.

In recent years, there has been much interest in the development and application of new and innovative management approaches. Three of the best known and most influential approaches to management are theory Z, corporate culture, and management excellence.

Theory Z. Japanese management practices and techniques have received much attention lately from managers and scientists. One cause of this interest has trends in the USA and Japan. Simply defined productivity is the average output per 1 hour all workers in the private business sector. W. Ouchi, a management professor, began to study business practices in USA and Japan firms. He concluded that different types of management systems dominate in these two countries.

In Japan Ouchi found what he calls type G firms. They are characterized by life time employment for workers, collective (or group) decision making etc... American industry is dominated by what Ouchi calls type A firms.

A few successful American firms represent a blend of the type Y and type A partners. These type Z organizations emphasize long-term employment, collective decision making, slow evaluation and promotion, informal control along with some formalized measures, etc... Examples of type Z firms are IBM, Eastman Kodak, Hewlett - Packard.

Theory Z is the belief that some middle ground between Ouchi's type A and type Y practices is best for Americans business. **A major part of theory Z is the emphasis on participative decision making. The**

focus is on "we" rather on "us versus them". **Theory Z employees and managers view the organization as a family.** The participative spirit fosters cooperation and the dissemination of information and organizational values.

Table 2

Type G firms	Type A forms
Lifetime employment	Short term employment
Collective decision making	Individual decision making
Collective responsibility	Individual responsibility
Slow promotion	Rapid promotion
Implied control mechanisms	Explicit control mechanisms
New specialized career paths	Specialized career paths
Holistic concern for employees	Segmented concern for employees

Theory Z

- Long term employment
- Collective decision making
- Individual responsibility
- Slow promotion
- Informal control
- Moderately specialized career paths
- Holistic concern for employees

*Theory Z

Management style and effectiveness

Robert Blake and Yame Mouton devised a "managerial grid" illustrating degrees of concern for human relations and for efficiency. The grid is taxonomy of management styles classified according to the manager's interest in subordinates as people in comparison with his or her concern for production. The principle aim of the research into management style is to establish its relation to effectiveness that is the degree to which it facilitates adequate or high productivity.

The studies at the Prudential life insurance company showed a clear relationship, i.e. that the effective manager emphasized people. Later studies, however, did not produce such clear-cut results, some in fact showing

the reverse relationship. Various other factors were then examined, among the size of the firm, the personalities of the workers, the nature of the production process, the type of power. It appears from all this research that no managerial style can be identified which will be effective in every situation. In extreme situations A and C are the best autocratic styles, and in the middle situation democratic or liberal style may be used.

Effective leader. A good leader has the ability to create a business strategy, communicate this strategy, and inspire employees to carry it ant effectively. Currently, business leadership is a hot topic. Many books have recently been published by business leaders themselves, and on how to become a better leader. Leadership seminars and workshops are becoming very popular.

Can **leadership** abilities be taught?, among scientists and business people this is a controversial question. Good business companies attempt to spot potential leaders early in their careers so that they can be given extra freedom and responsibility. Officials see leadership as the foundation. Many firms, as a result, put a massive effort into developing leaders. A good leader motivates employees, monitors their performance, helps, coaches and makes decisions. Flexibility, intelligence, and integrity are all key characteristics of an **effective leader.** In addition, to having these personality traits, a good leader should follow seven guidelines:

1. Develop a vision.
2. Be an expert (this builds employee confidence).
3. Trust subordinates (a good leader delegates authority).
4. Encourage openness and discussion and be able to integrate different ideas.
5. Encourage risks and accept errors.
6. Simplify-to focus on important matters.
7. Maintain composure under any circumstances.

Top leaders must be supported by other good leaders throughout their company's ranks. Chief executives need operational leaders that can complement their efforts. Good operational leaders are involved with structure, rewards, and punishments, to allow their superiors to concentrate on inspiring dedication and productivity. Good leadership throughout an organization lets the chief be the organization's catalyst and attractive public figure.

Review questions
1. Hawthorne studies: which the aim and results?
2. Formal groups (organizations): reasons of forming, factors of efficiency, main types?
3. Describe the image of informal organization (group). Why informal groups can be powerful forces in the organization?
4. Which factors of non-formal leadership do you know?
5. What factors of efficiency of small groups do you know?
6. Power (authority) and influence are instruments of effective management and influence. Why, how do you think?
7. Give some examples on the "power's formula" in the field of medical activity.
8. Compare different forms of power (force, motivation, traditions, expert's, charisma, participation).
9. Leadership-what does it mean? Official and in-official leaders (formal and informal). Likert's models of leadership.
10. Theory X,Y,Z -main characteristics. The using of x, y, z theories in the modern organizations –is it possible?

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№ 6. The human resourced management. Effective activity of organization and human resources managing

Questions:

1. The human resources management: the general concept, stages, HRM activities.
2. Human resources forming: planning, forecasting, job analysis.
3. Recruiting, selecting, orientation, motivation, adaptation.
4. Human resources promotion and career. The quality of labor process and working life.

Key terms:

Human resources management, planning, forecasting or prognozing, engaging of staff, job analysis, selection, wages and salaries, benefits, professional orientation, adaptation, education, career growth, horizontal and vertical career, center of evolution, conversation, CV, training, retirement, the quality of organizational life, leadership, control, professional skills, interview, employment application, performance appraisal.

1. The human resources management: the general concept, stages, HRM activities.

The human resources are not only unique and valuable; they are an organization's most important resources. It seems logical that the organization would expend a great deal of effort to acquire and utilize such a resource, and most organizations that. The effort is now known as human resources management (or HRM). It has also been called staffing and personal management.

Human resources management consists of all activities involved in acquiring, maintaining, and developing an organization's human resources. As the definition implies, HRM begins with acquisition – getting people to work for the organization. Next, steps must be taken to

keep these valuable resources. Finally, the human resources should be developed to their full capacity to contribute to the firm.

HRM activities

Each of the three phases of HRM – acquiring, maintaining, and developing human resources consists of a number of related activities. Acquisition, for example, includes planning as well as the various activities that lead to hiring new personnel.

Altogether, this phase of HRM includes separate activities:

- **Human resources planning: to determine the firm's feature human resources needs (includes forecasting).**

- **Job analysis: to determine the exact nature of positions that are to be filled.**

- **Recruiting: to attract people to apply for positions in the firm (engaging of labor force).**

- **Selection: to choose and hire the most qualified applications.**

- **Orientation: to acquaint new employees with the firm.**

- **Adaption: to adapt new workers to organization.**

- **Compensation and benefits (wages / salaries, motivation): to reward employee effort.**

- **Training and development: to teach employees new skills, new jobs, and more effective ways of doing their present jobs (education).**

- **Performance appraisal: to assess employees' careers and potential performance levels (evaluation of labor).**

- **Professional growth and career: to promote workers in the hierarchy of organization.**

HRM- it's the system of workers, employer and employee leadership process and it has the **following stages:**

1. Planning of needs in human resources.
2. Engaging the staff and selection of workers.
3. Wages and salaries.
4. Professional orientation and adaptation.
5. Education.
6. Evaluation of labor.
7. Professional growth, career.

So, all these directions may be gathered in 2 large groups:

1. The forming of resources (planning, forecasting, job analysis, recruiting, selection and orientation at the first time of working in the organization).

2. The development of human resources (further on process of orientation, adaptation compensation and benefits, educational process if training and development, performance appraisal or evaluation, professional growth and career).

Responsibility for HRM. In general, HRM is a shared responsibility of line managers and staff HRM specialists. In very small organizations, the owner is usually both a line manager and the staff personal specialist. As the firm grows in size, a personnel manager is generally hired to take over most of the staff responsibilities. There may be separate groups to deal with compensation, training and development.

There are two basic kinds of employee lawsuits: the public policy suit and the implied contract suit. A super visor cannot fire an employee for refusing to do something that is contrary to public policy. In addition, leaving work for a short time to vote, filling a worker's compensation claim, and refusing to take part in an illegal activity are all reasons that an employer cannot use to fire a worker.

An employee handbook, an oral agreement, or even a letter promising employment can contain implied contracts. An employee may claim that, because of either a written or oral statement, the employer has failed to live up to its "end of a deal".

Dispute-resolution systems are an alternative means of dealing with conflicts between dismissed employees and employers. Dispute-resolution systems can perform functions similar to labor-union committees. Many lawyers think that the most effective (and safest from the employer's standpoint) dispute- resolution system use outside arbitrators arbitration benefits the employee, too using arbitration, an employee continues to work for a firm until the arbitrator makes a decision.

Specific HRM activities are assigned to those who are in the best position to perform them. Human resources planning and job analysis are usually done by staff specialists, with input from line managers. Similarly, recruiting and selection are generally handled by staff experts, although line managers are involved in the actual hiring decisions. Orientation programs are usually devised by staff specialists and line managers. Performance appraisal is the job of the line manager, although HRM staff personnel are likely to design the firm's appraisal system.

2. Human resources forming: planning, forecasting, job analysis.

Human resources planning is the development of strategies to meet the firm's future resources needs. The starting point for this planning is the organization's overall strategic plan. From this, human resources planners can forecast the firm's future demand for employees. Next, the planners must determine whether the needed human resources will be available, that is, they must forecast the supply of human resources within the firm. Finally, they have to take steps to match supply with demand.

Forming of labor force human resources: There are 4 stages:
1. Planning of needs in human resources.
2. Engaging.
3. Selection of human resources.
4. Motivation, wages and salaries.

Planning: Process of design and planning of different needs in labor and necessities in human resources.

Engaging: We are creating the necessary stock of people for different positions and specialties. The means of engaging may be internal or external. For example; advertising, announcement and different conversations with people inside organization.

Selection: The process of choosing labor force from engaged personal, the requirements in this process may be **subjective** (as education, qualification, experience and the time of your service) and **objective** (they may be done under conditions of political situation).

Forecasts of human resources demand should be based in as much relevant information as planners can gather (information on past staffing levels, evolving technologies, projected economic trends, etc...). With one simple method, personnel requirements are projected to increase or decrease in the same proportion as sales revenue (quantity of medical services, number of patients). Also it may be used the computer – based personnel planning models (used by some large firms).

The firms overall strategic plan will provide information about future business ventures, new products, and projected expansions or contractions of particular product lines. Information on past staffing levels, evolving technologies, industry staffing practices, and projected economic trends can also be helpful.

All this information should be used to determine both the number of employees who will be required and their qualifications-including skills, experience, and knowledge. There are a variety of methods for forecasting specific personnel needs.

Forecasting human resources supply. Two useful techniques for forecasting human resources supply are the replacement chart and the skills inventory.

A replacement chart is a list of key personnel, along with possible replacements with the firm. Same firms also provide additional training for those employees who might eventually replace top managers.

A skills inventory is a computerized data bank containing information on the skills and experience of all present employees. It is used to search for candidates to fill new positions.

The human resources supply forecast must take into account both the present work force and any changes or movements, that may occur within it. For example, suppose planners project that, in five years, the firm will need 100 more engineers that the 100 that are currently employed. The planners cannot simply assume that they will have to hire 100 engineers over the next five years. During that period, some of the firm's present engineers are to move to other jobs within the firm. Thus planners might project the supply of engineers in five years at 87, which means that a total of 113 (or more) would have to be hired.

Matching supply with demand. When demand is forecast to be greater than the supply, plans must be made to recruit (engagement) and select new employees (selection). When supply is forecast to be greater than demand, the firm must take steps to reduce the size of its work force. In the conditions of oversupply some employees may be laid off – dismissed from the work force until they are needed again. Early retirement is another option that can sometimes be used, as a last resort; unneeded employees are sometimes simply fired. Because of its negative impact, this method is generally used when absolutely necessary.

Job analysis. We need to know the exact nature of a job before we can find the right person to do it. Job analysis is a systematic procedure for studying jobs to determine their various elements and requirements'. The job analysis for a particular position typically consists of 2 parts: a job description and a job specification.

A job description is a list of the elements that make up a particular job (duties, working conditions, responsibilities, number and types of subordinates, equipment's, tools).

A job specification is a list of the qualifications required to perform a particular job (skills abilities, education, experience that worker must have).

3. Recruiting, selecting, orientation, motivation, adaptation.

The job analysis is the basis for recruiting and selecting new employees. HRM personnel needs to:

1. Find candidates for those jobs.
2. Match the right candidate with each job.

Recruiting is the process of attracting qualified job applications, because it is a vital line in a costly process)for example, fees plus expenses paid to private employment agencies can total more than 30,000$ for executive position), recruiting needs to be a systematic rather than haphazard process. Recruiters may seek applicants outside the firm, within the firm, or both. External recruiting uses such means as employment agencies, newspapers, internet, advertising, recruiting in college campuses. The primarily advantage of external recruiting is that it enables the firm to bring in people with new perspectives and varied business backgrounds.

Internal recruiting means considering present employees as applicants for available positions. Generally, current employees are considered for promotion to higher level positions. In many situations, it may be impossible to recruit internally.

Selection is the process of gathering information about applicants for a position and then using that information to choose the most appropriate applicant. The actual selection of an applicant often is made by one or more line managers who have responsibility for the common means of obtained information about applicants' qualifications are employment applications, tests, interviews, references, and assessment centers. Employment applications are useful in collecting factual information on a candidate's education, work experience, and personal history. Many job candidates submit resumes to prospective employers, and some firms require them. A resume is a one or two page summary of the candidate's background and qualifications; it includes a description of the type of job the applicant is seeking.

There are 3 methods of collecting information during selection:
1. Experience.
2. The center of evaluations, there are used: test, IQ, memory tests, emotions tests.
3. Conversation, it's the dialog between chief and future workers.

The motivation, wages, salaries: It's the process of stimulation people to perform their work, responsibility and economic motivation. We have several **types of motivation:**
1. The wages for labor hours.
2. The wages for the volume of production or the numbers of services.
3. Mixed system (but with the significance of labor quality; it's called **analytical evaluation of work).**

Also we have benefits:
a. General benefits are represented by paid holidays, retirements, insurances, and the payment of illness lists.
b. Additional benefits (financial supports of workers such as payments for corporation meetings, parties, breakfast or lunch, education of your children).

Employment tests usually focus on aptitudes, skills, abilities or knowledge relevant to the jobs that are to be performed. Such tests (typing test, for example) indicate how well the application will do on the job. Occasionally, companies use general intelligence or personality test, but these are seldom useful in predicting specific job performance.

Interviews the employment interview is perhaps the most widely used selection technique. A structured interview is one in which the interviewer is given a prepared set of questions to ask.

References – a job candidate is generally asked to furnish the names of references people, who can verify background information and provide personal evaluation of the candidate.

Assessment centers a newer selection technique is the assessment center, which is used primarily to select current employees for promotion to higher level management positions. Typically, a group of employees is sent to the center for two or three days. Managers make recommendations regarding promotion possibilities.

The development of human resources: We have such methods or ways:

1. Professional orientation, it's the system or complex of professional or labor skills and experience.

2. Adaptation, it's the process of appropriation of the people to the image of organization, the process of understanding, comprehension of different norms and rules of this organization and may be done by formal and non-formal way.

By formal way: by your chief administration.

By non-formal way: by colleges, co-workers, and friends.

In the field of adaptation we know the scientist *(Edward Shain)*.

Orientation. Soon after candidate joins the firm, he or she goes through the firm's orientation program. Orientation is a process of acquainting new employees with the organization. Orientation topics range from such concerns as various career within firm to such items as the location of the company cafeteria. The orientation itself may consist of a HR manager. Orientation may be formal (official) and informal (unofficial). Or it may be an elaborate program involving many different people and lasting several days or weeks.

In some firms, special orientation techniques are used for both new and present employees.

Orientation programs are usually devised by staff specialists, and the orientation itself is carried out by both staff specialists and line managers. Compensation system (including benefits) are most often developed and administered by the Human Resource Management staff (HRM staff). However, line managers recommend pay increases and promotions. Training and development activities are usually the joint responsibility of staff and line managers. Performance appraisal is the job of the line manager, although HRM staff personnel are likely to design the firm's appraisal system.

4. Human resources promotion and career. The quality of labor process and working life.

Human resources promotion and development consists of training, motivation, performance appraisal, professional growth and career. Training and development are both aimed at improving employees' skills and abilities.

Education of human resource: It's the process of teaching people for the aims of organization. This process is performed with the help of

programs of education. It must be motivated, it contains steps of education. Evolution of the results of activity.

The functions:
1. Administrative function.
2. Informational.
3. Motivational.

Administrative: It's movement in the structure of organization, transaction or different hierarchal steps.

Methods of training: Traditional methods, such as: lecture, seminars and discussions. New methods: rotation during labor process, different tests, conversation, dialog, professional games.

Employee training is the process of teaching operations to technical employees on how to do their present jobs more effectively.

Management development is the process of preparing managers and other professionals to assume increased responsibility in both present and future positions. IBM spends 900 million $ annually for employee education and training.

Training and development methods:
- On the job methods
- Classroom teaching
- Conferences
- Role playing

Performance appraisal is the evaluation of employee's current and potential levels of performance to allow managers to made objective human resources decisions. It allows a manager to let subordinates know how well they are doing and how they can do better in the future. It provides an effective basis for distributing rewards.

Common evaluation techniques:
1) <u>Objective methods</u> – unite of output, volume of sales, number of mistakes, number of reclamations, claims, etc...
2) <u>Judgmental methods</u> – manager judges or estimates the employee's performance level, relative to some standards.
3) <u>Avoiding appraisal errors</u>
4) <u>Performance feedback</u> – the results of evaluation should be discussed with the employee soon after the evaluation is completed. This process is called feedback.

Compensation and benefits. Compensation is the payment that employees receive in return for their labor. And, because compensation can account for up to 80% of a firm's operating costs, it is equally im-

portant to management. The firm's compensation system – the policies and strategies that determine employee compensation.

Types of compensation:
- Hourly wage – money paid for each hour of work.
- Bonuses (a payment in addition to wages).
- Commissions (percentage of sales).
- Weekly or monthly salary.
- Profit sharing.

Employee benefits. An employee benefits is a reward that is provided indirectly to employees, general benefits are paid by state programs, but additional benefits are paid by employees. General benefits are called worker's compensation insurance (medical bills for injuries, for example).

The managing process of promotion and career: A lot of business firms and institutions elaborate official programs of staff promotion. So people imagine their work as a system of steps of professional growth, they see their career as the specific prognosis of their life. According to *(John Linch)* there are several components of career planning:

1. Direction.
2. The time or the period of career.
3. Different movements during career growth.
4. Realization of the career plans.

Career: It's a subject imagination of people about their professional growth, labor, future, expectation. And it's the way of satisfaction during professional growth. It's also different movements inside the organization structures, growth of qualification; it's a system of remuneration.

Types of career:
1. Professional way may be in different organization (outside career).
2. Career in side organization structure (Inside career):
   a. Vertical movement.
   b. Horizontal movement.
   c. The movement towards the center of organization.

The periods of career:
1. Preliminary career (before 25 years).
2. Establishing period of career (before 30 years).
3. The period of promotion (30-35years).
4. The period of transfer your professional skills to young workers (30-60 years).

5. Finishing period (after 60years).
6. The period of retirement (after 65 years).

The quality of labor process: It depends on satisfaction of your necessities during the labor process, and it's the accordance of your personal aims to the aims of your organization. National center of quality has supposed the system of characteristics of labor process quality:

1. Your work must be interesting.
2. Good motivation, wages and salaries.
3. Ecology of inside environment.
4. The participation of workers in decision making.
5. Democratic forms of control.
6. Your work must be guaranteed.
7. Good social climate and medical services.

In the rich business - firms the different quality programs are used. The quality of labor life may be improved with the help of different changes in organizational factors, especially among the factors which influence people (social climate and motivation).

Jobs and careers. A career is a related series of jobs in an ascending order of status and responsibility. Career development may occur within a single (usually large) organization, though a person moving between organizations, or by a mixture of the two. To plan a career a person needs to establish career priorities, closely observe the behavior and attitudes of individuals who have already succeeded in the field, select jobs, etc... Some organizations provide career counseling to assist employees in these respects.

As you look ahead to your own career, you should consider the effects that the trends described below will have on employment and employment opportunities.

- Jobs in service industries will account for an increasing proportion of total employment.
- Training -- and retraining --will become increasingly important as firms require their employees to understand and utilize the latest technology.
- Automation of factories and offices will create new types of jobs. Many of these will be computer --related. In some cases employees will be able to complete assignments at home on remote computer terminals.

- The number of women in the work force, of two-income families, and of older workers will increase. There will be a greater emphasis on job sharing, flexible hours, and other innovations.

Review questions

1. Which activities are included in the Human Resources Management (HRM)?
2. Job analysis: what does it mean?
3. Describe the characteristics of human resources planning.
4. Selection: which are the methods you know?
5. Which particularities of wages, salaries and benefits are known in the Public Health System?
6. The development of human resources: why do we use professional orientation?
7. What do you know about the process of adaptation in the medical organization? Who was Edward Shein?
8. Compare different methods of training.
9. What is career? Is it simply a professional growth?
10. Describe the periods of career for the Public Health System.

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№ 7. The management of conflict and stress in the organization

Questions:
1. Conflict: definition, classification
2. The general reasons of conflict and types of conflict resolution
3. Stress and its characteristics
4. Coping with stress, ethical, behavior and social responsibility

Key terms:
Conflict, intrapersonal conflict, interpersonal conflict, horizontal conflict, vertical conflict, mixed conflict, objective and subjective conflict, functional and dysfunctional conflict, work overload, delegation of duties, to decline the conflict, to smooth the conflict, to enforce the conflict, compromise, to solve the problem, conflict of needs, conflict of interest, stress, physical and psychological symptoms of stress, frustration, disturbance between rights and duties, coping with stress, work time regulation.

1. Conflict: definition, classification

Conflict is absence of agreement between 2 or more persons in the organization, between formal and informal groups of people. It is sometimes tempting to place personal welfare above the welfare of others or the welfare of an organization. Relationship with customers and coworkers often create ethical problems since confidential information is expected to be kept secret and all obligations are expected to be honored. Specific issues that arise include taking credit for others' ideas or work, not meeting one's obligation in a mutual agreement, and pressuring people to behave unethically. Obviously that conflict may be serious obstacle to achieve organizational goals. But in many cases it helps to clarify some problems, to discuss different employees' opinions, and, as a result, conflict might be way of discovering new alternative ways of organizational activity. Therefore, from the management point

of view conflict must not be considered only as a negative event in the organizational life, because in many cases it helps to resolve problems.

Classification of conflicts

1. Intrapersonal (inside one's personality conflict) – it may be conflict of roles, for example.

2. Interpersonal (between 2 people)

3. Between groups of people:
   a) Between informal groups
   b) Between formal groups
   c) Between informal group and formal organization

4. Horizontal conflict (for example, between departments)

5. Vertical (between department and top administration)

6. Mixed (vertical – horizontal)

7. <u>Objective</u> conflict (this conflict doesn't depend on organization itself, but depends on outside factors, for example, market conditions, supply and demands, policy of the state, etc...)

8. <u>Subjective</u> conflict (it depends on organization and may be caused by this organization)

9. <u>Functional conflict</u> – the consequences of this conflict are positive for organizational welfare in many cases. This type of conflicts may be resolved inside the organization and after its resolution many difficulties may be eliminated. It provides better social climate and good communicating and collaboration in future.

10 .Vise versa, <u>dysfunctional</u> conflict leads to negative consequences for the organizational welfare. The situation inside informal and formal groups is becoming worse, new problems are appearing step by step, communications are going down steadily.

Any organizational managers have to know how to avoid dysfunctional conflict. It is necessary also to know ways of conflict resolution.

2. The general reasons of conflict and types of conflict resolution

Managers must analyze the different **reasons of conflicts in the organization**.

The reasons of conflicts:

1. Resources are limited.

2. There may be mutual dependence of tasks and aims.

3. There may be differences in aims, manners and leaders intentions

The first group of reasons is of economic origin first of all, you know, that <u>resources are limited</u> (labor, time, capital human resources, and information). And, at least, the access to all kind of resources is limited. The second group of reasons is considerably depends on <u>managerial</u> reasons, connected with organizational structure, type of leadership:

A) There may be mutual dependence of tasks and aims (for example, if employee has 2 management tasks at the same time, it may be intrapersonal conflict).

B) There may be differences in aims, manners and leader's intentions.

Conflict of interest

Conflict if interests when a business person takes advantage of a situation for his or her own personal interest rather than for the interest of his or her employer. Sometimes payments and gifts make their way into business deals. A bribe is anything given to a person that might unfairly influence that person's business decisions. All bribes are unethical.

Styles of conflict resolution

1. The most simple way is to **decline the conflict situation**.

2. The second way is to try **to smooth the conflict**, to calm down your and your opponent's requirements.

3. The third way is to **enforce the conflict**. So, enforcement is also a way of conflict resolution. It is better to use it when one participant of conflict has much more power or authority than the other one has, or when we have to solve the problem immediately. But may be negative consequences of this conflict – as a result, sides of conflict (opponents) may become enemies.

4. **Compromise**. This way of conflict resolution takes place when people are going half way towards each other and as a result, they find the common way of resolution, and this way is profitable to each opponent.

5. The fifth way is to **solve the problem**. Methods of solutions are the following:

A) To explain labor requirements to employee. It is the task of human resources manager, and sometimes, is the function of administration or informal leader.

B) To explain the organizational image, organizational culture, its norms, standards, traditions, the employee must match the organizational image.

C) Using of system of motivation (satisfaction of needs, system of rewards, benefits, etc...).

Conflict of needs

A person may wish to satisfy two needs simultaneously, but they are mutually exclusive, if one is satisfied, the other cannot be satisfied. A situation of this kind, where an individual's is pulled in two ways at once, is called a conflict of needs. Until it is resolved, it may show itself in anxiety and irritability, or sometimes in what appears to be physical disorders like headaches or stomach complaints.

At work management should try to avoid putting employees into situations where conflict may occur, for instance, employee should not be promoted unless it is certain that they would welcome the promotion.

Negative reactions:

Can take place, the four found most often are the following:

• Aggression – a physical as verbal attack on some person or object, e.g. above of the landlord of the public house.

• Regression – a reversion to childish behavior, e.g. sulking of tears.

• Resignation – giving up, apathy, withdrawal, e.g. a person disap-pointment in promotion may come late, leave early and avoid making decisions.

• Fixation – persistence in useless behavior, e.g. pushing on the public house door long after it is apparent that it is locked.

3. Stress and its characteristics

Stress has both positive and negative aspects. Some employees like to be on pressure, it helps them draw on physical and emotional resources and they actually enjoy tense and challenging situations. Stress triggers in these people the adrenalin needed to sustain intense effort and to be able to cope with several different problems all at the same time. Continued exposure to stress, however, can cause extreme tiredness, irritability, physical upsets, insomnia, and possibly, aggression towards fellow employees. Individuals react to stress physically. On encountering threatening situations, a person experiences release of hormones

which drains blood from the skin and the digestive system, glucose and fat are released into the bold stream, breathing becomes more rapid.

Causes of stress at work place include the following:

A) Not knowing which tasks should assume priority and thus trying to complete all of them simultaneously.

B) Unclear job description.

C) Feelings of personal inadequacy and insecurity.

D) Frustrations at not being.

E) Lack of communications with superiors, conflicting demands placed on the individuals by superiors who impose incompatible goals.

F) Bad personal relationship with other workers.

G) Overwork, which may be quantitative or qualitative.

Stress – it is usual **consequence of conflict situation.**

Reasons may be summarized in the classification:

1. Intrapersonal factors (the role's conflict).
2. Interpersonal reasons.
3. Overload and under load.
4. Disturbance, between right and duties (conflict of interest).
5. Work conditions.

The symptoms of stress:

1. Physical
2. Psychological
3. Behavioral

Physical manifestations include restless, hyperactivity, impatience, high blood pressure, headaches, and weight loss and skin complaints. It affects the abilities to concentrate and relax, creates irritability.

4. Coping with stress, ethical behavior and social responsibility.

The first step on coping with stress is to recognize its inevitability in certain types of work. Repression of anxiety only makes the situation worse. Thereafter, the **following techniques and strategies might be useful** for accommodating stress.

A) **Delegation of** duties to subordinates to avoid work overload.

B) **Deciding** in advance when to withdraw from particularly stress-sful activities, e.g. making conscious predetermined decisions to level a

meeting if certain contentions issues are discussed, or specifying a maximum personal workload and never excluding this.

C) **Keeping** a stress diary, to record all stressful occurrences and hence identify common causes.

D) **Cautious relaxation**.

E) **Training a personal assertion** and / or psychological self awareness methods such as transactional analysis.

F) **Restructuring jobs** in order to remove exceptionally stressful elements (which should then be redistributed equally among all the staff).

It is in the interests of both employers and employees to reduce fatigue. Rest pauses have been shown to be very effective in this, ten minutes away from the job bringing large dividends in increased production.

Another approach is to apply ergonomics to the design of jobs; fatigues can be reduced by attention to illumination, noise, position of controls, avoidance of extreme situations, extreme temperatures or humidity, etc.

Perhaps the most problematic working "hazard" of recent times is the effect on workers of protracted exposure to computer visual display units (suffer eye system, headaches, muscular dysfunctions, absorbing excessive amount of radiation).

Encouraging ethical behavior.

The best way to organize the work without conflicts and stress is to promote encouraging ethical behavior. A quick test to check if a behavior is ethical, if there is not a company policy regarding it, is to see if others approve of it. Ethical decisions will always with stand scrutiny. Openness will often create trust and help build solid business relationships.

What affects a person's inclination to make either ethical or unethical decisions is not entirely clear. There general sets of factors are believed to influence the ethics of decision making. First, an individual's values, attitudes, experiences, and knowledge influence decision making.

Second, the absence of an employer's official code of ethics may indirectly encourage unethical decisions. Third, the behaviors and values of others, such as coworkers, supervisors, and company officials, affect the ethics of a person's decisions.

Employees have an easier time determining what is acceptable behavior if a company provides them with a code of ethics. This is per-

haps the most effective way to encourage ethical behavior. A corporate code of ethics is simply a guide to acceptable and ethical behavior as defined by an organization. Uniform policies, standards, and punishments for violations encourage employees to behave ethically. Of course, such a code cannot possibly cover every situation, but general guide lines should be sufficient for most employees. Specific details could deal with prohibited practices such as bribery.

Even if employees want to act ethically, it may be difficult to do so. Unethical practices often become ingrained in an organization. Employees with high personal ethics may then take a controversial step called whistle blowing. Whistle blowing is informing the press or government about unethical practices within one's organization.

Social Responsibility

Social responsibility is the recognition that business activities have an impact on society, and the consideration of that impact in business decision making. Some managers believe they have a responsibility not only to stock holders but also to customers, employees, suppliers and the general public. It helps to avoid the different conflicts. This broader view is referred to as the *socioeconomic model of social responsibility*. It places emphasis not only on profits, but also on the impact of business decisions on society. Recently, increasing numbers of managers and firms have adopted the socioeconomic model, and they have done so for many reasons, and, first, socially responsible decision can prevent conflicts, stress, government intervention which would force businesses to do what they fail to do voluntarily.

Review questions

1. Conflict is an absence of agreement between persons or groups of people. Give examples of conflicts in your life.
2. Intrapersonal and interpersonal conflict: reasons, examples.
3. Horizontal and vertical conflict in the organization. Describe the reasons.
4. Why the functional conflict may be positive?
5. Compromise and declining the conflict: what is better in different situation?
6. Describe the methods of solving problems for some situations.
7. Is stress a usual consequence of conflict situation?
8. Role conflict as a reason of stress-when it may be?

9. How to avoid stress situation?
10. Encouraging ethical behavior and stress and conflict: explain the relations between these events.

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№ 8. Management of changes

Questions:
1. Changes in the organization: definition, general reasons. The effects of changes.
2. Classification of changes. Theories of changes.
3. Resistance to change: personal limits and psychological barriers.
4. Reducing new technology agreements.

Key terms:
Changes in the organization, usual or routine changes, radical changes, innovations, transformations, strategically changes, evolutional theory of changes, evolutional theory of changers, reengineering, radical reconstruction, personal limits, psychological obstacles for changes, resistance to changes, the models of changes, unconscious incompetence, conscious incompetence, conscious competence, unconscious competence ethical behavior, social responsibility.

1. Changes in the organization: definition, general reasons.

The effects of change

uring recent years radical changes have been occurring in all parts of commerce, industry and the public service. A very rapid rate of technical innovations has produced new materials, new methods and new products. Some companies have ceased to exist, some have been taken over by larger and more successful competitors, while others have grown very quickly and changed their character completely.

Organizational change-it is the process of different transformations inside the organization, caused by technical, economic, social, cultural factors. Today it is a usual component of organizational development and progress.

Reasons of changes:
1. 80% depend on marketing conditions, demands, supply and competition.
2. Conflicts.
3. Planning inside the organization, strategy and tactics.

The consequences of change include the following:
a) Increased complexity of methods of production
b) Job changes of redundancy for many workers
c) The need for employees to acquire new skills or to modify existing competencies.
d) Geographical relocation of industries and workers.
e) Extensive reliance on computers, information technology and decision-support systems.

If it is hard to identify **innovation** as a distinct area within **organizational change research,** it is harder still to characterize the wider field of organizational change more generally. **The term "change"** is so broad that it could be taken to embrace almost every topic in organizational psychological research. But if we look at the contents of texts on organizational change we see that they tend to focus predominantly on the management of formally planned changes, especially changes to the ways in which the organization relates to its environment, and different parts of the organization relate to each other. Routine, maturational, evolutionary or accidental changes to organizations receive less attention, as do changes emerging from levels of the organization below senior management.

The models of changes have such stages:
1. Unconscious incompetence.
2. Conscious incompetence.
3. Conscious competence.
4. Unconscious competence.

Changes are connected with some elements of risk. So risk management must be used. Risk management is the process of evaluating the risks faced by a firm or an individual and them minimizing the expenses involved with those risks. Any risk entails two will be incurred if a potential loss becomes an actual loss an example is the cost of rebuilding and re-equipping an assembly plant that burns to the ground. The second type consists of the costs of reducing or eliminating the risk of potential loss.

Here we would include the costs of purchasing insurance against loss by fire or the cost of not building the plant at all (this cost is equal to the profit that the plant might have earned).

2. Classification of changes. Theories of changes.

From the first question it appears that the types of change predominantly addressed by writers on organizational change do not differ greatly from those encompassed by the innovation field. The label "organizational change" generally indicates a macro-level approach, which is more concerned with the organization as a whole, and its major subsystems than with the experiences of small work groups and individuals. Similarly, the focus is very much on large-seal changes, whereas innovation research sometimes concerns itself with changes which are quite localized in their impact within an organization. More than 80% of changes depend on market conditions (supply, demand, competition, price, policy). They also are connected with conflicts. And, the third, they are connected with planning inside the organization, its strategy and tactics. **According to Handy**, there is used such **classification of changes**:

1. Usual or routine changes (some structural dynamics, new hierarchical positions)
2. Radical changes (the radical innovations, f.e., incise situation)
3. Innovations (new technologies, new approaches)
4. Transformations – they are the most radical changes that lead to the full transformation of organization.

According to the **direction**, changes may be:

A) **Strategic** (the direction from up to down, from the top manager to subordinates, they are called administrative directives)

B) **Operational** (the direction from subordinates to upper levels of hierarchy, when employees suggest their own ways of decision making for example). In general, it is the appearance of democracy in the organization.

Theories of changes are based on revolutionary and evolutional approaches to change.

1. **Revolutionary** theory of change (champhy) – it is the example of economic reengineering, concerns radical and rapid innovations.

2. **Evolutional** development-it concerns slow changes. Reengineering is radical reconstruction of the organization (new hierarchy, new

professional skills etc.) The idea of the second model may be in the long-term reconstruction, step-by-step renovations.

The disadvantages of changes:
– Lack of power.
– People are afraid of changes (usually).
– Conflicts.

Organizational changes are connected with several alternatives to job specialization: job rotation, job enlargement and job enrichment.

Job rotation is the systematic shifting of employees from one job to another. For example, a worker may be assigned to a different job every week for four weeks and then return to the first job in the fifth week. Unfortunately, many firms have had less than total success with job rotation. Still job rotation is widely used, and it offers the added advantages of being an excellent tool for teaching workers new skills and for changes.

Job enlargement. In job rotation the employee is shifted from job to job, but the jobs are not changed. In job enlargement, on the other hand, the worker is given more things to do within the same job. Unfortunately, the added tasks are often just of routine as those that the workers performed before the change.

Job enrichment is perhaps the most advanced alternative to job specialization. Whereas job rotation and job enlargement do not really change the routine and monotonous nature of jobs, jobs enrichment does. Job enrichment more tasks to do and more control over how they do their work. Workers are given more authority; employees are given new and challenging job assignments.

3. Resistance to change: personal limits and psychological barriers.

Research and experience show that there is a tendency among employees to resist change, even though it might appear to outside observers that working conditions would be improved.

Personal limits and psychological obstacles for changes.
– People are afraid of unknown events because they have their customs, traditions, non – formal groups in their organization,
– People have necessity in guaranteed work, especially in labour conditions. They don't want to lose their social relations.

There are several forms of changes resistance:
1. Rejection (people reject the necessity of changes).
2. The demonstration of incompetence.
3. Pessimism.
4. Indifference.

The main reasons for resistance to change are as follows:

– Important and permanent decisions about an employee's working life are made by people who are often unknown and remote;

– The employee may lose his or her job or be transferred to a owner-paid job;

– The skill and experience he or she has acquired over the years may suddenly become valueless

– Cohesive social groups (informal groups) may be broken up, together with established relationships, customs.

– Familiar things represent security, unfamiliar things-insecurity.

– Personal life may be upset by new working times by the move to a new district.

– Workers may feel personally inadequate vis-à-vis new technologies, fearing they will not be able to understand new methods and systems.

– An individual may resent not having been consulted about a proposed change

– People have necessity in a stable workplace, guarantied work. They don't want to lose their working conditions and relationship.

All these reasons may be considered as obstacles and limits (barriers) to changes.

Forms of resistance to changes.
1. Rejection (people reject the necessity of changes)
2. Pessimism
3. The demonstration of incompetence.
4. Indifference.

Resistance to changes is connected with risk avoidance. An individual can avoid the risk of an automobile accident by not riding in a car. A manufacturer can avoid the risk of product failure by refusing to introduce new products. Both would be practicing risk avoidance. At the personal level, individuals are also avoiding risk (for example, refusing to walk through a high-crime neighborhood). Obviously, no person or business can eliminate all changes and risks. But, by the same token, no one should assume that all risks are unavoidable.

4. Reducing resistance to change. New technology agreements.

Managements intending to introduce changes in working methods or company organization should consider carefully the effects of the changes on the firm's human resources. The following should be taken into account when implementing change.

1) Details of proposed changes and their effects on groups and individuals must be precisely defined (employees must be adapted successfully to new environments).

2) Where it is practicable, there should be some participation by the employees in decisions which affect their daily work.

3) The threat to security which many employees feel may be reduced by telling employees individually, and what their new jobs will be in the new structure.

4) The loss of valuable skill and experience can be counter-balanced by a programme of retraining.

5) The employees who will suffer financially should be at least partially compensated (by guaranteeing their previous income for a some period)

6) It is occasionally possible to preserve existing social groups, transferring them to new work as a unit instead of dispersing them.

7) The change should be made known by a two-way communication process and two-way communication should be encouraged while the change is proceeding.(it is called feed-back communication)

8) Organizations can prepare "skills inventories" listing all their employees qualifications, work experiences, and competencies. This information can assist management.

9) Bonus schemes might be introduced to encourage the acceptance of new methods.

10) Even when the change is small, resistance will be reduced, if the top management show that they know about the change and understand its effects on the employees.

Reducing resistance to changes is connected with risk reduction. If a risk cannot be avoided, perhaps it can be reduced. (For example, may be reduced the risk of injury by wearing a seat belt). Businesses face risks as a result of their operating procedures and management decision

making. There are areas where changes are great and risk can be reduced. Among the techniques that can be:

- The establishment of an employee safety program to encourage awareness of safety among employees.

- Accurate and effective accounting and financial controls, to protect the firm's inventories and new changes.

Review questions

1. Why have radical changes been occurring in all parts of commerce, industry and the public service during recent years?
2. What is organizational change? Give the definition.
3. Describe the consequences of changes.
4. Job changes of redundancy for many workers: give concrete examples.
5. Information technology and decision-support systems-give concrete examples of changes.
6. Compare usual or routine changes with radical changes in the medical organization.
7. Champhy's revolutionary of changes as an example of economic reengineering.
8. Resistance to change: describe the main reasons and personal limits.
9. Which forms of resistance to changes do you know?
10. The methods of reducing the resistance to changes-do you know them?

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