

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE

NATIONAL TECHNICAL UNIVERSITY
«KHARKIV POLYTECHNIC INSTITUTE»

Department of Management

MANAGEMENT REVIEW: THE KEY POINTS
illustrated lecture notes

for students pursuing a bachelor's degree in "073 Management"

Kharkiv 2022

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Management review: the key points

Illustrated lecture notes

Video support: <https://www.youtube.com/watch?v=dmz2MwA-4Jk>

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2022



Management: definition

- ◆ Management is the process of planning, organizing, motivating and controlling
- ◆ Management is the process by means of which the purpose and objectives of a particular human group are determined, clarified and effectuated



Functions and Levels of Management

- ◆ Planning
- ◆ Organizing
- ◆ Motivating
- ◆ Controlling



Manager is the person who implements these functions at the following levels:



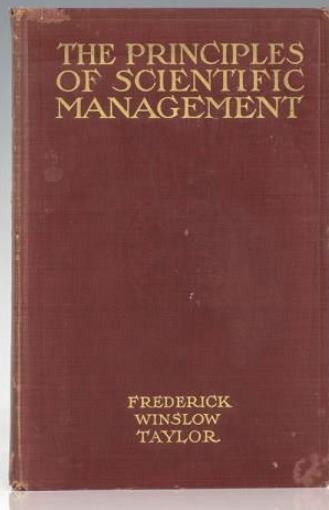
Management: the main milestones





Scientific Management: Frederick W. Taylor

- He was the first to publish a book in Management (Principles of Scientific Management, 1911)
- founder of scientific Management
- one of the first people to study the behavior and performance of people at work





Classical or Administrative Management: Henri Fayol

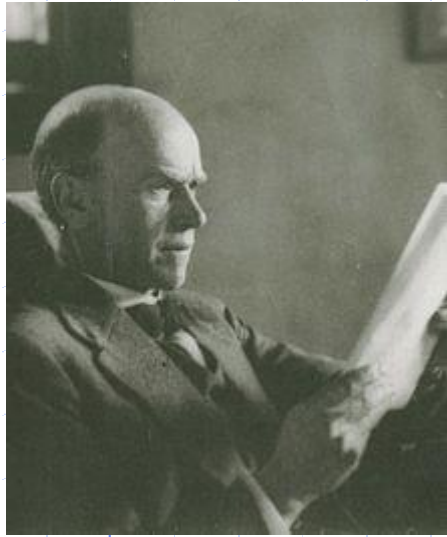
Fayol made a major contribution to management by viewing management as a universal process consisting of several related functions such as planning and organizing, motivating and controlling.

- ***Planning***
- ***Organizing***
- ***Motivating***
- ***Controlling***



Human Relations and Behavioral Science School: Efforts to Use Psychology in Management

- ◆ The scientific management and classical schools developed when the science of psychology was in its infancy. Moreover, since persons interested in psychology were rarely interested in management, the scant existing knowledge of the human mind was not related to the problems of work. Consequently, although scientific and classical writers recognized the importance of people, they limited their discussion to such factors as fair pay, economic incentives, and establishing formal relationships.



*Elton Mayo was one of the few academics of his time with both a sound understanding of **scientific management** and training in **psychology**.*

Efforts to Use Psychology in Management: 1



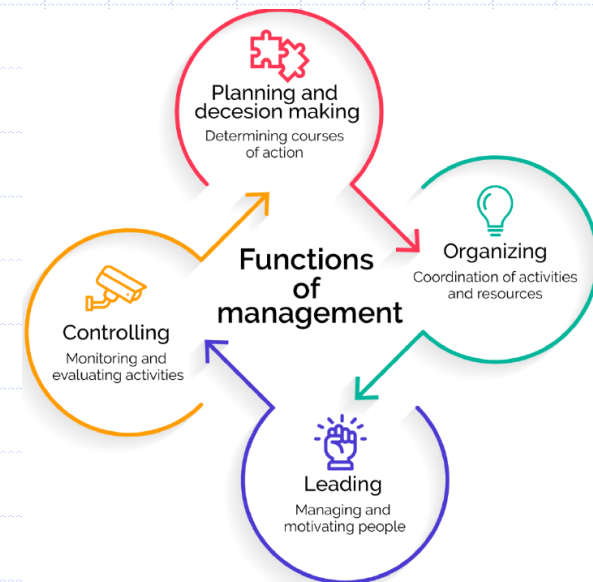
- ◆ Mayo established his reputation in an experiment conducted in a Philadelphia textile mill between 1923 and 1924. Turnover in this mill's spinning department had reached 250 percent, whereas other departments had a turnover of between 5 and 6 percent. Financial incentives instituted by efficiency experts failed to affect this turnover and the department's low productivity, so the firm's president requested help from Mayo and his associates.

Efforts to Use Psychology in Management: 2

- ◆ After carefully examining the situation, Mayo determined that the spinner's work allowed the men few opportunities to communicate with one another and that their job was held in low regard. He felt that the solution to the problem of turnover lay in changing working conditions, not in increasing rewards. With management's permission he experimented with the introduction of two 10-minute rest periods for the spinners. The results were immediate and dramatic. Turnover dropped, morale improved, and output increased tremendously. **Later, when a supervisor decided to do away with the breaks, the situation reversed to the earlier state**, proving that it was Mayo's innovation that had led to the improvement.

The process approach

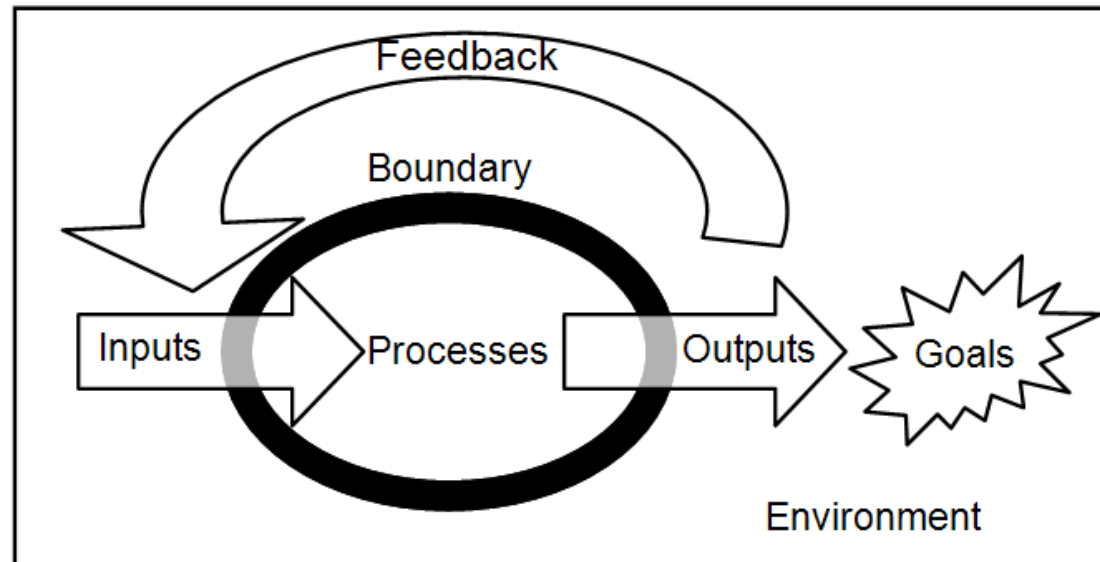
Management is considered a process because the work of attaining objectives through others is not a one-time act but an ongoing series of interrelated activities. We consider the management process to consist of the functions of **planning, organizing, motivating, and controlling**. These four primary functions are interrelated through the linking processes of communicating and decision making.



The system approach:

Open and Closed Systems

- ◆ Managers are concerned primarily with open systems because **all organizations are open systems**. All organizations are dependent on the world outside themselves for survival



The contingency approach

- ◆ The **contingency approach** tries to match specific techniques or concepts of managing to the specific situation at hand in order to attain organizational objectives most effectively.
- ◆ The contingency approach focuses on situational differences both between and within organizations. It tries to determine what the significant variables of the situation are and how they influence organizational effectiveness.



Methods of management

Administrative

- directives
- agreements
- orders

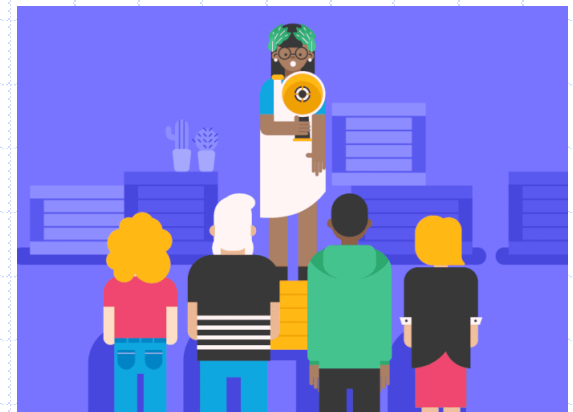
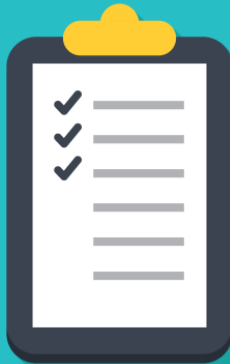


Economic

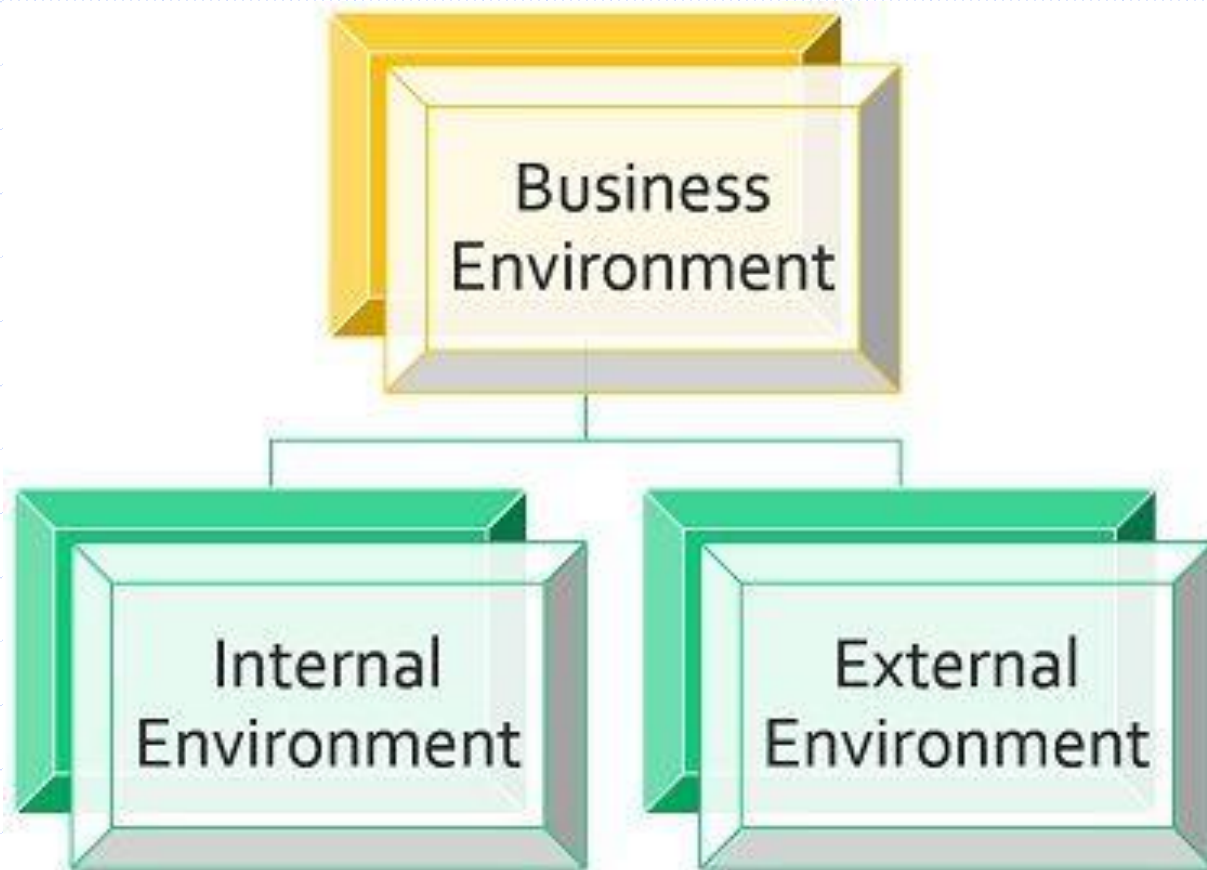
- salary,
- bonuses,
- benefits

Social and psychological

- inspiring,
- encouraging;
- social insurance



Internal and External Environment of the Organization



Internal variables

- ◆ Internal variables are situational factors within the organization.
- ◆ The major variables within the organization that management must consider are
 - objectives,
 - structure,
 - tasks,
 - technology,
 - people.

Objectives

- ◆ An organization is a group of people with conscious, common objectives.

Expressed another way, an organization may be viewed as a goal-attaining vehicle that enables people to do collectively what they could not do individually.

- ◆ Objectives are the specific end states or desired results the group wishes to attain by working together



Structure

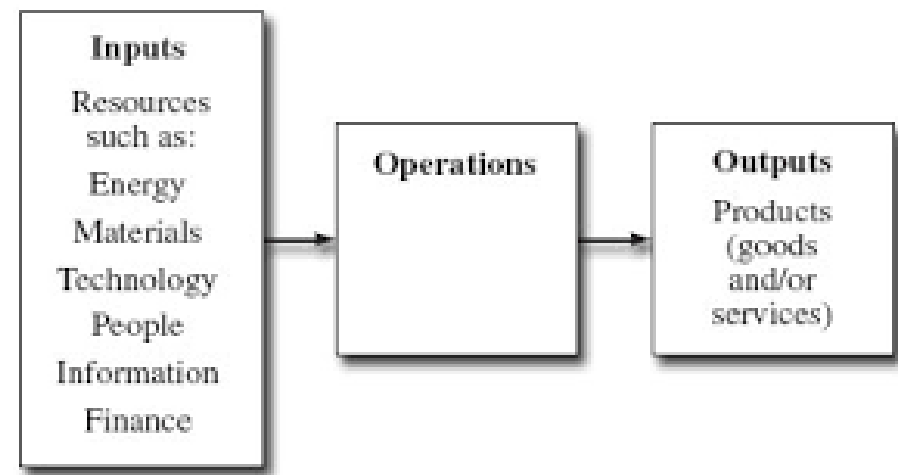
- ◆ organizations are comprised of several levels of management and several subunits. Another term for these subunits is functional areas, not to be confused with the functions of management. Functional area refers to the work the unit performs for the organization as a whole, such as marketing, producing, personnel training, or financial planning.
- ◆ **The structure of an organization is the logical relationship of management levels and functional areas arranged in such a way as to permit the effective attainment of objectives**

Tasks

- ◆ An outgrowth of division of labor is the creation of tasks. A task is an assigned job, series of jobs, or piece of work that is to be completed in a specified manner within a specified period of time. Technically, tasks are assigned not to people but to positions. if every task is performed as and when it should be, the organization will succeed.



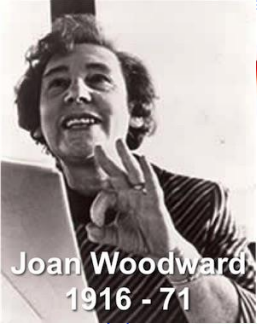
Technology



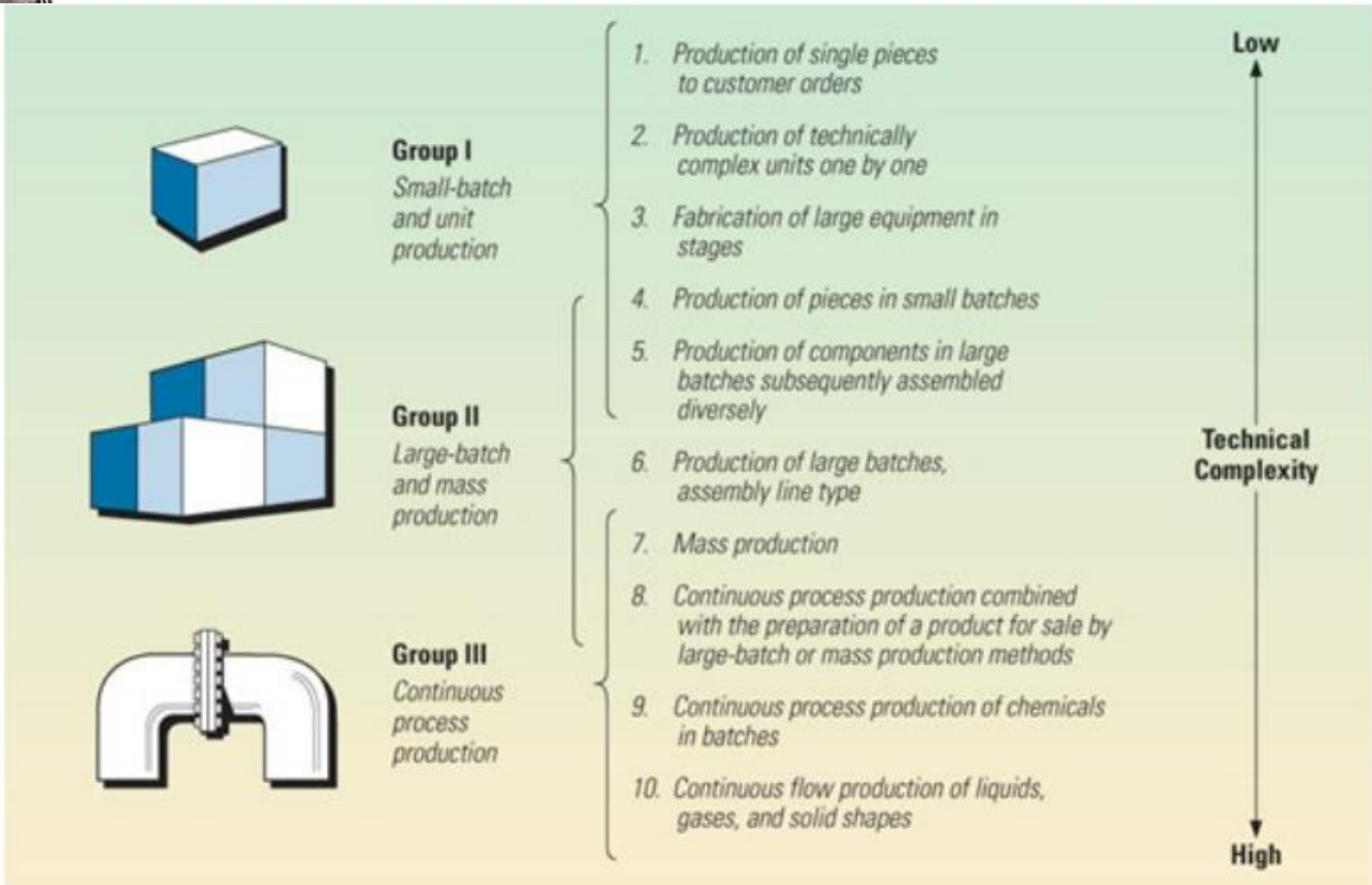
- ◆ Technology, the fourth important internal variable, has a much broader meaning than commonly believed. Most people think of it as associated exclusively with inventions and machines such as semiconductors and computers. However,
- ◆ Technology is a transforming raw materials—people, information, or physical materials—into desirable goods and services.

Technology

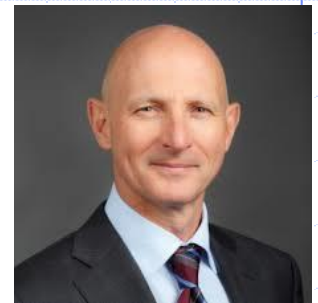
- ◆ Technology includes the combination of:
 - skills,
 - equipment,
 - facilities,
 - tools,
 - relevant technical knowledge



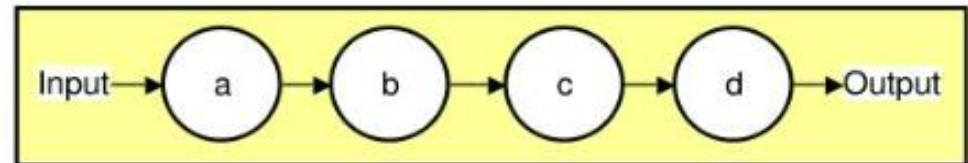
Woodward's Classification Based on System of Production



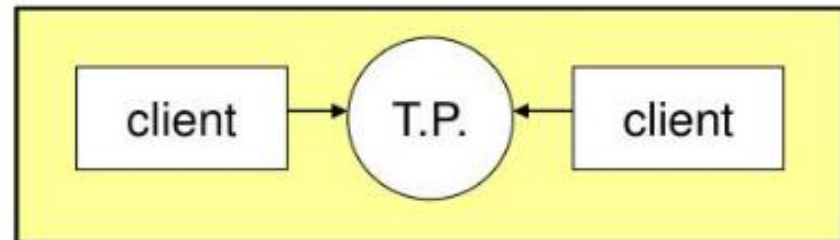
THOMPSON'S types of technology coordination mechanisms



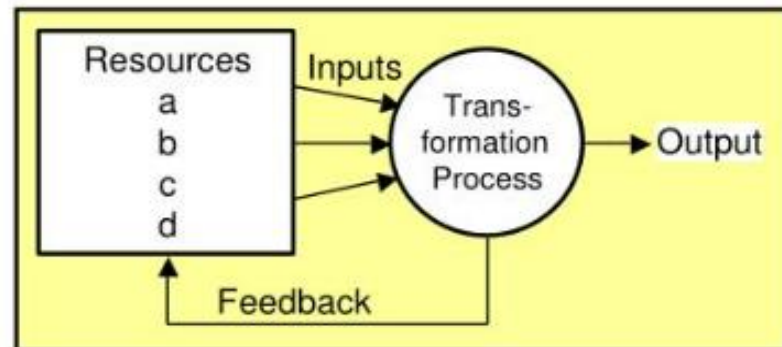
- **A: Long-Linked Technology:** moderate complexity and formalization (*planning and scheduling*)



- **B: Mediating Technology:** low complexity and high level of formalization (*rules and procedures*)

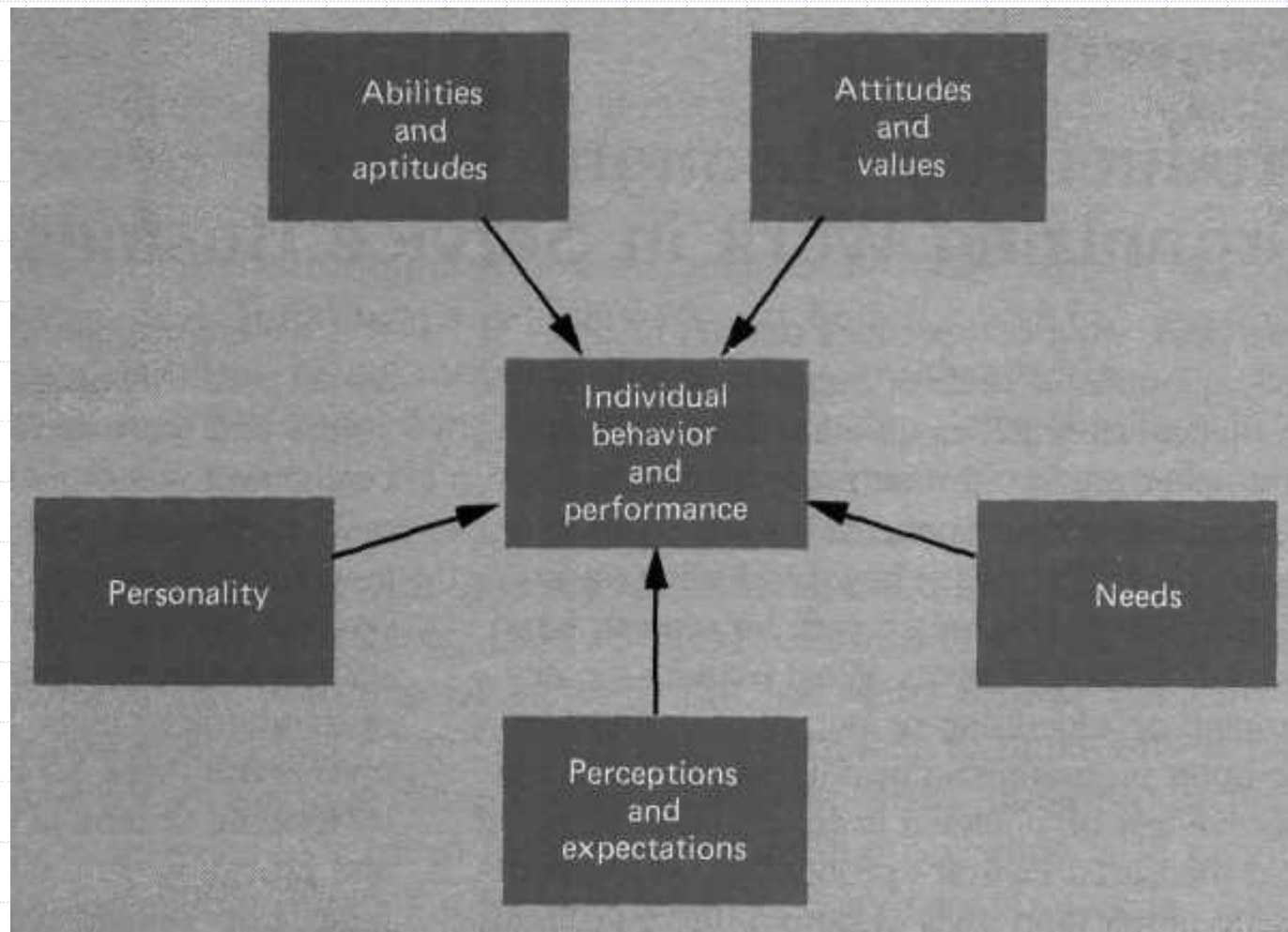


- **C: Intensive Technology:** high complexity and low level of formalization (*mutual adjustment*)



People: Person characteristics

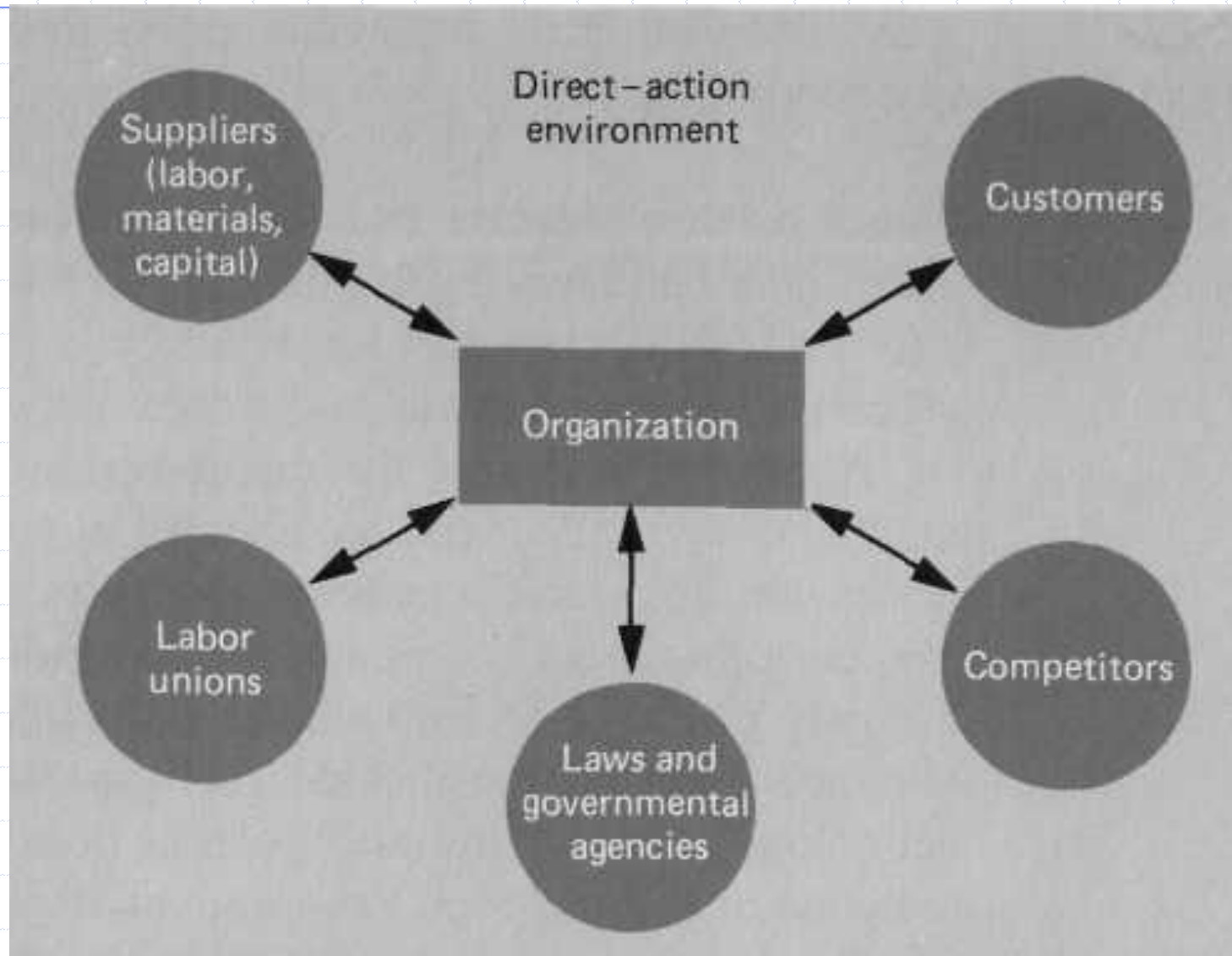
How a person behaves in general and at work results from a complex combination of individual and environmental characteristics . In no two people do these characteristics take the identical form.



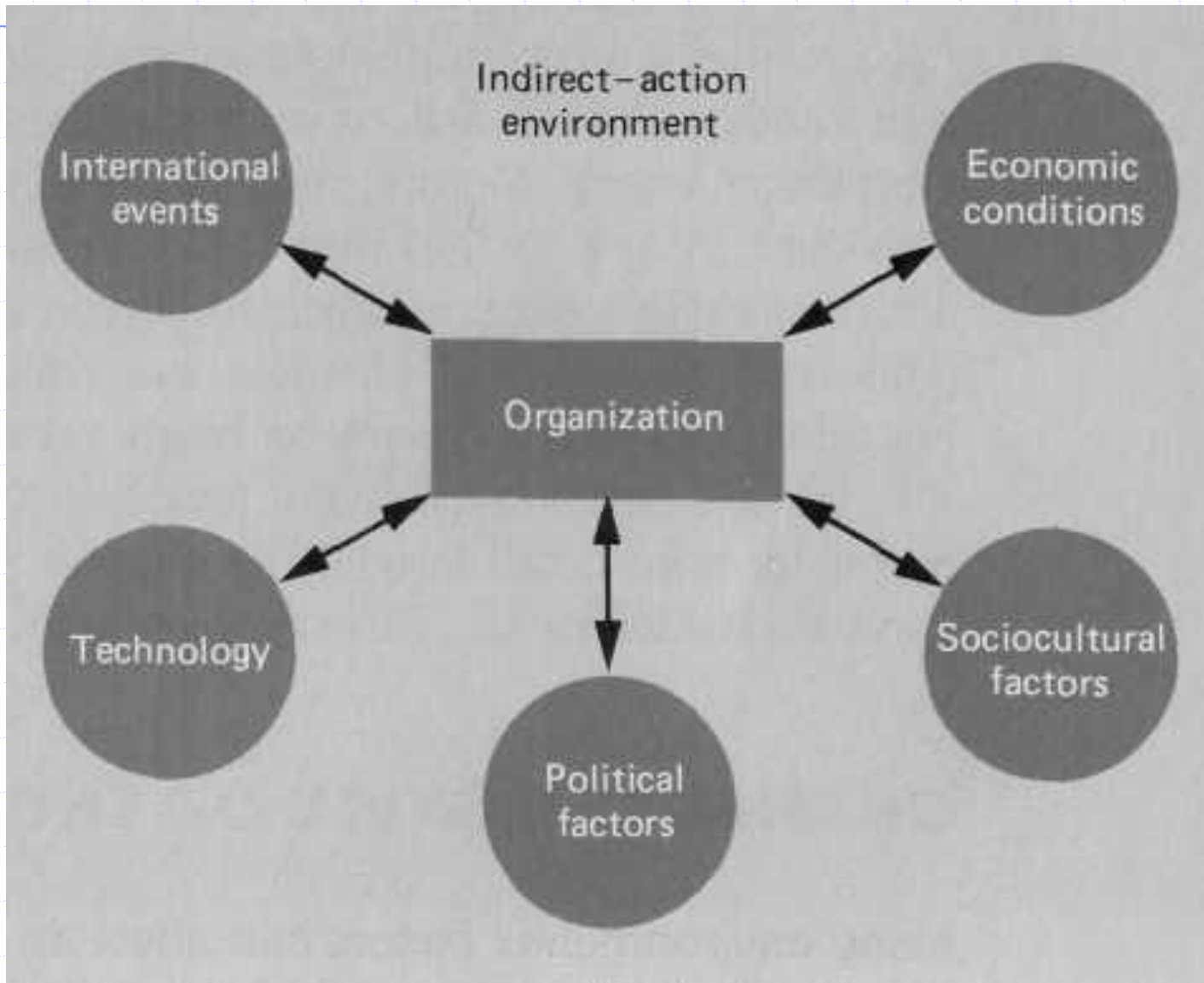
External Environment

Writers of these early schools paid **little attention** to factors **outside of the organization**. While viewed as a major shortcoming today, it was not seen as one at the time. Each school's contributions, in fact, proved effective in increasing an organization's ability to attain objectives. Thus these schools were, in a sense, correct in concentrating on internal issues because they were of greater relative importance to an organization's effectiveness and survival. As we will see, however, **contemporary organizations must adapt to changes in the external environment and make appropriate modifications internally.**

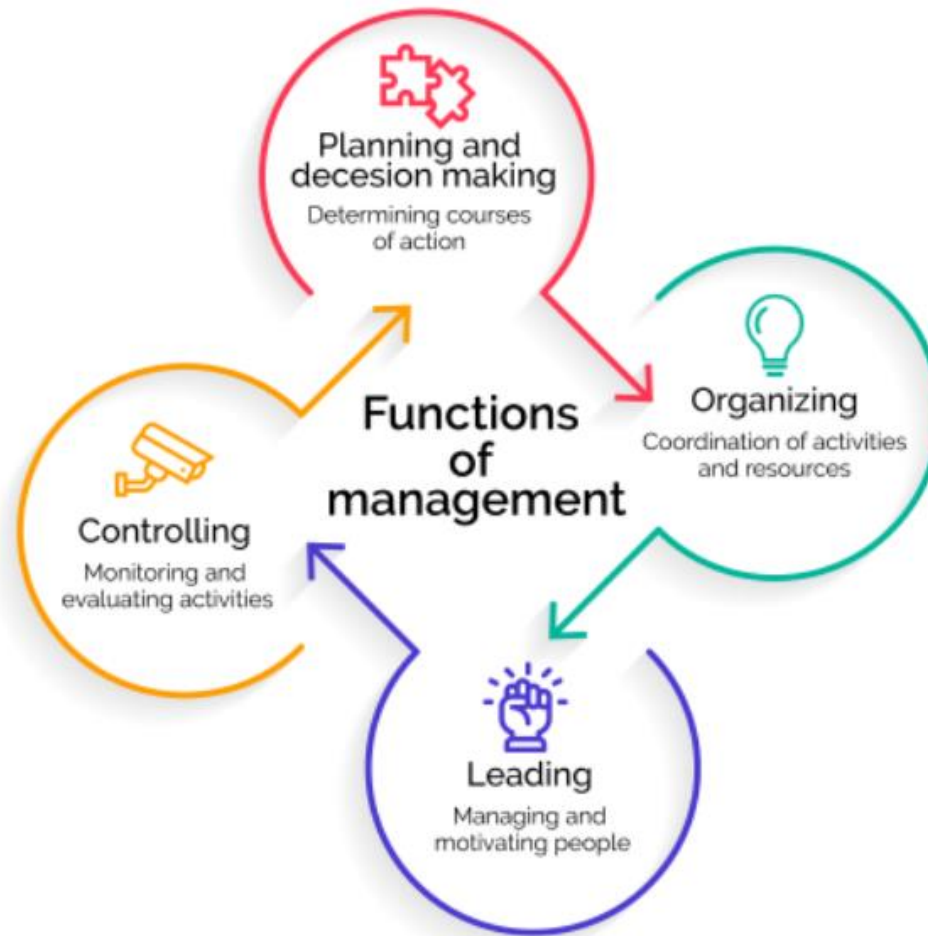
The Direct-Action Environment



The Indirect Environment



Functions of Management



Strategic planning

Strategic planning is the set of actions and decisions made by management that lead to the development of specific strategies designed to help the organization achieve its objectives.



Strategy

Strategy is a detailed, comprehensive, and integrated plan designed to assure that the mission and objectives of the organization are met.



4 Levels of Strategy



Business Level Strategies



Organization's Mission

◆ **The primary, overall purpose of an organization—its expressed reason for existence—is referred to as its mission. Objectives are formulated to attain the mission**



Characteristics of Objectives

S

Specific

State what you'll do
Use action words

M

Measurable

Provide a way to evaluate
Use metrics or data targets

A

Achievable

Within your scope
Possible to accomplish, attainable

R

Relevant

Makes sense within your job function
Improves the business in some way

T

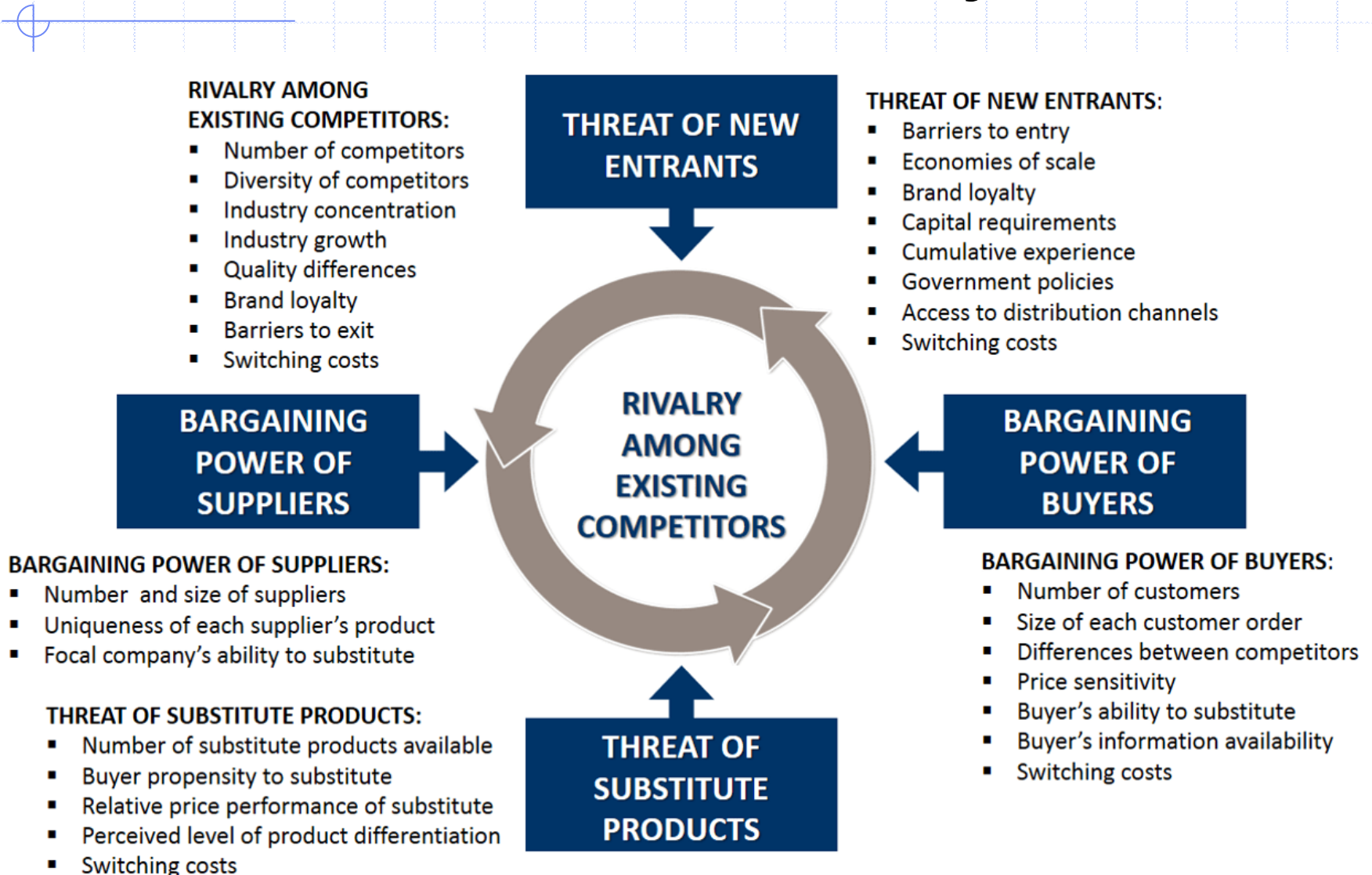
Time-bound

State when you'll get it done
Be specific on date or timeframe

SWOT analysis

| | | | | |
|----------|---------------------------|------------------------|--|--|
| | Helpful | Harmful | | |
| Internal | Strengths S | Weaknesses W | STRENGTHS | WEAKNESSES |
| | | | 1. 2. 3. 4. | 1. 2. 3. 4. |
| External | Opportunities O | Threats T | OPPORTUNITIES | THREATS |
| | | | Opportunity-Strength (OS) Strategies Use the strengths to take advantage of opportunities 1. 2. 3. 4. | Opportunity-Weakness (OW) Strategies Overcome weaknesses by taking advantage of opportunities 1. 2. |
| | | | THREATS | THREATS |
| | | | Threat-Strength (TS) Strategies Use strengths to avoid threats 1. 2. 3. 4. | Threat-Weakness (TW) Strategies Minimize weaknesses and avoid threats 1. 2. |

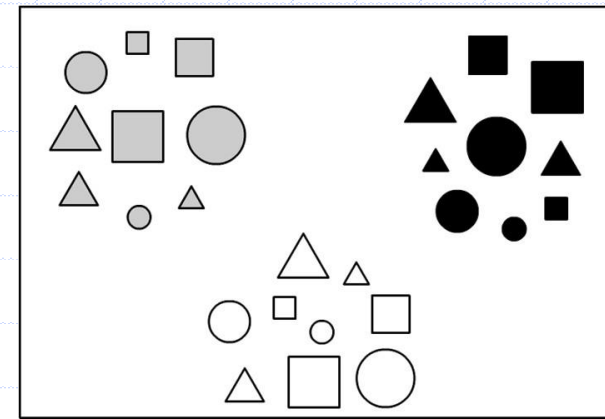
Porter's five forces analysis





Strategic group

- ◆ A strategic group consists of those rival firms with **similar competitive approaches** and **positions** in the market.



1) wall-mounted - "access to the goods from one side"



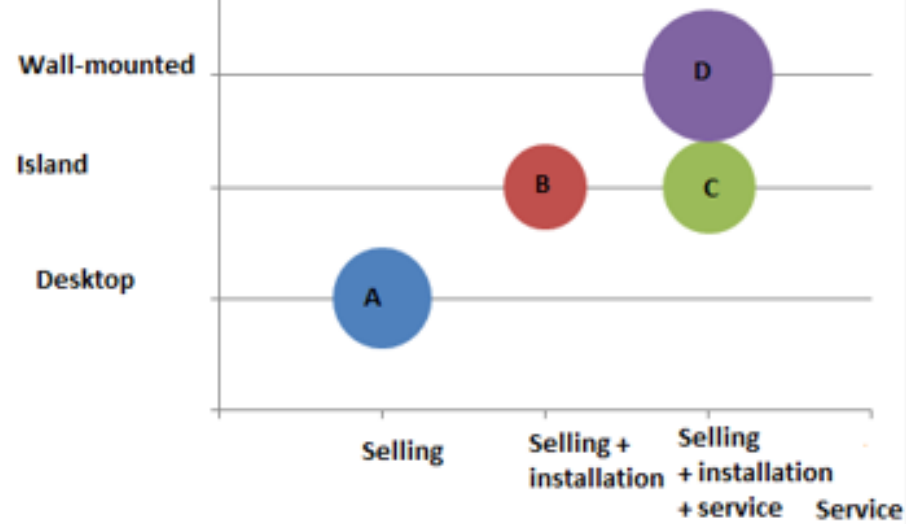
2) island - "access to the goods from all sides";



3) desktop ;



Types of setting



Group A: Carboma, Starfood, ROLLER, GRILL, FROSTY, Ariada, Dniprotorg.

Group B: Alterozo, SGSP.

Group C: Cubigel, Scan, GAMMA IC, HOLODPROM.

Group D: UBC Cool, POCC, Polair, Scotsman, Sirman, BXCh, Tefcold.

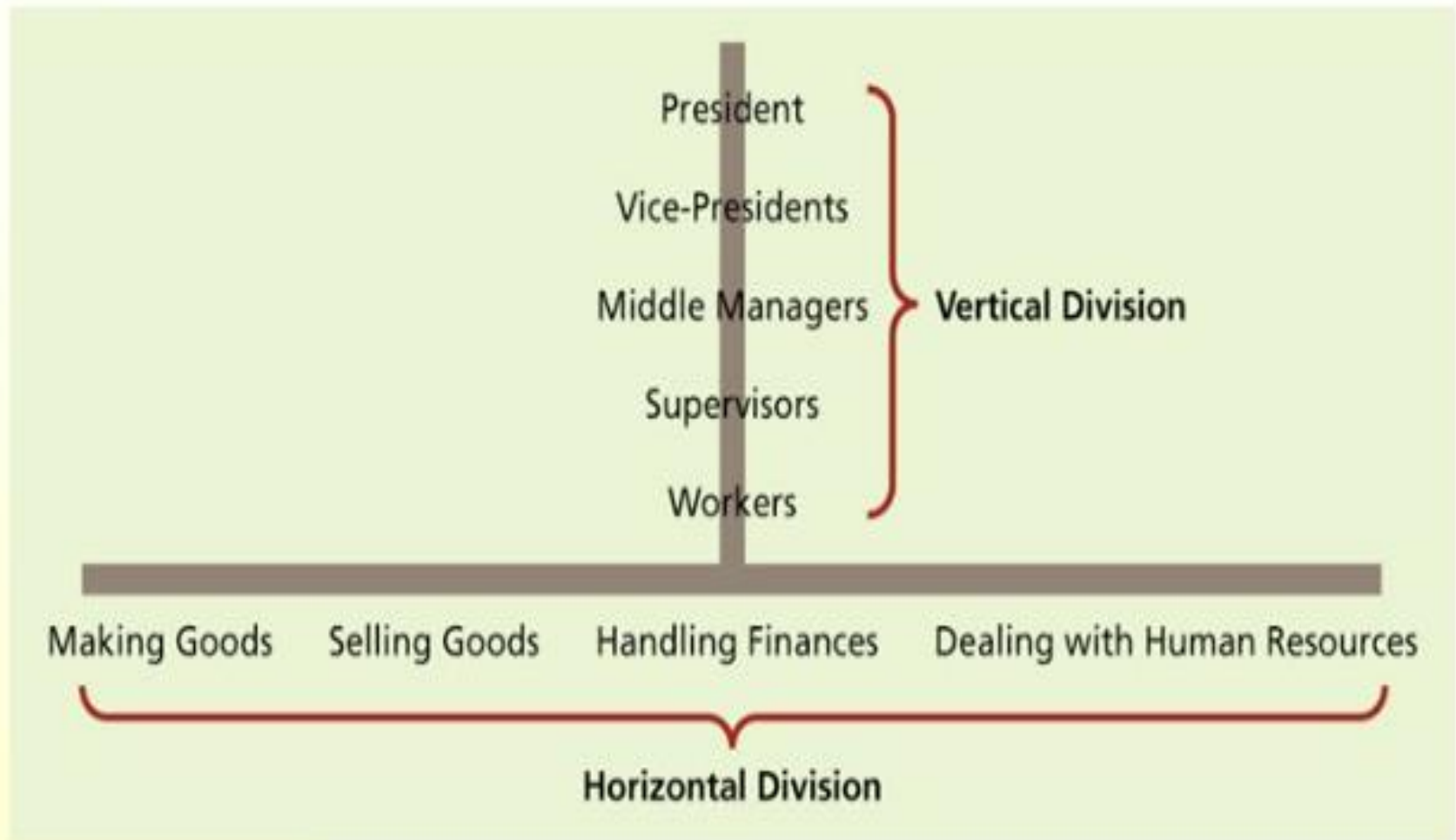
Modern – esco, Regals.

Organizing

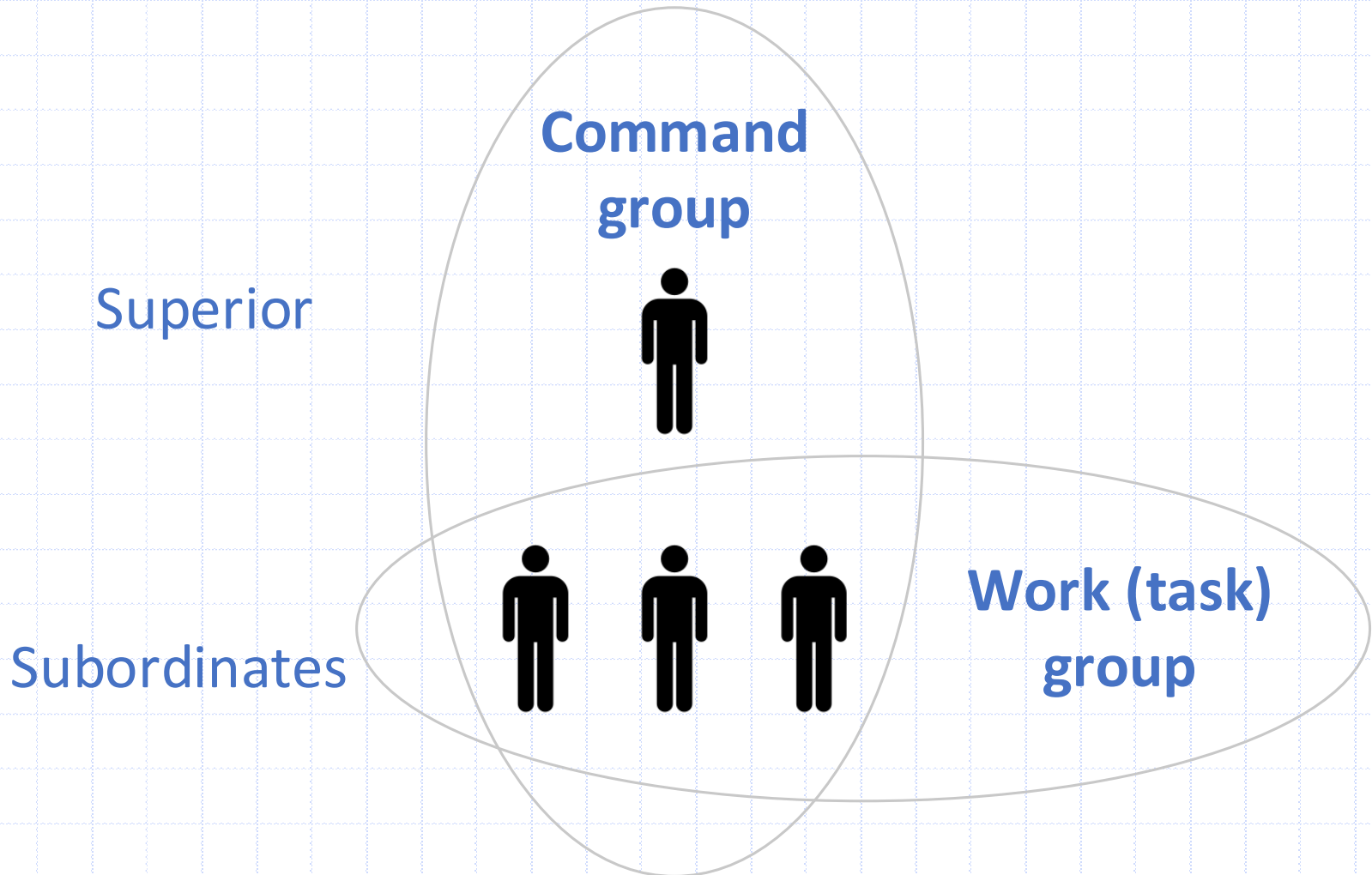
- ◆ Organizing is the process of creating a structure for the organization that will enable its people to work together effectively toward its objectives.



Vertical and horizontal division of labour



Different types of group in organizations



Delegation

◆ Delegation is the assignment of tasks and authority to a recipient who assumes responsibility for them.

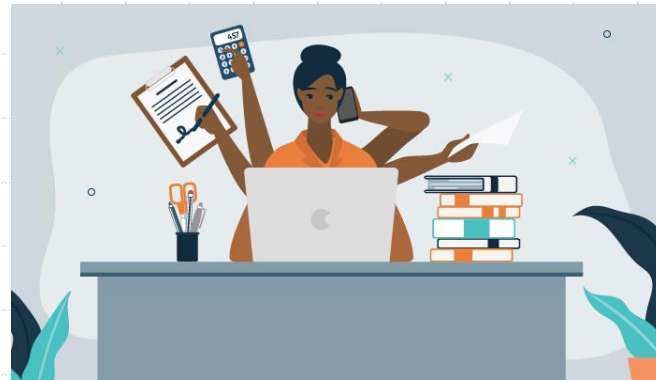


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◆ Delegation is the means by which management distributes among its people the countless tasks that must be performed for objectives to be attained. If an essential task is not delegated to another person, the manager must perform it personally. This, of course, is clearly impossible in many cases because the manager's time and ability are limited. More important, as early management writer Mary Parker Follett observed, the essence of management is "**getting work done through others.**" **Therefore, in a real sense, delegation is the act that makes one a manager.**

RESPONSIBILITY

◆ Responsibility is an obligation to perform tasks and to account for their satisfactory completion.



◆ By obligation we mean that an individual is expected to fulfill certain job requirements when he or she accepts a position with the organization. In effect the individual makes a contract with the organization to perform the tasks of the position in exchange for certain rewards. Being accountable means that the person is held answerable to the delegator for the results of the task to be performed.

RESPONSIBILITY

- ◆ It is important to recognize that although delegation is wholly dependent on its acceptance, **responsibility cannot be delegated.** A manager cannot share responsibility by passing it on to a subordinate. Although a person assuming responsibility for a task need not perform it personally, he or she remains accountable for its satisfactory performance.

AUTHORITY

- ◆ If a person is expected to do something for the organization—assume responsibility for the satisfactory completion of a task—the **organization must supply the resources required. Management does this by delegating authority along with tasks.**
- ◆ **Authority is the limited right to use the organization's resources and channel the efforts of some of its people to perform tasks.**

Types of Organizational Structures



Functional

FUNCTIONAL STRUCTURE



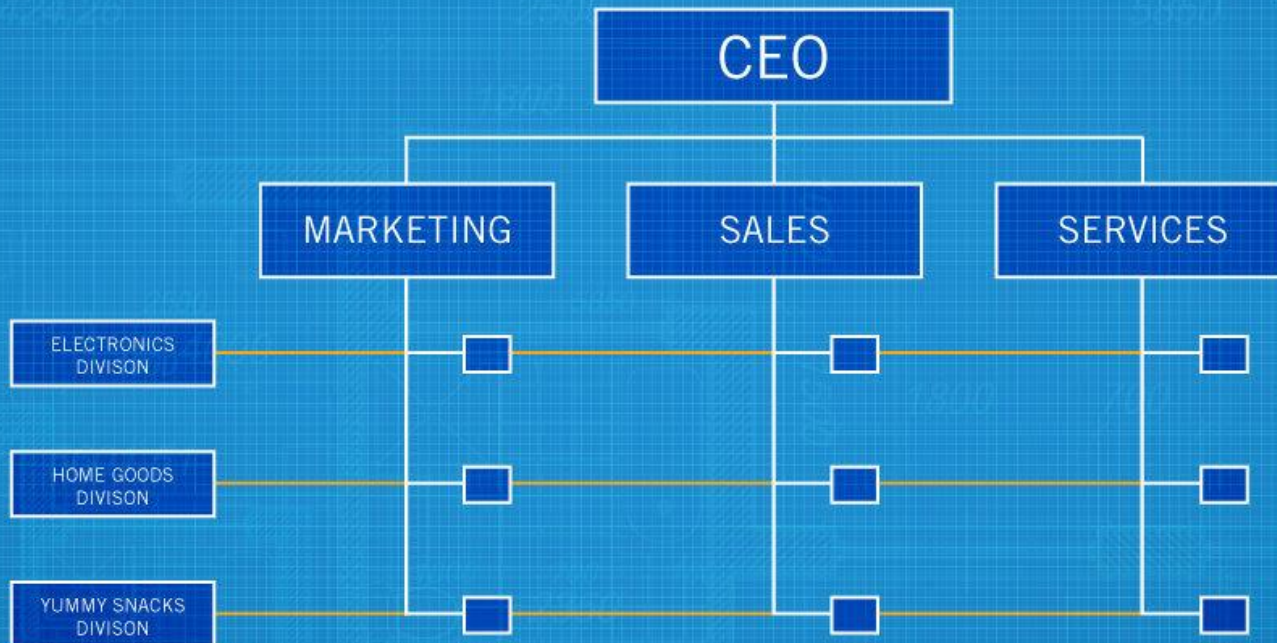
Divisional

DIVISIONAL: MARKET-BASED STRUCTURE

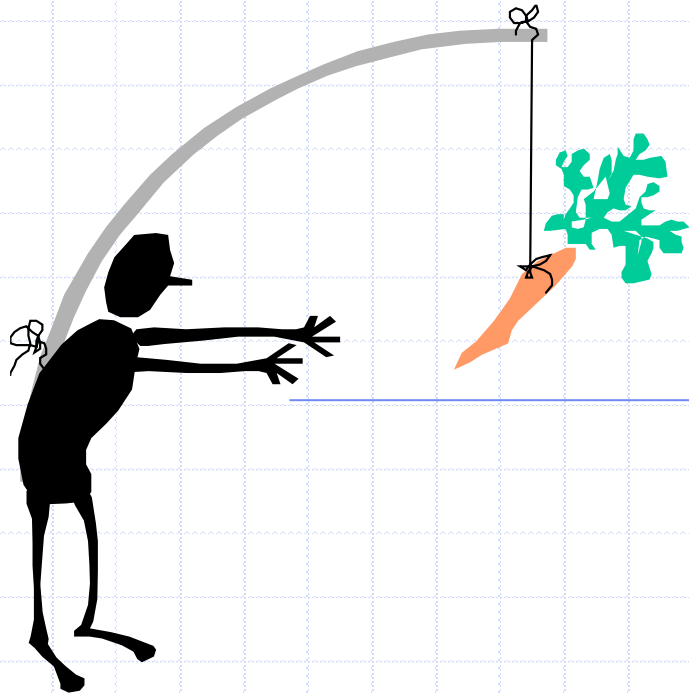


Matrix

MATRIX STRUCTURE



Motivating



Motivating is the process of moving oneself and others to work toward attainment of individual and organizational objectives.

Primary and Secondary Needs

Psychologists say a person has a **need** when that **individual perceives a physiological or psychological deficiency**. Although a particular person at a particular time may not have a need in the sense of perceiving it consciously, there are certain needs that every person has the potential to sense. The content theories represent efforts to classify these common human needs within specific categories. There is as yet no single uniformly accepted identification of specific needs. However, most psychologists would agree that **needs** can generally be classified as either **primary or secondary**.

Primary and Secondary Needs

- ◆ Primary needs are **physiological** in nature and generally inborn. *Examples include the needs for food, water, air, sleep, and sex.*



Primary and Secondary Needs

- ◆ **Secondary needs are *psychological* in nature.** *Examples are the needs for achievement, esteem, affection, power, and belonging.* Whereas primary needs are genetically determined, secondary needs usually are learned through experience. Because individuals have different learned experiences, secondary needs vary among people to a greater extent than primary needs.



Intrinsic and Extrinsic Rewards

The manager is concerned with two general types of rewards: **intrinsic and extrinsic**. An **intrinsic** reward is obtained through the work itself. *Examples would be feelings of achievement, challenge, self-esteem, and the sense that one's work is meaningful. Friendship and social interaction arising through work are also considered intrinsic rewards.*

Extrinsic Motivation

Intrinsic Motivation



Intrinsic Motivation

Engage in a behavior because it is personally rewarding, not for an external reward



Intrinsic and Extrinsic Rewards

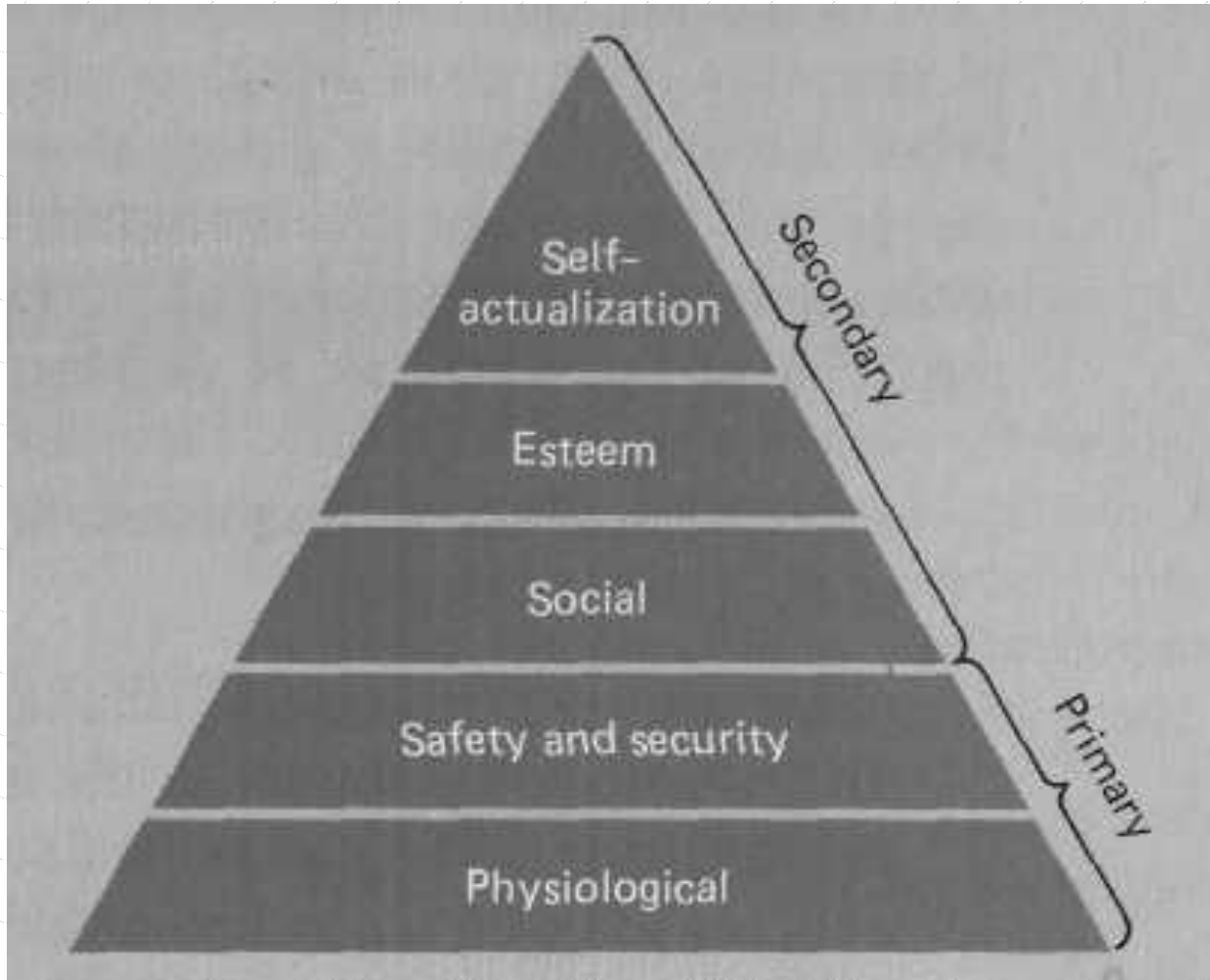
Extrinsic rewards are the type that most often come to mind when the word reward is heard. An **extrinsic** reward is not attained from the work itself, but rather is granted by the organization. ***Examples of extrinsic organizational rewards are pay, promotion, status symbols such as a private office with a window, praise and recognition, and fringe benefits such as vacations, a company car, expense account, and insurance.***



Motivation Theories

| | Content Theories | Process Theories |
|----------|---|---|
| Focus | Personal needs that workers attempt to satisfy. Features in the work environment that satisfy a worker's needs. | How different variables can combine to influence the amount of effort put forth by employees. |
| Theories | Maslow's Need Hierarchy McClelland's Acquired Need Theory Herzberg's Two-Factor Theory | Equity Theory Expectancy Theory Social Cognitive Theory Goal-Setting Theory |

Maslows Hierarchy of Needs



Herzberg's Two-Factor Theory



McClelland's Human Motivation Theory

McClelland's Motivational Needs

McClelland's Human Motivation Theory is also known as Three Needs Theory, McClelland's Theory of Needs, Acquired Needs Theory, Motivational Needs Theory, and Learned Needs Theory.

David McClelland built on Maslow's work in his 1961 book, "The Achieving Society."

He identified three motivators that he believed we all have:

- The need for **achievement** (getting things done).
- The need for **affiliation** (having good relationships).
- The need for **power** (having influence over others).



Expectancy Theory

Expectancy theory contends that having an active need is not the only requisite for an individual to be motivated to channel behavior toward a certain goal; the individual must also **expect that the behavior will, in fact, lead to satisfaction or get what is desired.**

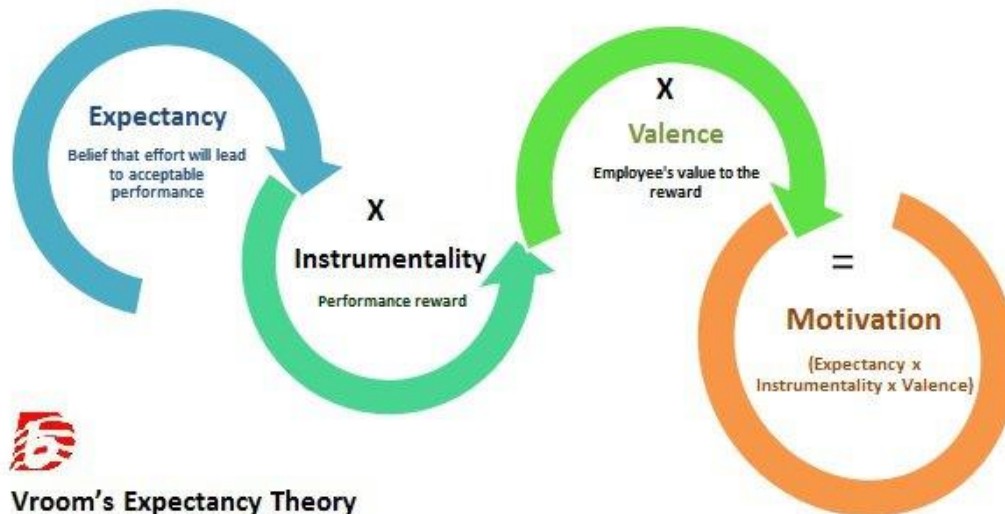
Motivation



Expectancy Theory

◆ If any of the three factors critical to motivation is low, motivation and subsequent performance will be low. This relationship can be expressed by the following formula:

$$\text{Motivation} = E-P \times P-O \times \text{valence}$$



Equity Theory

Another explanation of how individuals channel and maintain their efforts toward goals is provided by **equity theory**. Equity theory states that individuals subjectively determine the ratio of **reward received** to effort expended and **compare this ratio to that of other people doing similar work**. If the comparison indicates imbalance (inequity), that is, if the other person is perceived as obtaining greater reward for equivalent effort, the individual experiences psychological tension. As a result, the individual will be motivated to reduce the tension and restore a state of balance (equity).

Person

Referent Other

$\frac{\text{Outcomes}}{\text{Inputs}}$

=

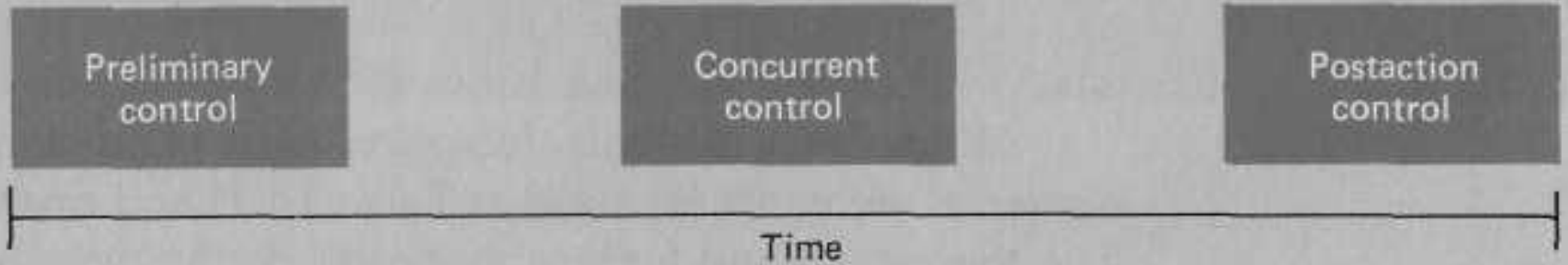
$\frac{\text{Outcomes}}{\text{Inputs}}$

Controlling



Controlling is the process of ensuring that the organization is attaining its objectives

◆ Types of controlling



Decision Making

◆ In general:

“Decision making is the process of making a choice between a numbers of options and committing to a future course of actions”.



Types of decisions

In terms of personal contribution

- individual
- group

By level of justification

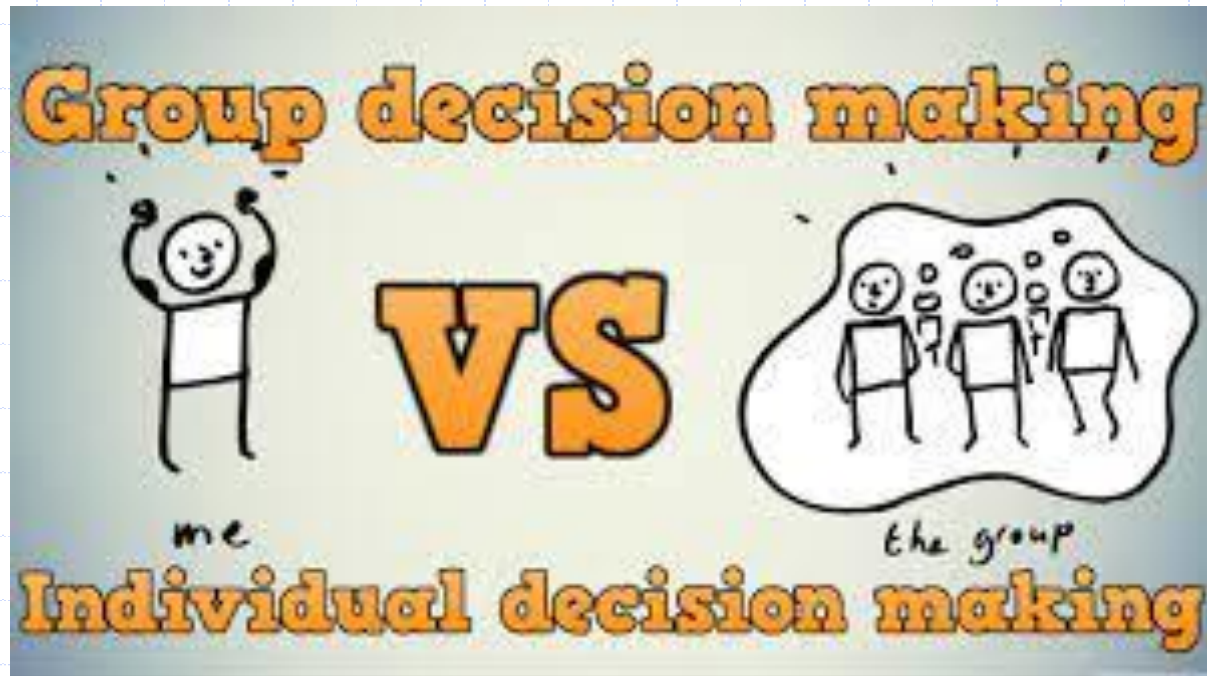
- Intuitive
- Judgmental
- Rational

By scale

- strategic
- tactical
- operational

Group and individual decision making

- ◆ a group decision is one made by several people, while an individual decision is made by one person.



Rational Decision Making Process

- ❑ **There are 8 steps of Decision Making:**

- ❑ Identification of problem•
- ❑ Identification of decision Criteria•
- ❑ Allocating weight to criteria•
- ❑ Develop alternatives•
- ❑ Analysis of Alternatives•
- ❑ Selection of alternatives•
- ❑ Implementation of the best alternatives•
- ❑ Evaluation of decision effectiveness

The 5 Types of Power

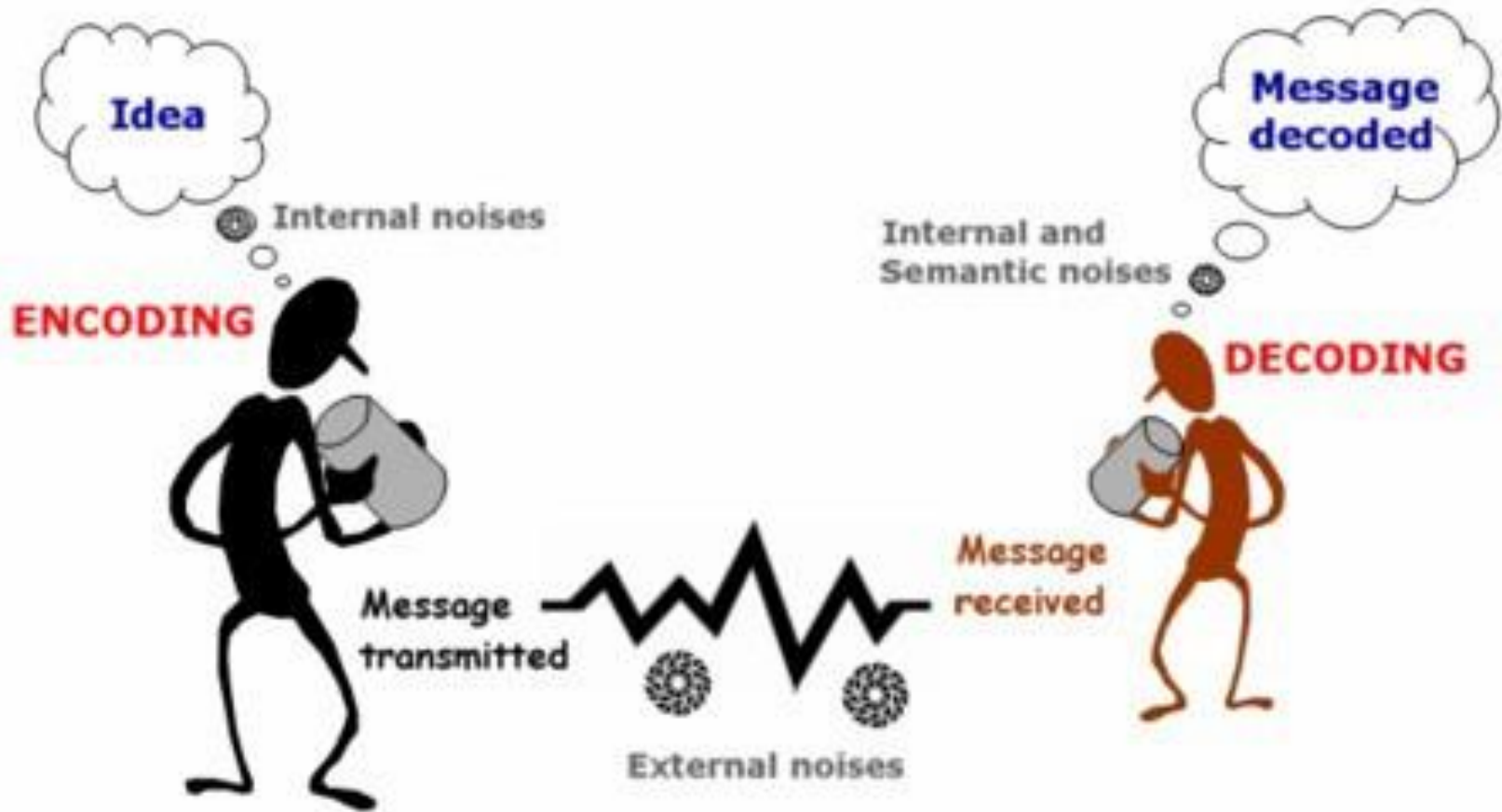
Formal Power

1. Coercive Power
2. Reward Power
3. Legitimate Power

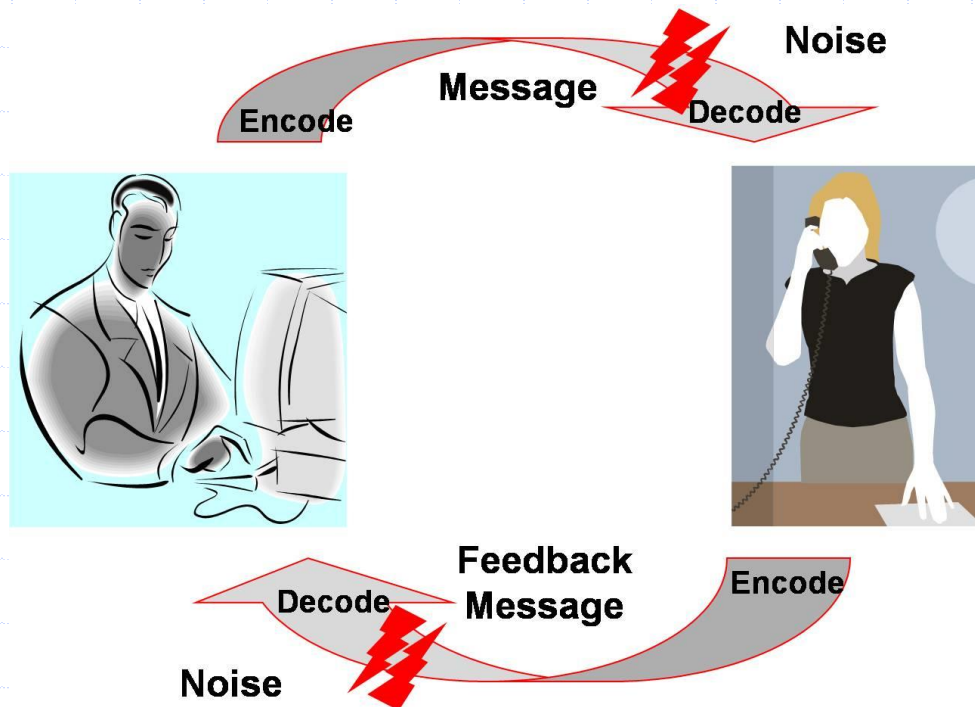
Personal Power

4. Expert Power
5. Referent Power

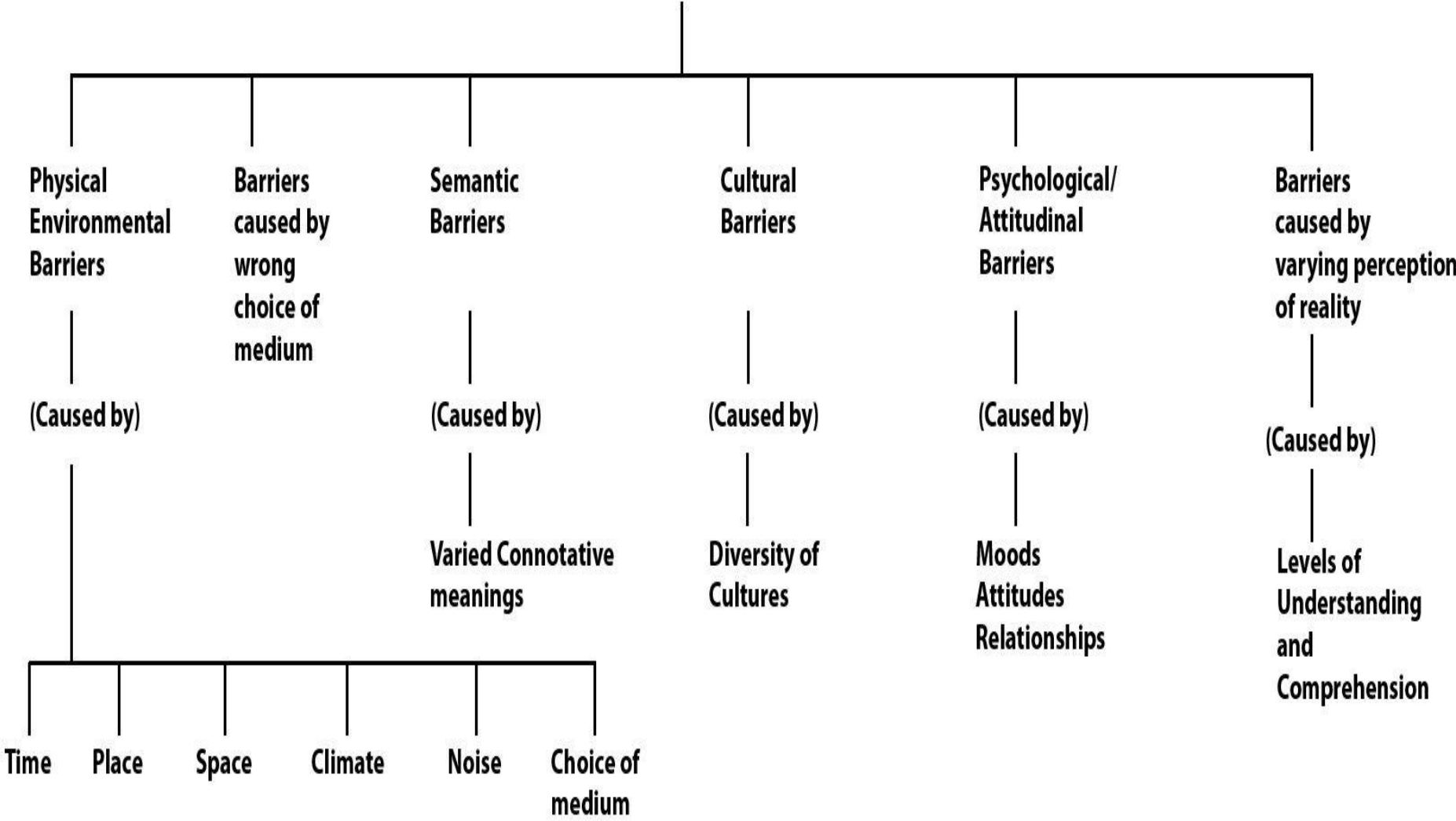
Formal process of communicating



Noise is anything that distorts meaning, including language and perceptual differences as well as physical interference



Barriers to Communication



Semantic barriers

Semantic barriers to communication are the symbolic obstacles that distort the sent message in some other way than intended, making the message difficult to



Cultural barriers

◆ A Cultural barrier in communication **occurs mainly when communication happens between two different cultural backgrounds**



“He seems awfully interested in my shoes.”

The question for self checking

1. What is management?
2. What is vertical and horizontal division of labor?
3. What are the four main functions of management?
4. What are the main characteristics of the organization?
5. What is mission statement?
6. What are the levels of management in an organization?
7. What methods of management do you know?
8. What is the Systems approach to management?
9. What is the Process approach to management?
10. What is the Contingency approach to management?



The question for self checking

11. What is the objective of an organization?
12. What is the strategy of an organization?
13. What are the main types of organizational structures?
14. What is Planning (as the function of management)?
15. What is Organizing (as the function of management)?
16. What is Motivating (as the function of management)?
17. What is Controlling (as the function of management)?
18. Who was the author of the first book in management ("The Principles of Scientific Management")?
19. What is the managerial (organizational) decision?
20. What are the internal organizational variables?



The question for self checking

21. What is SWOT analysis?
22. What are the main types of technologies according to the classification proposed by Woodward?
23. What are the main types of technologies according to the classification proposed by Thompson?
24. What is SMART rule for objectives?
25. The main ideas of the Maslow's theory of motivating.
26. The main ideas of the McClelland's theory of motivating.
27. The main ideas of the Herzberg's theory of motivating.
28. What is the main difference between content and process theories of motivating?
29. The main ideas of the Expectancy theory of motivating.
30. The main ideas of the Equity theory of motivating.

The question for self checking

31. What are the two main types of competitive advantage?
32. What are the main parts of the Porters's model of competition evaluating?
33. What is focus strategy?
34. What cannot be delegated?
35. What are the two main types of reward in management?
36. What are the main types of managerial decisions?
37. What is the command group?
38. What is the work (task) group?
39. What are the semantic barriers in the communication process?
40. What types of power do you know?



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