**1. The manager’s role**

Our society is made up of all kinds of organizations, such as companies, government departments, unions, hospitals, schools, libraries, and the like. They are essential to our existence, helping to create our standards of living and our quality of life. In all this organizations there are people carrying out the work of manager. They have a responsibility to use the resources of their org. effectively and economically to achieve its objectives.

A French industrialist, Henry Fayol, wrote in 1960 a classic definition of the manager’s role. He said that to manage is to *‘*forecast and plan, to organize, to command, co coordinate and to control’. This definition is still accepted by many people today, although some writers on management have modified Fayol’s description. Instead of talking about ‘command’, they say a manager must *motivate or direct* and *lead* other workers.

In most companies the activities of manager depend on the level at which he is working. Top manager, such as chairmen and directors, will be more involved in long range planning, policymaking, and the relations of the company with the outside world. They will be making decisions on the future of the company, the sort of product lines it should develop, how it should face up to the competition, whether it should diversify. On the other hand middle management is generally making the day-to-day decisions, which help an organization to run efficiently and smoothly. They must respond to the pressures of the job, which may mean dealing with an unhappy customer, meeting an urgent order, chasing up suppliers or sorting up a technical problem. They spend a great deal of time communication, coordinating and making decisions affecting the daily operations of their organization.

An interesting modern view on managers is supplied by an American writer, Mr. Peter Drucker. In his opinion, the managers perform 5 basic operations. Firstly, managers set objectives. They decide what they should be and how the organization can achieve them. Secondly, managers organize. They must decide how the recourses of the company are to be used, how the work is to be classified and divided. The third task is to motivate and communicate effectively. Managers must be able to get people work as a team and to be as productive as possible. The forth activity is measurement. Having set targets and standards, managers have to measure the performance of the organization, and of its staff. Finally, Mr. Peter Drucker says that managers develop people, including themselves. They help to make people more productive, and grow as human beings. Successful managers are the people, who command the respect of workers and who set high standards. Good managers must bring character to the job. They are people of integrity, who will look for that quality in others.

**2. Frederick W.Taylor, scientific management**

No one has had more influence on managers in 20s century than Frederick Taylor, an American engineer. He said a pattern for industrial work, which many others had followed, and although his approach to management has been criticized, his ideas are still of practical importance.

T. founded the school of scientific management just before the First World War. He argued that work should be studied and analyzed systematically. The operations required to perfume a particular job could be identified then arranged in a logical sequence. After this was done, workers productivity would increase, and so would his/her wages. The new method was scientific. The way of doing a job would no longer be determined by guesswork. Instead, management would work out scientifically the method for producing the best results.

When T. started work in the end of 19s century, the industrial revolution was in full swing. Factories were being set up all over the USA. There was a heavy investment in plant and machinery, and labour was plentiful. He worked for 20 years with the Midvale Steel Company. Throughout this time, he studied how to improve the efficiency of workers on the shop floor. He conducted many experiments to find out how to improve their productivity. His solutions to these problems were based on his own experience.

T. criticized management and workers. He felt that managers were not using the right methods and that workers did not put much effort into their job – they were always ‘soldering’. He wanted both groups to adopt a new approach to their work, which would change their thinking completely. The new way was as follows:

1. each operation of a job was studied and analysed;

2. using this info, management worked out the time and method for each job, and the type of equipment to be used;

3. work was organized so that the worker’s only responsibility was to do the job in the prescribed manner;

4. men with the right physical skills were selected and trained for the job.

The tasks of management were: observing; analyzing; measuring; specifying the work methods; organizing and choosing the right person for the job.

T. approach produced results! He made a lasting contribution to management thinking. His main insight, that work can be systematically studied to improve working methods and productivity, was revolutionary.

The weakness of his approach was that it focused on the system of work, rather than on the worker. With this system the worker becomes a tool in the hands of management. Another criticism is that it leads to de-skilling because the task is simplified, workers become frustrated. Finely some people think that it is wrong to separate doing from planning. A worker will be more productive if he/she is engaged in such activities as planning, decision making, controlling and organizing.

**3. The Quality of Working life**

Over the last thirty years, a new approach to management has been developing. The main idea was that the way to increase worker’s efficiency is to improve their job satisfaction and motivation. Followers of QWL have been trying out various methods of making work more interesting. These include job enlargement and job enrichment and new forms of group work.

With job enlargement, the worker is given additional tasks to perform. Job enrichment involves giving extra responsibilities to workers such as production planning, quality control and technical development of equipment. In some organizations, special types of work groups have been formed where workers share responsibility for certain tasks (e.g. at Volvo car plant).

The basic idea of QWL is that a worker should have an interesting, even challenging job. QWL encourages managers, therefore, to be sensitive to the need of employees.

The roots of QWL movement can be traced back to the 1920s and 1930s. Numerous studies were carried out . Their aim was to evaluate the factors influencing productivity. However, the researchers soon directed their attention towards studying people, esp. their social relationships at work and their morale. This led them to look for the human factor influencing efficiency.

A great deal of studies were directed by Elton Mayo, a Harvard University psychologist. He directed a series of experiments on how working conditions affected output. It was found out that there was an increase in productivity whether conditions such as lunch times, rest periods, wall colors, pay and temperature were made better.

The researchers later came to conclusion that social relations among workers, and between workers and their bosses affect output, the quality of work and motivation. The good relationships and social contacts make the work more enjoyable. Another important finding was that a worker need more than money and good working conditions to be productive. The feeling of belonging to a group and his status within that group, strongly affect his behavior.

It is said that Elton Mayo founded the Human Relations School, whose offspring is the QWL movement, and he changed the course of management thinking completely/entirely.

**4. Decision-making**

In carrying out management functions, such as planning, organizing, motivating and controlling a manager will be continually making decisions. Decision-making is a key management responsibility. Some decisions are of the routine kind. They are decisions which are made fairly quickly, and are based on judgement. Other decisions are often intuitive ones. They are not really rational. The manager may have a hunch or a gut feeling that a certain course of action is the right one. He will follow that hunch and act accordingly.

Many decisions are more difficult to make since they involve, problem-solving. Very often they are strategic decisions involving major courses of action which will affect the future direction of the enterprise. In practice, decisions are usually made in circumstances which are not ideal. They must be made quickly, with insufficient info. It is probably rare that a manager can make an entirely rational decision.

When a complex problem arises, the manager has to collect facts and weight up courses of action. A useful approach to decision-making is as follows: the process consists of 4 phases:

1) *defining the problem*. The manager must identify and define the problem. And it is important that manager does not mistake the symptoms of a problem for the real problem he must solve. At the early stage, he must also take into account the rules and principles of the company which may affect the final decision. These factors will limit the solution of the problem. Rules and policies of the company act as constraints, limiting the action of the decision-taker.

2) *analyzing and collecting information*. The second step is to analyze the problem and decide what additional information is necessary before a decision can be taken. Getting the facts is essential in decision-making, because making decisions involves a degree of risk. It is the manager’s job to minimize that risk.

3) *working out options.* Once the problem has been defined and the facts collected, the manager should consider the options available for solving it. This is necessary because there are usually several ways of solving a problem (a number of actions): introducing new products, advertising, refurbishment etc. In some situations, one of the options may be to take no action at all.

4) *deciding on the best solution*. Before making decision, the manager will carefully assess the options, considering the advantages and disadvantages each one. Having done this, he will have to take a decision.

Before making a decision, the manager has to carefully assess the options, considering the advantages and disadvantages of each one. Perhaps he will compromise, using more than one option. Having done this, he will have to take a decision.

**5. Top management – planning and strategy**

The top management of a company have certain unique responsibilities. One of their key tasks is to make major decisions affecting the future of the organization. These strategic decisions determine where the company is going and how it will get there. For example, top managers must decide which markets to enter and which to pull out of; how expansion is to be financed end so on.

Before doing any kind of strategic planning, the management must decide what is the mission and purpose of their business and what it should be in the future. In other words, they must know why the business exists and what its main purpose is. Deciding the mission and the purpose is the foundation of any planning exercise.

One example will make this point clear. Most people have heard of Marks and Spencer, one of the biggest and most successful retailers in the world. Michael Marks, as the owner of penny bazaars, and his cashier Tom Spencer became public company after opening 9 market stores. At that point, they could have rested on their laurels. However, around that time, they developed a clear idea of M&S mission and purpose. Their later success was founded on this idea. Their company was in business to provide goods of excellent quality, at reasonable prices, to customers from the working and middle classes. This became the overall objective of M&S company. Providing value for money was their mission and their purpose.

Having decided on its mission and purpose, an organization will have worked out certain more specific objectives. It could be increasing market share, producing new model of car in the medium-price range and so on.

As soon as company has established its medium-term objectives, it can draw up a corporate plan. Its purpose is to indicate the strategies the management will use to achieve its goals.

Before deciding strategies, the planners have to look at the company’s present performance, and at any external factors which might affect its future. To do this, it carries out an analysis, sometimes called SWOT analysis (strengths, weaknesses, opportunities and threats). First organization examines its current performance, assessing its strength and weaknesses. It looks at performance indicators like market share, sales revenue, output and productivity. And also examines its resources – financial, human, products and facilities. Next, the company looks at external factors, from the point of view of opp. and threats. It is trying to assess technological, social, economic and political trends in the market where it is competing.

Having completed the SWOT analysis the company can now evaluate its objectives and perhaps work out new ones. They will ask themselves questions about growth rate, new markets to break into etc. The remaining task is to develop appropriate strategies to achieve the objectives. So that is why company planning and strategic decision-making are key activities of top management.

**6.** **Goal-setting (MBO)**

Management by Objectives (MBO) is a system which was first described by Peter Drucker in his book ‘The practice of management’. Since then, MBO has attracted enormous interest from the business world.

P.D. emphasized that an organization and its staff must have clear goals. Each individual must understand the goals of the enterprise he works for, and make contribution to them. It is also vital / significant that the individual knows what his manager expects of him.

If the organization uses the MBO approach, it must pay careful attention to planning. This is because each individual has clearly defined objectives. With MBO, individual and org. obj. are linked.

A special feature of MBO is that the subordinate participates with his manager in developing objectives.

MBO, therefore, focuses on results. The subordinate’s performance is judged in terms of how well or badly he has achieved his goals.

Various kinds of MBO system is used in organizations. The *MBO programme consists of several stages*:

1. At the first stage subordinate and his manager define the job separately. Both parties then meet and discuss the statements they have made in writing. They also discuss their differences of opinion. In the end, they both have a clear idea of what the job involves.

2. At stage two they examine each task, and sub. performance is evaluated. They try to decide how well or badly it is being performed. They do evaluation separately again, and then meet and discuss their assessment. The manager here will have the chance to praise the sub. for some of his work. On the other hand, both parties may point out areas where there are problems.

3. Developing new objectives comes next. The subordinate and manager try to develop goals which are challenging but realistic. There will be dates by which the subordinate must achieve his goals.

4. The sub. and the manager discuss the objectives and make plans for achieving them. The programme is put into action.

5. Finally, there are periodic reviews of the person’s performance and his progress is checked. It is vital that the manager receives feedback from the sub.

‘+’There are many benefits of MBO. The system helps the subordinates to see clearly his role in the organization and the tasks he must carry out. As the result subordinate feels more responsible, more motivated and more committed to the objectives of the organization. MBO is good technique for assessing an individual’s performance. Sub. is judged on results, rather than on the personal feelings or prejudices of the manager. It leads to better coordination and communication within an enterprise. The sub. must liaise closely with his manager. The manager acts as teacher and guide. Most important of all, MBO makes the individual think of results, of the contribution he is making to the enterprise.

‘-’ The main limitation of the system are that it is time-consuming and may create a lot of paperwork. In practice , MBO programmes are often not fully supported by management, due to the fact that managers are not always skilled at interviewing and giving guidance.

**7. The management of time**

In any business it is important that managers should be effective. They must be able to achieve their objectives and to get things done. But it is easier said than done –the problem is that there are many pressures on managers, reducing their efficiency. Their work is fragmented and most days they are doing a number of tasks, some fairly trivial, other highly important. Than managers find that they do not have enough time to devote to the really important jobs and sometimes they forget which jobs are important.

Managers also find that other people take up a lot of their time, so he has little time on his own. He must constantly respond to the demands that other make on his time. The higher he goes, the more demands will be made upon his time.

Because of the nature of the manager’s work, it is not easy for manager to be effective. He will have difficulty distinguishing between important and less important tasks. He will often feel that he has too many demands on his precious time and at times will find it quite difficult to turn people away. There will always be someone or something to divert him from what he should really be doing.

Effective manager learn how to manage their time. They cut out unproductive activities and never forget that time cannot be replaced.

The usual / common method for manager to find out how he is actually using his time, is to log the tasks he performs. Manager should not rely on memory when logging time. Manager should note down all the activities and indicate how long they took. The logging of time should be done once or twice a year. It shows how the executive actually spends his time at work, not how he thinks he spends it.

Once the manager has an accurate picture of how he uses time, he can analyze the time log. This will help him to re-think and re-plan his work schedule. He can find out some of the wasteful activities and cut them out.

As a result of his analysis the effective manager will start getting rid of unproductive, time wasting activities. Manager will learn to say ‘No’ more often to people demanding his time. He will also get rid of some activities which can be done just a well by someone else. Knowing how to delegate is an essential skill of a manager. He will, in short, be more discriminating in using time.

Having recorded and analysed time, the manager can now re-shape his schedule: he can set aside certain times for important tasks; create more time so that he can attend to essential activities. He can also earmark certain days of the week for particular activities, management meetings, staff appraisals etc. The manager works out all the jobs he must do and lists the tasks in order of priority. Manager also set deadlines for carrying out the most important functions.

Peter Drucker believes that effective manager work systematically to manage time. He must acquire this ‘habit of mind’, this ability to use time efficiently.

**8. Motivation**

The work of managers is to ensure that staff work efficiently in an organization. To achieve this, it is clear that managers must know what motivates people. By understanding the factors influencing motivation, they can create the conditions in which employees will perform to their maximum potential.

One of the best known theories of motivation was put forward by an American psychologist, ***Abraham Maslow***, an American psychologist. In his theory, he presents a hierarchy of needs. He identified certain basic human needs and classified them in an ascending order of importance. Basic needs were at the bottom of the hierarchy, higher needs at the top. His classification is shown below:

1. Physiological needs: These were things required to sustain life like *food, water, air, sleep* etc. Until these needs are satisfied, Maslow believed, other needs will not motivate people.

2. Security needs: They are the needs to be *free from danger, physical pain and loss of a job*. They include the need for clothing and shelter.

3. Social needs: A human being needs to belong to a group, to be liked and loved, to feel accepted by others and to *develop affiliations*.

4. Esteem needs: After people have satisfied their social needs, they want to have *self–respect* and to be *esteemed by others*. They have a *need for power, status, respect and self–confidence*.

5. Self–actualization needs: These are the highest needs, according to Maslow. They are the *desire to develop, to maximize potential and to achieve one's goals*.

Maslow said that people satisfied their needs in a systematic way. When a need had been met, it stopped being a motivating factor. Research into Maslow's theory has not been very conclusive. Studies have tended to show that needs vary greatly among individuals.

Another theory of motivation, which has been very popular with managers, ***is Frederick Herzberg's 'two–factor' theory***. Herzberg conducted a number of studies and concluded that at work there are certain factors which cause job satisfaction while others lead to dissatisfaction.

The group of factors bringing about satisfaction were called 'motivators'. They include things like a *challenging job, responsibility, advancement, recognition, achievement, career prospects* etc. These factors give rise to positive satisfaction.

Herzberg called the other group of factors 'hygiene' or 'maintenance' factors. These include *company policy and administration, salary and fringe benefits, job security, quality of supervision, relationship with colleagues, job security, work conditions, status and personal life.* These factors are considered to be only 'dissatisfiers', not motivators. If they do not exist, they cause dissatisfaction. If they do exist in quality and quantity, they do not, however, give increased satisfaction. Hygiene factors are essential if workers are to be motivated.

Hygiene factors refer to the *context* of the job – the conditions of work – while the motivators refer to job *content.*

If Herzberg's theory is true, it means that managers must pay great attention to job content (motivating factors). They must find ways of making jobs more challenging and interesting. The idea of such programmes is to give the worker a sense of achievement.

There are various methods of making work more interesting. These include job enlargement and job enrichment. With job enlargement, the worker is given additional tasks to perform. Job enrichment involves giving extra responsibilities to workers such as production planning, quality control and technical development of equipment.

**9. Performance Appraisal**

Most organizations have some form of performance appraisal of their employees. The appraisals are usually carried out once a year. The manager makes an evaluation of the performance of the subordinate. This involves filling out a form or writing a report on the person concerned. After this, there is a meeting at which the two parties discuss the appraisal. A performance appraisal is, then, *a judgment on how well a person is doing his/her work*.

Appraisals help organizations to reward staff properly. They are useful when decisions have to be made about salary increases and bonuses. They are needed when managers are considering transferring or promoting staff. In these situations, they provide up-to-date information about an individual's performance, skills and career objectives.

An important purpose of appraisals is to give the subordinate feedback on how he/she is performing. The manager can talk to the subordinate about the strengths and weaknesses of his/her performance. Не/She can also discuss how the subordinate can learn to work more effectively. At appraisal interviews, subordinates can not only talk about their future, but also seek guidance from the manager. The interview may help them to think more realistically about their goals.

There are many methods of evaluating a person's performance at work.

A traditional method has been to ***give a 'rating'***. The subordinate's evaluation is based on traits — qualities - that he/she shows in his/her work. Subordinates are judged on such things as *knowledge of the job, reliability, cooperation, punctuality, initiative and sense of responsibility.* The manager rates the subordinate by marking a letter or figure on a scale.

However, the most popular form of appraisal, in Britain and the United States, is ***Management by Objectives***. This appraisal is based on a person's performance, and how well he/she is achieving his/her goals. The manager and the subordinate agree on a certain number of objectives, which should be achieved in a given period of time. The focus is on results, not personality traits.

Another appraisal method is worth mentioning too. This is the ***Critical Incident Method***. With this system, the manager keeps a record of good and unsatisfactory examples (incidents) of a person's work. These are kept in a file and reviewed with the manager when the interview takes place. An advantage of the system is that the manager has to think about the subordinate's performance throughout the year.

In spite of the need for performance appraisals, people do not like them. Many managers see appraisals as their most unpleasant duty and those who are appraised rarely have a good word to say for the system used by their organization. One problem is that the manager is expected to criticize the subordinate and to give guidance at the same time. Many people are naturally suspicious of appraisals. They think managers are trying to find out their weaknesses, so they are on the defensive. Moreover, managers are often unwilling to say that a subordinate's performance has been 'outstanding' or 'bad'. So, the individual is described as being *'just above average'*. This means that high fliers in the organization do not get a good enough evaluation while the work of poor performers may be over-valued. Finally, many managers do not like to criticize, in writing, a subordinate with whom they are working closely, day-by-day.

Appraisal can be a valuable process. At the interview, the manager should act as a guide to the subordinate, not as a judge. The purpose of the interview should be to discuss how the individual can 'grow' in the organization, and make an effective contribution. The situation allows both parties to review the work of the individual and fix realistic targets.

**10. Centralization & Decentralization**

Alfred Sloan (1874-1966) was an outstanding figure in the business world of America. He worked for forty-five years in the General Motors Corporation (GM). Sloan published an account of his career with the organization*.* In it he described some of the managerial problems he had had, and how he had dealt with them.

According to Sloan, every large enterprise has to face one major problem. It must decide how much it wishes to centralize or decentralize its business. The terms refer to the degree of authority that is given to various levels of management and to the divisions of an organization. When we talk about centralized and decentralized businesses, we mean the extent / degree to which authority has been passed down – delegated – to lower levels or divisions of an organization.

When an organization is centralized, a limited amount of authority is delegated. If it is decentralized, a greater degree of authority is given to staff and divisions. In a decentralized company, the divisions will have wider responsibilities and authority and more important decisions can be made at lower levels. There are fewer controls from Head Office.

To sum up, a ***centralized business*** has a 'tight' structure, whereas a ***decentralized business*** has a 'looser' structure.

No enterprise chooses complete centralization or decentralization. In practice, it tries to find a balance between the two forms. Fox instance, Head Office can control things like cash, capital expenditure and stock control. The divisions will have a great deal of autonomy, being responsible for designing, making and marketing.

Nowadays, decentralization is the fashion, the 'buzz' word. Believers in decentralization say that it helps to 'develop people' because staff get more responsibility, make more decisions, and so gain experience for later managerial positions. Decentralization allows top managers to delegate jobs, so these managers will have more time to work on *setting goals,* *planning corporate strategy and working out policies*. If an organization is too centralized, people become robots – which is demotivating. The strongest argument foe decentralization is that, in competitive conditions, the ‘looser’ companies will be more flexible, better able to make quick decisions and to adapt to change.

It is normal for people to like independence, to dislike control. The more educated staff is, the more they will want to make decisions, to have authority. However, it is not easy to have more decentralization if the right staff is not available. It is one thing to prescribe diversity, decentralization and differentiation, and it is another to manage it.

**11. Communication**

It is already known that communications in excellent companies are different from those in other companies. Excellent companies have a 'vast network of informal, open communications'. People working in them keep in contact with each other regularly and have many unscheduled meetings.

In the best-run businesses, few barriers exist to prevent people talking to each other. The companies do everything possible to ensure that staff meet easily and frequently. There are numerous examples of companies who believe in 'keeping in touch': firms like IBM, Walt Disney Productions and so on.

One problem with communication is that people think they have got their message across when in fact they have not. We do not, in fact, communicate as effectively as we think we do. This finding is important for managers. It suggests that, when giving instructions, managers must make sure that those instructions have been understood and interpreted correctly.

A breakdown in communication is quite likely to happen if there is some kind of 'social distance' between people. In organizations, people may have difficulty communicating if they are different in status, or if one person has a much higher position than the other. For this reason, staff often ‘filter' information. They deliberately alter the facts, telling the boss what he wants to hear. They do not want to give bad news, so they give their superior too good an impression of the situation, thus, the info becomes unreliable.

One way of reducing social distance - and improving communications - is to cut down on status symbols. It is possible, for example, to have a common dining-room for all staff or to wear uniforms.

Physical surroundings and physical distance limit or encourage communication. Studies show that the further away a person is, the less he/she communicates.

The physical layout of an office must be carefully planned. Open-plan offices are designed to make communication easier and quicker. However, it is interesting to note that employees in such offices will often move furniture and other objects to create mini-offices.

Another important barrier to communication is selective perception. This means that people perceive things in different ways. The world of the sender is not the same as the world of the receiver. Because their knowledge and experience is different, sender and receiver are always on slightly different wavelengths.

Communication problems will arise, from time to time, in the best-run companies. However, to minimize such problems, managers must remember one thing. Communication should, be a two-way process. Managers should encourage staff to ask questions and to react to what the managers are saying. Feedback is essential. The most useful question a manager can ask is ‘Did you understand that?’

**12. Leadership**

Leadership is needed at all levels in an organization. It is difficult to define leadership satisfactorily.

A typical definition is that the leader *'provides direction and influences others to achieve common goals'.*

Leader has to create ‘a sense of excitement’ in the organization and convince staff that he knows where the business is going. In add., he must be a focus for their aspirations.

When psychologists and other researchers first studied leadership, they tried to find out if leaders had special personal qualities or skills. They asked the question: Were there specific traits which made leaders different from other people? The results of their research were disappointing. In time, it became clear that there was not a set of qualities distinguishing leaders from non-leaders.

However, there are some qualities which are considered important for success as a leader: sociability, self-confidence, dominance, participation in social exchange, desire to excel etc. But, it was pointed out, many people with these traits do not become leaders. And many leaders do not have such traits! It is generally agreed now that you can’t say a person is a leader because he/she possesses a special combination of traits. Although some qualities, like above-average intelligence and decisiveness, are often associated with leaders.

An important analysis of leadership has been made by Fred Fiedler, Professor of Psychology and Management. He has identified two basic leadership styles:

***Task-motivated leaders*** tell people what to do and how to do it. Such leaders get their satisfaction from completing the task and knowing they have done it well. They run a 'tight ship', give clear orders and expect clear directives from their superiors. Their priority is getting the job done.

***Relationship-motivated*** leaders are more people-oriented. They get their satisfaction from having a good relationship with other workers. They want to be admired and liked by their subordinates.

Throughout his work, Fred Fiedler emphasized that *both styles of leadership could be effective in appropriate situations.*

There are some characteristics of the chairmen and chief executives of the companies, which made them good leaders: firstly, the leaders are 'visible'. They did not hide away in some ivory tower at Head Office. Instead, they made regular visits to plants, toured round their companies and talked to employees.

Besides being visible, the leaders of these top companies provided a 'clear mission'. In other words, they knew where the organisation was going and persuaded staff to follow them.

Finally, successful organisations have clear values. And it is the job of the leader to show what they are.

Thus, the successful leader must also protect and promote the organisation's values.

**13. Management in multinationals**

Simply, multinational is a company, doing business in more than 1 country. But this definition doesn’t indicate the size and the scale of the multinational’s activities.

To be a ‘true’ multinational, experts say, an organization should operate in at least 6 countries and have no less than 20% of its sales or assets in those countries. For instance, the larger enterprises like IBM, British petroleum and Mobil Oil, have subsidiaries in sixty to eighty countries.

The interests of multinationals and foreign governments frequently clash. Because of their global approach, multinationals often make decisions which are against the interest of the host countries. The governments of host countries can put pressure on multinationals to change their minds and can also criticised them for different reasons. Difficulties often arise when multinationals wishes to transfer its earnings back to Head Office, because this operation may have a bad effect on the exchange rate of host country’s currency. The list of complaints against multinationals is a long one, so many countries try to restrict their operations (Nigeria & India) – certain % of the equity must be owned by local investors or certain % of managers must be local staff. All this restrictions can lead to friction between the 2 sides, and even bitterness.

Multinationals managers will spend much of their time working overseas. They will live and work in a strange environment, have to deal with people, who have diff. language, customs and religions. Multinationals managers must take foreign conditions into account.

Managers working abroad need various skills. A recent study has shown that, first of all, they need human relations skills, which are quite significant, an understanding of the culture, ability to adapt and knowledge of local language. These requirements are vital. To be effective, the manager must persuade local staff to cooperate with him and his organization.

Differences in culture are important when a manager is negotiating in a foreign country. Manager should be able to make a concession and not to talk in an over-eager way.

**14. Social responsibility**

Thirty o so years ago, discussions of social responsibility were of three types. Firstly, there were a lot of talks about how business people should behave in their work. Should they have the same ethical standards, principles, as they had in the private life? Secondly people discussed the social responsibility of business towards its employees. They were interested in how org. could improve the working conditions of their employees. And finally, social responsibility included the idea that business people should contribute to cultural activities like music festivals and art exhibitions.

These days, there is a new approach to social responsibility. Many people say that a business should try to meet the needs and interests of society. It has an obligation to help solve the problems of society. For example, pressure is put to provide a safer environment - even if this means reduced profits. Business is expected to show social responsibility in all kinds of ways. It is *urged to provide safer products; to protect and respect the environment; to hire more people from minority groups; to offer work opportunities to unemployed youngsters; to oppose racial discrimination and at all times to behave with integrity*. The list is endless.

The new concept of social responsibility means that businesses and business people must have integrity. They must deal honestly with their employees, and with the outside world.

A lot of business people agree with the ‘wider’ concept of social responsibility. They accept that businesses should help to solve social problems – even if they don’t create them, and even if the social actions don’t bring profits. But it is certainly true that social actions cost money. And businesses have to bear that cost often by raising prices, lowering wages or having less profit. In the end someone has to pay for the social actions – it may be customer, the employee or the shareholder. Business has only one social responsibility – to use its resources and energy to increase profits and compete without deception and fraud.

Of course, by showing social responsibility, the company may well benefit in the long term. For example Rank Xerox was engaged in wide range of social projects like: grants of equipment to universities, information technology project and seminars etc. And, since it was knowledge-based company, it needed to hire highly skilled people. There was no doubt that, in the long run, these activities were profitable to the organization.