COVENANT UNIVERSITY NIGERIA

TUTORIAL KIT
OMEGA SEMESTER

PROGRAMME: BUSINESS ADMINISTRATION

COURSE: BUS 424

DISCLAIMER

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1. What are the importance of comparative management
2. What is the basic difference between management and administration?

3. Discuss the effect of ICT in management of an organization

4. What do you understand by ‘cultural differences’ among societies?
5. List and explain the five dimensions of culture.

6. Discuss the difference between work classification in US and UK companies.
7. What are the similarities between corporate and non-profit organisations
8. Explain the importance of comparative management
9. Differentiate between corporate and non-profit organisations
10. Discuss the various ways comparative management can be defined
11. What is inter-cultural management
12. How does diagnostic skill affect decision-making skill in an organization
13. What is globalization? And state the different views

14. In creating a strategically relevant human resource management system in the private and public sector, what are the important areas to focus on?
15. Explain the relationship between Managerial Discretion and Deregulation

16. What is Management Consulting?
17. What are the Advantages and Disadvantages of Internal Consultants?
18. Explain the Duties of Management Consultants

19. Identify and discuss the internal and external sources contraints on managerial discretion .
20. What do you understand by managerial discretion

Solutions

Q1. **Importance of Comparative Management**

Comparative management analyzes the extent to which management principles are applicable from one country to another. Since the leader in the development of management principles is the United States, comparative management seeks to determine the applicability of American know-how to foreign locales. Although the concept of comparative management evolved in the late sixties, it continues to be the subject of considerable debate.

In other words, the universality of management science allows it to be transferred from one locale to another. Management is universal because it is critical to the successful operation of an organization. The "universalist" school of management theory believes that certain management principles are fundamental and can be transferred to any organized form of human activity. In contrast to the universalists are those who believe that management practice is culture bound. Cultural differences in various countries exert a si Comparative international management is the field of inquiry that focuses on differences in management and organization between countries. By now, there is sufficient awareness of the usefulness of studying management and organization in an international context. Also, the use of comparison to aid explanation and to enhance understanding of social phenomena has always been recognized as a valuable tool of social scientific research and hence as an end in itself.

For at least the last twenty years, the literature has yielded diverse positions on the transferability of modern management principles into different cultures. A review of the research shows that most cross-cultural studies are actually cross-national studies which means comparing socio-cultural, political, and economic systems and not just culture. Two of the more important models are described in terms of the role of culture-the Farmer-Richman model and the Negandhi-Prasad model. One of the models identifies management as a dependent variable, and the other as an independent variable. The research was conducted to contribute to a resolution of this difference. The research design isolated the role of culture by controlling for the political, economic, and educational variables.

"Comparative International Management" provides the reader with a broad coverage of comparative international management topics focusing on a number of key issues, such as differences in management styles, organizational structures, corporate governance, production systems, corporate strategy, labour relations, and human resource issues in different countries. In doing so, the text uses a cultural-institutional explanation to clearly highlight the reasons why countries differ, allowing the reader to appreciate the importance of management in international and globalizing economies.

Comparative management theories identified are:

- Socio- Economic approach
- Ecological approach
- Behavioural approach
- Eclectic empirical approach

Q3. **ICT Effect on organization**

According to Murgatroyd and Morgan (1994) “The key to success is communication”, communication (ICT) and the development of a culture dedicated to making vision a reality through actively pursuing a focused strategy dedicated to meeting and exceeding customer needs; According to Oxford Advanced learner’s Dictionary, it is the study of the use of computers, the internet, video and other technology as a subject… communication is essential for the existence of societies and organizations as an instrument of social interaction.

Just like every other spheres of life Management has acquired a radically new flavor in the twenty – first century. The Information and Communication Technology (ICT) revolution has transformed the ways in which ideas and information are recorded and communicated inter-Management organization. (The tern Information Technology (IT) was used for everything to do with computers with the growth of electronic communications it became (ICT)

Information and Communication Technology (ICT) is the pivot of modern government (organization and Management) there is increasing usage of computer technology in organizations. This is a major component of the information age. The effect in management in so pronounced that computer networks have been used to work more closely with supplies and customers (Inter) the information age has led to the development of new delivery channels, like internet services with the organization (intra) Fagbemi 2006) The adoption of this ICT led to convenient and efficient ways for citizens and businesses to communicate within organization and to receive services. the amount of paper work in organizing business has reduced, thus giving way to 'paperless' organization. That is the use of computer whereby information can be passed both within (intra) and outside (inter) the organizations without using much paper.

In fact computer has profound effect (impad) upon the practice of management. It has made possible more efficient information processing and problem solving in business and other organizations and has been highly instrumental in advancing management knowledge.

Information Communication Technology (ICT) is increasingly becoming the key to national economic management, affecting virtually every industry and service. It difficult to name a business that does not depend on the effective use of information. The designing of product and services tracky and responding to market demands and or making a well-informed decisions depend on ICT. It has changed the world more permanently than any other technology in history and will transform civilization so far. Environmental trends like globalization and heightened international network and competition are speeding the movement forward increased ICT use in organizations.

Q5. **Dimensions of Culture and Effects on Globalization Strategy**

First, power distance is the extent to which less powerful members within a country expect and accept that power is distributed unequally. For example, in high power distance Brazil, the richest 10% of the population receives approximately 50% of the national income, and everybody accepts this as "the way it is." In low power distance Sweden, the richest 10% gets only 22% of the national income. Solicitation of subordinate feedback and participation, widely practiced in low power distance Western countries, is regarded as a sign of weak leadership and low integrity in high power distance countries such as Egypt, India, Mexico, and Russia.

Second, individualism refers to the perspective that the identity of an individual is fundamentally his or her own, whereas collectivism refers to the idea that the identity of an individual is primarily based on the identity of his or her collective group (such as family, village, or company). In individualistic societies (led by the United States), ties between individuals are relatively loose and individual achievement and freedom are highly valued. In contrast, in collectivist societies (such as many countries in Africa, Asia, and Latin America), ties between individuals are relatively close and collective accomplishments are often sought after. Because entrepreneurs are usually willing to take more risk, individualistic societies tend to foster relatively more entrepreneurship, whereas collectivism may result in relatively lower levels of entrepreneurship.

Third, the masculinity versus femininity dimension refers to sex role differentiation. In every traditional society, men tend to have occupations that reward assertiveness, such as politicians, soldiers, and executives. Women, on the other hand, usually work in caring professions such as teachers and nurses in addition to being homemakers. High masculinity societies (led by Japan) continue to maintain such a sharp role differentiation along gender lines. In low masculinity societies (led by Sweden), women increasingly become politicians, scientists, and soldiers and men frequently assume the role of nurses, teachers, and househusbands. The stereotypical manager in masculine societies is assertive, decisive, and 'aggressive' (only in masculine societies does this word carry a positive connotation), whereas the stylized manager in feminine societies is less visible, intuitive rather than decisive, and accustomed to seeking consensus.

Fourth, uncertainty avoidance refers to the extent to which members in different cultures accept ambiguous situations and tolerate uncertainty. Members of high uncertainty avoidance cultures (led by Greece) place a premium on job security, career patterns, and retirement benefits. They also tend to resist change, which, by definition, is uncertain. Low uncertainty avoidance cultures (led by Singapore) are characterized by a greater willingness to take risk and less resistance to change. Managers in low uncertainty avoidance countries (such as Great Britain) rely more on experience and training, whereas managers in high uncertainty avoidance countries (such as China) rely more on rules and procedures.

Finally, long-term orientation emphasizes perseverance and savings for future betterment. China, which has the world's longest continuous written history of approximately 5,000 years and the highest contemporary savings rate, leads the pack. On the other hand, members of short-term orientation societies (led by Pakistan) prefer quick results and instant gratification. Cultures with a long-term orientation are likely to nurture firms with long horizons in strategic planning.

Q7. The similarities that exist between corporate bodies and non-profit organisations are as follows:

1. Both Organizations are guided in differing extent by government Circular, Gazette, Bulletins, Constitution etc. The regulations ensure both organizations have an enabling environment to perform.

2. Predetermine goals and objectives: Both organizations are established to accomplish a predetermine goals and objectives.

3. Organizational Structure: Both organisational possess internal structure (formal or semi-formal) that may be hierarchical in structure. They should also contain chain of command, unity of control, etc. for efficiency and effectiveness of service delivery.

4. Act of establishment: Both organisations are established by an act established through the Act of Parliament, with Constitutional provision of their services to the three tiers of government

5. Recruitment, discipline, dismissal and promotion into these organisations are the responsibility and discretion of the organisations.

6. Both organizations exist simply to render goods or social services, profit and non-profit making and the satisfaction of the public through their various activities, programmes and products etc.

7. Both organizations source for capital for operations either internally and externally from the public through the sales of shares and grants etc

Q9. The differences that exist between corporate bodies and non-profit organizations are in their setting, formation and structures as follows:

Setting:

1. Corporate organisation is a legal entity established for profit driven and oriented making e.g. organisation, bank, company, institution, churches, communication etc while nongovernmental organization is a non-profit driven and oriented entity.

2. Corporate organisation structure is more formal, complex, coordinated and with more technology involved while in non-profit organisation there exhibits a mixed of formal and informal. Non-profit organizations have a two-tiered hierarchical structure, consisting of a Board of Directors and Program Directors.

3. Corporate organizations provide more of qualitative and essential services, while nongovernmental organisation provides more of public and social services as well as nongovernmental functions.

4. Corporate organisations are established with high degree of accountability and efficiency which may not be the case of non-profit organisation.

Formation:

1. Funds acquired by non-profit corporations must stay within the corporate accounts to pay for reasonable salaries, expenses, and the activities of the corporation while that from corporate organisation may be used within and outside the organization.

2. Corporate organisations are mandated to pay taxes based on the schedules of duties and income generated while nongovernmental organisation may be or are exempted from various taxes.

3. Corporate organization is opened to more criticism (either constructive or otherwise) while the nongovernmental organizations are not all that prune to frequent criticism as their operations are not widely known

4. Requirements for the establishment of non-profit organisations varies from one state to another depending on the prevailing conditions while is the same everywhere for corporate organizations.

Structure:

1. The size of corporate organizations is usually larger than those of nongovernmental organizations. Many non-profit organizations structures do not extend beyond their locality.

2. Recruitment into corporate organisation is based on geographical spread in most cases and is mostly on merit irrespective of applicant's state of origin.

3. Personnel procurement in corporate organisation is done by a centralized body or agency while in non-profit organisation; individual organization is responsible for the living of its staff.

4. Decision making in corporate organisation is control by the Board of Director and Managing Directors while the Shareholders control non-profit organizations

Q11. **Intercultural Management**

Inter-cultural management is the combination of knowledge, insights and skills which are necessary for adequately dealing with national and regional cultures and differences between cultures at the several management (W. Burggraaf)

This is evidence in Nigeria where ethnicity abound spelling out people with different cultural and traditional background coming together to form a nation. For example the method of greetings/salutation differ from one culture to the other, while others genafluct, other kneel, others lie-down, when others from a different culture do not perform these gestures because it is not their custom it is regarded as insubordination or not being loyal. If takes time to adjust/assimilate and it is incumbent on the manager to understand this difference or mouse decision will be taken on the subordinate. The manager to bland the human resources must appreciate diverse cultures multi-culturism, multicultural teams, cross-border mergers and acquisition, cultural adjustment, international careers as for as large multination corporation are concern.

Q.13. **Meaning of Globalization**

Globalization can be defined as the process of international integration arising from the interchange of worldviews, products, ideas, and other aspects of culture. It is a process that increases world-wide exchanges of national and cultural resources. The term globalization has been in increasing use since the mid-1980s and especially since the mid-1990s. In 2000, the International Monetary Fund (IMF) identified four basic aspects of globalization: trade and transactions, capital and investment movements, migration and movement of people and the dissemination of knowledge. Further, environmental challenges such as climate change, cross-boundary water and air pollution, and over-fishing of the ocean are linked with globalization. Globalizing processes affect and are affected by business and work organization, economics, socio-cultural resources, and the natural environment. Critics argue that globalization undermines wages in rich countries, exploits workers in poor countries, and gives multinational enterprises (MNEs) too much power. Three views on globalization are illustrated in the next subtopic.

Views on Globalization

Depending on what sources you read, globalization could be:

• A new force sweeping through the world in recent times
• A long-run historical evolution since the dawn of human history
• A pendulum that swings from one extreme to another from time to time

An understanding of these views helps put things in perspective. First, opponents of globalization suggest that globalization is a new phenomenon since the late 20th century, driven by both the recent technological innovations and Western hypocrisy designed for MNEs to exploit and dominate the world. While presenting few clearly worked-out alternatives to the present economic order, other than an ideal world free of environmental stress, social injustice, and branded, pundits of this view nevertheless often argue that globalization needs to be slowed down if not stopped. Most antiglobalization protesters seem to share this view. A second view contends that globalization has always been part and parcel of human history. Historians are debating whether globalization started 2,000 or 8,000 years ago. MNEs existed for more than two millennia, with their earliest traces discovered in the Assyrian, Phoenician, and Roman empires. International competition from low-cost countries is nothing new. In the first century AD, so concerned was the Roman emperor Tiberius about the massive quantity of low-cost Chinese silk imports that he imposed the world's first known import quota of textiles. Today's most successful MNEs do not come close to wielding the historical clout of some MNEs such as Britain's East India Company during colonial times. In a nutshell, globalization is nothing new and will always march on. A third view suggests that globalization is the "closer integration of the countries and peoples of the world, which has been brought about by the enormous reduction of the costs of transportation and communication, and the breaking down of artificial barriers to the flows of goods, services, capital, knowledge, and (to a lesser extent) people across borders." Globalization is neither recent nor one-directional. It is, more accurately, a process similar to the swing of a pendulum. This notion of globalization probably makes the most sense because it helps us understand the ups and downs of globalization.

Q15. **Managerial Discretion and Deregulation**

Deregulation creates a unique context that makes the principal’s monitoring work more difficult, and this amplifies agency problems.
In the transition to a deregulated context, four factors are theoretically linked to the problems of the principal’s monitoring. These are:
(i) The lack of subsidizing monitoring
(ii) A high level to managerial discretion,
(iii) Increased environmental uncertainty and
(iv) Increased information asymmetry
Deregulation removes much of the subsidize monitoring and disciplining potentials of managerial behvaiour by government agencies. It also provides managers with more opportunities for discretionary actions (Frinkelstein, and Boyd, 1998). Government regulation determines firm strategy (Grucia and Nath, 1994) and imposes constraints upon strategic decisions. It also makes the focus of strategic decision. Government regulation also decides the focus of strategic decision shift away from mangers to public official (Smith and watts 1992).
Q17. ***Advantages of Internal consultants***
There are several potential benefits to employing internal consultants:
· If properly managed and empowered, internal consulting groups evaluate engagement on projects in light of the corporation's strategic and tactical objectives.
· Often, the internal consultant requires less ramp up time on a project due to familiarity with the corporation, and is able to guide a project through to implementation — a step that would often be too costly if an external consultant were used.
· Internal relationship provides opportunities to keep certain corporate information private

· It is likely that the time and materials cost of internal consultants is significantly less than external consultants operating in the same capacity.
· Internal consulting positions can be used to recruit and develop potential senior managers of the organization.

Note: Corporations need to be conscious of and consistent with how internal consultant costs are accounted for on both a project and organizational level to evaluate cost effectiveness.

· Internal consultants may be specifically suited to either:

1. Lead external consulting project teams, or

2. Act as organizational subject matter experts ‘embedded’ with external consulting teams under the direction of organizational management.

A group of internal consultants can closely monitor and work with external consulting firms. This would ensure better delivery, quality, and overall operating relationships.

External firms providing consulting services have a dichotomy in priority. The health of the external firm is in aggregate more important than that of their client (though of course the health of their client can have a direct impact on their own health).

Disadvantages of Internal consultants

· The internal consultant may not bring the objectivity to the consulting relationship that an external firm can.

· An internal consultant also may not bring to the table best practices from other corporations. A way to mitigate this issue is to recruit experience into the group and/or proactively provide diverse training to internal consultants.

· Internal consultants may face corporate politics just as any group in an organization.

· Where the consulting industry is strong and consulting compensation high, it can be difficult to recruit candidates.

· It is often difficult to accurately measure the true costs and benefits of an internal consulting group.

· When financial times get tough, internal consulting groups that have not effectively demonstrated economic value (costs vs. benefits) are likely to face size reductions or reassignment

Q19. **SOURCES OF MANAGERIAL CONSTRAINTS**

The degree of discretion that senior executive managers have in setting objectives is limited by both external and internal constraints. External constraints arise from the active market in company shares while internal constraints arise from the role of nonexecutive board members and stakeholders, trying to align the managers' and the owners' interests by the rules shaping corporate governance.

Ř **External constraints**

There are five sources of external constraint on managerial behaviour in any system of corporate control. Those who potentially hold this power are:

1. Holders of large blocks of shares who use or threaten to use their voting power to change management or their policies if they become dissatisfied.
2. Acquirers of blocks of shares sold by existing shareholders unhappy with the performance of management.
3. Bidders in the takeover process who promise to buy all the voting shares of the enterprise.
4. Debtors/Investors, particularly in times of financial distress, who act to protect their interests in the company.
5. External regulators and auditors.

In outsider systems, external control is exercised mainly through the workings of the stock market rather than voting. In the stock market, shares are continuously tradedand the price re£ects the relative numbers of buyers and sellers and their willingness to buy or sell. The influence of the workings of the stock market on managerial discretion assumes that a fall in the share price will make management more vulnerable to shareholder activism either in selling shares or in voting at shareholder meetings.

In outsider systems, shareholders are inclined to sell under-performing shares to maintain a balance in their diversified share portfolios. In insider systems the selling of shares is more difficult and, therefore, shareholders are more likely to use their voting power to influence management. In outsider systems the working of the stock market makes it feasible to acquire blocks of shares by purchase and to make a bid for all the equity of a company, thereby threatening the tenure of the existing management. Other external constraints on managerial behaviour are the need to comply with company law, independent auditing of accounts and the lodging of company accounts with the regulators. The annual accounts of a company are designed to present a reasonable picture of the company's activities and its financial health in terms of profit and debt levels to actual and potential shareholders. On occasions, audited accounts have been found to have presented an inaccurate picture, in that a company has gone bankrupt after the accounts appeared to show a healthy financial situation. The bankruptcy of Enron in the USA in 2001 was a notable example.

Ř **Internal constraints**

1. Within the organizational structure of the company, there are groups who may be able to influence management to change policies. The first of these are the non-executive directors, who are appointed to the boards of UK companies to oversee the behaviour of the executive directors. However, they are normally appointed by the executive managers and, therefore, may not be independent in their actions or effective in constraining executive directors. They are often few in number and can be outvoted by executive directors. One of the objectives of corporate governance reform in the UK is to make non-executives more effective. In the German system the supervisory board plays this role by influencing the management board, but its membership is more wide-ranging.

2. The second of these groups are the owners or shareholders, who can exercise their authority at meetings of the company or informally with management. Directors are elected at the annual general meeting of the company. Dissatisfied shareholders can vote against the re-election of existing executive directors or seek to get nominees elected. They can also vote against resolutions proposed by the executive of the company, such as those relating to executive remuneration. In the past this has rarely happened as shareholders have been passive rather than active in company affairs and sell

underperforming shares. However, in the UK institutional shareholders have become more active in organizing coalitions to either influence management behind the scenes or forcing votes at annual general meetings.

3. A third group that can influence executive managers are the stakeholders within the company. These include employees of the firm as well as customers, suppliers, lenders and the local community. They may do this by expressing their criticisms concerns either directly to the executives or indirectly by informing shareholders, the media and outside experts or commentators. Investment banks and stockbrokers offer advice to shareholders on the potential future earnings of the company, and such comments may help to influence attitudes toward incumbent managers.