COVENANT UNIVERSITY
NIGERIA

TUTORIAL KIT
OMEGA SEMESTER

PROGRAMME: CHEMISTRY

COURSE: CHM 224

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224?

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What are the similarities between Industrial Chemistry and Management?

- Industrial Chemistry and Management have the same basic philosophies, even though the specific nature of the problems is different in the two disciplines.
- Both chemists and managers are brained to be decision makers in a complex environment.
- They both allocate resources for the operation of existing systems or for the development of new system.
- Both have to recognize, identify, and evaluate the interfaces among system components.

What are their differences?

- Industrial Chemistry and management decisions differ only because of their emphasis on different subsystem.
- The industrial chemist is primarily interested in the chemical, ores, minerals and material related subsystem, dealing with the methods and processes for the allocation of materials resources to be prepared, designed, and development of operation of industrial system.
- He frequently works with relatively well-defined problems in an environment where uncertainty are reduced significantly by the information available about the behaviors and properties of materials with which he deals.

Manager's Role in an organization:

- A manager's primary emphasis on the other hand, is on the allocation of human and non human resources to perform the tasks demanded of his organization.
- His problems are usually more open ended and less well defined than the chemist's problems.
- His works in a considerably more uncertain environment compared to a chemist because of the unknowns involved in human behaviors and the external conditions that affect his decisions.
- He operates in a rapidly changing discontinuous environment where precise functional relationships are difficult to develop, yet he has to make rational decisions and justify the steps of his thought process.
- Organization may be simple or complex efficient or inefficient, appropriate or inappropriate, personal, costly or inexpensive.
- Because of the dynamic state of business enterprise, an organization may be efficient in a particular form only for a fair short period.
- Change of some kind is usual and, therefore, the organization should be under constant review.
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In selecting a site for a new chemical industry, there are obviously certain factors to be considered. Explain these factors.

1. Availability of chemical and raw materials
2. Availability of services such as water, gas, electricity and waste disposal.

3. Transportation facilities by road rail and water to get the personnel and materials to the factory and finished good away.
4. Availability of labour of the right type.
5. Room for expansion and recreational facilities
6. Suitability and cost of land.
7. Suitability of climate for the particular product/instrument and chemical and peaceful environment.
8. Local bye-law, restrictions and regulations.
9. Government grants as offered as an incentive to firms to expand in development areas.

Questions

1) Give a brief definition of an “interview”.
2) Make a list of different types of interviews.
3) What preparations would you make before conducting any interview?
4) What preparations would you make for grievance interviews?
5) What are the similarities and differences between Industrial Chemistry and Management?
6) List the factors influencing the quantity and quality of training and development activities in any organization?
7) Discuss the role of a manager in an organization when selecting a site for a new chemical industry, there are obviously certain factors to be considered. Explain these factors.
8) What are the benefits to individual workers when company has systematic training programmers for the staff?

Answer:

An interview is essentially an exchange of ideas or opinions between two or more persons. In thatsense it is no different from thousands of other instances of communication which occur in a day. However, an interview is different for the following reasons.

a. It is communication for a particular purpose.
b. It is conducted with greater or lesser amount of privacy.
c. One participant-the interviewer- takes the lead and (in theory) controls the course the interview takes.

There are many different types of interview. The most important include:

- Recruitment, coaching, induction, instruction, appraisal (a discussion of the employeesprogress), correction or disciplinary, explanation of company rules, regulations or procedures (putting an employee right), and also interviews dealing with grievances, request or suggestionscomingfrom the employee.

Conducting an interview:

As interviews take different forms, and it is difficult to produce a universal guide to interviewing.However, the following points are worth noting:

- ✓ Keep interviews as private as circumstance allow. Complete privacy is the aim.
- ✓ Choose surroundings which are free of noise and distraction.
- ✓ Whatever the reason for the interview, show normal politeness and courtesy.
- ✓ Try to ensure that both of you sit on the same level.

- ✓ Plan the interview, as far as possible in advance. Make a note of all the points you want to cover.
- ✓ Listen as well as talk. Show your interviewee that you do take him or her seriously.
- ✓ Sum up both during the interview and at the end, and make sure that the other person understands what (if anything) has been agreed upon, and what he or she has agreed to do.

Or

Interviews are:

- ➢ Communication with a purpose.
- ➢ Conducted in privacy, without distraction preferably
- ➢ Situations where one person takes the lead.

What are the factors influencing the quantity and quality of training and development activities in any organization?

- Degree of change in the external environment e.g. technological change, new legislation etc.
- Degree of internal change, new processes, new market etc.
- Availability of suitable skills within the existing workforce.
- Adaptability of existing workforce.
- The extent to which the organization supports the idea of internal career development.
- The commitment of senior management to training as an essential part of economic success.
- The extent to which management see training as a motivating factor in work.
- Knowledge and skills of those responsible for carrying out the training.
- Personnel managers/directors whose main role is to develop corporate personnel policy and implement it.
- Personnel administrators whose task is to develop and maintain the procedures and routines connected with employment.

Questions

1) What are the benefits to individual workers when company has systematic training programmers for the staff?
2) What are the similarities between Industrial Chemistry and Management?
3) What are their differences?
4) What are the factors influencing the quantity and quality of training and development activities in any organization?
5) Manager's Role in an organization In selecting a site for a new chemical industry, there are obviously certain factors to be considered. Explain these factors.
6) What are the benefits to individual workers when company has systematic training programmers for the staff?

Discuss what constitutes good control in organization?

Setting Targets:

This is the first stage in the control process. This allows a decision maker to determine what result should be or what can be expected. Because target setting is planning, therefore it follows that target means looking not the future and consequently must be a prediction of a definite feasible target.

Measuring Performance:

Control process among others is a system or process in which expectation and actual performance are compared. This measuring process requires a good amount of record keeping of and about what a person is really getting done. This depends on who the record keeper is. If he is a financial person then the record may be on terms of naira, kobo as revenue. If he is a marketing person, then these figures may be in terms of units sold.

List the activities manager tends to see in employees relations in organization.

i. Creating and maintaining employee motivation
ii. Obtaining commitment from workforce
iii. Establishing mutually beneficial channels of communication throughout the organization
iv. Acting high levels of efficiency
v. Negotiating terms and conditions of employment with employee representatives.
vi. Sharing decision making with employee
vii. Engaging in a power struggle with trade union.

What would trade unionists expect to see in employee relations in an organization?

i. Collective bargaining about terms and conditions in conflicts with their management.
ii. Representing individuals and groups of individuals in conflicts with their management
iii. Improving the ability of employees to influence events in the workplace
iv. Regulating relations with other trade Unions

List how the characteristics of an organization structured completely along behavioral lines.

i. Elimination of superior
ii. Due to this internal competition, there would be more than one source for most activities.
iii. Each individual or group would be a profit center
iv. Policies would be established as a result of compromises
v. Compensation would be determined objectively by reference.

Explain what you understand by centralization and decentralization in an organization. Give the advantages of centralization.

i. Centralization and decentralization refer to the degree to which authority is delegated in an organization.
ii. The terms are thereby used to describe the level at which decisions are taken in the management hierarchy.
iii. Complete centralization is when no authority at all is exercised by subordinates.
iv. Complete decentralization is when authority is exercised by the subordinate (i.e. there would be no co-ordination of sub-ordinates).
v. It is doubtful whether any organization approaches in either of these extremes.

The advantages of Centralization:

i. Senior management can exercise greater control over the activities of the organization
ii. and co-ordinate their subordinates or subunit more easily.

iii. With central control, procedures can be standardized throughout the organization.

What is Policy? List the major areas of operation a company is expected to have policy on.

i. A policy is a guide to the action or decisions of people.
ii. Policies are directives, issued from a higher authority, and provide a continuous framework for the conduct of individuals in a business.
iii. It is a company's standing plan of action to guide its methods of operation.

Major areas of policy operation in a company are:

i. Marketing
ii. Production
iii. Purchasing Personal Finance Public relations

The Financial Management in a Company:

The planning of profits in a large mining/chemical company is a complex business, involving:

- ✓ A balanced rate of mining of stopes varying in chemical/mineral content
- ✓ An established and inflexible maximum rate of treatment of the ore/chemical in the concentrator at costs which affect profit calculations
- ✓ Adjustment of extraction head values to changes in the market price of the minerals/chemicals sold
- ✓ Changes in the cost of power and labor
- ✓ Relation of the scope of effort to the taxation system

The financial interest of a factory trading concern is with the processing of an exhaustible supply of raw material to meet the demand of changeable fashions in consumption. In mining the processing is applied to a limited and non-renewable supply of ore to meet a market requirement less sensitive to change.

Questions

i. Is there any difference between line organization and line-and-staff organization?
ii. What do you understand by the term bureaucracy in management and by what principles does it operate.
iii. What is the relationship of bureaucracy to line and staff structure?
iv. What is line and staff structure? Give a relevant example of this in Covenant University.

THE MANAGER ROLE

WHO IS A MANAGER?

A manager is a person responsible for the work performance of group members. (Because organizations have become more democratic, the term *group member* or *team member* is now frequently used as a substitute for *subordinate*.) A manager has the formal authority to commit organizational resources, even if the approval of others is required. The concepts of manager and managing are intertwined; management is the specific practice that converts a mob into an effective, goal-directed, and productive group. The term management also refers to the process of using organizational resources to achieve organizational objectives through the functions of planning, organizing and staffing, leading, and controlling.

MIDDLE-LEVEL MANAGERS

Middle-level managers are managers who are neither executives nor first-level supervisors, but who serve as a link between the two groups. Middle-level managers conduct most of the coordination activities within the firm, and they disseminate information to upper and lower levels. The jobs of middle-level managers vary substantially in terms of responsibility and income. A branch manager in a large firm might be responsible for over 100 workers. In contrast, a general supervisor in a small manufacturing firm might have 20 people reporting to him or her. Other important tasks for many middle-level managers include helping the company undertake profitable new ventures and finding creative ways to reach goals. Quite often the middle-level managers conduct research and also gather ideas for new ventures.

FIRST-LEVEL MANAGERS

Managers who supervise operatives are referred to as first-level managers, first-line managers, or supervisors. Historically, first level managers were promoted from production or clerical positions into supervisory positions. Rarely did they have formal education beyond high school. A dramatic shift has taken place in recent years, however. Many of today's first level managers are career school graduates who are familiar with modern management techniques. The current emphasis on productivity and quality has elevated the status of many supervisors. To understand the work performed by first-level managers, reflect back on your first job. Like most employees in entry-level positions, you probably reported to a first-level manager. Such a manager might be supervisor of newspaper carriers, dining room manager, service station manager, maintenance supervisor, or department manager in a retail store. Supervisors help shape the attitudes of new employees toward the firm. Newcomers who like and respect their first level manager tend to stay with the firm longer. Conversely, new workers who dislike and disrespect their first supervisor tend to leave the firm early.

PLANNING

Planning involves setting goals and figuring out ways of reaching them. Planning is considered the central function of management, and it pervades everything a manager does. In planning, a manager looks to the future, saying, "Here is what we want to achieve, and here is how we are going to do it." Decision making is usually a component of planning, because choices have to be made in the process of finalizing plans.

Planning multiplies in importance because it contributes heavily to performing the other management functions. For example, managers must make plans to do an effective job of staffing the organization. Planning is also part of marketing.

ORGANIZING AND STAFFING

Organizing is the process of making sure the necessary human and physical resources are available to carry out a plan and achieve organizational goals. Organizing also involves assigning activities, dividing work into specific jobs and tasks, and specifying who has the authority to accomplish certain tasks. Another major aspect of organizing is grouping activities into departments or some other logical subdivision. Staffing involves making sure there are the necessary human resources to achieve organizational goals. Hiring people for jobs is a typical staffing activity. Staffing is such a major activity that it is sometimes classified as a function separate from organizing.

LEADING

Leading is influencing others to achieve organizational objectives. As a consequence, it involves energizing, directing, activating, and persuading others. Leadership involves dozens of interpersonal processes: motivating, communicating, coaching, and showing group members how they can reach their goals. Leadership is such a key component of managerial work that management is sometimes seen as accomplishing results through people. The leadership aspect of management focuses on inspiring people and bringing about change, whereas the other three functions focus more on maintaining a stable system.

Planning
1. Strategic planner
2. Operational planner

Organizing and Staffing
3. Organizer
4. Liaison
5. Staffing coordinator
6. Resource allocator
7. Task delegator

Leading
8. Figurehead
9. Spokesperson
10. Negotiator
11. Coach
12. Team builder
13. Team player
14. Technical problem solver
15. Entrepreneur

Controlling
16. Monitor
17. Disturbance handler

CONTROLLING

Controlling is ensuring that performance conforms to plans. It is comparing actual performance to a predetermined standard. If there is a significant difference between actual and desired performance, the manager must take corrective action. He or she might, for example, increase advertising to boost lower-than-anticipated sales. A secondary aspect of controlling is determining whether the original plan needs revision, given the realities of the day. The controlling function sometimes causes a manager to return to the planning function temporarily to fine-tune the original plan.

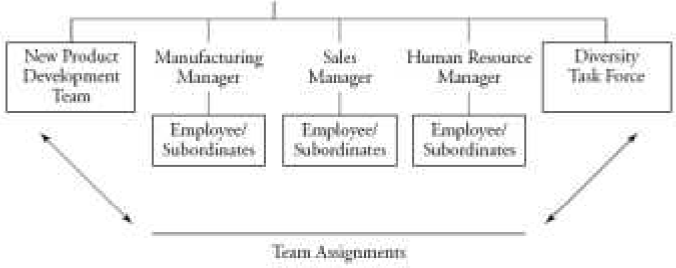


Chart Showing the Seventeen Managerial Roles

ROLES PERFORMED BY MANAGERS

A manager wears many hats. Not only is a manager a team leader, but he or she is also a planner, organizer, cheerleader, coach, problem solver, and decision maker — all rolled into one. And these are just a few of a manger's roles. In addition, managers' schedules are usually jam-packed. Whether they're busy with employee meetings, unexpected problems, or strategy sessions, managers often find little spare time on their calendars. A set of seventeen roles that a manager fills can be described as follow: These roles fall into four managerial categories:

i. Planning
ii. Organizing and Staffing
iii. Leading
iv. Controlling

SKILLS NEEDED BY MANAGERS

Not everyone can be a manager. Certain skills, or abilities to translate knowledge into action that results in desired performance, are required to help other employees become more productive. These skills fall under the following categories:

Technical:

This skill requires the ability to use a special proficiency or expertise to perform particular tasks. Accountants, engineers, market researchers, and computer scientists, as examples, possess technical skills. Managers acquire these skills initially through formal education and then further develop them through training and job experience. Technical skills are most important at lower levels of management.

Human: This skill demonstrates the ability to work well in cooperation with others. Human skills emerge in the workplace as a spirit of trust, enthusiasm, and genuine involvement in interpersonal relationships. A manager with good human skills has a high degree of self-awareness and a capacity to understand or empathize with the feelings of others. Some managers are naturally born with great human skills, while others improve their skills through classes or experience. No matter how human skills are acquired, they're critical for all managers because of the highly interpersonal nature of managerial work.

Conceptual: This skill calls for the ability to think analytically. Analytical skills enable managers to break down problems into smaller parts, to see the relations among the parts, and to recognize the implications of any one problem for others. As managers assume ever higher responsibilities in organizations, they must deal with more ambiguous problems that have long-term consequences. Again, managers may acquire these skills initially through formal education and then further develop them by training and job experience. The higher the management level, the more important conceptual skills become.

Although all three categories contain skills essential for managers, their relative importance tendstovary by level of managerial responsibility.

Questions:

i. Explain what the term manager means, and identify different types of managers.
ii. Describe the process of management, including the functions of management.
iii. Describe the various managerial roles.
iv. Many people in good-paying technical jobs actively seek to become managers. What do you suspect are their reasons?
v. Why might the role of the "new" manager require a higher level of interpersonal skill than that required by the "old" manager?
vi. How can you as a chemistry student use the four management functions to accomplish your goal of graduating?

Team structure

Team structure organizes separate functions into a group based on one overall objective. These cross-functional teams are composed of members from different departments who work together as needed to solve problems and explore opportunities. The intent is to break down functional barriers among departments and create a more effective relationship for solving ongoing problems.

The team structure has many potential advantages, including the following:

i. Intradepartmental barriers break down.
ii. Decision-making and response times speed up.
iii. Employees are motivated.
iv. Levels of managers are eliminated.
v. Administrative costs are lowered.

The disadvantages include:

i. Conflicting loyalties among team members.
ii. Time-management issues.
iii. Increased time spent in meetings.

Questions:

i. What is the existing relationship between organizing and planning in the context of management studies?
ii. Discuss the approaches to organizational design.
iii. Differentiate between Network structure and Matrix structure?

Discuss:

i. Non-programmed versus programmed decisions
ii. Steps in problem solving and decision making
iii. Identify and diagnose the problem
iv. Indicators of problems
v. Implementation of the decision

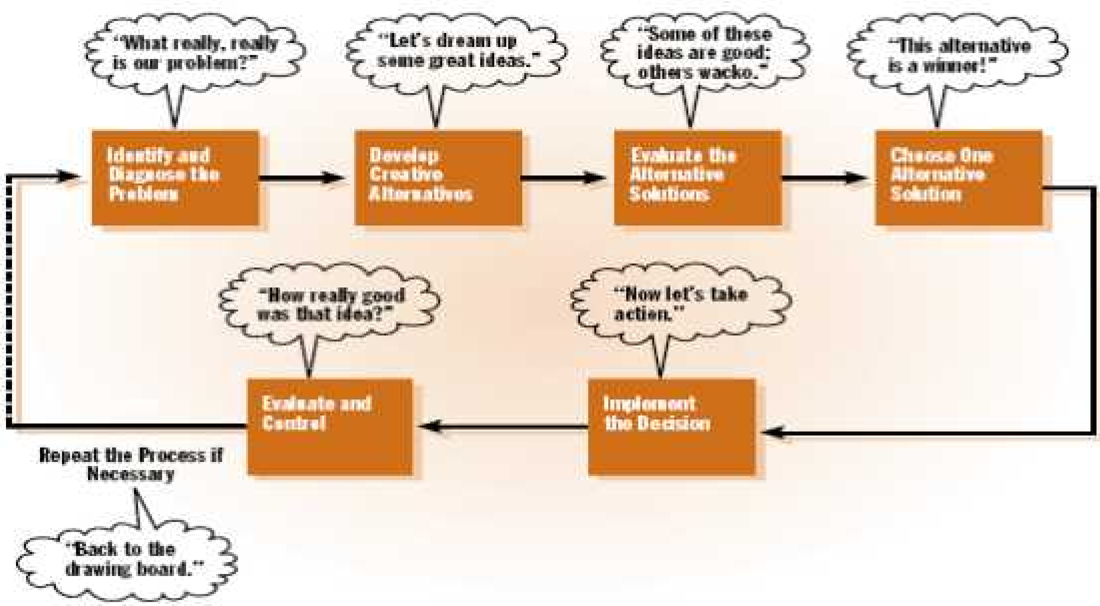
NONPROGRAMMED VERSUS PROGRAMMED DECISIONS

Some decisions that managerial workers face are difficult because they occur infrequently. These unique decisions are nonprogrammed decisions (or nonroutine decisions). In contrast, a programmed decision is repetitive, or routine, and made according to a specific procedure. When a problem has not taken the same form in the past or is extremely complex or significant, it calls for a nonprogrammed decision. A complex problem is one that contains many elements. Significant problems affect an important aspect of an organization. It was significant because it affected customer satisfaction. Virtually all strategic decisions are nonprogrammed. A well-planned and highly structured organization reduces the number of nonprogrammed decisions. It does so by formulating hundreds of policies to help managers know what to do when faced with a given problem. In contrast, many small firms do not offer much guidance about decision making. An exception is that many small business owners make most of the nonprogrammed decisions themselves.

Handling a nonprogrammed problem properly requires original thinking. The skill required for decision making varies inversely with the extent to which it is programmed. Highly routine decisions require minimum decision making skill; highly non-routine decisions require maximum skill. Managers and non-managers also make many small, uncomplicated decisions involving alternatives that are specified in advance. Procedures specify how to handle these routine, programmed decisions. Here is an example: A person who earns N24, 000 per year applies to rent a two-bedroom apartment. The manager makes the decision to refuse the application because there is a rule that families with annual incomes of N28, 000 or less may not rent in the building. Under ideal circumstances, top-level management concerns itself almost exclusively with nonroutine decisions and lower-level management handles all routine ones. In reality, executives do make many small, programmed decisions in addition to nonprogrammed ones. Some top executives sign expense account vouchers and answer routine correspondence, for example. Middle managers and first-level managers generally make both routine and nonroutine decisions, with firstlevel managers making a higher proportion of routine decisions. A well managed organization encourages all managers to delegate as many nonprogrammed decisions as possible.

STEPS IN PROBLEM SOLVING AND DECISION MAKING

Problem solving and decision making can be regarded as an orderly process, similar to the planning model; yet not every effective solution or decision is the product of an orderly process. The key principle is that managers find better solutions to complex problems—and therefore make better major, or nonprogrammed, decisions—when they follow an orderly process. Drawing a consistent distinction between problem solving and decision making is difficult because they are part of the same process. The basic purpose of making a decision is to solve a problem, but you must analyze the problem prior to making the decision. A broader purpose of decision making is to move the organization forward, to seize opportunities, and to avoid problems. As shown in the chart below, problem solving and decision making can be divided into steps.



Identify and Diagnose the Problem

Problem solving and decision making begin with the awareness that a problem exists. In other words, the first step in problem solving and decision making is identifying a gap between desired and actual conditions. At times, a problem is imposed on a manager, such as when customer complaints increase. At other times, he or she has to search actively for a worthwhile problem or opportunity. For example, a sales manager actively pursued a problem by conducting an audit to find out why former customers stopped buying from the company.

INDICATORS OF PROBLEMS

Identifying problems requires considerable skill. Managers may become aware of a problem by noticing one of four typical indicators:

1. *Deviation from past performance.* If performance figures are down, a problem almost surely exists. Common problem indicators are declining sales, increased employee turnover, higher scrap rates, increased customer complaints, and an increased number of bad checks cashed.

2. *Deviations from the plan.* When the results you hoped to attain with a plan are not forthcoming, you have a problem. This type of problem identification requires you to see a deviation from anticipated *future* performance. The possibility exists that the established plan was unduly optimistic.

3. *Criticism from outsiders.* Managers sometimes become aware of problems by hearing complaints from individuals and groups who are not employees of the firm. These sources of criticism include customers, government regulators, and stockholders.

4. *Competitive threats.* The presence of competition can create problems for an organization. Compaq Computer, for example, has slashed its prices in recent years to compete with lower-priced brands.

DIAGNOSIS

A thorough diagnosis of the problem is important because the real problem may be different from the one that a first look suggests. The ability to think critically helps a person get at the real problem. To diagnose a problem properly, you must clarify its true nature. An important part of the decision process for making the right diagnosis is how you frame the decision. Framing puts you on the right track by defining what must be decided, and separating out what is important.

Develop Creative Alternative Solutions

The second step in decision making is to generate alternative solutions. This is the intellectually freewheeling aspect of decision making. All kinds of possibilities are explored in this step, even if they seem unrealistic. Often the difference between good and mediocre decision makers is that the former do not accept the first alternative they think of. Instead, they keep digging until they find the best solution.

Evaluate Alternative Solutions

The next step involves comparing the relative value of the alternatives. The problem solver examines the pros and cons of each one and considers the feasibility of each. Some alternatives may appear attractive, but implementing them would be impossible or counterproductive. Adding a service elevator to speed up room service is an extreme example of this idea. Comparing relative value often means performing a cost and savings analysis of each alternative. Alternatives that cost much more than they save are infeasible. The possible outcome of an alternative should be part of the analysis. If an unsatisfactory outcome is almost a certainty, the alternative should be rejected. For example, if a firm is faced with low profits, one alternative would be to cut pay by 20 percent. The outcome of this alternative would be to lower morale drastically and create high turnover, so a firm should not implement that alternative. High employee turnover is so expensive that it would override the cost savings. One approach to examining the pros and cons of each alternative is to list them on a worksheet. This approach assumes that virtually all alternatives have both positive and negative consequences.

Choose One Alternative Solution

The process of weighing each alternative must stop at some point. You cannot solve a problem unless you choose one of the alternatives—that is, make a decision. Several factors influence the choice. A major factor is the goal the decision should achieve. The alternative chosen should be the one that appears to come closest to achieving it. Despite a careful evaluation of alternatives, ambiguity remains in most decisions. The decisions faced by managers are often complex, and the factors involved in them are often unclear. Even when quantitative evidence strongly supports a particular alternative, the decision maker may be uncertain. Human resource decisions are often the most ambiguous because making precise predictions about human behavior is so difficult. Deciding which person to hire from a list of several strong candidates is always a challenge.

Implement the Decision

Converting the decision into action is the next major step. Until a decision is implemented, it is not really a decision at all. Many strategic decisions represent wasted effort because nobody is held responsible for implementing them. Much of a manager’s job involves helping subordinates implement decisions. A fruitful way of evaluating the merit of a decision is to observe its implementation. A decision is seldom a good one if people resist its implementation or if it is too cumbersome to implement. Suppose a firm tries to boost productivity by decreasing the time allotted for lunch or coffee breaks. If employees resist the decision by eating while working and then taking the allotted lunch break, productivity will decrease. Implementation problems indicate that the decision to boost productivity by decreasing break time would be a poor one.

Evaluate and Control

The final step in the decision-making framework is to investigate how effectively the chosen alternative solved the problem. Controlling means ensuring that the results the decision obtained are the ones set forth during the problem identification step. After gathering feedback, characterize the quality of the decision as optimum, satisfying, or suboptimum. Optimum decisions lead to favorable outcomes. Satisfying decisions provide a minimum standard of satisfaction. Such decisions are adequate, acceptable, or passable. Many decision makers stop their search for alternatives when they find a satisfying one. Accepting the first reasonable alternative may only postpone the need to implement a decision that really solves the problem. For example, slashing the price of a personal computer to match the competition's price can be regarded as the result of a satisfying decision. A longer-range decision might call for a firm to demonstrate to potential buyers that the difference in quality is worth the higher price. Suboptimum decisions lead to negative outcomes. Their consequences are disruptive to the employees and to the firm. When you obtain suboptimum results, you must repeat the problem-solving and decision-making process. Evaluating and controlling your decisions will help you improve your decision-making skills. You can learn important lessons by comparing what actually happened with what you thought would happen. You can learn what you could have improved or done differently and use this information the next time you face a similar decision.

CRITICISM OF THE RATIONAL DECISION–MAKING MODEL

Decision making is seldom logical and systematic. Michael Dell, for example, did not require a study to decide that selling computers by telephone had substantial consumer appeal. Instead, he used his marketing and business intuition to arrive at that conclusion. Awareness that decision making is not always so orderly stems from the research of psychologist and economist Herbert A. Simon. He proposed that bounds (or limits) to rationality are present in decision making. These bounds are the limitations of the human organism, particularly related to the processing and recall of information. Bounded rationality means that people's limited mental abilities, combined with external influences over which they have little or no control, prevent them from making entirely rational decisions. Satisficing decisions result from bounded rationality. You should strive to follow the orderly steps of problem solving and decision making. However, there is usually more than one problem in need of attention, and you may not have the time to carefully evaluate each alternative.

GROUP PROBLEM SOLVING AND DECISION MAKING

We have described how individuals go about solving problems and making decisions. However, most major, nonroutine decisions in organizations are made by groups. Group decisions result when several people contribute to a final decision. Since so much emphasis has been placed on teams in organizations and participative decision making, an increasing number of decisions are made by groups rather than individuals. Group decision making is often used in complex and important situations such as:

- Developing a new product, such as a car, or a service such as selling equipment replacement parts over the Internet.
- Deciding which employees should be placed on a downsizing list.
- Deciding whether to operate a company cafeteria with company personnel or to outsource the activity to a company that specializes in running company cafeterias.

The group problem-solving and decision-making process is similar to the individual model in one important respect. Groups often work on problems by following the decision-making steps shown in previous chart. Let us examine the advantages and disadvantages of group decision making, describe when it is useful, and present a general problem-solving method for groups.

Advantages and Disadvantages of Group Decision Making

Group decision making offers several advantages over the same activity carried out individually. First, the quality of the decision might be higher because of the combined wisdom of group members. A second benefit is a byproduct of the first. Group members evaluate each other's thinking, so major errors are likely to be avoided. Third, group decision making is helpful in gaining acceptance and commitment. People who participate in making a decision will often be more committed to the implementation than if they were not consulted. Fourth, groups can help people overcome blocks in their thinking, leading to more creative solutions to problems. Group decision making also has some notable disadvantages. The group approach consumes considerable time and may result in compromises that do not really solve the problem. An intelligent individual might have the best solution to the problem, and time could be saved by relying on his or her judgment.

Seriously flawed group decisions have occurred so frequently in government and business that they have been extensively analyzed and researched. Well-publicized flawed group decisions include the arms-for-hostage deal (an illegal arms sale to Iran to fund Contras in Nicaragua) and the decision by Chrysler Corporation executives to sell, as new cars, autos they had personally sampled. The illusion of newness was created by cleaning up the cars and turning back the mileage. Flawed decisions of the type just described have generally been attributed to groupthink, a psychological drive for consensus at any cost.

Groupthink makes group members lose their ability to evaluate bad ideas critically. Glen Whyte believes that many instances of groupthink are caused by decision makers who see themselves as choosing between inevitable losses. The group believes that a sure loss will occur unless action is taken. Caught up in the turmoil of trying to make the best of a bad situation, the group takes a bigger risk than any individual member would.

Groupthink can often be avoided if the team leader encourages group members to express doubts and criticisms of proposed solutions. It is helpful to show by example that you are willing to accept criticism. It is also important for someone to play the role of the devil's advocate. This person challenges the thinking of others by asking questions.

When to Use Group Decision Making

Because group decision making takes more time and people than individual decision making, it should not be used indiscriminately. Group decision making should be reserved for nonroutine decisions of reasonable importance. Too many managers use the group method for solving such minor questions as "What should be on the menu at the company picnic?" Aside from being used to enhance the quality of decisions, group decision making is often used to gain acceptance for a decision. If people contribute to a decision, they are more likely to be committed to its implementation.

Factors Influencing Decision Making

Principles and Techniques for Managers

A major justification for satisfying customers is to obtain their loyalty. Managers must assume responsibility for implementing many of these principles, techniques, and methods that lead toward high customer satisfaction:

1. *Concentrate your efforts on creating value for customers.* By creating value for customers, or giving them products or services that are useful to them, they will become loyal. The vast majority of customers believe that they are receiving an excellent return for their premiums. Customer retention and outstanding service are both part of the company strategy.

2. *Establish customer-satisfaction goals.* Managers must decide how much help to give to customers. They need to raise questions such as: Will employees attempt to satisfy every customer within 10 minutes of his or her request? Is the company striving to provide the finest customer service in its field? Is our goal zero customer defections to competitors? The answers will dictate how much effort and the type of effort the manager and the team members must put into pleasing customers.

3. *Give decision-making authority to customer-service workers.* Customer service is enhanced when frontline workers are empowered to deal with customer problems without seeking several levels of approval. Such authority includes the ability to grant refunds, exchanges, concessions, and preferred

delivery dates. For instance at a particular inn hotels, all customer-contact workers are empowered to give a voucher for an overnight stay to a customer who expresses dissatisfaction with service.

4. *Thoroughly screen applicants for customer-service positions.* According to one study, an average of 68 percent of customers who switch to a competitor do so because they perceive indifference on the part of a customer-service employee. Customer service employees should therefore be of high caliber. Companies noted for their good service seek candidates who have good communication skills, project a professional image, display empathy, and appear happy. Screening for conscientiousness and extroversion is also important. Attracting good customer-service and customer-contact workers will often lead to imaginative solutions to customer problems.

5. *Hire full-time, permanent store associates.* To reduce costs, a growing number of retailers hire many part-time or temporary store associates. These workers frequently lack the commitment and product knowledge of full-time, permanent store (or sales) associates. David Fagiano, past president of the American Management Association, believes this practice is wrong. He says that to handle difficult customer transactions requires a representative who is highly skilled in the job functions. Also, the representative must be motivated to provide superior service. Such service requires a degree of company loyalty not typically found in a temporary worker.

6. *Establish a favorable work climate for customer service.* An indirect but effective approach to achieving customer perceptions of high-quality service is to provide an atmosphere that supports customer service. For example, when employees perceive that they are rewarded for delivering quality service, their organization's service climate will be stronger. Also, if employees believe that customer service is important to management the climate for service will be enhanced. Another important way to establish a climate favorable to customer service is to train customer-contact workers in areas such as problem solving, listening, communication, and stress management. Training in product knowledge is also essential because many instances of customer dissatisfaction stem from a sales associate's insufficient knowledge of the merchandise.

7. *Solicit customer feedback regularly.* Business firms that listen to their customers can make adjustments to improve service quality from the customer's viewpoint that will often enhance customer retention. Many top-level managers regularly visit company facilities that serve customers, such as stores, restaurants, and hotels. An advanced system of obtaining customer feedback is to not rely strictly on what the customers say. Instead, observe customers' actions to obtain insights into their preferences for present and future products. Yet all products failed to meet expectations. In reality, when it comes to diet, there is a big disparity between what people intend to eat (healthy foods) and what they actually eat (fat, tasty foods). One way of learning what consumers really do is to observe them directly or through video cameras. A caution is that the use of video cameras for this purpose is considered unethical by many people.

8. *Communicate the fact that everyone contributes to the customer's perception of service.* Customers evaluate the quality of service on the basis of their total perception of how they are treated by all people with whom they interact. For example, shabby treatment by a parking lot attendant can detract from high quality service received within the store.

9. *Find ways to buy from your customer.* A powerful tactic for building customer relationships is to buy as many products or services as possible from the customer. Assume that a construction company purchases an enormous amount of bricks, cinder blocks, and cement from a builder's supply company. When the supply company decides to build a new office, the contract might go to the construction company in question. Reciprocity is one of the oldest principles in business. The tactic of buying from customers generally applies best to industrial customers. A retail store manager, however, might be able to buy from customers who are themselves store owners or I When it came time to purchase a vehicle, the clothing store owner might first visit the car dealer who is his or her customer. An effective procedure is to ask customers for a full listing of the products and services their firms offer. Key managers in the company should have access to this list so they might find a way to make a purchase.

10. *Develop efficient systems of order fulfillment.* A potential barrier to excellent customer service is a mediocre order fulfillment process. No matter how courteous and friendly the sales representative, a customer will be upset when orders are filled slowly or inaccurately. Many firms use the internet to fill orders, which can enhance customer service if the system is user friendly and does not crash frequently in the middle of an order.