

Module 2

General introduction to Economy and Business Administration

This project has been funded with support from the European Commission. This publication reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein.



Learning Outcomes

- 1. An understanding of the importance of management to society and individuals*
- 2. An understanding of the role of management*
- 3. An ability to list and define the basic functions of management*
- 4. An understanding of basic management skills and their relative importance to managers*
- 5. Knowledge of skills that help managers become successful*
- 6. An understanding of the relationship between leading and managing*
- 7. An appreciation for the Styles and traits approaches of leadership*
- 8. Insights into using Stakeholder Relationship within the Business framework.*
- 9. An appreciation of emerging themes and issues of today*



Phase 1
Introduction

The Role of Management

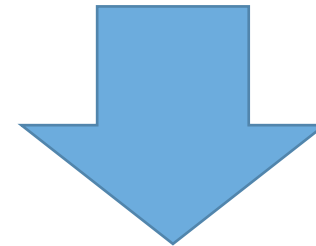


- Defining Management

- a) Process of continuing and related activities
- b) Involves and concentrates on reaching organizational goals
- c) Works with and through people and other organizational resources

- The Management Process: Management Functions

- Planning
- Organizing
- Influencing
- Controlling



1. Gather information that measures recent performance
2. Benchmark present performance to pre-established standards
3. Develop modifications to meet pre-established standards



Management Aims

- Management Process and Goal Accomplishment
 - Bias for action
 - Closeness to customer
 - Autonomy and entrepreneurship
 - Productivity through people
 - Hands-on, value-driven orientation
 - “Sticking to the knitting”
 - Simple organizational form with lean staff
 - Simultaneous loose-tight properties



Management Defined

- Manager

- A person who plans, organizes, leads, and controls the work of others so that the organization achieves its goals.
 - Is responsible for contribution.
 - Gets things done through the efforts of other people.
 - Is skilled at the management process.

- Management Process

- Refers to the manager's four basic functions of planning, organizing, leading, and controlling.



Phase 2

Knowledge Transfer



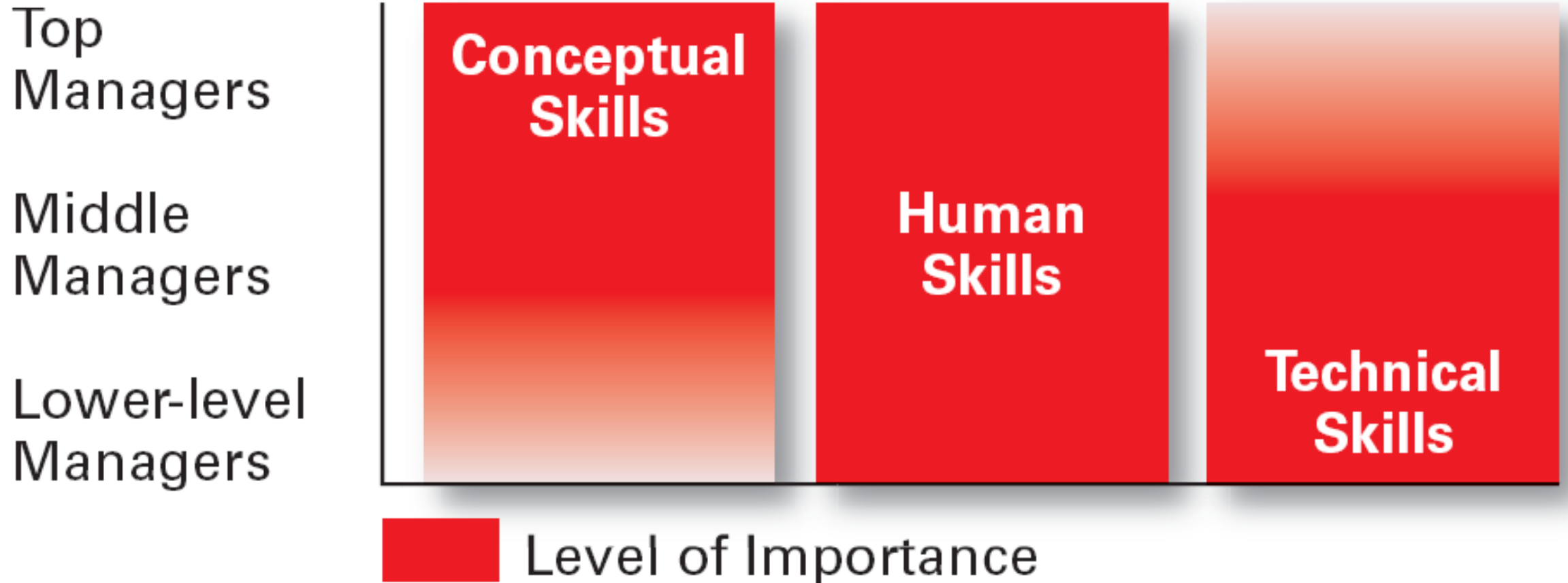
Management Skill: The Key to Management Success

- Defining Management Skill
- A Classic View
 - Technical Skills
 - Human Skills
 - Conceptual Skills
- A Contemporary View
 1. Define major activities that managers typically perform
 2. List skills needed to carry out these activities successfully

Major activities that modern managers typically perform:

1. Task-related activities
2. People-related activities
3. Change-related activities

Skills Needed at Different Management Levels





Conceptual Skills

- Using information to solve business problems
- Identifying of opportunities for innovation
- Recognizing problem areas and implementing solutions
- Selecting critical information from masses of data
- Understanding of business uses of technology
- Understanding of organization's business model



Communication Skills

- Ability to transform ideas into words and actions
- Credibility among colleagues, peers, and subordinates
- Listening and asking questions
- Presentation skills; spoken format
- Presentation skills; written and/or graphic formats



Effectiveness Skills

- Contributing to corporate mission/departmental objectives
- Customer focus
- Multitasking: working at multiple tasks in parallel
- Negotiating skills
- Project management
- Reviewing operations and implementing improvements
- Setting and maintaining performance standards internally and externally
- Setting priorities for attention and activity
- Time management



Interpersonal Skills

- Coaching and mentoring skills
- Diversity skills: working with diverse people and cultures
- Networking within the organization
- Networking outside the organization
- Working in teams; cooperation and commitment



Do You Have the Traits to Be a Manager?

- Personality and Interests
 - Social Orientation
 - Attracted to working with others in a helpful or facilitative way; comfortable dealing with people.
 - Enterprising Orientation
 - Enjoy working with people in a supervisory or persuasive way in order to achieve some goal.



Do You Have the Traits to Be a Manager?

- Competencies

- Managerial Competence

- The motivation and skills required to gain a management position, including intellectual (analytical), emotional, and interpersonal skills.

- Career Anchor

- A dominant concern or value that directs an individual's career choices and that the person will not give up if a choice must be made.



Defining Leadership

- Leader Versus Manager

Managing

Broader in scope

Focuses on non-behavioral issues

Leading

Emphasizes behavioral issues



Leading and Managing

Management

- Plays a positive role in the achievement of goals
- The technical discipline of applying and administering authority over others
- Authority is determined by the formal structure of the organisation

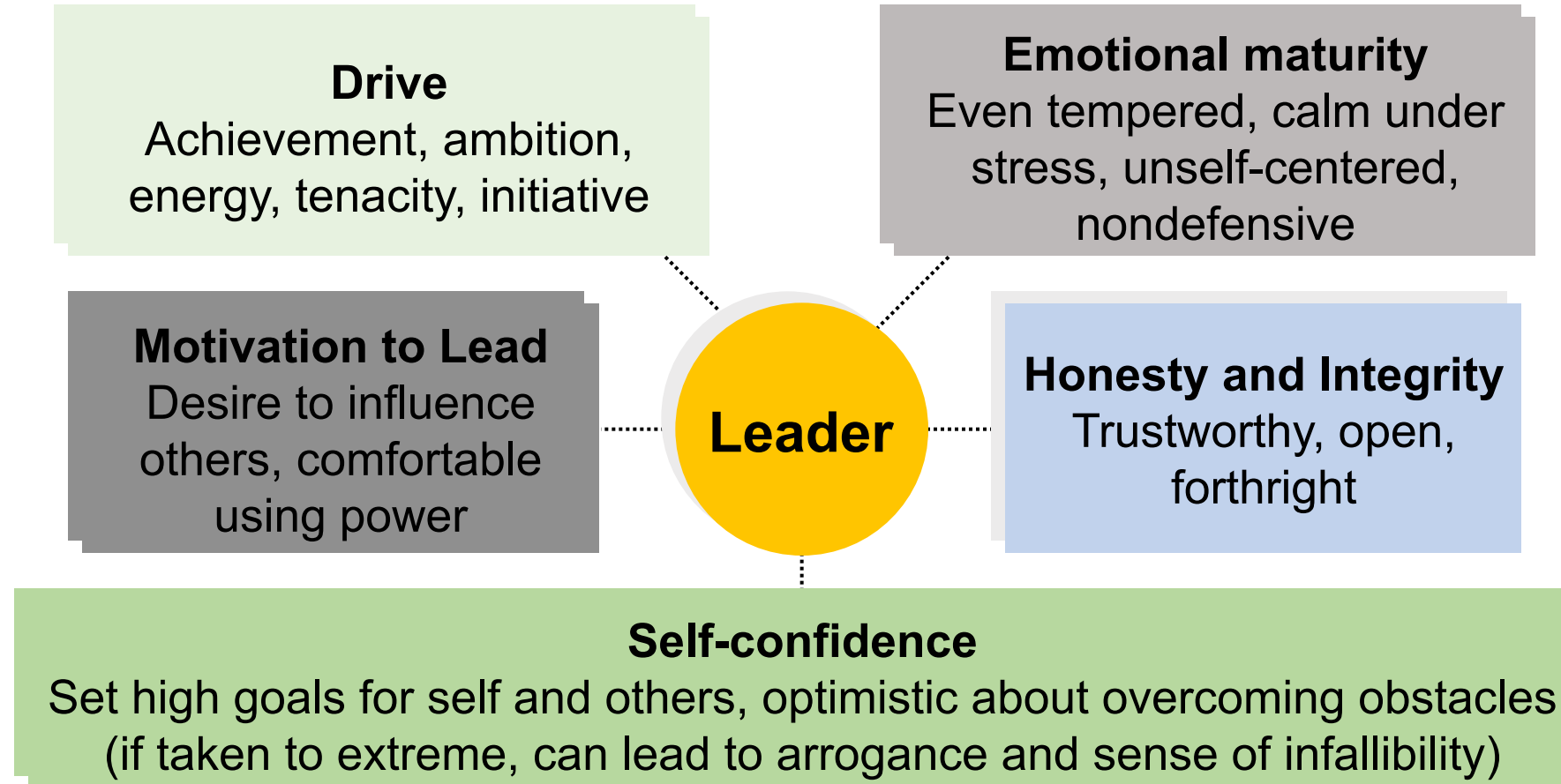
The manager is the dynamic, life-giving element in every business. Without his leadership, the resources of production remain resources and never become production. In a competitive economy above all, the quality and performance of managers determine the success of the business, indeed they determine survival. [Peter Drucker]

Leading and Managing

Leadership

- The quality of obtaining results from others through personal influence; requires the right individual skill and attitude
- Influencing others through personality or action
- The traits approach
 - ‘Leaders are born and not made’
- Skills and attributes
 - Teachable, providing the individual wants to learn
- Intelligence
 - Cannot be taught but rarely seen as a constraint on success
- Further research
 - No single recipe for success

Leaders' Traits





Leader Behaviors:

- Leadership Styles

- Close supervision

- A leadership style involving close, hands-on monitoring of subordinates and their work.

- Laissez-faire leader

- A leader who takes a hands-off approach toward supervising subordinates.

- General leader

- A leader who takes a middle-ground approach between close supervision and laissez-faire leadership.



Participative and Autocratic

- Autocratic Leader

- A leader who solves problems and makes the decisions alone, using the information available at the time.

- Participative Leader

- A leader who shares the problem with subordinates as a group so that together, they can generate and evaluate alternatives in order to reach consensus on a solution.



Transactional versus Transformational Leadership

- **Transactional Leadership Behaviors**
 - Leadership actions that focus on accomplishing the tasks at hand and on maintaining good working relationships by exchanging promises of rewards for performance.
- **Transformational Leadership Behaviors**
 - Leadership actions that involve influencing major changes in the attitudes and assumptions of organization members and building commitment for the organization's mission, objectives, and strategies.



Taylor's Four Principles of Management

- 1. Develop a science for each element of an individual's work, which will replace the old rule-of-thumb method.**
- 2. Scientifically select and then train, teach, and develop the worker.**
- 3. Heartily cooperate with the workers so as to ensure that all work is done in accordance with the principles of the science that has been developed.**
- 4. Divide work and responsibility almost equally between management and workers. Management takes over all work for which it is better fitted than the workers.**



Fayol's 14 Principles of Management

1. **Division of work.**
2. **Authority.**
3. **Discipline.**
4. **Unity of command.**
5. **Unity of direction.**
6. **Subordination of individual interests to the general interest.**
7. **Remuneration.**
8. **Centralization.**
9. **Scalar chain.**
10. **Order.**
11. **Equity.**
12. **Stability of tenure of personnel.**
13. **Initiative.**
14. **Esprit de corps.**



Stakeholder Relationships

- Stakeholders

- Any constituencies in the organization's environment that are affected by the organization's decisions and actions

- Why Manage Stakeholder Relationships?

- It can lead to improved organizational performance.
- It's the "right" thing to do given the interdependence of the organization and its external stakeholders.



Managing Stakeholder Relationships

1. Identify the organization's external stakeholders.
2. Determine the particular interests and concerns of the external stakeholders.
3. Decide how critical each external stakeholder is to the organization.
4. Determine how to manage each individual external stakeholder relationship.

Organizational Stakeholders





Current Trends and Issues that need to be Aware

- Globalization
- Nationalization
- Ethics
- Workforce Diversity
- Entrepreneurship Spirit
- E-business Booming
- Knowledge Economy
- Knowledgeable Customer
- Learning Organizations
- Quality Focus
- Customization/Personalization
- Velocity Management (Respond and Time factors)



Marketing

- Identifies your customers and their needs and wants.
- Develops and uses strategies for getting your product or service to customers.
- Generates interest by communicating your competitive advantage to customers.
- Drives all business decisions.



Market Research

- May be conducted at various levels:
 - Industry
 - Market segment
 - Individual consumer
- Two main types:
 - **Primary**—research conducted directly on a subject or subjects.
 - **Secondary**—research carried out indirectly, through other existing resources.



Know Your Industry

- What is the industry size in units and financial value?
- What is the industry's geographic range?
- Is it a “niche” or a mass market industry?
- What does industry profitability look like?
- What trends are occurring in the industry?
- What is the structure of the industry?
- What are competitors doing in the industry?



Customer Decision-Making

- Awareness of a need or want.
- Information search.
- Evaluation of alternatives.
- Decision to purchase.
- Evaluation of purchase.



Creating Customer Perception

- Features create benefits.
 - Feature—a fact about a product or service.
 - Benefit—what the feature can do to meet a customer's needs.
- How needs, want, and demands differ.
 - Meeting a need is solving a problem.
 - Wants—needs with individual preferences.
 - Demands—wants backed by buying power.



Choosing a Market Segment

- A **market segment** is a group of consumers or businesses who have a similar response to a particular type of product or service.
- It is **difficult to target** very different market segments simultaneously.
- A company that **concentrates on one market** segment will likely do better than a company that tries to sell to everyone.



Market Segmentation Methods

- **Geographic**—dividing according to location.
- **Demographic**—dividing according to age, gender, income, and/or education.
- **Psychographic**—dividing by psychological differences (such as opinions or lifestyles).
- **Behavioral**—dividing the market based on observed purchasing behaviors.



Opportunity Analysis

- **Industry analysis**—definition, size, and growth/decline of the industry.
- **Environmental analysis**—how community, region, nation, world relates to the business.
- **Proof of market**—evidence of opportunity in terms of dollars and units.
- **Target market segments**—groups defined by common factors such as demographics, psychographics, age, and geography.
- **Competitive analysis**—comparison of the business to direct and indirect competitors



Marketing Strategy and Plan

- **Marketing mix** (the “Four Ps”).
 - Products/Services
 - Pricing
 - Promotion
 - Place
- **Marketing plan**—statement of marketing goals and the strategies to achieve them.



Your Competitive Advantage

- Need a strategy to beat the competition.
 - Sustainable
 - Competition can be direct or indirect.
- Will my idea be successful?
 - Conduct customer and market research, and do a competitive analysis.



Critical Success Factors

- **Quality:** Can you provide higher quality than competing businesses?
- **Price:** Can you offer a lower price on a sustained basis than your competition?
- **Location:** Can you find a more convenient location for customers?
- **Selection:** Can you provide a wider range of choices?
- **Service:** Can you provide better, more personalized customer service?
- **Speed:** Can you deliver your product or service more quickly?



Is Your Competitive Advantage Strong Enough?

- Sell to a market:
 - That is large and growing.
 - Where the competition is able to make a profit.
 - Where the competition is succeeding but is not so powerful as to make it impossible for a new entrepreneur to enter.

- Sell a product or service:
 - That solves problems consumers may have with the competition.
 - At a competitive price that will attract customers.

- Be sure to:
 - Understand your customers' needs.
 - Have a sustainable competitive advantage or multiple, evolving advantages.
 - Deliver to meet your customers' needs at the right price.



Check out the Competition

Unique Selling Proposition (USP):

What features/benefits set your business apart from its competition?

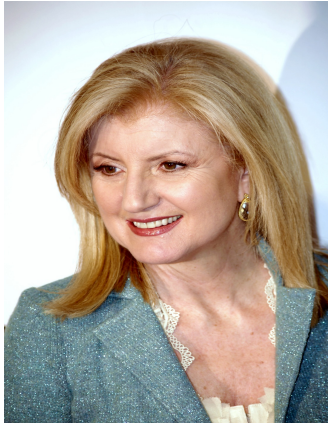
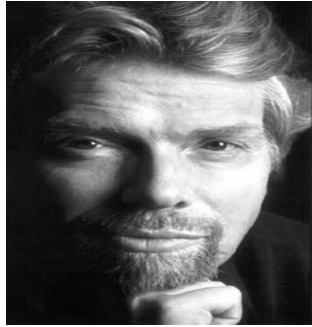
- Compare what your business offers to what competitors offer.
- Determine if you have a cost advantage or cost disadvantage.



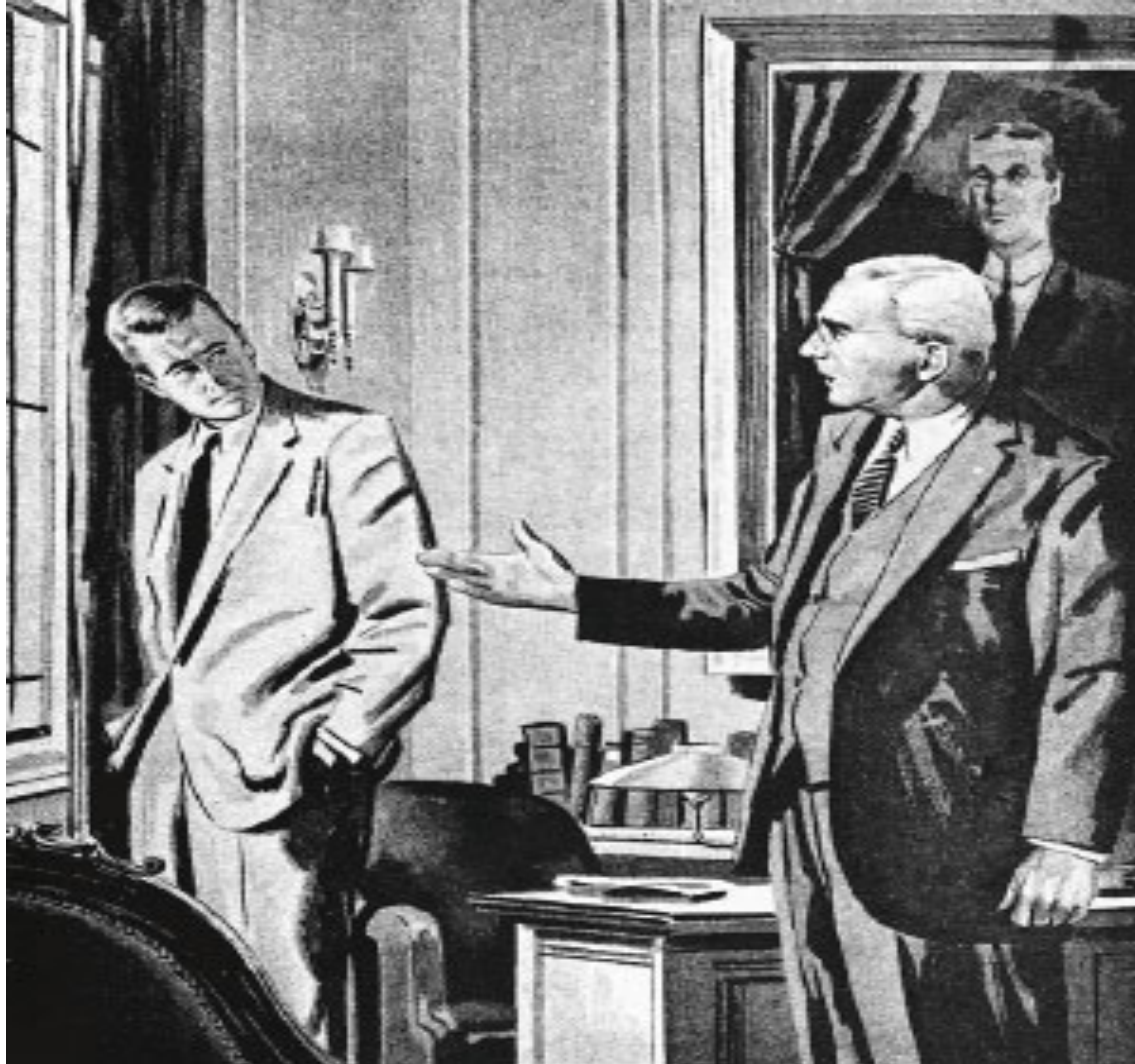
Phase 3

Tasting Knowledge

Exercise 1: Who is What?



Exercise 2 What's Happening Here?



Source: David A. Kolb, Irwin M. Rubin, and James M. McIntyre, *Organizational Psychology: An Experiential Approach* (Upper Saddle River, NJ: Prentice Hall, 1971), p. 55.



Exercise 3: Do you have the Business Sense?

- Are you a self-starter?
- How well do you get along with different personalities?
- How good are you at making decisions?
- Do you have the physical and emotional stamina to run a business?
- How well do you plan and organize?
- Is your drive strong enough to maintain your motivation?
- How will the business affect your family/life?



Exercise 4: The Entrepreneurial Process

Create and Present your own
Entrepreneurial Process.



Further Resource

- **Challenges Women Entrepreneurs Face**
 - <https://www.businessnewsdaily.com/5268-women-entrepreneur-challenges.html>
- Women's Entrepreneurship
 - https://www.dol.gov/wb/media/Tconf_GrWomen_factsheet.pdf



**Thank you for taking the time to complete
this module.**

For more information

*Visit our website
Green-entrepreneurship.online*