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PRINCIPLES OF MANAGEMENT

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UNIT-1 INTRODUCTION

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Various Concept of Management

Quite often the term management is used to refer to both the persons who occupy managerial positions as well as to the activities which managers perform. In fact, there can be five different concepts of management:

1. Management as an economic resource:

According to an economist, management is one of the factors of production, the other factors being land, labor, capital and entrepreneurship. In a small enterprise, the owner may himself act as the manager. But in large corporations, there is a divorce between ownership and management.

Management is the most active factor of production because it assembles and integrates the other factors. The efficient use of land and capital depends upon labor which is in turn governed by management.

Management coordinates the other Ms (manpower, methods, markets, materials, machinery and money) of an organization and, therefore, it occupies a unique place among the productive factors as can be seen.

The efficiency of management factor can be improved through training and development of executives. The importance of management increases with the tempo of industrialization.

The economic and social development of mankind since the Second World War has occurred as a result of systematic and purposeful work on developing managers.

We no longer talk of capital and labor but of management and labor. As an economic resource, management makes a productive enterprise out of physical and human resources.

Efficient management is the most important input in the success of an organization. The inputs of manpower, materials, machinery and money do not by themselves ensure growth; they become productive through the catalyst of management.

2. Management as a class or elite:

Sociologists look upon management as a distinct class in society with its own status system. With the growing importance of organizations and the need for their efficient management, managers have become a very powerful or elite group in society.

In the words of Peter Ducker, the professional executive has become the key leadership figure in modern industrial society. As a team or group of persons, management consists of all those who are responsible for the establishment and accomplishment of objectives through the direction of others.

These people are individually known as 'managers'. Any person who performs the managerial job is a manager. Managers have the required

knowledge and skills. The managerial class exercises leadership and coordinates the efforts of human beings.

This class includes various types of managers e.g., family managers, professional managers, civil servants who manage public enterprises, etc. The management team of an organization is comprised of all executive right from the chief executive unto the supervisor.

For instance, the statement that the management of X company is very good refers to the managers of that company. As a competent class,- managers strike a balance among diverse interest.

3. Management as a system of authority:

Experts in the field of administration consider management as a system of authority. According to Her bison and Myers, "management is a rule-making and rule- enforcing body, and within itself it is bound together by a web of relationships between superiors and subordinates".

There is a hierarchy of authority among people operating in an organization. Managers at different levels possess varying degrees of authority. In general, the higher level managers have the authority to lay down the goals and policies of the enterprise while those at the lower level are authorized to execute the plans and policies to achieve the desired goals.

There should be well defined superior subordinate relationships at all levels of decision making. Management is "a multipurpose organ that manages a business and manages managers and manages worker and work".

Over the decades there have been different approaches to management authority, e.g., authoritarian, humanitarian, constitutional and par-deceptive approach.

4. Management as a separate discipline:

As a field of study or academic discipline, management is an organized body of knowledge. It is comparatively a new field of learning and is being taught in universities and institutes of management. Several specialized courses have been developed in different branches of management.

Management discipline is a part of social sciences and humanities. It provides the principles and practices and a person must learn them in order to become a successful manager.

Today, management is a very popular subject and there is great rush for admission into management courses. The growing importance of management discipline has been described as 'Managerial Revolution'. Management is a young and growing discipline and its status is likely to increase in the times to come,

5. Management as a process:

As a process, management is a series of inter-related activities by which managers determine and accomplish goals in organized Endeavour. It is a rational, intellectual, dynamic and continuous process, common to all organizations. Management is an important process of coordinating and integrating specialized activities of several persons for the achievement of common objectives.

It is the process through which all the resources are organized and utilized to attain maximum output and efficiency through minimum in

out. The process of managing consists of planning (preparing for future), organizing (combining resources), staffing, directing (guiding and supervising people) and controlling (keeping on the right track) of human efforts in order to achieve common objectives.

This is the most popular interpretation of the term management because it describes what managers do. The true character of management can be seen as a process composed of several elements or functions. Management is what managers do.

The different concepts of management described above are not contradictory to one another. They are merely different ways of looking at management. In fact, management is a synthesis of alt these view - points.

Definitions of Management

It is very difficult to give a precise definition of the term **'management'**. Different scholars from different disciplines view and interpret management from their own angles. The economists consider management as a resource like land, labour, capital and organisation. The bureaucrats look upon it as a system of authority to achieve business goals. The sociologists consider managers as a part of the class elite in the society.

Management and leadership author Stephen Covey describes the Seven Habits model of management and leadership for personal and business growth. The Seven Habits are: be proactive, begin with the end in mind, put first things first, think win-win, seek first to understand and then to be understood, synergize, and learn from previous experience.

According to **George R. Terry,** "Management Is a distinct process consisting of planning, organising, actuating and controlling; utilising in each both science and art, and followed in order to accomplish pre-determined objectives."

Management is a multipurpose organ that manage a business and manages Managers and manages Workers and work.
—Peter Drucker

According to **Peterson and Plowman,** "Management may be defined as the process by means of which the purpose and objectives of a particular human group are determined, clarified and effectuated"

According to **Harold Koontz,** "Management is the art of getting things done through others and with formally organised groups."

One popular definition is by **Mary Parker Follett.** Management, she says, is the "art of getting things done through people."

According to **F.W. Taylor,** "Management is the art of knowing what you want to do and then seeing that they do it in the best and the cheapest may."

Main Characteristics or Salient Features or Nature Of Management

1) Management is Universal:
Management is required in every form of group activity whether it is a family, a club, a government, an army or a business enterprise. The

approach and style of management may differ from one organanisation to another. But in each case it involves marshalling of human and physical resources towards the attainment of common objectives.

2) Management of is purposeful

Management exists for the achievement of specific objectives   It is a means towards the accomplishment of predetermined goals.   All activities of management are goal oriented.

3) Management is a unifying force

The essence of management lies in the co-ordination of individual efforts into a team.   Management reconciles the individual goals with organizational goals. As a unifying force, management creates a whole that is more than the sum of individual parts. It integrates human and other resources.

4) Management is a social process

Management is done by people, through people and for people. It is a social process became it is concerned with interpersonal relations. Human factor is the most important element in management.

5) Management is multi disciplinary

Management has to deal with human behavior under dynamic conditions. Therefore, it depends upon wide knowledge derived from several disciplines like engineering, sociology, psychology, economics, mathematics, anthropology… etc.

6) Management is a continuous process

Management is a dynamic and an on-going process. The cycle of management continues to operate so long as there is organized action for the achievement of group goals.

7) Management is intangible

Management is an unseen or invisible force. It cannot be seen but its presence can be felt everywhere in the form of results. However, the managers who perform the functions of management are very much tangible and visible.

8) Management is situational

Efficient management is always situational or contingency management because there is no one best way of doing things. Management is all about the application of knowledge to realities in order to attain derived results.

9) Management is essentially an executive function

It deals with the active direction and control of the activities of people to attain predetermined objectives. Management is a technique by means of which the objectives of human group are determined, clarified and accomplished.

10) Management is an art as well as a science

Management contains systematic body of theoretical knowledge on well as the practical application such knowledge.
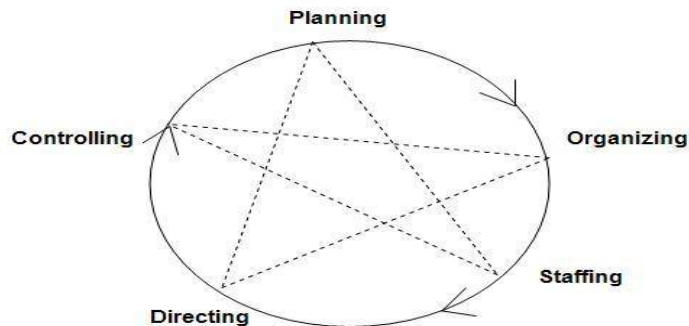
Functions of Management

Management has been described as a social process involving responsibility for economical and effective planning & regulation of operation of an enterprise in the fulfillment of given purposes. It is a dynamic process consisting of various elements and activities. These activities are different from operative functions like marketing, finance,

purchase etc. Rather these activities are common to each and every manger irrespective of his level or status.

Different experts have classified functions of management. According to George & Jerry, "There are four fundamental functions of management i.e. planning, organizing, actuating and controlling".

According to Henry Fayol, "To manage is to forecast and plan, to organize, to command, & to control". Whereas Luther Gullick has given a keyword '**POSDCORB**' where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting. But the most widely accepted are functions of management given by KOONTZ and O'DONNEL i.e. **Planning**, **Organizing**, **Staffing**, **Directing** and **Controlling**.

For theoretical purposes, it may be convenient to separate the function of management but practically these functions are overlapping in nature i.e. they are highly inseparable. Each function blends into the other & each affects the performance of others.

1. Planning

It is the basic function of management. It deals with chalking out a future course of action & deciding in advance the most appropriate course of actions for achievement of pre-determined goals. According to KOONTZ, "Planning is deciding in advance - what to do, when to do & how to do. It bridges the gap from where we are & where we want to be". A plan is a future course of actions. It is an exercise in problem solving & decision making. Planning is determination of courses of action to achieve desired goals. Thus, planning is a systematic thinking about ways & means for accomplishment of pre-determined goals. Planning is necessary to ensure proper utilization of human & non-human resources. It is all pervasive, it is an intellectual activity and it also helps in avoiding confusion, uncertainties, risks, wastages etc.

2. Organizing

It is the process of bringing together physical, financial and human resources and developing productive relationship amongst them for achievement of organizational goals. According to Henry Fayol, "To organize a business is to provide it with everything useful or its functioning i.e. raw material, tools, capital and personnel's". To organize a business involves determining & providing human and non-human resources to the organizational structure. Organizing as a process involves:

- Identification of activities.
- Classification of grouping of activities.
- Assignment of duties.
- Delegation of authority and creation of responsibility.
- Coordinating authority and responsibility relationships.

3. Staffing

It is the function of manning the organization structure and keeping it manned. Staffing has assumed greater importance in the recent years due to advancement of technology, increase in size of business, complexity of human behavior etc. The main purpose o staffing is to put right man on right job i.e. square pegs in square holes and round pegs in round holes. According to Kootz & O'Donell, "Managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal & development of personnel to fill the roles designed un the structure". Staffing involves:

- Manpower Planning (estimating man power in terms of searching, choose the person and giving the right place).
- Recruitment, Selection & Placement.
- Training & Development.
- Remuneration.
- Performance Appraisal.
- Promotions & Transfer.

4. Directing

It is that part of managerial function which actuates the organizational methods to work efficiently for achievement of organizational purposes. It is considered life-spark of the enterprise which sets it in motion the action of people because planning, organizing and staffing are the mere preparations for doing the work. Direction is that inert-personnel aspect of management which deals directly with influencing, guiding, supervising, motivating subordinate for the achievement of organizational goals. Direction has following elements:

- Supervision
- Motivation
- Leadership
- Communication

Supervision- implies overseeing the work of subordinates by their superiors. It is the act of watching & directing work & workers.

Motivation- means inspiring, stimulating or encouraging the subordinates with zeal to work. Positive, negative, monetary, non-monetary incentives may be used for this purpose.

Leadership- may be defined as a process by which manager guides and influences the work of subordinates in desired direction.

Communications- is the process of passing information, experience, opinion etc from one person to another. It is a bridge of understanding.

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5. Controlling

It implies measurement of accomplishment against the standards and correction of deviation if any to ensure achievement of organizational goals. The purpose of controlling is to ensure that everything occurs in conformities with the standards. An efficient system of control helps to predict deviations before they actually occur. According to Theo Haimann, "Controlling is the process of checking whether or not proper progress is being made towards the objectives and goals and acting if necessary, to correct any deviation". According to Koontz & O'Donell "Controlling is the measurement & correction of performance activities of subordinates in order to make sure that the enterprise objectives and plans desired to obtain them as being accomplished". Therefore controlling has following steps:

    a. Establishment of standard performance.
    b. Measurement of actual performance.
    c. Comparison of actual performance with the standards and finding out deviation if any.
    d. Corrective action.

Interaction of Functions and The Management Process

The elements in the management process are actually the basic functions of management these functions constitute the management process in practice. Management process is in fact, management in practice. This process suggests what a manager is supposed to, do or the basic functions that he has to perform while managing the job assigned to him.

Luther Gullic gave a new formula to suggest the elements of Management Process i.e. basic functions of management. According to him, management process may be indicated by the word "PODSCORB". Here, 'P' states for 'planning'. "O" for 'organising', "D" for 'directing', "S" for 'Staffing', "CO" for 'Coordinating, "R" for 'Reporting' and "B" for 'Budgeting'. Gullic coined the word "PODSCORB" to suggest seven functions of management.

The following figures show the management process and the elements involved:

Management Process

(A) Management Process:

(B) Elements of Management Process (Functions of Management):

Elements of Management Process

1. Planning: Planning is the primary function of management. It involves determination of a course of action to achieve desired results/objectives. Planning is the starting point of management process and all other functions of management are related to and dependent on planning function. Planning is the key to success, stability and prosperity in business. It acts as a tool for solving the problems of a business unit. Planning plays a pivotal role in business management It helps to visualize the future problems and keeps management ready with possible solutions.

2. Organising: Organising is next to planning. It means to bring the resources (men, materials, machines, etc.) together and use them properly for achieving the objectives. Organisation is a process as well as it is a structure. Organising means arranging ways and means for the execution of a business plan. It provides suitable administrative structure and facilitates execution of proposed plan. Organising involves different aspects such as departmentation, span of control delegation of authority, establishment of superior-subordinate relationship and provision of mechanism for co-ordination of various business activities.

3. Staffing: Staffing refers to manpower required for the execution of a business plan. Staffing, as managerial function, involves recruitment, selection, appraisal, remuneration and development of managerial personnel. The need of staffing arises in the initial period and also from time to time for replacement and also along with the expansion and diversification of business activities. Every business unit needs efficient, stable and cooperative staff for the management of business activities. Manpower is the most important asset of a business unit. In many organisations, manpower planning and development activities are entrusted to personnel manager or HRD manager. 'Right man for the right job' is the basic principle in staffing.

4. Directing (Leading): Directing as a managerial function, deals with guiding and instructing people to do the work in the right manner. Directing/leading is the responsibility of managers at all levels. They have to work as leaders of their subordinates. Clear plans and sound organisation set the stage but it requires a manager to direct and lead his men for achieving the objectives. Directing function is quite comprehensive. It involves Directing as well as raising the morale of subordinates. It also involves communicating, leading and motivating. Leadership is essential on the part of managers for achieving organisational objectives.

5. Coordinating: Effective coordination and also integration of activities of different departments are essential for orderly working of an Organisation. This suggests the importance of coordinating as management function. A manager must coordinate the work for which he is accountable. Co-ordination is rightly treated as the essence of management. It may be treated as an independent function or as a part of organisms function. Coordination is essential at all levels of management. It gives one clear-cut direction to the activities of individuals and departments. It also avoids misdirection and wastages

and brings unity of action in the Organisation. Co-ordination will not come automatically or on its own Special efforts are necessary on the part of managers for achieving such coordination.

6. Controlling: Controlling is an important function of management. It is necessary in the case of individuals and departments so as to avoid wrong actions and activities. Controlling involves three broad aspects: (a) establishing standards of performance, (b) measuring work in progress and interpreting results achieved, and (c) taking corrective actions, if required. Business plans do not give positive results automatically. Managers have to exercise effective control in order to bring success to a business plan. Control is closely linked with other managerial functions. It is rightly treated as the soul of management process. It is true that without planning there will be nothing to control It is equally true that without control planning will be only an academic exercise Controlling is a continuous activity of a supervisory nature.

7. Motivating: Motivating is one managerial function in which a manager motivates his men to give their best to the Organisation. It means to encourage people to take more interest and initiative in the work assigned. Organisations prosper when the employees are motivated through special efforts including provision of facilities and incentives. Motivation is actually inspiring and encouraging people to work more and contribute more to achieve organisational objectives. It is a psychological process of great significance.

8. Communicating: Communication (written or oral) is necessary for the exchange of facts, opinions, ideas and information between individual's and departments. In an organisation, communication is useful for giving information, guidance and instructions. Managers should be good communicators. They have to use major portion of their time on communication in order to direct, motivate and co-ordinate activities of their subordinates. People think and act collectively through communication. According to Louis Allen, "Communication involves a systematic and continuing process of telling, listening and understanding"

Management as a Profession

Over a large few decades, factors such as growing size of business unit, separation of ownership from management, growing competition etc have led to an increased demand for professionally qualified managers. The task of manager has been quite specialized. As a result of these developments the management has reached a stage where everything is to be managed professionally.

A profession may be defined as an occupation that requires specialized knowledge and intensive academic preparations to which entry is regulated by a representative body. The essentials of a profession are:

1. Specialized Knowledge - A profession must have a systematic body of knowledge that can be used for development of professionals. Every professional must make deliberate efforts to acquire expertise in the principles and techniques. Similarly a manager must have devotion and involvement to acquire expertise in the science of management.

2. Formal Education & Training - There are no. of institutes and universities to impart education & training for a profession. No one can practice a profession without going through a prescribed course. Many institutes of management have been set up for imparting education and training. For example, a CA cannot audit the A/C's unless he has acquired a degree or diploma for the same but no minimum qualifications and a course of study has been prescribed for managers by law. For example, MBA may be preferred but not necessary.

3. Social Obligations - Profession is a source of livelihood but professionals are primarily motivated by the desire to serve the society. Their actions are influenced by social norms and values. Similarly a manager is responsible not only to its owners but also to the society and therefore he is expected to provide quality goods at reasonable prices to the society.

4. Code of Conduct - Members of a profession have to abide by a code of conduct which contains certain rules and regulations, norms of honesty, integrity and special ethics. A code of conduct is enforced by a representative association to ensure self discipline among its members. Any member violating the code of conduct can be punished and his membership can be withdrawn. The AIMA has prescribed a code of conduct for managers but it has no right to take legal action against any manager who violates it.

5. Representative Association - For the regulation of profession, existance of a representative body is a must. For example, an institute of Charted Accountants of India establishes and administers standards of competence for the auditors but the AIMA however does not have any statuary powers to regulate the activities of managers.

From above discussion, it is quite clear that management fulfills several essentials of a profession, even then it is not a full fledged profession because:

1. It does not restrict the entry in managerial jobs for account of one standard or other.

2. No minimum qualifications have been prescribed for managers.

3. No management association has the authority to grant a certificate of practice to various managers.

4. All managers are supposed to abide by the code formulated by AIMA,

5. Competent education and training facilities do not exist.

6. Managers are responsible to many groups such as shareholders, employees and society. A regulatory code may curtail their freedom.

7. Managers are known by their performance and not mere degrees.

8. The ultimate goal of business is to maximize profit and not social welfare. That is why Haymes has rightly remarked, "The slogan for management is becoming - 'He who serves best, also profits most'."

Professional Management in India

The challenges faced by the professional managers in the contemporary Indian industrial set up

1. Unrealistic deadlines - Many project managers lament the fact that they are assigned projects and given deadlines. Of course, there are absolute deadlines for projects such as regulatory compliance or marketing events, but many dates are tied to factors unrelated to a project's scope (i.e., end of quarter, budget cycle, boss's vacation).

For projects that do not have "absolute" time constraints, there are ways to manage the schedule. First, manage the stress of the project deadline and the project issues with creative planning, alternatives analysis, and communication of reality to the project stakeholders. Then, determine what deadlines are tied to higher-level objectives, and establish links to schedules of other projects in the organization.

2. Scope changes - One of the rules of project management is that change is inevitable. What does not have to be inevitable is uncontrolled change, also known as scope creep. Project managers should analyze each request and then communicate the impact of each change and the alternatives, if any exist. You can't eliminate change, but you can make your stakeholders understand how the change affects the schedule, cost, scope, and quality of the project.

3. Failure to manage risk - Many project plans have a list of risks, but no further analysis or planning happens unless triggered by an adverse event during project execution. Once a project team has defined the risks, team members can attempt to determine the probability and impact of the occurrence for each risk. At that point, they can either act to avoid the risk through alternatives analysis, reduce the probability and/or impact with mitigation strategies, or plan a response to the risk event after it happens.

4. Insufficient team skills - To quote a colleague, "Availability is not a skill." Unfortunately, the busiest people also tend to be the most highly skilled. Finding out that a team member is incompetent can be very difficult since most incompetent people do not know that they are incompetent.

First, do not blame the worker, who is probably trying to do what's right. Chances are he or she was not given the proper training or direction to be effective in his or her position. Second, starting with the project manager role, document the core set of skills needed to accomplish the expected workload and honestly compare each person's skills against your list. Using this assessment of the team, project managers can guide the team toward competency with training, cross-training, additional resources, external advisors, and other methods to close the skills gap.

5. Customers and end users are not engaged during the project - Project teams become so focused on internal deliverables, deadlines, and

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processes that external stakeholders are not given input during critical phases. Planning status meetings that will be attended by customers and end users keeps them informed. Using these meetings as forums for information gathering will help ensure that the final product will meet the expectations of all your important stakeholders.

6. Vision and goals are not well-defined- Goals of a project (and the business needs being fulfilled) are not always clearly defined. Communicating these vague goals to the project participants becomes an impossible task. Overcoming vagueness is particularly difficult when the project manager has also been given unclear instruction.

Here are some possibilities. Determine which parts of a project are not understood by the team and other project participants and ask them for feedback or note feedback and questions that come up. Check the project documentation as prepared and tighten up the stated objectives and goals. Each project is, ideally, tied into the direction, strategic goals, and vision for the whole organization, as part of the portfolio of projects for the organization.

There are an infinite number of reasons why projects are challenged, but the solutions always seem to come back to one thing: good communication, which brings us to . . .

7. Ineffective communication - Thanks to technology advancement, there is no shortage of information flow. The problem is that we do not provide the right information to the right people, partly because our organizations do not cultivate good communication and partly because we don't know what and who are "right." To solve this, determine the communication, "whom," "what," "when," and "how," for each project. Find (or create) some templates for agendas, minutes, reports, and plans, and reuse them on every project.

Management and Administration

According to Theo Haimann, "Administration means overall determination of policies, setting of major objectives, the identification of general purposes and laying down of broad programmes and projects". It refers to the activities of higher level. It lays down basic principles of the enterprise. According to Newman, "Administration means guidance, leadership & control of the efforts of the groups towards some common goals".

Whereas, management involves conceiving, initiating and bringing together the various elements; coordinating, actuating, integrating the diverse organizational components while sustaining the viability of the organization towards some pre-determined goals. In other words, it is an art of getting things done through & with the people in formally organized groups.

The difference between Management and Administration can be summarized under 2 categories: -

1. **Functions**

2. **Usage / Applicability**
On the Basis of Functions: -

Basis	Management	Administration
Meaning	Management is an art of getting things done through others by directing their efforts towards achievement of pre-determined goals.	It is concerned with formulation of broad objectives, plans & policies.
Nature	Management is an executing function.	Administration is a decision-making function.
Process	Management decides who should as it & how should he dot it.	Administration decides what is to be done & when it is to be done.
Function	Management is a doing function because managers get work done under their supervision.	Administration is a thinking function because plans & policies are determined under it.
Skills	Technical and Human skills	Conceptual and Human skills
Level	Middle & lower level function	Top level function

On the Basis of Usage: -

Basis	Management	Administration
Applicability	It is applicable to business concerns i.e. profit-making organization.	It is applicable to non-business concerns i.e. clubs, schools, hospitals etc.
Influence	The management decisions are influenced by the values, opinions, beliefs & decisions of the managers.	The administration is influenced by public opinion, govt. policies, religious organizations, customs etc.
Status	Management constitutes the employees of the organization who are paid remuneration (in the form of salaries & wages).	Administration represents owners of the enterprise who earn return on their capital invested & profits in the form of dividend.

Practically, there is no difference between management & administration. Every manager is concerned with both - administrative management function and operative management function as shown in the figure. However, the managers who are higher up in the hierarchy denote more time on administrative function & the lower level denote

more time on directing and controlling worker's performance i.e. management.
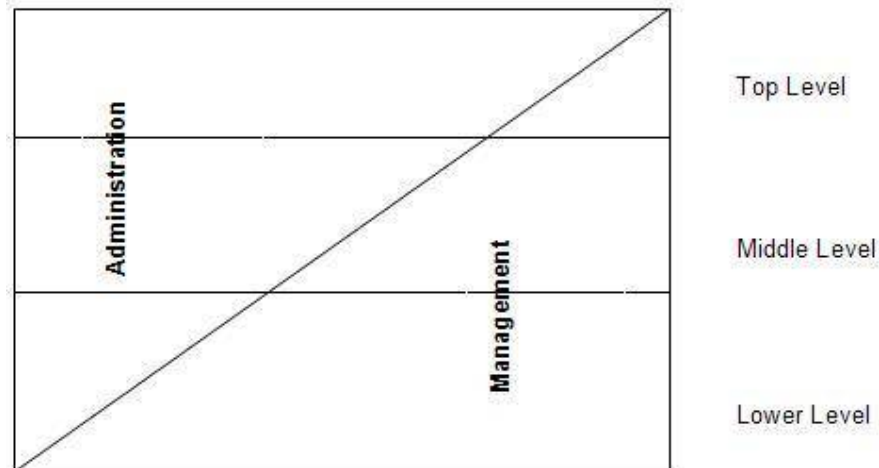
The Figure above clearly shows the degree of administration and management performed by the different levels of management

Arguments For The Against Professionalization

Professionalisation of management is opposed on the following grounds:

(1) Management is basically an art or practice. Minimum educational qualifications alone cannot make effective manager. Moreover, no uniform set of qualifications or academic degree is ideal for management success in different types of organizations.

Therefore, it is undesirable to license managers or to limit the access to management career to people in a specialized degree.

(2) Professionalized qualified managers are not necessarily more efficient and effective than other managers. In India big businessman have successfully created business empires on the basis of their family background (heredity) and experience. What is important is successful managers whether they possess a degree/diploma or not is immaterial.

(3) Unlike lawyers, chartered accountants or doctors, managers do not have a uniform group of clients. They are the trustees of shareholders and all others groups having stake in a company. Therefore, it is not practicable to define precisely the obligations of managers for the purpose of regulating their professional activities.

(4) Many persons from the existing professions, e.g., law; accountancy, medicine, etc. serve as managers in business organizations. For example, several chartered accounts are working as finance/accounts managers in private sector and public sector organizations.

The activities of much professionally qualified persons are being already regulated of their respective professionals bodies.

(5) Management education and training facilities in India are not yet fully developed. Therefore, it may not be desirable to make a degree or diploma in management as an essential qualification for each and every manager.

Levels of Management

The term "Levels of Management' refers to a line of demarcation between various managerial positions in an organization. The number of levels in management increases when the size of the business and work force increases and vice versa. The level of management determines a chain of command, the amount of authority & status enjoyed by any managerial position. The levels of management can be classified in three broad categories:

1. Top level / Administrative level
2. Middle level / Executory
3. Low level / Supervisory / Operative / First-line managers

Managers at all these levels perform different functions. The role of managers at all the three levels is discussed below:

Top Level of Management

It consists of board of directors, chief executive or managing director. The top management is the ultimate source of authority and it manages goals and policies for an enterprise. It devotes more time on planning and coordinating functions.

The role of the top management can be summarized as follows -

1. Top management lays down the objectives and broad policies of the enterprise.
2. It issues necessary instructions for preparation of department budgets, procedures, schedules etc.
3. It prepares strategic plans & policies for the enterprise.
4. It appoints the executive for middle level i.e. departmental managers.
5. It controls & coordinates the activities of all the departments.
6. It is also responsible for maintaining a contact with the outside world.
7. It provides guidance and direction.
8. The top management is also responsible towards the shareholders for the performance of the enterprise.

Middle Level of Management

The branch managers and departmental managers constitute middle level. They are responsible to the top management for the functioning of their department. They devote more time to organizational and directional functions. In small organization, there is only one layer of middle level of management but in big enterprises, there may be senior and junior middle level management. Their role can be emphasized as -

1. They execute the plans of the organization in accordance with the policies and directives of the top management.
2. They make plans for the sub-units of the organization.
3. They participate in employment & training of lower level management.

4. They interpret and explain policies from top level management to lower level.

5. They are responsible for coordinating the activities within the division or department.

6. It also sends important reports and other important data to top level management.

7. They evaluate performance of junior managers.

8. They are also responsible for inspiring lower level managers towards better performance.

Lower Level of Management

Lower level is also known as supervisory / operative level of management. It consists of supervisors, foreman, section officers, superintendent etc. According to R.C. Davis, "Supervisory management refers to those executives whose work has to be largely with personal oversight and direction of operative employees". In other words, they are concerned with direction and controlling function of management. Their activities include -

1. Assigning of jobs and tasks to various workers.

2. They guide and instruct workers for day to day activities.

3. They are responsible for the quality as well as quantity of production.

4. They are also entrusted with the responsibility of maintaining good relation in the organization.

5. They communicate workers problems, suggestions, and recommendatory appeals etc to the higher level and higher level goals and objectives to the workers.

6. They help to solve the grievances of the workers.

7. They supervise & guide the sub-ordinates.

8. They are responsible for providing training to the workers.

9. They arrange necessary materials, machines, tools etc for getting the things done.

10. They prepare periodical reports about the performance of the workers.

11. They ensure discipline in the enterprise.

12. They motivate workers.

13. They are the image builders of the enterprise because they are in direct contact with the workers.

Importance of Management

1. It helps in Achieving Group Goals - It arranges the factors of production, assembles and organizes the resources, integrates the resources in effective manner to achieve goals. It directs group efforts towards achievement of pre-determined goals. By defining objective of organization clearly there would be no wastage of time, money and effort. Management converts disorganized resources of men, machines, money etc. into useful enterprise. These resources are coordinated,

directed and controlled in such a manner that enterprise work towards attainment of goals.

2. Optimum Utilization of Resources - Management utilizes all the physical & human resources productively. This leads to efficacy in management. Management provides maximum utilization of scarce resources by selecting its best possible alternate use in industry from out of various uses. It makes use of experts, professional and these services leads to use of their skills, knowledge, and proper utilization and avoids wastage. If employees and machines are producing its maximum there is no under employment of any resources.

3. Reduces Costs - It gets maximum results through minimum input by proper planning and by using minimum input & getting maximum output. Management uses physical, human and financial resources in such a manner which results in best combination. This helps in cost reduction.

4. Establishes Sound Organization - No overlapping of efforts (smooth and coordinated functions). To establish sound organizational structure is one of the objective of management which is in tune with objective of organization and for fulfillment of this, it establishes effective authority & responsibility relationship i.e. who is accountable to whom, who can give instructions to whom, who are superiors & who are subordinates. Management fills up various positions with right persons, having right skills, training and qualification. All jobs should be cleared to everyone.

5. Establishes Equilibrium - It enables the organization to survive in changing environment. It keeps in touch with the changing environment. With the change is external environment, the initial co-ordination of organization must be changed. So it adapts organization to changing demand of market / changing needs of societies. It is responsible for growth and survival of organization.

6. Essentials for Prosperity of Society - Efficient management leads to better economical production which helps in turn to increase the welfare of people. Good management makes a difficult task easier by avoiding wastage of scarce resource. It improves standard of living. It increases the profit which is beneficial to business and society will get maximum output at minimum cost by creating employment opportunities which generate income in hands. Organization comes with new products and researches beneficial for society.

Roles of a Manager

The study describes the work life of a Manager. Mintzberg then identified ten separate roles in Managerial work, each role defined as an organised collection of behaviours belonging to an identifiable function or position. They are,

1. FIGUREHEAD: The Manager performs ceremonial and symbolic duties as head of the organisation.

2. LEADER: Fosters a proper work atmosphere and motivates and develops subordinates;

3. LIASION: Develops and maintains a network of external contacts to gather information;

4. MONITOR: Gathers internal and external information relevant to the organisation;

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5. DISSEMINATOR: Transmits factual and value based information to subordinates;

6. SPOKESPERSON: Communicates to the outside world on performance and policies.

7. ENTREPRENEUR: Designs and initiates change in the organisation;

8. DISTURBANCE HANDLER: Deals with unexpected events and operational breakdowns;

9. RESOURCE ALLOCATOR: Controls and authorises the use of organisational resources;

10. NEGOTIATOR: Participates in negotiation activities with other organisations and individuals.

He further grouped these roles into three subcategories: Interpersonal contact (1, 2, 3), Information processing (4, 5, 6) and Decision making (7-10).

Mintzberg also found that although individual capabilities influence the implementation of a role, it is the organisation that determines the need for a particular role, addressing the common belief that it predominantly a Manager's skill set that determines success. Effective Managers develop protocols for action given their job description and personal preference, and match these with the situation at hand.

Development of Management Thought

Various approaches to management

EMPIRICAL APPROACH

•Study of managerial experiences and cases(mgt)

•Contributors: Earnest Dale, Mooney & Reiley, urwick.

•Features

–Study of Managerial Experiences

–Managerial experience passed from participationerto students for continuity in knowledge management.

–Study of Successful & failure cases help practicisingmanagers.

–Theoretical research combined with practical experiences.

•Uses

–Learning through experience of others

•Limitations

–No Contribution for the development of management as a discipline

–Situations of past not the same as present.

HUMAN BEHAVIOUR APPROACH

•Organisationas people

–a) Interpersonal Behaviour Approach -Individual Psychology

–b) Group Behaviour Approach -Organisation Behaviour

•**Features**

–Draws heavily from psychology & sociology.

–Understand human relations.

–Emphasis on greater productivity through motivation & good human relations

–Motivation, leadership, participative management & group dynamics are core of this approach.

•**Uses**

–Demonstrates how management can be effective by applying knowledge of organisation behaviour.

•**Contributors**

–Maslow, Herzberg, Vroom, Mc Cleland, Argyris, Likert, Lewin, Mc Gregor, etc.

•**Limitations**

–Treating management as equivalent to human behaviour.

–Talks about organisation & organisation behaviourin vague terms.

SOCIAL SYSTEM APPROACH

•Understanding the behaviourof groups & individuals.

•**Features**

1.Social System, a system of cultural relationship

2.Relationship exist between external and internal environment of the organisation.

3.Formal Organisation-Cultural relationships of social groups
working within the organisation.

4.Co-operation necessary

5.Efforts directed -harmony between goals of organisation& goals of groups.

•**Contributors**

–Pareto, Chester Barnard

•**Uses**

–Organisationaldecisions should not be based on desires of one group alone but should reflect the interests of all the parties.

•**Limitations**

–Broader than management & its practice

–Overlooks many management concepts principles & techniques that are important to practisingmanagers.

DECISION THEORY APPROACH

•Manager –Decision maker

•Organisation–Decision making unit.

•Features

–Management is decision making.

–Members of Organisation -decision makers and problem solvers.

–Decision making -control point in management

–Increasing efficiency -the quality of decision

–MIS, process & techniques of decision making are the subject matter of study.

DECISION THEORY APPROACH

•Contributors

–Simon, Cyert, Forrester, etc.

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•Uses

–Tools for making suitable decisions in organisations.

•Limitation

–Does not take the total view of management

–Decision making -one aspect of management

MATHEMATICAL APPROACH

•Management-logical entity

•Actions-Mathematical symbols, Relationships and measurable data.

•Features

1.Problem Solving mechanism with the help of mathematical tools and techniques.

2.Problems Expressed in mathematical symbols.

3.Variables in management –quantified.

4.Scope -Decision making, system analysis & some aspect of human behaviour.

5.Tools -Operations research ,simulation etc.

•Contributors

–Newman, Russell Ackoff, Charles Hitch, etc.

•Uses

–Provided Exactness in management discipline.

•Limitations

–Not a separate school

–Technique in decision making.

SOCIO -TECHNICAL SYSTEMS APPROACH

•Features

–Social & technicalssystems interact. This interaction is important for organisationaleffectiveness.

–Organisation–governed by social laws as well as psychological forces.

–Technical aspects of organisationmodified by the social aspects.

•Contributors

–Trist, Bamforth, Emery etc.

•Uses

–Organisationaleffectiveness depends on looking at people and their interactions and also at the technical environment in which they operate.

–Change in technology

–Change in social interactions at work place

SOCIO -TECHNICAL SYSTEMS APPROACH

•Limitations

–Lack of total managerial view

–Concentrate on factory or other production system

–No new contribution

–People aware about the role of technology of the social system of the work place.

SYSTEMS APPROACH

•An enterprise

•Man-Made system

•Internal parts

•Achieve established goals

•External parts

•Achieve interplay with its environment

•Manager integrates his available facilities with goal achievement.

•Uses

–Quick Perception

–Better Planning

•Limitations

–Complicated

–Expensive

CONTIGENCY SCHOOL

•In developing management concepts the environment within which the concepts are to be applied has to be considered.

•Internal environment

–Structure, Processes, Technology.

•External Environment

–Social, Economic, Political etc.

•Features

–Appropriateness of a management technique depends on situation.

–If -Then approach.

OPERATIONAL APPROACH

•Management is a process.

•Universalist/ Classist/ Traditional Approach.

•This school concentrates on the role and functions of managers and distills the principles to be followed by them.

•Features

–Functions of managers remain same

–Functions of management

–core of good management

–Framework of management

–Principles of management

•Contributors

–Fayol, LyndallUrwick,Harold Koontz, Newman, Mc Farland, Taylor.

•Uses

–Flexible & practical but not universal.

Taylor's Contribution and Scientific Management

Scientific management concept

Scientific management concept is one of the principles of management and is also known as classical theory. This principle is propounded by

Fredrick Winslow Taylor (F.W Taylor) – the father of management. He was born in USA in 1856. He joined Midvale steel company where he worked as a machine shop worker for two years as gang boss for some years and as chief engineer at the age of 28.he also joined Bethlehem steel company where he served for a long time. Later he devoted his time to develop the concept of scientific management.

He noticed that there were much disorder and wastage of human as well as other resources at work place. The managers and staffs had no concept about systematic and efficient performance of task. And all were following traditional ways of doing work. So he tried to remove these problems through the development of new concept. Thus the scientific management concept was developed.

Contributions of F.W Taylor

While working in Midvale Company as a manager Taylor observed that employees were not performing as per their capacity of productivity. And he considered that this condition was occurring because of no care towards the waste. Taylor worked towards the experiments at his work place to increase the worker's efficiency so that maximum output could be achieved by utilizing effort at maximum level.

1. **Scientific task setting:-** Taylor observed that the management does not know exactly the works – pieces of work- volume of works- which are to be performed by the workers during a fixed period of time- which is called working day. In a working day how much work is to be dome by a worker but be fixed by a manager and the task should be set everyday. The process of task setting requires scientific technique. To make a worker do a quantity of work in a working day is called scientific task setting

2. **Differential payment system:-** under this system, a worker received the piece rate benefit which will attract the workers to work more for more amount of wages and more incentives would be created to raise the standardization of output to promote the workers to produce more and perform more task than before and utilize waste time to earn more wages.

3. **Reorganization of supervision:-** concepts of separation of planning and doing and functional foremanship were developed. Taylor opines that the workers should only emphasize in planning or in doing. There should be 8 foreman in which 4 are for planning and 4for doing. For planning they were route clerk, instruction cord clerk, time and cost clerk and disciplinarian. And for doing they were speed boss, gang boss, repair boss and inspector.

4. **Scientific recruiting and training:-**staffs and workers should be selected and employed on scientific basis. Management should develop and train every workers by providing proper knowledge and training to increase their skills and make them effective

5. Economy:- efficient cost accounting system should be followed to control cost which can minimize the wastages and thoroughly reduced and thus eliminated.

6.   Mental revolution:- Taylor argued that both management and workers should try to understand each other instead of quarrelling for profits and benefits which would increase production, profit and benefits.

Henry Fayola's contribution

The general management principles as summarized by Fayol

The 14 Management Principles from Henri Fayol (1841-1925) are:

1. Division of Work. Specialization allows the individual to build up experience, and to continuously improve his skills. Thereby he can be more productive.

2. Authority. The right to issue commands, along with which must go the balanced responsibility for its function.

3. Discipline. Employees must obey, but this is two-sided: employees will only obey orders if management play their part by providing good leadership.

4. Unity of Command. Each worker should have only one boss with no other conflicting lines of command.

5. Unity of Direction. People engaged in the same kind of activities must have the same objectives in a single plan. This is essential to ensure unity and coordination in the enterprise. Unity of command does not exist without unity of direction but does not necessarily flows from it.

6. Subordination of individual interest (to the general interest). Management must see that the goals of the firms are always paramount.

7. Remuneration. Payment is an important motivator although by analyzing a number of possibilities, Fayol points out that there is no such thing as a perfect system.

8. Centralization (or Decentralization). This is a matter of degree depending on the condition of the business and the quality of its personnel.

9. Scalar chain (Line of Authority). A hierarchy is necessary for unity of direction. But lateral communication is also fundamental, as long as superiors know that such communication is taking place. Scalar chain refers to the number of levels in the hierarchy from the ultimate authority to the lowest level in the organization. It should not be over-stretched and consist of too-many levels.

10. Order. Both material order and social order are necessary. The former minimizes lost time and useless handling of materials. The latter is achieved through organization and selection.

11. Equity. In running a business a 'combination of kindliness and justice' is needed. Treating employees well is important to achieve equity.

12. Stability of Tenure of Personnel. Employees work better if job security and career progress are assured to them. An insecure tenure and a high rate of employee turnover will affect the organization adversely.

13. Initiative. Allowing all personnel to show their initiative in some way is a source of strength for the organization. Even though it may well involve a sacrifice of 'personal vanity' on the part of many managers.

14. Team Spirit (Esprit de Corps). Management must foster the morale of its employees. He further suggests that: "real talent is needed to coordinate effort, encourage keenness, use each person's abilities, and reward each one's merit without arousing possible jealousies and disturbing harmonious relations."

What is Management? Five elements

Fayol's definition of management roles and actions distinguishes between Five Elements:

1. Prevoyance. (Forecast & Plan). Examining the future and drawing up a plan of action. The elements of strategy.

2. To organize. Build up the structure, both material and human, of the undertaking.

3. To command. Maintain the activity among the personnel.

4. To coordinate. Binding together, unifying and harmonizing all activity and effort.

5. To control. Seeing that everything occurs in conformity with established rule and expressed command.

Origin of the 14 Principles of Management. History

Henri Fayol (1841-1925) was a French management theorist whose theories in management and organization of labor were widely influential in the beginning of 20th century. He was a mining engineer who worked for a French mining company Commentry-Fourchamboult-Decazeville, first as an engineer. Then he moved into general management and became Managing Director from 1888 to 1918. During his tenure as Managing Director he wrote various articles on 'administration' and in 1916 the Bulletin de la Société de l' Industrie Minérale, printed his "Administration, Industrielle et Générale – Prévoyance, Organisation, Commandement, Coordination, Contrôle". In 1949 the first English translation appeared: 'General and Industrial Management' by Constance Storrs.

Usage of the 14 Management Principles. Applications

　* Change and Organization.

　* Decision-making.

　* Skills. Can be used to improve the basic effectiveness of a manager.

　* Understand that management can be seen as a variety of activities, which can be listed and grouped.

Managerial Qualities and Training

The training and development of employees is crucial to any organisation's performance. For businesses, the aim is to gain a competitive advantage. For other organisations you'll want to improve how you work or obtain better outcomes. Ultimately, all organisations are looking to optimise their human resources by honing the skills of their workforce.

Training is, therefore, a huge responsibility and needs motivated and skillful individuals to handle it. While there are many opinions on the efficacy of some training programs, few doubt the necessity of really good, targeted training.

Training employees is a challenging job though, and whether you're an independent trainer or employed with a corporation, trainers and training managers are expected to have a ton of qualities for the training to be a success. If we were to hone in on the six most desirable qualities of training managers, however, they would be as follows.

1. A Deep Knowledge of the Business

A deep and thorough understanding of the business or organisation you are part of is among the greatest assets that you as a training manager can possess. A good rule of thumb is whether you can articulate both what your company does and how it does it in a few simple, concise sentences.

   * How your product is bought, sold, and delivered to customers.
   * Why your product exists, and what problem it solves.
   * How your broader industry operates, the pressures it has, and how it makes money.
   * An awareness of the competition and new trends in your line of business

The aim of most corporate training is to maximise company resources and build an efficient and productive workforce. This is only possible when you are aware of the skillsets that your workforce requires. Detailed knowledge of your business or operation is therefore necessary to when designing and evaluating training programs that will help your direct reports achieve your organisation's strategic goals.

2. The Ability to Measure and Assess Staff Training Needs

Awareness of how the training needs of your employees is critical to developing your team. Professional trainers are expected to conduct a thorough training needs analysis before undertaking a training assignment, and as a manager, you'll need to as well. This process will help you determine two things – what needs to be learned by your team, and how to prioritise the learning. Don't get fixated on the process though! What truly sets a good training manager apart is her ability to read between the lines and zero in on the essence of a problem.

For example, you may find that you've been told employees in a certain division are failing to meet their goals. The recommendation comes to you that they need to be sent back to basic training to learn how to do their basic job functions all over again.

Even though this example sounds very specific and it would be easy to take this recommendation unchallenged, this brief is actually as vague as it gets!

A good manager will understand that faltering productivity is just a symptom. The real problem could be anything — an inability to focus, a distracting environment, confusing directions form the team manager, technological challenges, or something else.

Real life is always more complicated, and part of your challenge as a manager focused on the true training needs of your team will mean

you'll need to peel away layers of confusion to get to the heart of the problem. Don't settle for surface solutions – doing so will just demoralise your team and prevent discovery and diagnosis of the true problem.

Assessment of training needs is going to require a lot of interaction and input with a department or employees direct management as well – don't forget to incorporate them into the process. Developing and publishing your training assessment process is really key as well so everyone can understand how it works, and in some cases even self assess.

3. Strong Communication and Interpersonal skills

Regardless of whether you conduct your own training programs or not, it is imperative for a good training manager to be highly efficient in communication of all kinds.

Understanding problems, conveying ideas, conducting training – all of this is carried through words. If you have trouble communicating, it's unlikely you'll be able to get your staff properly motivated, or effectively describe the reasons behind the need for the training you're recommending to your employees.

But again, while a way with words is a great asset, it is nothing if it's not tempered with empathy, rooted in the understanding of how people learn, and backed by good interpersonal skills. Effective managers should develop their people skills and actually enjoy relating to people. You should love to talk, interact with people, love listening to their problems, love coming up with solutions to these problems, and enjoy motivating your students to be better.

It's worth noting that these skills which will help you be a better training manager are also core skills for any teacher or trainer! In addition to general personal skills, there are some problem solving skills that will help you develop your team. The ability to break complex ideas down into components that make for easier understanding, and the ability to draw the best out of your students is core to helping others learn, and the more you hone these skills, the more you'll be set apart.

4. A Passion for Continuous Learning

The best learners make the best teachers. A passion for learning reflects in the quality of your teaching. How can you teach and motivate others if you yourself are lackadaisical about the process of learning?

Besides, learning is a continuous process. Every day around the world thousands of academic papers are submitted, hundreds of seminars are given, and thousands of blog posts written discussing new research and insights into age-old management problems. As a corporate trainer who wants to remain on top of the game you need to keep yourself abreast of the latest developments in your field. A passion for learning will make this less of a chore and more of a spirited endeavor.

Be an avid reader and draw from all fields (philosophy, human psychology, sports, nature and wildlife, spirituality, politics — you get the picture!). That's the only way to cultivate a well-rounded understanding of the world we live in. We recommend loading up an RSS reader with quality reading that you can set time aside to tackle. Twitter is another good resource to use as you can follow thought leaders and organisations that provide great insights. Shameless Plug: remember to sign up for our weekly training tips newsletter!

5. Innovative Thinking

The prospect of attending yet another training session can make anyone, from seasoned corporate executives to employees who have just started, want to shoot themselves in the head. We've all been in plenty of repetitive and monotonous training sessions. We've all sat through presentations that were boring or were clearly being taught with a minimum of effort by the instructor. Even if students are excited to explore a topic, a bad training sessions can kill any enthusiasm they may have had and trainees will soon start zoning out.

But training (even corporate training) doesn't have to be boring. To keep things fresh and to maximise your chances of gaining and holding your audience's attention, try to improvise on your teaching style. Be different and bold with your training material. Don't regurgitate old formats; have fun with different formats of teaching. Draw inspiration from all around you.

Keep things interesting and entertaining for your students. Push the boundaries of creativity and include newer forms of technology. As mentioned earlier, it helps to have an interest in a wide range of subjects. That allows you to draw plentiful of unlikely and delightful analogies, and create interesting (but effective) training material for your students.

6. Embrace Efficiency

Training budgets are almost never static. They're one of the last things to be increased by management in response to growth, and they're one of the first things to be cut! Training managers almost never had the resources they need, whether it's time, money, tools, or buy-in from the rest of the company. These are the realities of the training business though, and they're not going to change, so make sure you develop an acute appreciation of and desire for efficiency. Anything that can save you time or money when delivering the vital education you're responsible for should be examined and sought after. It might be time to think about researching eLearning software or even more comprehensive training management software to help you do more with less.

Conclusion

It's a tough job, but it's so important! Hopefully you'll have drawn inspiration and gathered some additional thoughts after reading about

these six qualities. If you have thoughts, comments, or questions, don't hesitate to let us know!

General Principles of Management

1. Division of work: this principle is basically the same with adam smith's "division of labour" which means "specialization". According to fayol, the object of division of work is to produce more and better work with the same effort.

2. Authority and responsibility: authority is the right to give orders and the power to exact obedience. Distinction must be made between a manager's official authority deriving from office and personal authority. (note: later in 1959, social psychologists john french and bertam raven, defined five sources of power as: coercive power, reward power, legitimate power, referent power and expert power).

According to fayol, authority is not to be conceived of apart from responsibility, that is apart from sanction – reward or penalty – which goes with the exercise of power. Responsibility is a corollary of authority, it is its natural consequence and essential counterpart, and wheresoever authority is exercised responsibility arises.

3. Discipline: discipline, being the outcome of different varying agreements, naturally appears under the most diverse forms; obligations of obedience, application, energy, behaviour, vary, in effect from one firm to another, from one group of employees to another, from one time to another. Nevertheless, general opinion is deeply convinced that discipline is absolutetly essential for the smooth running of business and that without discipline no enterprise could prosper.

4. Unity of command: this principles emphasizes that an employee should receive orders from one superior only. Fayol says that if it is violated, authority is undermined, discipline is in jeopardy, order distributed and stability threatened. (note: matrix organizations are in contrast to fayol's unity of command principle).

5. Unity of direction: one head and one plan for a group of activities having the same objective. (note: organizations write and announce vision and mission statements, objectives and strategies so that the organizations align and go in the same direction).

6. Subordination of individual interest to the general interest: this principle calls to mind the fact that in a business the interest of one employee or group of employees should not prevail over that of the concern, that the interest of the home should come before that of its members and that interest of the state should have pride of place over that of one citizen or group of citizens. (note: what about the "invisible hand" concept of adam smith?)

7. Remuneration (payment/compensation) of personnel: remuneration of personnel is the price of the services rendered. It should be fair and, as far as is possible, afford satisfaction both to personnel and firm (employee and employer). Three modes of payment in use for workers are : time rates, job rates and piece rates. Fayol also mentioned about bonuses and profit-sharing and non-financial incentives.

8. Centralization: everything which goes to increase the importance of the subordinate's role is decentralization, everything which goes to reduce it is centralization. The question of centralization or

decentralization is a simple question of proportion, it is a matter of finding the optimum degree for the particular concern.

The degree of centralization must vary according to different cases:

   * if the moral worth of the manager, his strength, intelligence, experience and swiftness of thought allow him to have a wide span of activities he will be able to carry centralization.

   * if conversely, he prefers to have greater recourse to the experience of his colleagues whilst reserving himself the privilige of giving central directives, he can effect considerable decentralization.

9. Scalar chain (line of authority): the scalar chain is the chain of superiors from the ultimate authority to the lowest ranks.

10. Order: fayol defines the formula for order as "a place for everyone and everyone in his place". He classifies two types of order as material order, which means everthing must be in its appointed place and social order, which presupposes the most succesful execution of the two most difficult managerial activities: good organization and good selection. Social order demands precise knowledge of the human requirements and resources of the concern and a constant balance between these requirements and resources.

11. Equity: desire for equity and equality of treatment are aspirations to be taken into account in dealing with employees. (note: in motivation theories of organizational behaviour equity is important. John stacey adams, (behavioral psychologist) asserted that employees seek to maintain equity between the inputs that they bring to a job and the outcomes that they receive from it against the perceived inputs and outcomes of others in 1963. Please follow the link for a visual representation of adams theory)

12. Stability of tenure of personnel: time is required for an employee to get used to new work and succeed in doing it well, always assuming that he possesses the requisite abilities. If when he has got used to it, or before then, he is removed, he will not have had time to render worthwhile service. If this be repeated indefinetly the work will never by properly done.

Generally the managerial personnel of prosperous concerns is stable, that of unsuccessful ones is unstable. Instability of tenuer is at one and the same time cause and effect of bad running. In common with all the other principles, therefore, stability of tenure and personnel is also a question of proportion.

13. Initiative: much tact and some integrity are required to inspire and maintain everyone's initiative, within the limits imposed, by respect for authority and for discipline. The manager must be able to sacrifice some personal vanity in order to grant this sort of satisfaction to subordinates.

14. Esprit de corps: means "union is strength". Harmony, union among the personnel of a concern, is great strenght in that concern. The principle to be observed is unity of command; the dangers to be avoided are (a) a misguided interpretation of the motto "divide and rule", (b) the abuse of written communications.

(a) personnel must not be split up. Dividing enemy forces to weaken them is clever, but dividing one's own team is a grave sin against the business.

(b) abuse of written communications. Wherever possible, contacts should be verbal; there is gain in speed, clarity and harmony.

Elements of management

People who succeed as organizational managers understand that once they take on the responsibility of leading a team or department, their mindset has to change. For a manager, success is no longer about what they can achieve on their own, and getting ahead isn't a journey made alone. Managers are successful when group goals are met because subordinates are properly motivated and contributing at their highest level.

So what does it take to be a successful manager? Read on to learn five of the most important mindset changes managers need to adopt from day one.

1. Manage Others' Time – In addition to managing your own time—which is tricky when you must accept additional responsibilities—a good manager sets schedules for others to meet. This doesn't mean you should micromanage each employee's calendar, but it does mean that you have clarified with your staff what their priorities are, you know when deliverables are due, and you address the problem when an employee fails to meet assigned deadlines.

If a subordinate is behind or has failed to meet a goal, that's their problem, right? Wrong—when you accept the role of manager, you accept responsibility for all work being done well and on time, whether you're actually doing that work or not.

2. Satisfaction Becomes More Abstract – A manager's satisfaction is often indirect. It comes from taking pride in helping others succeed, rather than completing the job alone. Learning how to properly delegate work enables you to clear your plate to make room for other managerial responsibilities while also helping your subordinates develop important skills.

Acknowledging employees' accomplishments when they do well ensures that they'll be excited to take on new tasks again in the future. If you find yourself only pointing out mistakes or problems, it won't be long before morale and workmanship are depleted. Mistakes are bound to happen and shouldn't be swept under the rug. But bringing mistakes to employees' attention must be balanced with acknowledgement when a job is well done.

3. Shift in Job Evaluation – Your performance is no longer judged by the boss alone. It is also judged by those who report to you. It's important that you stay aware of how employees perceive you (and that does mean asking from time time—you can do this informally in conversation or anonymously through 360-degree feedback tools).

When you become manager, it does not mean that you are immune to criticism and evaluation, and your position doesn't allow you to slack off. Being a manager also doesn't mean that you should be perfect. Especially for new managers, it will take some time to adjust to your position. This is why it's important to be open to feedback and aware that there's always room for improvement.

4. Problem Solving – A manager must deal with all types of problems, some of which include:

* Operational – Why did we miss our numbers last month?
* Interpersonal – How can I help my subordinates better manage conflict?
* Strategic – Do I have the right people in the right positions?

It's important that managers have fundamental problem solving skills and that they know when to seek input from others. You won't always have all the answers, but you can make sure you ask the right people the right questions.

Problem solving might seem like a skill that mainly requires rationality and solid logic, but successful problem solving is also very creative. Sometimes the best solution is completely out of the box. A successful manager will be able to solve problems resourcefully and with an open mind.

5. Key Resources are People – Because a manager must get things done through others, people are your best asset. Taking the time to learn the strengths of each person on your team (and manage them accordingly) not only ensures that you are challenging people and bringing out their best, it also sends the message that you care about them.

When employees know that they are valuable to you and the efforts of the organization as a whole, they take pride in their work. After all, that's why you're making such an effort to be a great manager,

Tarlor And Fayol A Comparison

We have seen that both F.W. Taylor and Henry Fayol contributed to the science of management. There are points of similarity and dissimilarity in the works of both of these pioneers. Urwick has summed up the contributions of the two as: "The work of Taylor and Fayol was, of course, essentially complementary. They both realised that, the problem of personnel and its management at all levels is the key to industrial success.

Both applied scientific method to this problem. That Taylor worked primarily on the operative level, from the bottom of the industrial hierarchy upwards, while Fayol concentrated on the Managing Director and worked downwards, was merely a reflection of their very different careers." We can, thus, sum up the points of similarity and dissimilarity between the two as follows:

Similarity:
1. Both of them felt the universality of management.
2. Both applied scientific methods to the problems of management.
3. Both observed the importance of personnel and its management at all levels.
4. Both wanted to improve the management practices.
5. Both of them developed their ideas through practical experience.
6. Both of them explained their ideas through their books.
7. Both of them stressed mutual co-operation between employers and employees.

Dissimilarity:
1. Taylor laid his attention on the problems of shop floor while Fayol concentrated on the functions of managers at top level.

2. Taylor worked from the bottom of the industrial hierarchy upwards, while Fayol focussed on the chief executive and worked downwards.

3. The main aim of Taylor was to enhance productivity of labour and eliminate wastages. Fayol tried to develop a universal theory of management.

4. Taylor called his philosophy of work as 'Scientific Management' whereas Fayol expressed his work as 'General Theory of Administration'.

5. Taylor is known as father of Scientific Management and Fayol as the father of Principles of Management.

6. Taylor's philosophy has undergone a big change under the influences of modern developments, but Fayol's principles of management have stood the test of time arid are well accepted even in the present days.

7. Fayol looks to the management in the wider perspective as compared to Taylor

Universality Of Management Principles

Is the manager's job universal? Are the principles of management universally applicable? It has already been stated that managing is found in all types, functions, levels and sizes of organisations. Management can be applied to all organised human efforts whether they are in business, government, educational, social, religious or other fields. Universality of management suggests that the manager uses the same managerial skills and principles in each managerial position held in various organisations. Accordingly an industrial manager could manage a philanthropic organisation, a retired army general could manage a university, a civil servant could manage an industrial organisation, and so on.

Universality implies transferability of managerial skills across industries, countries. It means that management is generic in content and is applicable to all types of organisations. Lawrence A. Appley declared that 'He who can manage, can manage anything.' Let us examine the factors that have contibuted to the universal application of management in every level of organisation and at every level of organisation.

Arguments for Universality

1. Same functions. Quite often it is erroneously thought that management exists only in a business and not in other enterprises. The fact is, however, that when acting in their respective managerial capacities not only the company president but also the office supervisor perform the fundamental functions of management. The difference lies in such things as the breadth of the objectives, the magnitude of the decisions taken, the organisation relationships affected, and so on. Managers perform essentially the same functions irrespective of their level in the organisation, industry or country.

2. Universal principles. Classical writers (Fayol, Urwick and others) believed that there are certain principles in management which are universally applicablee. These are the principles of departmentation, principles of division of labour, principle of span of control, the scalar principle, principle of unity of command, etc. Such principles as one man one boss, division of work to improve speed and efficiency, limiting the number of persons to be supervised so that managers can concentrate on exceptional problems, the principles governing motivation theory have

certainly proved their worth up to a point, and these principles have been translated into practice for a long time. These principles have found universal expression of the nature and level of management in organisations.

3.　　　Fundamentals are same, the techniques employed and practices followed are different. Managing occurs in parks, ranches, hospitals, farms, universities, cities, police, agencies, churches, airports and community organisations, industries, and so on. The fundamentals governing the management of a business, a church or a university are same: the difference lies in the techniques employed and practices followed. All managers arc accountable for performance of other people: they plan, make decisions, organise work, motivate people and implement controls and so forth. In order to accomplish things, the techniques employed might differ depending on situational factors like : culture, tradition, attitude, etc. Same is the case with management practices. An automobile designed for use in deserts or jungles will be markedly different from the one that is designed for city traffic. The design principles governing both models are the same. The generic content of management fundamentals is such that they can be applied universally : practices and techniques employed may differ depending on the nature of industry, the organisational level where these are applied, etc.

4.　　　Practical evidence. Managing is found in all types, functions, levels and sizes of organisations. The fact that managers regularly move from public to private sector organisations bears ample testimony to the fact that management concepts are universal across organisational types. For example, D. D. Ensenhower went from a general in the U.S. Army to President of Columbia University and to President of the United States. Again Sri P.L. Tandon. the former Chairman of Hindustan Lever Ltd, has managed the PNB, STC and the NCAER successfully during his tenure as the Chairman in these organisations. The basic concepts of management propagated by American writers have found expression even in communist countries. According to Drucker. "the rapid development of Brazil, the rapid development of non-communist countries, that is, of Hong Kong, Singapore, and Taiwan, the rapid development of so poor and backward a peasant country as Iran are all traceable to the impact of management".

Arguments against Universality

1.　　　Complete substitutability is impossible. It is true that the manager's job becomes most universal in content at the upper echelons of organisations. The higher one moves in an organisation the more he or she performs the generic functions of management planning, organising, leading and controlling and the less he or she is involved in day-to-day technical matters. The relationship between performance and functions entrusted becomes more intense as one moves lower down the order. For example, the success of a drilling supervisor of an oil rig depends to a large extent on his technical knowledge of drilling. On the other hand, the president of an oil company does not need to have much of the technical intricacies of drilling for oil or how to refine it. Before tossing

the 'universality argument', we must apply brakes and qualify the statement. Generic in content does not imply complete substitutability.

2.   Organisational philosophies differ. Universality presupposes the existence of predictability regarding the outcome of management actions. A manager working in Firm A must be able to predict the likely consequences of his actions in Firm B where he is likely to join. He may have to face insurmountable difficulties in case the underlying philosophies of these organisations were to differ. For instance, in one organisation the emphasis is on profit maximisation and in the other the emphasis is on social responsibilities. Such conflicting demands affect managerial actions and what a manager could apply with success in one organisation may not find a meaningful expression in the other organisation where the underlying philosophy is different. As pointed out by Dale, no individual could be a good administrator in religious, academic, military, and business institutions of both communist and democratic countries because the philosophies that underlie each are drastically different and one person could not encompass so much.

3.   Universality of principles: A Ridiculous Statement? Classical management principles were written by practitioners in management and were based on personal experience and limited observation only. They have only tried to pass on their ideas as universal truths. In the absence of a rigorous scientific basis, no wonder, Simon dubbed the principles as proverbs, comparable to folklore and folk-wisdom. Moreover, these principles are vague and too general and , as a result, are very difficult to apply to a specific organisation. They often overlap and are sometimes incompatible with one another. The terminology 'universal principles', 'universal truths' is quite unfortunate.

4.   Management is a product of the culture. Managers have to operate within the broad constraints operating in an economy: culture, tradition, organisational philosophies, etc. Managerial behaviour in a deeply traditional, religious economy is bound to be different from the advanced and scientifically-oriented economy. It is fruitful to search for a common set of 'principles' or 'absolutes' or 'determinate solutions' where managers have to operate in highly diverse cultures. A career in management is, by itself, not a preparation for major political office....or for leadership in the armed forces, the church or a university.

The writers who argue that management principles are culture bound seem to ignore that the fundamentals governing the management of enterprises in India, Japan, U.S.A., and Brazil are the same. and they are applicable and adaptable in various cultures. Otherwise, it would not have been possible for Indian Managers doing successful business in Great Britain. Chinese management thinkers teaching in America, and Japanese managers working successfully in Brazil and Hong kong. The universality of management thesis is well supported by several research studies by Hair, Porter, Negandhi and Richman etc. According to these researchers, cultural and situational factors may influence the way in which a manager discharges his functions but the fundamentals of management remain unchanged.

Social Systems Approach Bernard's Contribution

Chester Barnard was the President of new Jerray Bell Telephone Company. He served in various other organisations too. His important writings include: The Functions of Executive (1938). Organisation and Management (1948). Elementary Conditions of Business Morals.

His writings had important impact on human organisation. In his organisation theory he adopted a sociological approach and in dealing with the functions of executives, he stressed the importance of leadership and communication. Barnard divided organisation into formal and informal. He said that informal organisation is an important part of formal organisation.

Barnard's Contributions to Management Thought:

Barnard suggested social systems approach to management. His main contributions to management thought can be described as follows:

1. Theory of Formal Organisation:

Barnard gave a theory of formal organisation. He defined it as "a system of consciously co-ordinated activities of forces of two or more persons." According to him, organisation consisted of human beings whose activities were co-ordinated and therefore becomes a system : According to Barnard initial existence of organisation depends upon three elements : (i) the willingness of persons to contribute efforts to the co-operative system (ii) there should be an objective of co-operation and (iii) proper communication system is necessary.

2. Organisational Equilibrium:

Barnard suggested an equilibrium model to describe the balance achieved between the contributions of the members of an organisation and return contribution made by the organisation to the fulfilment of private goals of the members. Barnard treated organisation as separate from the environment where it works.

The persons working in the organisation have two roles—a personal role and an organisational role. There should be a balance between what employees get out of the organisation (money, status, recognition, etc.) and what they contribute in form of time, knowledge, discomfort, production, etc.

3. Acceptance Theory of Authority:

Barnard did not agree with the classical concept of authority where it comes from top to bottom. He said that authority comes from bottom. In his opinion authority is confirmed only when it is accepted by a person to whom it has been addressed. Disobedience of such a communication is a denial of authority.

According, to Barnard the decision as to whether an order has authority or not lies with the person to whom it is addressed, and does not reside in persons of authority or those who issue these orders. Thus in Barnard's view, if a subordinate does not accept his manager's authority, it does not exist.

A person will accept authority under following conditions':

(a) He can and does understand the communication;

(b) At the time of his decision he believes that it is not inconsistent with the purpose of the organisation.

(c) At the time of his decision, he believes it to be compatible with his personal interest as a whole; and

(d) He is able (mentally and physically) to comply with it.

4. Functions of the Executive:

Barnard postulated three types of functions for the executives in forma! organisational set up. These functions are:

(a) Maintaining proper communication in the organisation

(b) Obtaining essential services from individuals for achieving organisational goals

(c) Formulating purposes and objectives at all levels.

5. Informal Organisation:

Barnard was of the opinion that both formal and informal organisations co-exist in every enterprise. Informal organisation refers to those social interactions which do not have consciously co-ordinated joint purpose.

This organisation exists to overcome the problems of formal organisation. Barnard suggested that executives should encourage the development of informal organisation to bring cohesiveness in the organisation and also to serve as a means of communication.

Simon's Contribution

Herbert Simon, a noble prize winner in Economics, has made significant contributions in the field of management particularly administrative behaviour and decision making. His contributions cover both social systems and decision theory approaches, more particularly the latter. Simon examined the principles of management given by Urwick and Guflick and found them contradictory and ambiguous.

 He described these principles as 'myths', 'slogans'; and 'homely proverbs'. Simon looked at organisational problems in totality of socio-psychological context and viewed that decision making takes place in this context.

His major contributions to management are summarized below:

1. Concept of Organisation:

Simon has described an organisation as a complex network of decisional processes, all pointed towards their influence upon the behaviour of the operatives. He has viewed the organisation containing distribution and allocation of decision-making functions.

According to him, physiology of the organisation is to be found in the process whereby organisation influences the decisions of its members, supplying these decisions with their devices. Thus, the best way to analyses an organisation is to find out where and by whom decisions are made.

2. Decision-making:

Perhaps the greatest contribution of Simon is in the field of decision-making. Decision-making is the core of management and management is synonymous with decision-making. This is why he has been referred to as decision theorist. According to him, the decision process can be broken into a series of three sequential steps.

These are:

(i) Intelligent activity the initial phase of searching the environment for conditions calling for decisions;

(ii) Design activity the phase of inventing, developing, and analysing possible course of action to take place; and

(iii) Choice activity the final phase of actual choice selecting a particular course of action from those available.

3. Bounded Rationality:

Simon is of view that man is not completely rational. He has criticized the theories which are based on the assumptions of complete rationality. He has advocated the principle of bounded rationality. Accordingly, managers do not go for maximum satisfaction of a decision but are satisfied with good enough satisfaction from a decision.

Managers cannot maximize on account of various limitations and constraints. A decision is a rational for achieving the desired ends, appropriate means are adopted. However, it is not easy to separate the ends from the means because of ends-means chain. This ends-means chain is seldom an integrated or completely integrated one.

The relationship between organisational activities and ultimate objectives is also not dear. Moreover, a simple ends-means chain analysis may not help in reaching accurate conclusion because what is an end at one point of time or at one level of organisation might be a means at the other time or at other level of organisation.

4. Administrative Man:

Simon has given the concept of administrative man as the model of decision-making. The model is based on the following assumptions:

(i) Administrative man adopts satisfaction approach in decision-making rather than the maximizing approach of economic man.

(ii) He perceives the word as a simplified model of real world. Thus, he remains content with simplification,

(iii) He can make his choice without first determining all possible alternatives and without screening that these are in-fact all the alternatives,

(iv) He is able to make decisions with relatively simple rule of thumb, or tricks of trade, or force of habit. The administrative man model describes the decision-making process of mangers tarty then alternative thereby of economic man.

5. Organizational Communication:

Simon has emphasised the role of communication in organisation. According to him, there are three stage in the communication process; initiation, transmittal, and receipt of information. There may be blockade of communication and any of these three stages. In order to overcome the problem of communication, he has emphasised the role of informal

communication and has attached less importance to the formal network of authority.

Peter F. Drucker's Contributions

Some of the major contributions of Peter Drucker are as follows: 1. Nature of Management 2. Management Functions 3. Organisation Structure 4. Federalism 5. Management by Objectives 6. Organizational Changes.

Among the contemporary management thinkers, Peter Drucker outshines all. He has varied experience and background which include psychology, sociology, law, and journalism. Through his consultancy assignments, he has developed solutions to number of managerial problems. Therefore, his contributions cover various approaches of management. He has written many books and papers.

The more important books are; Practice of Management (1954), Managing by Results (1964), The Effective Executive (1967), The Age of Discontinuity (1969), Management: Tasks, Responsibilities and Practices (1974), and Management Challenges for 2Century (1999),

1. Nature of Management:

Drucker is against bureaucratic management and has emphasised management with creative and innovative characteristics. The basic objective of management is to read towards innovation. The concept of innovation is quite broad. It may include development of new ideas, combining of old and new ideas, adaptation of ideas from other fields or even to act as a catalyst and encouraging others to carry out innovation.

He has treated management as a discipline as well as profession. As a discipline, management has its own tools, skills, techniques and approaches. However, management is more a practice rather than a science. Thus, Drucker may be placed in 'empirical school of management'.

While taking management as a profession. Drucker does not advocate to treat management as a strict profession but only a liberal profession which places more emphasis that managers should not only have skills and techniques but should have right perspective putting the things into practice. They should be good practitioners so that they can understand the social and cultural requirements of various organisations and countries.

2. Management Functions:

According to Drucker, management is the organ of its institution. It has no functions in itself, and no existence in itself. He sees management through its tasks. Accordingly, there are three basic functions of a manager which he must perform to enable the institution to make its contribution for:

(i) the specific purpose and mission of the institution whether business, hospital or university;

(ii) making work productive and the worker achieving; and

(iii) managing social impacts and social responsibilities.

All these three functions are performed simultaneously within the same managerial action. A manager has to act as administrator where he has to improve upon what already exists and s already known. He has to act as

an entrepreneur in redirecting the resources from seas of tow or diminishing results to areas of high or increasing results.

Thus, a manager has to perform several functions: setting of objectives, making, organising and motivating. Drucker has attached great importance to the objective setting function and has specified eight areas where clear objective setting is required. These are: market standing, innovation, productivity, physical and financial resources, profitability, managerial performance and development, worker performance and attitude, and public responsibility.

3. Organisation Structure:

Drucker has decried bureaucratic structure because of its too many dysfunctional effects. Therefore, it should be replaced. He has emphasised three basic characteristics of an effective organisation structure.

These are:

(i) Enterprise should be organised for performance;

(ii) it should contain the least possible number of managerial levels;

(iii) it must make possible the training and testing of tomorrow's top managers—responsibility to a manager while still he is young.

He has identified three basic aspects in organising activity analysis, decision analysis, and relation analysis. An activity analysis shows what work has to be performed, what kind of work should be put together, and what emphasis is to be given to each activity in the organisation structure.

Decision analysis takes into account the four aspects of a decision: the degree of futurity In the decision, the impact of decision over other functions, number of qualitative factors that enter into it, and whether the decision is periodically recurrent or rare. Such an analysis will determine the level at which the decision can be made. Relation analysis helps in defining the structure and also to give guidance in manning the structure.

4. Federalism:

Drucker has advocated the concept of federalism. Federalism refers to centralised control in decentralised structure Decentralised structure goes far beyond the delegation of authority. It creates a new constitution and new ordering principle. He has emphasised the close links between the decisions adopted by the top management on the one hand and by the autonomous unit on the other.

This is just like a relationship between federal government and state governments. In a federal organisation, local managements should participate in the decision that set the limits of their own authority. Federalism has certain positive values over other methods of organising.

These are as follows:

(i) It sets the top management free to devote itself to its proper functions;

(ii) It defines the functions and responsibilities of the operating people;

(iii) It creates a yardstick to measure their success and effectiveness in operating jobs; and

(iv) It helps to resolve the problem of continuity through giving the managers of various units education in top management problems and functions while in an operating position.

5. Management by Objectives:

Management by objectives (MBO) is regarded as one of the important contributions of Drucker to the discipline of management. He introduced this concept in 1954. MBO has further been modified by Schleh which has been termed as management by results'. MBO includes method of planning, setting standards, performance appraisal, and motivation.

According to Drucker, MBO is not only a technique of management but it is a philosophy of managing. It transforms the basic assumptions of managing from exercising cattalo to self-control. Therefore, in order to practice MBO, the organisation must change itself MBO has become such a popular way of managing that today t is regarded as He most modern management approach. In fact, it has revolutionalised the management process.

6. Organizational Changes:

Drucker has visualised rapid changes in the society because of rapid technological development. Though he is not resistant to change, he feels concerned for the rapid changes and their impact on human life. Normally, some changes can be absorbed by the organisation but not the rapid changes.

Since rapid changes are occurring in the society, human beings should develop philosophy to face the changes and take them as challenges for making the society better. This can be done by developing dynamic organizations which are able to absorb changes much faster than static ones. Drucker's contributions have made tremendous impact on the management practices. His contributions have been recognised even by the management thinkers of Socialist Bloc.

For example, Vishiani a USSR management thinker writes about Drucker as follows:

"Drucker shows certain foresightedness and understanding of the development prospects of modern production when he opposes the view that worker is no more than an appendage of machine. Moved by a desire to strengthen the position of capitalism, he endeavors to give due consideration also to some objective trends in production management.

Drucker, therefore, tells the industrialists not to fear a limited participation of the workers in the management of production process. He warns them that if they do not abandon that fear, the consequences may be fatal to them." Drucker is perhaps the only Western management thinker who has attracted so much attention of the communist world.

Hawthorne Experiments Mayo's Contribution

George Elton Mayo was in charge of certain experiments on human behavior carried out at the Hawthorne Works of the General Electric Company in Chicago between 1924 and 1927. His research findings have contributed to organization development in terms of human relations and motivation theory.

Flowing from the findings of these investigations he came to certain conclusions as follows:

- Work is a group activity.
- The social world of the adult is primarily patterned about work activity.

- The need for recognition, security and sense of belonging is more important in determining workers' morale and productivity than the physical conditions under which he works.
- A complaint is not necessarily an objective recital of facts; it is commonly a symptom manifesting disturbance of an individual's status position.
- The worker is a person whose attitudes and effectiveness are conditioned by social demands from both inside and outside the work plant.
- Informal groups within the work plant exercise strong social controls over the work habits and attitudes of the individual worker.
- The change from an established society in the home to an adaptive society in the work plant resulting from the use of new techniques tends continually to disrupt the social organization of a work plant and industry generally.
- Group collaboration does not occur by accident; it must be planned and developed. If group collaboration is achieved the human relations within a work plant may reach a cohesion which resists the disrupting effects of adaptive society.

Variables Affecting Productivity

Specifically, Mayo wanted to find out what effect fatigue and monotony had on job productivity and how to control them through such variables as rest breaks, work hours, temperature and humidity. In the process, he stumbled upon a principle of human motivation that would help to revolutionize the theory and practice of management.

Mayo took six women from the assembly line, segregated them from the rest of the factory and put them under the eye of a supervisor who was more a friendly observer than disciplinarian. Mayo made frequent changes in their working conditions, always discussing and explaining the changes in advance.

He changed the hours in the working week, the hours in the workday the number of rest breaks. the time of the lunch hour. Occasionally, he would return the women to their original, harder working conditions.

Relay Assembly

The investigators selected two girls for their second series of experiments and asked them to choose another four girls, thus making a small group of six. The group was employed in assembling telephone relays - a relay being a small but intricate mechanism composed of about forty separate parts which had to be assembled by the girls seated at a lone bench and dropped into a chute when completed.

The relays were mechanically counted as they slipped down the chute. It was intended that the basic rate of production should be noted at the start, and that subsequently changes would be introduced, the effectiveness of which would be measured by increased or decreased production of the relays.

Feedback mechanism

Through out the series of experiments, an observer sat with the girls in the workshop noting all that went on, keeping the girls informed about

the experiment, asking for advice or information, and listening to their complaints.

The experiment began by introducing various changes, each of which was continued for a test period of four to twelve weeks. The results of these changes are as follows:

Conditions and results

- Under normal conditions with a forty eight hour week, including Saturdays, and no rest pauses. The girls produced 2,400 relays a week each.
- They were then put on piece-work for eight weeks.
- Output went up
- Two five minute rest pauses, morning and afternoon, were introduced for a period of five weeks.
- Output went up once more
- The rest pauses were lengthened to ten minutes each.
- Output went up sharply.
- Six five minute pauses were introduced, and the girls complained that their work rhythm was broken by the frequent pauses.
- Output fell slightly
- Return to the two rest pauses, the first with a hot meal supplied by the Company free of charge.
- Output went up
- The girls were dismissed at 4.30 p.m. instead of 5.00 p.m.
- Output went up
- They were dismissed at 4.00 p.m.
- Output remained the same
- Finally, all the improvements were taken away, and the girls went back to the physical conditions of the beginning of the experiment: work on Saturday, 48 hour week, no rest pauses, no piece work and no free meal. This state of affairs lasted for a period of 12 weeks.
- Output was the highest ever recorded averaging 3000 relays a week.

What happened during the experiments

What happened was that six individuals became a team and the team gave itself wholeheartedly and spontaneously to co-operation in the experiment. The consequence was that they felt themselves to be participating freely and without afterthought and were happy in the knowledge that they were working without coercion from above or limitation from below.

They were themselves satisfied at the consequence for they felt that they were working under less pressure than ever before. In fact regular medical checks showed no signs of cumulative fatigue and absence from work declined by 80 per cent.

It was noted too, that each girl had her own technique of putting the component parts of the relay together - sometimes she varied this technique in order to avoid monotony and it was found that the more intelligent the girl, the greater was the number of variations (similar to McClelland's research findings into achievement motivated people.)

The experimental group had considerable freedom of movement. They were not pushed around or bossed by anyone. Under these conditions they developed an increased sense of responsibility and instead of discipline from higher authority being imposed, it came from within the group itself.

The findings

To his amazement, Elton Mayo discovered a general upward trend in production, completely independent of any of the changes he made.

His findings didn't mesh with the then current theory (see F.W. Taylor) of the worker as motivated solely by self-interest. It didn't make sense that productivity would continue to rise gradually when he cut out breaks and returned the women to longer working hours.

Mayo began to look around and realized that the women, exercising a freedom they didn't have on the factory floor, had formed a social atmosphere that also included the observer who tracked their productivity. The talked, they joked. they began to meet socially outside of work.

Mayo had discovered a fundamental concept that seems obvious today. Workplaces are social environments and within them, people are motivated by much more than economic self-interest He concluded that all aspects of that industrial environment carried social value.

When the women were singled out from the rest of the factory workers, it raised their self-esteem. When they were allowed to have a friendly relationship with their supervisor. they felt happier at work. When he discussed changes in advance with them, they felt like part of the team.

He had secured their cooperation and loyalty; it explained why productivity rose even when he took away their rest breaks.

The power of the social setting and peer group dynamics became even more obvious to Mayo in a later part of the Hawthorne Studies, when he saw the flip side of his original experiments. A group of 14 men who participated in a similar study restricted production because they were distrustful of the goals of the project.

The portion of the Hawthorne Studies that dwelt on the positive effects of benign supervision and concern for workers that made them feel like part of a team became known as the Hawthorne Effect; the studies themselves spawned the human relations school of management that is constantly being recycled in new forms today, witness quality circles, participatory management, team building, et al.

Incidentally, the Hawthorne Works the place where history was made, is history now itself. Western Electric closed it in 1983.

The Hawthorne effect today

In the training world, the Hawthorne Effect is a chameleon. Ask several trainers and you'll probably get several definitions, most of them legitimate and all of them true to some aspect of the original experiments by Elton Mayo, in Chicago that produced the term.

It has been described as the rewards you reap when you pay attention to people. The mere act of showing people that you're concerned about them usually spurs them to better job performance.

That's the Hawthorne Effect.

The Hawthorne Effect at Work

Suppose you've taken a management trainee and given her specialized training in management skills she doesn't now possess. Without saving a word, you've given the trainee the feeling that she is so valuable to the organization that you'll spend time and money to develop her skills. She feels she's on a track to the top, and that motivates her to work harder and better. The motivation is independent of any particular skills or knowledge she may have gained from the training session. That's the Hawthorne Effect at work.

In a way, the Hawthorne Effect can be construed as an enemy of the modern trainer. Carrying the theory to the edges of cynicism, some would say it doesn't make any difference what you teach because the Hawthorne Effect will produce the positive outcome you want.

A Sense of Belonging?

How do you respond to executives who denigrate training and credit the Hawthorne Effect when productivity rises? So what? Effective training performs a dual function: It educates people and it strokes them. And there's nothing wrong with using the Hawthorne Effect to reach this other training goal. In fact, the contention is that about 50% of any successful training session can be attributed to the Hawthorne Effect.

The Hawthorne Effect has also been called the 'Somebody Upstairs Cares' syndrome. It's not as simplistic as the ideal popular under the human relations craze over recent years that you just have to be nice to workers. It's more than etiquette.

When people spend a large portion of their time at work, they must have a sense of belonging, of being part of a team. When they do, they produce better. That's the Hawthorne Effect.

Orwellian?

One often hears a different interpretation of the Hawthorne Effect. George Orwell would understand this version; it has a Big Brother ring that?s far less benign than other definitions. People use it when they talk about workers under the eye of the supervisor.

If someone should subtly observe workers on the job to see if they truly apply new procedures they've learned in a training course. Occasionally, managers object saying that observation isn't a valid test Of course they'll do a good job if you're watching them, they tell her. Isn't that the Hawthorne Effect? Well not exactly.

Systems approach to management

In the 1960, an approach to management appeared which try to unify the prior schools of thought. This approach is commonly known as 'Systems Approach'. Its early contributors include Ludwing Von Bertalanfty, Lawrence J. Henderson, W.G. Scott, Deniel Katz, Robert L. Kahn, W. Buckley and J.D. Thompson.

They viewed organisation as an organic and open system, which is composed of interacting and interdependent parts, called subsystems. The system approach is top took upon management as a system or as "an organised whole" made up of sub- systems integrated into a unity or orderly totality.

Systems approach is based on the generalization that everything is inter-related and inter-dependent. A system is composed of related and dependent element which when in interaction, forms a unitary whole. A system is simply an assemblage or combination of things or parts forming a complex whole.

One its most important characteristic is that it is composed of hierarchy of sub-systems. That is the parts forming the major system and so on. For example, the world can be considered-to be a system in which various national economies are sub-systems.

In turn, each national economy is composed of its various industries, each industry is composed of firms' and of course a firm can be considered a system composed of sub-systems sudi as production, marketing, finance, accounting and so on.

Features of Systems Approach:

(i) A system consists of interacting elements. It is set of inter-related and inter-dependent parts arranged in a manner that produces a unified whole.

(ii) The various sub-systems should be studied in their inter-relationships rather, than in isolation from each other.

(iii) An organisational system has a boundary that determines which parts are internal and which are external.

(iv) A system does not exist in a vacuum. It receives information, material and energy from other systems as inputs. These inputs undergo a transformation process within a system and leave the system as output to other systems.

(v) An organisation is a dynamic system as it is responsive to its environment. It is vulnerable to change in its environment.

In the systems approach, attention is paid towards the overall effectiveness of the system rather than the effectiveness of the sub-systems. The interdependence of the sub-systems is taken into account. The idea of systems can be applied at an organisational level. In Appling system concepts, organisations are taken into account and not only the objectives and performances of different departments (sub-systems).

The systems approach is considered both general and specialised systems. The general systems approach to management is mainly concerned with formal organisations and the concepts are relating to technique of sociology, psychology and philosophy. The specific management system includes the analysis of organisational structure, information, planning and control mechanism and job design, etc.

As discussed earlier, system approach has immense possibilities, "A system view point may provide the impetus to unify management theory. By definitions, it could treat the various approaches such as the process of quantitative and behavioural ones as sub-systems in an overall theory of management. Thus, the systems approach may succeed where the

process approach has failed to lead management out of the theory of jungle."

Systems theory is useful to management because it aims at achieving the objectives and it views organisation as an open system. Chester Barnard was the first person to utilize the systems approach in the field of management.

He feete that the executive must steer through by keeping a balance between conflicting forces and events. A high order of responsible leadership makes the executives effective. H. Simon viewed organisation as a complex system of decision-making process.

Evaluation of System Approach:

The systems approach assists in studying the functions of complex organisations and has been utilized as the base for the new kinds of organisations like project management organisation. It is possible to bring out the inter-relations in various functions like planning, organising, directing and controlling. This approach has an edge over the other approaches because it is very close to reality. This approach is called abstract and vague. It cannot be easily applied to large and complex organisations. Moreover, it does not provide any tool and technique for managers.

REVIEW QUESTIONS

1. Describe concept and nature of management<
2. What are the main characteristics or salient features or nature of management?
3. What are functions of management?
4. What are arguments for the against professionalization?
5. Describe the relation between management and administration.
6. Discuss about levels of management.
7. What are the importance of management?
8. Describe various roles of a manger.
9. Describe taylor's contribution and scientific management.
10. Discuss about social systems approach bernard's contribution.
11. What is systems approach to management?

FURTHER READINGS

1. Principles Of Management - Mason Andrew Carpenter, Talya Bauer
2. Principles Of Management -Tony Morden
3. Principles Of Management -D. Chandra Bose
4. Principles Of Management -V.S.Bagad
5. Principles Of Management -K. Anbuvelan

UNIT -2   PLANNING

CONTENTS

- ❖ Concept Process and Types of Planning
- ❖ Decision Making
- ❖ Management By Objectives
- ❖ Corporate Planning And Environment Analysis
- ❖ Review Questions
- ❖ Further Readings

Plann**ing** means looking ahead and chalking out future courses of action to be followed. It is a preparatory step. It is a systematic activity which determines when, how and who is going to perform a specific job. Planning is a detailed programme regarding future courses of action.

It is rightly said "**Well plan is half done**". Therefore planning takes into consideration available & prospective human and physical resources of the organization so as to get effective co-ordination, contribution & perfect adjustment. It is the basic management function which includes formulation of one or more detailed plans to achieve optimum balance of needs or demands with the available resources.

According to Urwick, "Planning is a mental predisposition to do things in orderly way, to think before acting and to act in the light of facts rather than guesses". Planning is deciding best alternative among others to perform different managerial functions in order to achieve predetermined goals.

According to Koontz & O'Donell, "Planning is deciding in advance what to do, how to do and who is to do it. Planning bridges the gap between where we are to, where we want to go. It makes possible things to occur which would not otherwise occur".

Steps in Planning Function

Planning function of management involves following steps:-

1. **Establishment of objectives**
   a. Planning requires a systematic approach.
   b. Planning starts with the setting of goals and objectives to be achieved.
   c. Objectives provide a rationale for undertaking various activities as well as indicate direction of efforts.
   d. Moreover objectives focus the attention of managers on the end results to be achieved.
   e. As a matter of fact, objectives provide nucleus to the planning process. Therefore, objectives should be stated in a clear, precise and unambiguous language. Otherwise the activities undertaken are bound to be ineffective.
   f. As far as possible, objectives should be stated in quantitative terms. For example, Number of men working, wages given, units produced, etc. But such an objective cannot be stated in quantitative terms like performance of quality control manager, effectiveness of personnel manager.

g. Such goals should be specified in qualitative terms.

h. Hence objectives should be practical, acceptable, workable and achievable.

2. **Establishment of Planning Premises**

a. Planning premises are the assumptions about the lively shape of events in future.

b. They serve as a basis of planning.

c. Establishment of planning premises is concerned with determining where one tends to deviate from the actual plans and causes of such deviations.

d. It is to find out what obstacles are there in the way of business during the course of operations.

e. Establishment of planning premises is concerned to take such steps that avoids these obstacles to a great extent.

f. Planning premises may be internal or external. Internal includes capital investment policy, management labour relations, philosophy of management, etc. Whereas external includes socio- economic, political and economical changes.

g. Internal premises are controllable whereas external are non- controllable.

3. **Choice of alternative course of action**

a. When forecast are available and premises are established, a number of alternative course of actions have to be considered.

b. For this purpose, each and every alternative will be evaluated by weighing its pros and cons in the light of resources available and requirements of the organization.

c. The merits, demerits as well as the consequences of each alternative must be examined before the choice is being made.

d. After objective and scientific evaluation, the best alternative is chosen.

e. The planners should take help of various quantitative techniques to judge the stability of an alternative.

4. **Formulation of derivative plans**

a. Derivative plans are the sub plans or secondary plans which help in the achievement of main plan.

b. Secondary plans will flow from the basic plan. These are meant to support and expediate the achievement of basic plans.

c. These detail plans include policies, procedures, rules, programmes, budgets, schedules, etc. For example, if profit maximization is the main aim of the enterprise, derivative plans will include sales maximization, production maximization, and cost minimization.

d. Derivative plans indicate time schedule and sequence of accomplishing various tasks.

5. **Securing Co-operation**
    a. After the plans have been determined, it is necessary rather advisable to take subordinates or those who have to implement these plans into confidence.
    b. The purposes behind taking them into confidence are :-
        i. Subordinates may feel motivated since they are involved in decision making process.
        ii. The organization may be able to get valuable suggestions and improvement in formulation as well as implementation of plans.
        iii. Also the employees will be more interested in the execution of these plans.

6. **Follow up/Appraisal of plans**
    a. After choosing a particular course of action, it is put into action.
    b. After the selected plan is implemented, it is important to appraise its effectiveness.
    c. This is done on the basis of feedback or information received from departments or persons concerned.
    d. This enables the management to correct deviations or modify the plan.
    e. This step establishes a link between planning and controlling function.
    f. The follow up must go side by side the implementation of plans so that in the light of observations made, future plans can be made more realistic.

Characteristics of Planning

Planning is goal-oriented.
    a. Planning is made to achieve desired objective of business.
    b. The goals established should general acceptance otherwise individual efforts & energies will go misguided and misdirected.
    c. Planning identifies the action that would lead to desired goals quickly & economically.
    d. It provides sense of direction to various activities. E.g. Maruti Udhyog is trying to capture once again Indian Car Market by launching diesel models.

Planning is looking ahead.
    a. Planning is done for future.
    b. It requires peeping in future, analyzing it and predicting it.
    c. Thus planning is based on forecasting.
    d. A plan is a synthesis of forecast.
    e. It is a mental predisposition for things to happen in future.

Planning is an intellectual process.
    a. Planning is a mental exercise involving creative thinking, sound judgement and imagination.
    b. It is not a mere guesswork but a rotational thinking.
    c. A manager can prepare sound plans only if he has sound judgement, foresight and imagination.
    d. Planning is always based on goals, facts and considered estimates.

Planning involves choice & decision making.
   a. Planning essentially involves choice among various alternatives.
   b. Therefore, if there is only one possible course of action, there is no need planning because there is no choice.
   c. Thus, decision making is an integral part of planning.
   d. A manager is surrounded by no. of alternatives. He has to pick the best depending upon requirements & resources of the enterprises.

Planning is the primary function of management / Primacy of Planning.
   a. Planning lays foundation for other functions of management.
   b. It serves as a guide for organizing, staffing, directing and controlling.
   c. All the functions of management are performed within the framework of plans laid out.
   d. Therefore planning is the basic or fundamental function of management.

Planning is a Continuous Process.
   a. Planning is a never ending function due to the dynamic business environment.
   b. Plans are also prepared for specific period f time and at the end of that period, plans are subjected to revaluation and review in the light of new requirements and changing conditions.
   c. Planning never comes into end till the enterprise exists issues, problems may keep cropping up and they have to be tackled by planning effectively.

Planning is all Pervasive.
   a. It is required at all levels of management and in all departments of enterprise.
   b. Of course, the scope of planning may differ from one level to another.
   c. The top level may be more concerned about planning the organization as a whole whereas the middle level may be more specific in departmental plans and the lower level plans implementation of the same.

Planning is designed for efficiency.
   a. Planning leads to accompishment of objectives at the minimum possible cost.
   b. It avoids wastage of resources and ensures adequate and optimum utilization of resources.
   c. A plan is worthless or useless if it does not value the cost incurred on it.
   d. Therefore planning must lead to saving of time, effort and money.
   e. Planning leads to proper utilization of men, money, materials, methods and machines.

Planning is Flexible.
   a. Planning is done for the future.

b. Since future is unpredictable, planning must provide enough room to cope with the changes in customer's demand, competition, govt. policies etc.

c. Under changed circumstances, the original plan of action must be revised and updated to male it more practical.

Advantages of Planning

Planning facilitates management by objectives.

a. Planning begins with determination of objectives.

b. It highlights the purposes for which various activities are to be undertaken.

c. In fact, it makes objectives more clear and specific.

d. Planning helps in focusing the attention of employees on the objectives or goals of enterprise.

e. Without planning an organization has no guide.

f. Planning compels manager to prepare a Blue-print of the courses of action to be followed for accomplishment of objectives.

g. Therefore, planning brings order and rationality into the organization.

Planning minimizes uncertainties.

a. Business is full of uncertainties.

b. There are risks of various types due to uncertainties.

c. Planning helps in reducing uncertainties of future as it involves anticipation of future events.

d. Although future cannot be predicted with cent percent accuracy but planning helps management to anticipate future and prepare for risks by necessary provisions to meet unexpected turn of events.

e. Therefore with the help of planning, uncertainties can be forecasted which helps in preparing standbys as a result, uncertainties are minimized to a great extent.

Planning facilitates co-ordination.

a. Planning revolves around organizational goals.

b. All activities are directed towards common goals.

c. There is an integrated effort throughout the enterprise in various departments and groups.

d. It avoids duplication of efforts. In other words, it leads to better co-ordination.

e. It helps in finding out problems of work performance and aims at rectifying the same.

Planning improves employee's moral.

a. Planning creates an atmosphere of order and discipline in organization.

b. Employees know in advance what is expected of them and therefore conformity can be achieved easily.

c. This encourages employees to show their best and also earn reward for the same.

d. Planning creates a healthy attitude towards work environment which helps in boosting employees moral and efficiency.

Planning helps in achieving economies.
   a. Effective planning secures economy since it leads to orderly allocation of resources to various operations.
   b. It also facilitates optimum utilization of resources which brings economy in operations.
   c. It also avoids wastage of resources by selecting most appropriate use that will contribute to the objective of enterprise. For example, raw materials can be purchased in bulk and transportation cost can be minimized. At the same time it ensures regular supply for the production department, that is, overall efficiency.

Planning facilitates controlling.
   a. Planning facilitates existence of certain planned goals and standard of performance.
   b. It provides basis of controlling.
   c. We cannot think of an effective system of controlling without existence of well thought out plans.
   d. Planning provides pre-determined goals against which actual performance is compared.
   e. In fact, planning and controlling are the two sides of a same coin. If planning is root, controlling is the fruit.

Planning provides competitive edge.
   a. Planning provides competitive edge to the enterprise over the others which do not have effective planning. This is because of the fact that planning may involve changing in work methods, quality, quantity designs, extension of work, redefining of goals, etc.
   b. With the help of forecasting not only the enterprise secures its future but at the same time it is able to estimate the future motives of it's competitor which helps in facing future challenges.
   c. Therefore, planning leads to best utilization of possible resources, improves quality of production and thus the competitive strength of the enterprise is improved.

Planning encourages innovations.
   a. In the process of planning, managers have the opportunities of suggesting ways and means of improving performance.
   b. Planning is basically a decision making function which involves creative thinking and imagination that ultimately leads to innovation of methods and operations for growth and prosperity of the enterprise.

Disadvantages of Planning

There are several limitations of planning. Some of them are inherit in the process of planning like rigidity and other arise due to shortcoming of the techniques of planning and in the planners themselves.

   1. **Rigidity**
      a. Planning has tendency to make administration inflexible.
      b. Planning implies prior determination of policies, procedures and programmes and a strict adherence to them in all circumstances.

    c. There is no scope for individual freedom.

    d. The development of employees is highly doubted because of which management might have faced lot of difficulties in future.

    e. Planning therefore introduces inelasticity and discourages individual initiative and experimentation.

2. Misdirected Planning

    a. Planning may be used to serve individual interests rather than the interest of the enterprise.

    b. Attempts can be made to influence setting of objectives, formulation of plans and programmes to suit ones own requirement rather than that of whole organization.

    c. Machinery of planning can never be freed of bias. Every planner has his own likes, dislikes, preferences, attitudes and interests which is reflected in planning.

3. Time consuming

    a. Planning is a time consuming process because it involves collection of information, it's analysis and interpretation thereof. This entire process takes a lot of time specially where there are a number of alternatives available.

    b. Therefore planning is not suitable during emergency or crisis when quick decisions are required.

4. Probability in planning

    a. Planning is based on forecasts which are mere estimates about future.

    b. These estimates may prove to be inexact due to the uncertainty of future.

    c. Any change in the anticipated situation may render plans ineffective.

    d. Plans do not always reflect real situations inspite of the sophisticated techniques of forecasting because future is unpredictable.

    e. Thus, excessive reliance on plans may prove to be fatal.

5. False sense of security

    a. Elaborate planning may create a false sense of security to the effect that everything is taken for granted.

    b. Managers assume that as long as they work as per plans, it is satisfactory.

    c. Therefore they fail to take up timely actions and an opportunity is lost.

    d. Employees are more concerned about fulfillment of plan performance rather than any kind of change.

6. Expensive

    a. Collection, analysis and evaluation of different information, facts and alternatives involves a lot of expense in terms of time, effort and money

    b. According to Koontz and O'Donell, ' Expenses on planning should never exceed the estimated benefits from planning. '

External Limitations of Planning

1. Political Climate- Change of government from Congress to some other political party, etc.
2. Labour Union- Strikes, lockouts, agitations.
3. Technological changes- Modern techniques and equipments, computerization.
4. Policies of competitors- Eg. Policies of Coca Cola and Pepsi.
5. Natural Calamities- Earthquakes and floods.
6. Changes in demand and prices- Change in fashion, change in tastes, change in income level, demand falls, price falls, etc.

Definition of Business Policy

Business Policy defines the scope or spheres within which decisions can be taken by the subordinates in an organization. It permits the lower level management to deal with the problems and issues without consulting top level management every time for decisions.

Business policies are the guidelines developed by an organization to govern its actions. They define the limits within which decisions must be made. Business policy also deals with acquisition of resources with which organizational goals can be achieved. Business policy is the study of the roles and responsibilities of top level management, the significant issues affecting organizational success and the decisions affecting organization in long-run.

Features of Business Policy

An effective business policy must have following features-

1. **Specific-** Policy should be specific/definite. If it is uncertain, then the implementation will become difficult.
2. **Clear-** Policy must be unambiguous. It should avoid use of jargons and connotations. There should be no misunderstandings in following the policy.
3. **Reliable/Uniform-** Policy must be uniform enough so that it can be efficiently followed by the subordinates.
4. **Appropriate-** Policy should be appropriate to the present organizational goal.
5. **Simple-** A policy should be simple and easily understood by all in the organization.
6. **Inclusive/Comprehensive-** In order to have a wide scope, a policy must be comprehensive.
7. **Flexible-** Policy should be flexible in operation/application. This does not imply that a policy should be altered always, but it should be wide in scope so as to ensure that the line managers use them in repetitive/routine scenarios.
8. **Stable-** Policy should be stable else it will lead to indecisiveness and uncertainty in minds of those who look into it for guidance.

Difference between Policy and Strategy

The term "policy" should not be considered as synonymous to the term "strategy". The **difference between policy and strategy** can be summarized as follows-

Policy is a blueprint of the organizational activities which are repetitive/routine in nature. While strategy is concerned with those

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organizational decisions which have not been dealt/faced before in same form.

Policy formulation is responsibility of top level management. While strategy formulation is basically done by middle level management.

Policy deals with routine/daily activities essential for effective and efficient running of an organization. While strategy deals with strategic decisions.

Policy is concerned with both thought and actions. While strategy is concerned mostly with action.

A policy is what is, or what is not done. While a strategy is the methodology used to achieve a target as prescribed by a policy.

Policy Formulation stands at the top of the transport planning process. It is a strategic planning process leading to a general concept, usually a "Transport Master plan". Such a master plan is a political decision. It includes a set of measures aimed at the future developments of the transport system. A consensus has to be found on which scenario or group of measures out of different scenarios and bundles of measures is apt to fulfil the intended goals in the best way. This overall concept normally is a legally-binding framework for more detailed plans and concepts for a longer period of time.

Policy Formulation is most important at higher strategic levels but has to be considered at each level of a transport planning process:

• Strategic policies in transport cover a larger area and include long-term strategies. These policies have to be far sighted and consequently implemented.

• Regional and local transport policies are applied on regions and small areas (towns, villages, etc.), following the overall principles of a general concept – however on a smaller scale.

The differences between the various levels - national, regional, local – appear in the allocation of authorities and competence and in the extent of impacts and effects.

Participation and information of all involved parties should be regarded as an important aspect to gain accepted goals and accepted policies. One problem of environmentally sound policies is that the measures to achieve transport systems heading towards sustainability are in most cases unpopular.

All transport policies should basically have common features such as:

• inclusion of all affected parties (transport operators, transport users, politicians, etc.);

• inclusion of all affected aspects (transport, modes of transport, health, environment, social policies, economics, etc.);

• approval of a majority (voters, experts, etc.);

• strategic view, logical and consistent layout and implementation over longer periods;

• possibilities to (re)adjust the policies based on feedback and evaluation, etc.

Implementation is normally regarded as a vital and often neglected phase of strategic planning.

"The implementation encloses all actions that take place during the realisation of the plans, i.e. budgeting, construction of infrastructure and

the undertaking of necessary institutional changes for policy measures (TENASSESS 1999, Annex II)".

It is essential that implementation also comprises the analysis of social and political acceptability of measures and the sensibility of citizens, politicians, journalists and experts for objectives and programmes before, during and after implementing transport measures. Public awareness and information campaigns as well as the installation of a permanent marketing procedure may help to enhance the acceptability of transport plans or single measures. Quality control – concerning acceptability as well as functionalism of implemented measures – provides the possibility for readjustment, improvement and reaction.

Decision-making

Decision-making is regarded as the cognitive process resulting in the selection of a belief or a course of action among several alternative possibilities. Every decision-making process produces a final choice that may or may not prompt action. Decision-making is the process of identifying and choosing alternatives based on the values and preferences of the decision-maker.

Decision-making can be regarded as a problem-solving activity terminated by a solution deemed to be satisfactory. It is, therefore, a process which can be more or less rational or irrational and can be based on explicit knowledge or tacit knowledge.

Human performance with regard to decisions has been the subject of active research from several perspectives:

* Psychological: examining individual decisions in the context of a set of needs, preferences and values the individual has or seeks.

* Cognitive: the decision-making process regarded as a continuous process integrated in the interaction with the environment.

* Normative: the analysis of individual decisions concerned with the logic of decision-making and rationality and the invariant choice it leads to. A major part of decision-making involves the analysis of a finite set of alternatives described in terms of evaluative criteria. Then the task might be to rank these alternatives in terms of how attractive they are to the decision-maker(s) when all the criteria are considered simultaneously. Another task might be to find the best alternative or to determine the relative total priority of each alternative (for instance, if alternatives represent projects competing for funds) when all the criteria are considered simultaneously. Solving such problems is the focus of multiple-criteria decision analysis (MCDA). This area of decision-making, although very old, has attracted the interest of many researchers and practitioners and is still highly debated as there are many MCDA methods which may yield very different results when they are applied on exactly the same data.[2] This leads to the formulation of a decision-making paradox.

Logical decision-making is an important part of all science-based professions, where specialists apply their knowledge in a given area to make informed decisions. For example, medical decision-making often involves a diagnosis and the selection of appropriate treatment. But naturalistic decision-making research shows that in situations with higher time pressure, higher stakes, or increased ambiguities, experts may use

intuitive decision-making rather than structured approaches. They may follow a recognition primed decision that fits their experience and arrive at a course of action without weighing alternatives.

The decision-maker's environment can play a part in the decision-making process. For example, environmental complexity is a factor that influences cognitive function.[3] A complex environment is an environment with a large number of different possible states which come and go over time.[4] Studies done at the University of Colorado have shown that more complex environments correlate with higher cognitive function, which means that a decision can be influenced by the location. One experiment measured complexity in a room by the number of small objects and appliances present; a simple room had less of those things. Cognitive function was greatly affected by the higher measure of environmental complexity making it easier to think about the situation and make a better decision.

Decision making skills and techniques

We use our decision making skills to solve problems by selecting one course of action from several possible alternatives. Decision making skills are also a key component of time management skills.

Decision making can be hard. Almost any decision involves some conflicts or dissatisfaction. The difficult part is to pick one solution where the positive outcome can outweigh possible losses. Avoiding decisions often seems easier. Yet, making your own decisions and accepting the consequences are the only way to stay in control of your time, your success, and your life. If you want to learn more on how to make a decision, here is some decision making tips to get you started.

A significant part of decision making skills is in knowing and practicing good decision making techniques. One of the most practical decision making techniques can be summarized in those simple decision making steps:

1. Identify the purpose of your decision. What is exactly the problem to be solved? Why it should be solved?

2. Gather information. What factors does the problem involve?

3. Identify the principles to judge the alternatives. What standards and judgement criteria should the solution meet?

4. Brainstorm and list different possible choices. Generate ideas for possible solutions. See more on extending your options for your decisions on my brainstorming tips page.

5. Evaluate each choice in terms of its consequences. Use your standards and judgement criteria to determine the cons and pros of each alternative.

6. Determine the best alternative. This is much easier after you go through the above preparation steps.

7. Put the decision into action. Transform your decision into specific plan of action steps. Execute your plan.

8. Evaluate the outcome of your decision and action steps. What lessons can be learnt? This is an important step for further development of your decision making skills and judgement.

Final remark. In everyday life we often have to make decisions fast, without enough time to systematically go through the above action and

thinking steps. In such situations the most effective decision making strategy is to keep an eye on your goals and then let your intuition suggest you the right choice.

Decision Making Models

Models of Decision Making

• The Rational Model

– Consists of a structured four-step sequence:

> • identifying the problem
> • generating alternative solutions
> • selecting a solution
> • implementing and evaluating the solution

Simon's Normative Model

- Based on premise that decision making is not rational

- Decision making is characterized by

* Limited information processing

* Use of rules of thumb or shortcuts

* satisficing

Assets of Group Decision Making

• Groups can accumulate more knowledge and facts

• Groups have a broader perspective and consider more alternative solutions

• Individuals who participate in decisions are more satisfied with the decision and are more likely to support it.

• Group decision making processes serve an important communication function as well as a useful political function.

Liabilities of Group Decision Making

• Groups often work more slowly than individuals.

• Groups decisions involve considerable compromise that may lead to less than optimal decisions.

• Groups are often dominated by one individual or a small clique, thereby negating many of the virtues of group processes.

• Overreliance on group decision making can inhibit management's ability to act quickly and decisively when necessary.

Individual vs. Group Decision Making

• In establishing objectives, groups are probably superior to individuals because of the greater amount of knowledge available to groups.

• In identifying alternatives, the individual efforts of group members encourage a broad search in various functional areas of the organization.

• In evaluating alternatives, the collective judgement of the group, with its wider range of viewpoints, seems superior to that of the individual decision maker.

Individual vs. Group Decision Making

• In choosing an alternative, group interaction and the achievement of consensus usually result in the acceptance of more risk than would be accepted by an individual decision maker.

• Implementing a decision , whether or not it was made by a group, is usually accomplished by individual managers.

Management by Objectives

An effective management goes a long way in extracting the best out of employees and make them work as a single unit towards a common goal.

The term Management by Objectives was coined by Peter Drucker in 1954.

The process of setting objectives in the organization to give a sense of direction to the employees is called as Management by Objectives.

It refers to the process of setting goals for the employees so that they know what they are supposed to do at the workplace.

Management by Objectives defines roles and responsibilities for the employees and help them chalk out their future course of action in the organization.

Management by objectives guides the employees to deliver their level best and achieve the targets within the stipulated time frame.

Need for Management by Objectives (MBO)
- The Management by Objectives process helps the employees to understand their duties at the workplace.
- KRAs are designed for each employee as per their interest, specialization and educational qualification.
- The employees are clear as to what is expected out of them.
- Management by Objectives process leads to satisfied employees. It avoids job mismatch and unnecessary confusions later on.
- Employees in their own way contribute to the achievement of the goals and objectives of the organization. Every employee has his own role at the workplace. Each one feels indispensable for the organization and eventually develops a feeling of loyalty towards the organization. They tend to stick to the organization for a longer span of time and contribute effectively. They enjoy at the workplace and do not treat work as a burden.
- Management by Objectives ensures effective communication amongst the employees. It leads to a positive ambience at the workplace.
- Management by Objectives leads to well defined hierarchies at the workplace. It ensures transparency at all levels. A supervisor of any organization would never directly interact with the Managing Director in case of queries. He would first meet his reporting boss who would then pass on the message to his senior and so on. Everyone is clear about his position in the organization.
- The MBO Process leads to highly motivated and committed employees.
- The MBO Process sets a benchmark for every employee. The superiors set targets for each of the team members. Each employee is given a list of specific tasks.

Limitations of Management by objectives Process
- It sometimes ignores the prevailing culture and working conditions of the organization.
- More emphasis is being laid on targets and objectives. It just expects the employees to achieve their targets and meet the objectives of the organization without bothering much about the existing circumstances at the workplace. Employees are just expected to perform and meet the deadlines. The MBO Process sometimes do treat individuals as mere machines.

▪ The MBO process increases comparisons between individuals at the workplace. Employees tend to depend on nasty politics and other unproductive tasks to outshine their fellow workers. Employees do only what their superiors ask them to do. Their work lacks innovation, creativity and sometimes also becomes monotonous.

STRATEGY PLANNING – ENVIRONMENTAL ANALYSIS

The 1st step of the strategy management process is environmental analysis. An organization can only be successful if it is appropriately matched to its environment.

ENVIRONMENT ANALYSIS is the study of the organizational environment to pinpoint environmental factors that can significantly influence organizational operations.

MANAGERS commonly perform environmental analyses to help them understand what is happening both inside and outside their organizations and to increase the probability that the organizational strategies they develop will appropriately reflect the organizational environment.

In order to perform an environmental analysis efficiently and effectively, a manager must thoroughly understand how organizational environments are structured.

For purposes of environmental analysis, the environment of an organization is generally divided into 3 distinct levels:

1. General Environment
2. Operating Environment
3. Internal Environment

Managers must be well aware of these 3 organizational environmental levels, understand how each level affects organizational performance and then formulate organizational strategies in response to this understanding.

THE GENERAL ENVIRONMENT:

The components normally considered part of the general environment are:

- Economic
- Social: Including Demographics and Social Values
- Political
- Legal
- Technological

THE OPERATING ENVIRONMENT:

The operating Environment includes various components like:

- Customer
- Competition
- Labour
- Supplier
- International Issues.

THE INTERNAL ENVIRONMENT:

The level of an organization's environment that exists inside the organization and normally has immediate and specific implications for managing the organization is the internal environment.

It includes marketing, finance and accounting,planning,organizing, influencing and controlling within the organization.

REVIEW QUESTIONS

1. What is the Characteristics or nature of planning?
2. Describe the Role or significance of planning. What are the Limitations of planning?
3. Describe the Steps in planning.
4. What are the Nature and importance of planning premises?
5. Describe Classification of planning premises.
6. What are the Essential elements of planning?
7. What are the Essentials of policy formulation? Describe the Classification of policies.
8. What are the Process and principles of policy formulation procedure?
9. What are Meaning and elements of decision making? Describe Characteristics of decision making.
10. What is Procedure of decision making?
11. Describe MBO and its advantages and limitations.
12. What are Process and prerequisites of MBO?
13. What are the Factors determining corporate plans?

FURTHER READINGS

1. Principles Of Management - Mason Andrew Carpenter, Talya Bauer
2. Principles Of Management -Tony Morden
3. Principles Of Management -D. Chandra Bose
4. Principles Of Management -V.S.Bagad
5. Principles Of Management -K. Anbuvelan

IMPORTANT NOTES

UNIT 3   ORGANISING

CONTENTS
- ❖ Nature and Process of Organizing
- ❖ Authority and Responsibility Relationships
- ❖ Delegation of Authority
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Organizing Function of Management

Organizing is the function of management which follows planning. It is a function in which the synchronization and combination of human, physical and financial resources takes place. All the three resources are important to get results. Therefore, organizational function helps in achievement of results which in fact is important for the functioning of a concern. According to Chester Barnard, "Organizing is a function by which the concern is able to define the role positions, the jobs related and the co-ordination between authority and responsibility. Hence, a manager always has to organize in order to get results.

A manager performs organizing function with the help of following steps:-

1. **Identification of activities -** All the activities which have to be performed in a concern have to be identified first. For example, preparation of accounts, making sales, record keeping, quality control, inventory control, etc. All these activities have to be grouped and classified into units.

2. **Departmentally organizing the activities -** In this step, the manager tries to combine and group similar and related activities into units or departments. This organization of dividing the whole concern into independent units and departments is called departmentation.

3. **Classifying the authority -** Once the departments are made, the manager likes to classify the powers and its extent to the managers. This activity of giving a rank in order to the managerial positions is called hierarchy. The top management is into formulation of policies, the middle level management into departmental supervision and lower level management into supervision of foremen. The clarification of authority help in bringing efficiency in the running of a concern. This helps in achieving efficiency in the running of a concern. This helps in avoiding wastage of time, money, effort, in avoidance of duplication or overlapping of efforts and this helps in bringing smoothness in a concern's working.

4. **Co-ordination between authority and responsibility -** Relationships are established among various groups to enable

smooth interaction toward the achievement of the organizational goal. Each individual is made aware of his authority and he/she knows whom they have to take orders from and to whom they are accountable and to whom they have to report. A clear organizational structure is drawn and all the employees are made aware of it.

Principles of Organizing

The organizing process can be done efficiently if the managers have certain guidelines so that they can take decisions and can act. To organize in an effective manner, the following principles of organization can be used by a manager.

1. **Principle of Specialization**

   According to the principle, the whole work of a concern should be divided amongst the subordinates on the basis of qualifications, abilities and skills. It is through division of work specialization can be achieved which results in effective organization.

2. **Principle of Functional Definition**

   According to this principle, all the functions in a concern should be completely and clearly defined to the managers and subordinates. This can be done by clearly defining the duties, responsibilities, authority and relationships of people towards each other. Clarifications in authority-responsibility relationships helps in achieving co-ordination and thereby organization can take place effectively. For example, the primary functions of production, marketing and finance and the authority responsibility relationships in these departments should be clearly defined to every person attached to that department. Clarification in the authority-responsibility relationship helps in efficient organization.

3. **Principles of Span of Control/Supervision**

   According to this principle, span of control is a span of supervision which depicts the number of employees that can be handled and controlled effectively by a single manager. According to this principle, a manager should be able to handle what number of employees under him should be decided. This decision can be taken by choosing either froma wide or narrow span. There are two types of span of control:-

   a. **Wide span of control-** It is one in which a manager can supervise and control effectively a large group of persons at one time. The features of this span are:-
      i. Less overhead cost of supervision
      ii. Prompt response from the employees
      iii. Better communication
      iv. Better supervision
      v. Better co-ordination
      vi. Suitable for repetitive jobs

   According to this span, one manager can effectively and efficiently handle a large number of subordinates at one time.

b. **Narrow span of control-** According to this span, the work and authority is divided amongst many subordinates and a manager doesn't supervises and control a very big group of people under him. The manager according to a narrow span supervises a selected number of employees at one time. The features are:-

i. Work which requires tight control and supervision, for example, handicrafts, ivory work, etc. which requires craftsmanship, there narrow span is more helpful.
ii. Co-ordination is difficult to be achieved.
iii. Communication gaps can come.
iv. Messages can be distorted.
v. Specialization work can be achieved.

Factors influencing Span of Control

0. **Managerial abilities-** In the concerns where managers are capable, qualified and experienced, wide span of control is always helpful.

1. **Competence of subordinates-** Where the subordinates are capable and competent and their understanding levels are proper, the subordinates tend to very frequently visit the superiors for solving their problems. In such cases, the manager can handle large number of employees. Hence wide span is suitable.

2. **Nature of work-** If the work is of repetitive nature, wide span of supervision is more helpful. On the other hand, if work requires mental skill or craftsmanship, tight control and supervision is required in which narrow span is more helpful.

3. **Delegation of authority-** When the work is delegated to lower levels in an efficient and proper way, confusions are less and congeniality of the environment can be maintained. In such cases, wide span of control is suitable and the supervisors can manage and control large number of sub- ordinates at one time.

4. **Degree of decentralization-** Decentralization is done in order to achieve specialization in which authority is shared by many people and managers at different levels. In such cases, a tall structure is helpful. There are certain concerns where decentralization is done in very effective way which results in direct and personal communication between superiors and sub- ordinates and there the superiors can manage large number of subordinates very easily. In such cases, wide span again helps.

Principle of Scalar Chain

Scalar chain is a chain of command or authority which flows from top to bottom. With a chain of authority available, wastages of resources are minimized, communication is affected, overlapping of work is avoided and easy organization takes place. A scalar chain of command facilitates work flow in an organization which helps in achievement of effective results. As the authority flows from top to bottom, it clarifies the authority positions to managers at all level and that facilitates effective organization.

Principle of Unity of Command

It implies one subordinate-one superior relationship. Every subordinate is answerable and accountable to one boss at one time. This helps in avoiding communication gaps and feedback and response is prompt. Unity of command also helps in effective combination of resources, that is, physical, financial resources which helps in easy co-ordination and, therefore, effective organization.

Authority Flows from Top to Bottom

Managing Director

↓

Marketing Manager

↓

Sales/ Media Manager

↓

Salesmen

According to the above diagram, the Managing Director has got the highest level of authority. This authority is shared by the Marketing Manager who shares his authority with the Sales Manager. From this chain of hierarchy, the official chain of communication becomes clear which is helpful in achievement of results and which provides stability to a concern. This scalar chain of command always flow from top to bottom and it defines the authority positions of different managers at different levels.

Importance of Organizing Function

Specialization - Organizational structure is a network of relationships in which the work is divided into units and departments. This division of work is helping in bringing specialization in various activities of concern.

Well defined jobs - Organizational structure helps in putting right men on right job which can be done by selecting people for various departments according to their qualifications, skill and experience. This is helping in defining the jobs properly which clarifies the role of every person.

Clarifies authority - Organizational structure helps in clarifying the role positions to every manager (status quo). This can be done by clarifying the powers to every manager and the way he has to exercise those powers should be clarified so that misuse of powers do not take place. Well defined jobs and responsibilities attached helps in bringing efficiency into managers working. This helps in increasing productivity.

Co-ordination - Organization is a means of creating co-ordination among different departments of the enterprise. It creates clear cut relationships among positions and ensure mutual co-operation among individuals. Harmony of work is brought by higher level managers exercising their authority over interconnected activities of lower level manager.

Authority responsibility relationships can be fruitful only when there is a formal relationship between the two. For smooth running of an organization, the co-ordination between authority- responsibility is very important. There should be co-ordination between different relationships. Clarity should be made for having an ultimate responsibility attached to every authority. There is a saying, "Authority without responsibility leads to ineffective behaviour and responsibility without authority makes person ineffective." Therefore, co-ordination of authority- responsibility is very important.

Effective administration - The organization structure is helpful in defining the jobs positions. The roles to be performed by different managers are clarified. Specialization is achieved through division of work. This all leads to efficient and effective administration.

Growth and diversification - A company's growth is totally dependent on how efficiently and smoothly a concern works. Efficiency can be brought about by clarifying the role positions to the managers, co-ordination between authority and responsibility and concentrating on specialization. In addition to this, a company can diversify if its potential grow. This is possible only when the organization structure is well-defined. This is possible through a set of formal structure.

Sense of security - Organizational structure clarifies the job positions. The roles assigned to every manager is clear. Co-ordination is possible. Therefore, clarity of powers helps automatically in increasing mental satisfaction and thereby a sense of security in a concern. This is very important for job- satisfaction.

Scope for new changes - Where the roles and activities to be performed are clear and every person gets independence in his working, this provides enough space to a manager to develop his talents and flourish his knowledge. A manager gets ready for taking independent decisions which can be a road or path to adoption of new techniques of production. This scope for bringing new changes into the running of an enterprise is possible only through a set of organizational structure.

Principle: AUTHORITY AND RESPONSIBILITY

Authority is the power to give orders and get it obeyed or in other words it is the power to take decisions.

Responsibility means state of being accountable or answerable for any obligation, trust, debt or something or in other words it means obligation to complete a job assigned on time and in best way.

Authority and responsibility are closely related and this principle states that these two must go hand in hand. It means that proper authority should be delegated to meet the responsibilities.

A match should be there between these two because of two main reasons:--

Firstly, if a person is given some responsibility without sufficient authority he can't perform better, and also could not accomplish the desired goal.

Secondly, if there is excess authority being delegated to an individual without matching responsibility then the delegated authority will be misused in one way or the other.

This is an important and useful principle of management because if adequate authority is not delegated to the employees they cannot discharge their duties with efficiency and this in turn will hamper the achievement of the organizational goal. Sometimes the relation between management and employees is also badly effected by non delegation of proper authority.

Positive impacts of this principle:
* No misuse of authority.
* Helps to complete job effectively and efficiently.
* Individuals can be held accountable.
* Systematized and effective achievement of organizational objectives.

Consequences of violation of this principle:
* Misuse of authority.
* Responsibility can't be discharged effectively.
* No one can be held accountable.
* Conflicts between management and employees.

MEANING OF ACCOUNTABILITY

Subordinates receive the authority from top level of the organization and they also receive the command and direction to perform the work. In other words, they are authorized and responsible for a specific function. Sometimes the task may not be performed effectively the subordinates may not be performed effectively. The subordinates must report to boss about the assigned task. S/he must answer his/her performance which is known as accountability.

Meaning of delegation of authority

All activities are not performed by one person. Authority should be provided to the subordinates too. Process of transferring authority and creation of responsibility between superior and subordinates to accomplish a certain task is called delegation of authority. It can take place without decentralization. It can be withdrawn by delegator at any time. It minimizes the burden of managers of unit, departments or plant. Relationship is between superior and immediate subordinates are indicated. It is technique of management used to get the things done through others. It is confined to manager and subordinates. Authority is only delegated, not responsibilities. Very important to management process Control remains in hand of superior who supervise the activities of subordinates. It is an art of management science. When authority is not given to subordinates there is no performance. Delegation is the process of sharing power and work (deliver the power from one to another).

Principles of delegation of authority

1. Principle of parity of authority and responsibility- parity of authority and responsibility is one of the important principles of delegation of authority. There is equality in assigned task and power to do the work. Authority to the subordinates is given by the superior on the basis of assigned task. So Authority to the subordinates is given nether more or less than the task otherwise their can be improper utilization of authority and mismanagement of task.

2. Principle of absoluteness of responsibility- according to it, responsibility can't be delegated. Only authority can be delegated. The person who delegates authority is himself responsible for his seniors.

3. Principle of unity of command- according to it, subordinates must be commanded by one superior, they should take their task from one superior and should be accountable fro their responsibility toward the superior level of operation

4. Principle of functional definition of authority and responsibility- as per this principle. Duties and task assigned by the superior and the authority given to fulfill the task should be clearly explained and decided. But this subordinates can know about the limit of one's right, duties and responsibility.

5. The scalar chain- according to it, authority flows from top to bottom. So that scalar chain is the basis of relationship between the superior and subordinates. It emphasizes the relation between superior and subordinates by which delegation will be easier.

Difference between delegation and decentralization of authority

Major Differences between Delegation and Decentralization!

1. Responsibility:

In delegation, a superior delegates or transfers some rights and duties to a subordinate but his responsibility in respect of that work does not end.

On the other hand, decentralisation relieves him from responsibility and the subordinate becomes liable for that work.

2. Process:

Delegation is process while decentralisation is the end result of a deliberate policy of making delegation of authority to the lowest levels in managerial hierarchy.

3. Need.

Delegation is almost essential for the management to get things done in the organisation i.e., delegating requisite authority for performance of work assigned. Decentralisation may or may not be practised as a systematic policy in the organisation.

4. Control:

In delegation the final control over the activities of organisation lies with the top executive while in decentralisation the power of control is exercised by the unit head to which the authority has been delegated.

5. Authority:

Delegation represents selecting dispersal of authority whereas decentralisation signifies the creation of autonomous and self-sufficient units or divisions.

6. Scope:

Delegation hardly poses any problem of co- ordination to the delegator of authority. While decentralisation poses a great problem in this regard since extreme freedom of action is given to the people by creating self-sufficient or autonomous units.

7. Good Results:

Decentralisation is effective only in big organisations whereas delegation is required and gives good results in all types of organisations irrespective of their size.

8. Nature:

Delegation is the result of human limitation to the span of management. Decentralisation is the other hand, is the result of the big size and multifarious functions of the enterprise.

Authority and responsibility relationships

Meaning of authority

Authority is the kind of right and power through which it guides and directs the actions of others so that the organizational goals can be achieved. It is also related with decision making. It is vested in particular position, not to the person because authority is given by an institution and therefore it is legal.

Meaning of responsibility

Authentic body of an organization is top level management, top level management direct the subordinates. Departmental managers and other personnel take the direction from top level management to perform the task. Authority is necessary to perform the work .only authority is not provided to the people but obligation is also provided. So the obligation to perform the duties and task is known as responsibility.

Meaning of accountability

Subordinates receive the authority from top level of the organization and they also receive the command and direction to perform the work. In other words, they are authorized and responsible for a specific function. Sometimes the task may not be performed effectively the subordinates may not be performed effectively. The subordinates must report to boss about the assigned task. S/he must answer his/her performance which is known as accountability.

Authority and Responsibility are the basic functions considered at the primary stage in a management system. In successful enterprises, these are the basic functions that are maintained by the respective superior authorities of an organization. Moreover, responsibility is often considered as control and management over something.

Authority is an entity or power to enforce certain laws, rules and expectations. An authoritative power is always granted with the freedom of taking decisions and managing necessary controls, for the benefits of an organization. The great Henri Fayol described authority as, "the right to give orders and the power to exact obedience". Without authority, a manager ceases to be a manager, because he cannot get his policies carried out through others. Hence, it is considered to be one of the founding stones of formal and informal organizations. It flows downwards in an organization, i.e. it works from the upper superiors to the lower followers.

Responsibility is an entity which is prone to follow and obey some specifically assigned rules in order to accomplish a task. To maintain

responsibility is actually a tough task. The actions taken by a typically responsible party have a moral, ethical, or rational foundation. Responsibility according to Davis, is defined as "an obligation of individual to perform assigned duties to the best of his ability under the direction of his executive leader." It is a relationship, in which a person is responsible to ensure and guarantee the accomplishment of an assigned task. In a business organization, responsibility is solely dependent on the authoritative managers to manage and conduct the operations. These are performed in order to uplift the organization.

Authority and responsibility are notable features in the field of management. There are various authoritative powers in the society, which are solely responsible for conducting and following operations and tasks related to development. The authoritative powers are to be managed with the all care and effort possible, in order to maintain stability in an organization. On the other hand, responsible duties have to be followed with by working hard and observing good management. They both work in correspondence to one another in a business enterprise.

Limitations of Authority

Authority is not unlimited. It should be attached with certain duties & responsibilities. Unlimited authority is an instrument of possible corruption. Specific authority is given for specific functions. Ex: Financial manager is given financial powers. He cannot enter in the areas of marketing & production. There are specific limits of authority. The top management cannot perform all the functions themselves. He cannot expect that a manager can perform all the functions. So power placed in a limited form to discharge a particular duty.

Authority of a manager is limited as per plans, policies of the organisation. Bureaucratic organisation does not give more authority to manager. A manager is always accountable to his superior manager of authority. Similarly "Articles of Association" decides the level of authority. Social setup decides the amount of authority to be exercised by a particular manager. Law of country limits the authority to be exercised by the organisation.

Sources of Power in an Organization

Power makes the world go 'round – and in the professional world, it enhances our careers. Depending on who has power and how that power is used, both positive and negative outcomes can results from the use (or abuse) of power. The more power you had, the more carefully it needs to be exercised. But in general, we all want more power: it gives us a bigger say in decision-making and more control over our environment. To some degree, by leveraging skills, social capital and leadership, the amount of these different types of power is in your own hands.

Legitimate Power

Power that is given to a person based on their position or role is known as legitimate power (or positional power). It's determined by the hierarchy of the organization; junior managers report to senior managers and senior managers report to directors. Other than being promoted, there's not much you can do directly to get more legitimate power. Increasing some of your other types of power – mainly referent

and expert power – leads to having more legitimate power. Legitimate power can't be faked: in order for it to be wielded, the person claiming the power has to have earned it legitimately.

Reward Power

Tied in closely with legitimate power, reward power is the ability that one holds to dole out incentives and compensation in an organization. This includes salary raises and bonuses, praise, recognition, and promotion. Reward power that is used fairly can be highly motivating to employees. They'll do more and better things by going for the rewards with the knowledge that they are achievable. However, if the rewards are given out unfairly and favoritism is used, this will demotivate them and make reward power less legitimate.

Coercive Power

Coercive power can be scary: it's what sets in the fear of being punished for poor performance and keeps us coming in early and staying at the office late. People who wield coercive power can influence others' behavior by their ability to threaten and punish others. These actions might include demotion, firing, and reprimanding, but can also be less concrete and abusive in the form of social ostracizing and shaming. A good dose of coercive power keeps employees in line, and with good management doesn't need to be used often or severely. The mere knowledge that it's there is usually enough.

Referent Power

Even if you don't have any granted power in an organization, you can still influence others' behavior and decision-making. Referent power is the ability to influence others because they respect, admire, or like you. There are many ways to earn referent power at work. Especially if you are new to an organization, you can start building social capital right away by saying "yes" when people ask you to do things. Never say, "No, that's not my job" – especially to your boss. It's OK to say no when you really can't do something – just say, "no, but…" and give another solution. Also, befriend others with referent power – find the influential people in your organization, be part of the "in" crowd, and others will respect you.

Expert Power

Expert power is another way to earn respect and influence independently of the hierarchy of your organization. With expert power, you have the ability to influence others because of recognized talent, abilities, and knowledge. The key to gaining expert power is to know your job: be conscious of what you need to know to do your job well and build those skills. Cross-training is another way to gain expert power – you won't just know your job, but others' jobs as well. Look for opportunities in your skillset and offer to do things in areas that you're skilled in to gain more expert power.

Line, staff and functional authority relationships is discussed below:

The terms line and staff are used quite often in management literature. These terms have been borrowed from the military terminology. Organisationally, the line is the chain of command that extends from the Board of Directors through the various delegations and re- delegations of

authority and responsibility to the point where the primary activities of the company are performed.

Line departments are those that are directly engaged in producing or selling the goods or services. All other activities are staff activities. Staff refers to those elements of the organisation which provide advice or service to the line. When one position exists primarily to provide advice or service to another, it is a staff position.

According to Allen, "line refers to those positions and elements of the organisation, which have the responsibility and authority and are accountable for accomplishment of primary objectives. Staff refers to those elements which have responsibility and authority for providing advice and service to line in attainment of objectives.

"Line elements provide decision authority and a central means for the flow of communication through a scalar & chain of authority; staff elements facilitate the .decision process by bringing in expert and specialised knowledge. For example, the production manager in a factory is a line manager since he is directly responsible for achieving the production targets of the organisation.

Similarly, the marketing manager is also a line manager since he is engaged in selling products of the company. But, an industrial engineer is a staff man. He is not directly entrusted with the task of production. He is required to give specific advice to the production manager. His job is to review the various production methods, incentive plans, quality control techniques, etc. Similarly, a market research manager is a staff manager.

His job is to assist the marketing manager by gathering a wide variety of information about the market in which the company operates. The internal auditor is also a staff manager since he is predominantly concerned with assisting the top management in exercising control over the various activities of the concern.

Line managers make the strategic decisions by exercising command authority, whereas staff official's advice and counsel with no authority to command except within their own staff chain of command. The use of staff to assist line came into being because of the need to provide special counsel and assistance to the manager who was unable to carry out the demands of his position.

Fayol described staff official as "an adjunct reinforcement and sort of extension of the manager's personality". Line officials are in the chain of command from the highest executive to the lowest position in the organisation. Each successive manager exercises direct line authority over his subordinates.

Although the line-staff concept is firmly entrenched in the management theory, the distinction between these two concepts is not very clear in many instances. There are many functions which are line in one company and staff in another.

Designing, and engineering departments in an aircraft manufacturing company is a line function whereas the same department would be a staff function in a drug manufacturing company. Similarly, in a hire purchase company, finance is set up as a line function whereas in a typically manufacturing company, finance operates as a specialised staff

department. Research in a drug manufacturing company, may be a line function whereas it may be a staff function in many others.

Causes of Conflicts between Line and Staff

Whatever may be the way of structuring an organization, basically organizations are tightly knotted together by the cord of authority relationships. Such relationships act as a cohesive force and integrate the whole organization.

The types and degrees of authority vary with the decision-making levels. Different authority relationships basically revolve around line and staff relationships. Line functions are those that directly influence the accomplishment of objectives of an organization, while staff functions help the line staff to work effectively and accomplish organizational objectives.

However, in reality it is difficult for us to separate direct and supportive functions. In fact, functions are based on the nature of the organization. Hence such categorization of line and staff functions varies from organization to organization. In a manufacturing organization, production and sales are considered as line functions, while finance, purchase, personnel, maintenance, quality control, etc. are considered as staff functions.

Line and staff distinctions are made on the basis of two viewpoints—functional viewpoint and authority relationships viewpoint. Allen defined line and staff functions thus—"Line functions are those which have direct responsibility for accomplishing the objectives of the enterprise and staff refers to those elements of the organizations that help the line to work more effectively in accomplishing the primary objectives of the enterprise." Since organizational objectives determine the line and staff functions, any change in objectives may result in changes in the line and staff functions. The principal distinctions between line and staff are given in Table 4.1

Table 4.1 Line and staff distinction

Line authority	Staff authority
Line manager is a generalist.	Staff manager is a myopic.
Line managers direct others.	Staff managers assist others.
Line managers delegate authority.	Staff managers serve authority.
Line managers train subordinates.	Staff managers investigate into the problems.
Line managers use sanctions.	Staff managers solve special problems.
Line managers exert control over subordinates.	Staff managers make plans.
Line managers have veto power.	Staff managers support the line.
Line managers take operating decisions.	Staff managers provide ideas to the line.
Line managers have the final responsibility.	Staff managers possess special expertise.

Line and Staff Conflicts:

Line and staff managers are supposed to work harmoniously to achieve the organizational goals. But their relationship is one of the major sources of conflict in most organizations. Since such conflicts lead to loss of time and organizational effectiveness, it is always desirable to identify the sources of such conflicts and initiate necessary action to overcome them.

Theoretically, it is impossible to differentiate between line and staff functions and because of this, conflicts cannot be avoided. However, line

and staff conflicts can be grouped into three categories—conflicts due to line viewpoint, conflicts due to staff viewpoint, and conflicts due to the very nature of line and staff relationships.

Conflicts due to Line Viewpoint:

1. Lack of accountability:
Line managers generally perceive that staff managers are not accountable for their actions. Such lack of accountability on the part of staff leads to ignoring of the overall organizational objectives. Staff takes the credit for achieving the results, which is actually achieved by the line people. But if anything goes wrong, they blame the line. Such perception among the line managers is one of the most important sources of line and staff conflict.

2. Encroachment on line authority:
Line managers often allege that staff managers encroach upon their authority by giving recommendations on matters that come within their purview. Such encroachments influence the working of their departments and often lead to hostility, resentment, and reluctance to accept staff recommendations.

3. Dilution of authority:
Staff managers often dilute the authority and be- little the responsibilities of line managers. Line managers fear that their responsibilities may be reduced and they even suffer from a feeling of insecurity.

4. Theoretical basis:
Staff being specialists, they generally think within the ambit of their specialization. They fail to relate their suggestions to the actual reality and are unable to understand the actual dimensions of the problems. This is because staff is cut-off'' from the day-to-day operations. This results in impractical suggestions, making it difficult to achieve organizational goals.

Conflicts due to Staff Viewpoint:

1. Lack of proper use of staff:
Staff managers allege that line managers often take decisions without any input from them. Line just informs staff after taking decisions. This makes staff managers feel that line do not need staff. But even in such cases (where line takes its own decisions without consulting staff), if anything goes wrong, staff is made responsible.

2. Resistance to new ideas:
Line managers resist new ideas as they feel implementing new ideas means something is wrong with the present way of working. Such rigidity of line managers dissuades staff from implementing new ideas in the organization and adds to their frustration.

3. Lack of proper authority:
Staff often alleges that despite having the best solutions to the problems being faced in their areas of specialization, they fail to contribute to organizational goals. This is because the staff lack the authority to implement the solutions and are unable to persuade the line managers (who have the authority) to implement them.

Conflicts Due to the Very Nature of Line and Staff Relationships:

1. Different backgrounds:

Line and staff managers are usually from different backgrounds. Normally line managers are seniors to staff in terms of organizational hierarchy and levels. On the contrary, staff managers are relatively younger and better educated. Staff often looks down upon the line. Such complexes create an atmosphere of mistrust and hatred between the line and staff.

2. Lack of demarcation between line and staff authority:

In practice it is difficult to make a distinction between line and staff authority. Overlapping and duplication of work creates a gap between the authority and responsibility of line and staff. Each tries to shift the blame to the other.

3. Lack of proper understanding of authority:

Failure to understand authority causes misunderstandings between the line and staff. This leads to encroachment and creates conflict.

To overcome the line and staff conflict, it is necessary for an organization to follow certain approaches:

1. Clarity in relationships:

Duties and responsibilities of both line and staff should be clearly laid down. Relationships of staff with the line and their scope of authority need to be clearly defined. Similarly, line managers should also be made responsible for decision making and they should have corresponding authority for the same. Line should enjoy the freedom to modify, accept, or reject the recommendations or advice of the staff.

2. Proper use of staff:

Line managers must know how to maximize organizational efficacy by optimizing the expertise of staff managers. They need to be trained on the same. Similarly, staff managers should also help the line to understand how they can improve their activities.

3. Completed staff work:

Completed staff work denotes careful study of the problem, identifying possible alternatives for the problem, and providing recommendations based on the compiled facts. This will result in more staff work and pragmatic suggestions.

4. Holding staff accountable for results:

Once staff becomes accountable, they would be cautious about their recommendations. Line also would have confidence on staff recommendations, as staff is accountable for the results.

Centralization and Decentralization

Centralization is said to be a process where the concentration of decision making is in a few hands. All the important decision and actions at the lower level, all subjects and actions at the lower level are subject to the approval of top management. According to Allen, "Centralization" is the systematic and consistent reservation of authority at central points in the organization. The implication of centralization can be :-

1. Reservation of decision making power at top level.
2. Reservation of operating authority with the middle level managers.
3. Reservation of operation at lower level at the directions of the top level.

Under centralization, the important and key decisions are taken by the top management and the other levels are into implementations as per the directions of top level. For example, in a business concern, the father & son being the owners decide about the important matters and all the rest of functions like product, finance, marketing, personnel, are carried out by the department heads and they have to act as per instruction and orders of the two people. Therefore in this case, decision making power remain in the hands of father & son.

On the other hand, **Decentralization** is a systematic delegation of authority at all levels of management and in all of the organization. In a decentralization concern, authority in retained by the top management for taking major decisions and framing policies concerning the whole concern. Rest of the authority may be delegated to the middle level and lower level of management.

The degree of **centralization and decentralization** will depend upon the amount of authority delegated to the lowest level. According to Allen, "Decentralization refers to the systematic effort to delegate to the lowest level of authority except that which can be controlled and exercised at central points.

Decentralization is not the same as delegation. In fact, decentralization is all extension of delegation. Decentralization pattern is wider is scope and the authorities are diffused to the lowest most level of management. Delegation of authority is a complete process and takes place from one person to another. While decentralization is complete only when fullest possible delegation has taken place. For example, the general manager of a company is responsible for receiving the leave application for the whole of the concern. The general manager delegates this work to the personnel manager who is now responsible for receiving the leave applicants. In this situation delegation of authority has taken place. On the other hand, on the request of the personnel manager, if the general manager delegates this power to all the departmental heads at all level, in this situation decentralization has taken place. There is a saying that "Everything that increasing the role of subordinates is decentralization and that decreases the role is centralization". Decentralization is wider in scope and the subordinate's responsibility increase in this case. On the other hand, in delegation the managers remain answerable even for the acts of subordinates to their superiors.

Implications of Decentralization

1. There is less burden on the Chief Executive as in the case of centralization.
2. In decentralization, the subordinates get a chance to decide and act independently which develops skills and capabilities. This way the organization is able to process reserve of talents in it.
3. In decentralization, diversification and horizontal can be easily implanted.
4. In decentralization, concern diversification of activities can place effectively since there is more scope for creating new departments. Therefore, diversification growth is of a degree.
5. In decentralization structure, operations can be coordinated at divisional level which is not possible in the centralization set up.

6. In the case of decentralization structure, there is greater motivation and morale of the employees since they get more independence to act and decide.

7. In a decentralization structure, co-ordination to some extent is difficult to maintain as there are lot many department divisions and authority is delegated to maximum possible extent, i.e., to the bottom most level delegation reaches. Centralization and decentralization are the categories by which the pattern of authority relationships became clear. The degree of centralization and de-centralization can be affected by many factors like nature of operation, volume of profits, number of departments, size of a concern, etc. The larger the size of a concern, a decentralization set up is suitable in it.

Departmentalization in Management:

As one gets from the name, the word departmentation refers to the division of the labor, instead of the individuals, of the group of the various types of the activities that are involved. The departments are formed from the related activities that have the ability to form various semi independent units.

The process of the departmentation generally follows no stiff rules but the main purpose of carrying on with the process of the departmentation is to provide the level of the convenience to each of the organization. The whole or the total business activity is divided in to the work units as per the convenience of all the organizations.

But the basis on which the departmentation may be or can be done, can be summarized as the follows

1. Departmentation by the time –

a. The main point here, on which the departmentation is based, is the 'time'.

b. People can be easily supervised.

c. Working as the exemplified by the shift working in the factories, acts as a great example for explaining the departmentation by the time.

2. Departmentation by the location or the place –

a. A really good example of this type of the departmentation depending on the location can be the regional offices spread over the number of the places, branch offices etc.

b. One of the possibilities includes the presence of the manufacturing activity at one place and the marketing activity at a different place.

3. Departmentation by the functions –

a. A separate department can be formed depending on the nature of the activity that is to be performed.

b. The various activities that are closely related can be brought together in this type of the departmentation.

4. Departmentation by the processes –

a. Different processes are converted to the different departments in this type of the departmentation.

b. For example, various processes like the spinning, the weaving, the dyeing etc are involved in a textile mill and depending on these processes only, new departments have come up.

5. Departmentation by the divisions –

a. Before going any further, it is very important to understand the meaning of the word 'divisions'.

b. The divisions can be defined as the extensions of the concept of the departments.

c. In this type of the departmentation, the departments act as the cost centers.

d. The divisions act as the profit centers.

e. The divisions are accountable to the income as well as the expenditure.

6. Strategic Business Units (SBU) –

a. During the engagement of the organization in the multiple businesses, there is a dire need for treating each of the business unit as a strategic unit and for fulfilling this purpose, an independent competitive business approach is very essential and here these units are referred to as the strategic business units.

Advantages of the process of the Departmentation

1. The departmentation is greatly based on the logics.

2. With the help of the departmentation, proper attention can be given to the various activities and hence, resulting in the growth of the organization.

3. Synergy can be brought in to the various results.

4. The departmentation results in establishing the team spirit and the co–operative culture.

Types of Departmentation

- Functions, e.g., sales, production, personnel, planning, transport, etc.
- Products, e.g., air-conditioners, accounting machines, electronic calculators, etc.
- Territory, region, or geographical area, e.g., Northern Railway, Western Railway, N.E. Railway, etc.
- Customer, e.g., wholesaler, retailer, government.
- Process.
- Appropriate combination of any of these types.

Function wise Departmentation

Under each of these five managers, there will be subordinate managers and under them, the subordinate staff.

The advantages of this type of structure are as follows:

- It is a logical reflection of functions.
- It follows the principle of specialisation.
- Maintains power and prestige of major functions.
- Inter-departmental co-ordination is facilitated.
- The structure is simple, logical and easy to understand.
- Provides a good means of control at the top.

There are also some disadvantages:

- Responsibility for profits tends to be at the top.
- There may be chances of heavy centralisation in decision-making.

- Where geographical centralisation is desirable or required, this form becomes unsuitable.
- This is not very suitable where product lines have to be emphasized.
- There is a lower potential for manager development.

Product wise Departmentation

The advantages of this type of structure are:

- Places greater effort on individual product line.
- Better customer service arising from greater product knowledge.
- Simplifies departmentation of profitability of each product line. Responsibility for profits is at the Division level.
- Improves co-ordination of functional activities.
- New department may be added without difficulty. Permits growth and diversity of products and services.
- Detailed information on markets for specific products will be generated.
- Extremely suitable where product lines are complex or vary greatly.
- Furnishes measurable training ground for Managers.

Some of the disadvantages inherent in such departmentation are:

- A customer has to deal with different salesmen or managers for different products of the same company.
- Extra costs of maintaining separate sales force for each product.
- Duplication of costs on travel, etc.
- Tends to make maintenance of economical central services difficult.
- Results in increased problems of the top management control.

Territorial or Geographical Departmentation

The advantages of such departmentation are:

- Regional expertise is generated and managers can tackle customers or competition better. Places responsibility at lower levels.
- Proximity will reduce costs of operation and administration.
- Places emphasis on local markets and problems. Local conditions might warrant different types of selling. This is possible only in territorial departmentation.
- Improves co-ordination at the regional level.
- Better face-to-face communication with local interests in mind.
- Better manager development.

Some disadvantages are listed as follows:

(i) Involves higher costs of co-ordination and control from headquarters.

(ii) Results in more managerial levels which increases overhead costs.

(iii) Unsuitable for departments like Finance, where no gains are possible by specialisation on local factors.

(iv) Increases problems of the top management control.

Departmentation by Customers

Some advantages of this type of structure are:

o Greater specialized customer service.

o Where marketing channels are considerably different for various types of customers, this type of structure is very useful.

• Some disadvantages of this type are:

  • May not be enough work for certain types of customers. Hence, under employment of facilities and manpower specialized in terms of customer groups.

  • Problems of co-ordination might pose difficulties.

  • Unequal development of customer groups.

Formal and Informal Organization

Formal Organisation:

When the managers are carrying on organising process then as a result of organising process an organisational structure is created to achieve systematic working and efficient utilization of resources. This type of structure is known as formal organisational structure.

Formal organisational structure clearly spells out the job to be performed by each individual, the authority, responsibility assigned to every individual, the superior- subordinate relationship and the designation of every individual in the organisation. This structure is created intentionally by the managers for achievement of organisational goal.

Features of Formal organisation:

(1) The formal organisational structure is created intentionally by the process of organising.

(2) The purpose of formal organisation structure is achievement of organisational goal.

(3) In formal organisational structure each individual is assigned a specific job.

(4) In formal organisation every individual is assigned a fixed authority or decision-making power.

(5) Formal organisational structure results in creation of superior-subordinate relations.

(6) Formal organisational structure creates a scalar chain of communication in the organisation.

Advantages of Formal Organisation:

1. Systematic Working:

Formal organisation structure results in systematic and smooth functioning of an organisation.

2. Achievement of Organisational Objectives:

Formal organisational structure is established to achieve organisational objectives.

3. No Overlapping of Work:

In formal organisation structure work is systematically divided among various departments and employees. So there is no chance of duplication or overlapping of work.

4. Co-ordination:
Formal organisational structure results in coordinating the activities of various departments.

5. Creation of Chain of Command:
Formal organisational structure clearly defines superior subordinate relationship, i.e., who reports to whom.

6. More Emphasis on Work:
Formal organisational structure lays more emphasis on work than interpersonal relations.

Disadvantages of Formal Organisation:

1. Delay in Action:
While following scalar chain and chain of command actions get delayed in formal structure.

2. Ignores Social Needs of Employees:
Formal organisational structure does not give importance to psychological and social need of employees which may lead to demotivation of employees.

3. Emphasis on Work Only:
Formal organisational structure gives importance to work only; it ignores human relations, creativity, talents, etc.

Informal Organisation:
In the formal organisational structure individuals are assigned various job positions. While working at those job positions, the individuals interact with each other and develop some social and friendly groups in the organisation. This network of social and friendly groups forms another structure in the organisation which is called informal organisational structure.

The informal organisational structure gets created automatically and the main purpose of such structure is getting psychological satisfaction. The existence of informal structure depends upon the formal structure because people working at different job positions interact with each other to form informal structure and the job positions are created in formal structure. So, if there is no formal structure, there will be no job position, there will be no people working at job positions and there will be no informal structure.

Features of informal organisation:

(1) Informal organisational structure gets created automatically without any intended efforts of managers.

(2) Informal organisational structure is formed by the employees to get psychological satisfaction.

(3) Informal organisational structure does not follow any fixed path of flow of authority or communication.

(4) Source of information cannot be known under informal structure as any person can communicate with anyone in the organisation.

(5) The existence of informal organisational structure depends on the formal organisation structure.

Advantages of Informal Organisation:

1. Fast Communication:
Informal structure does not follow scalar chain so there can be faster spread of communication.

2. Fulfills Social Needs:

Informal communication gives due importance to psychological and social need of employees which motivate the employees.

3. Correct Feedback:

Through informal structure the top level managers can know the real feedback of employees on various policies and plans.

Strategic Use of Informal Organisation. Informal organisation can be used to get benefits in the formal organisation in the following way:

1. The knowledge of informal group can be used to gather support of employees and improve their performance.

2. Through grapevine important information can be transmitted quickly.

3. By cooperating with the informal groups the managers can skillfully take the advantage of both formal and informal organisations.

Disadvantages of Informal organisation:

1. Spread Rumours:

According to a survey 70% of information spread through informal organisational structure are rumors which may mislead the employees.

2. No Systematic Working:

Informal structure does not form a structure for smooth working of an organisation.

3. May Bring Negative Results:

If informal organisation opposes the policies and changes of management, then it becomes very difficult to implement them in organisation.

4. More Emphasis to Individual Interest:

Informal structure gives more importance to satisfaction of individual interest as compared to organisational interest.

REVIEW QUESTIONS

1. Describe the Nature and importance Organization.
2. What are the Principles of organization?
3. Describe the Responsibility and accountability relationship.
4. What are Sources and limitation of authority?
5. Describe the Delegation of authority. What are Importance of delegation?
6. What is the meaning and advantages of Centralization?
7. What are the Distinction between decentralization and delegation?
8. What are the Bases for departmentalization ?
9. Describe the Formal and informal organization.

FURTHER READINGS

1. Principles Of Management - Mason Andrew Carpenter, Talya Bauer
2. Principles Of Management -Tony Morden
3. Principles Of Management -D. Chandra Bose
4. Principles Of Management -V.S.Bagad
5. Principles Of Management -K. Anbuvelan

UNIT-4 MOTIVATION AND LEADING PEOPLE AT WORK

CONTENTS

❖ Motivation
❖ Leadership
❖ Communication
❖ Review Questions
❖ Further Readings

Motivation

Motivation is the word derived from the word 'motive' which means needs, desires, wants or drives within the individuals. It is the process of stimulating people to actions to accomplish the goals. In the work goal context the psychological factors stimulating the people's behaviour can be -

- desire for money
- success
- recognition
- job-satisfaction
- team work, etc

One of the most important functions of management is to create willingness amongst the employees to perform in the best of their abilities. Therefore the role of a leader is to arouse interest in performance of employees in their jobs. The process of motivation consists of three stages:-

1. A felt need or drive
2. A stimulus in which needs have to be aroused
3. When needs are satisfied, the satisfaction or accomplishment of goals.

Therefore, we can say that motivation is a psychological phenomenon which means needs and wants of the individuals have to be tackled by framing an incentive plan.

The motivation concepts were mainly developed around 1950's. Three main theories were made during this period. These three classical theories are-

- Maslow's hierarchy of needs theory
- Herzberg's Two factor theory
- Theory X and Theory Y

These theories are building blocks of the contemporary theories developed later. The working mangers and learned professionals till date use these classical theories to explain the concept of employee motivation.

Maslow's Hierarchy of Needs Theory

Abraham Maslow is well renowned for proposing the Hierarchy of Needs Theory in 1943. This theory is a classical depiction of human

motivation. This theory is based on the assumption that there is a hierarchy of five needs within each individual. The urgency of these needs varies. These five needs are as follows-

1. **Physiological needs-** These are the basic needs of air, water, food, clothing and shelter. In other words, physiological needs are the needs for basic amenities of life.
2. **Safety needs-** Safety needs include physical, environmental and emotional safety and protection. For instance- Job security, financial security, protection from animals, family security, health security, etc.
3. **Social needs-** Social needs include the need for love, affection, care, belongingness, and friendship.
4. **Esteem needs-** Esteem needs are of two types: internal esteem needs (self- respect, confidence, competence, achievement and freedom) and external esteem needs (recognition, power, status, attention and admiration).
5. **Self-actualization need-** This include the urge to become what you are capable of becoming / what you have the potential to become. It includes the need for growth and self-contentment. It also includes desire for gaining more knowledge, social- service, creativity and being aesthetic. The self- actualization needs are never fully satiable. As an individual grows psychologically, opportunities keep cropping up to continue growing.

According to Maslow, individuals are motivated by unsatisfied needs. As each of these needs is significantly satisfied, it drives and forces the next need to emerge. Maslow grouped the five needs into two categories - **Higher-order needs** and **Lower-order needs**. The physiological and the safety needs constituted the lower-order needs. These lower-order needs are mainly satisfied externally. The social, esteem, and self-actualization needs constituted the higher-order needs. These higher-order needs are generally satisfied internally, i.e., within an individual. Thus, we can conclude that during boom period, the employees lower-order needs are significantly met.

Implications of Maslow's Hierarchy of Needs Theory for Managers

✓ As far as the physiological needs are concerned, the managers should give employees appropriate salaries to purchase the basic necessities of life. Breaks and eating opportunities should be given to employees.

✓ As far as the safety needs are concerned, the managers should provide the employees job security, safe and hygienic work environment, and retirement benefits so as to retain them.

✓ As far as social needs are concerned, the management should encourage teamwork and organize social events.

✓ As far as esteem needs are concerned, the managers can appreciate and reward employees on accomplishing and exceeding their targets. The management can give the deserved employee higher job rank / position in the organization.

✔ As far as self-actualization needs are concerned, the managers can give the employees challenging jobs in which the employees' skills and competencies are fully utilized. Moreover, growth opportunities can be given to them so that they can reach the peak.

The managers must identify the need level at which the employee is existing and then those needs can be utilized as push for motivation.

Limitations of Maslow's Theory

- It is essential to note that not all employees are governed by same set of needs. Different individuals may be driven by different needs at same point of time. It is always the **most powerful unsatisfied need that motivates an individual**.
- The theory is not empirically supported.
- The theory is not applicable in case of starving artist as even if the artist's basic needs are not satisfied, he will still strive for recognition and achievement.

Herzberg's Two-Factor Theory of Motivation

In 1959, Frederick Herzberg, a behavioural scientist proposed a two-factor theory or the motivator-hygiene theory. According to Herzberg, there are some job factors that result in satisfaction while there are other job factors that prevent dissatisfaction. According to Herzberg, the opposite of "Satisfaction" is "No satisfaction" and the opposite of "Dissatisfaction" is "No Dissatisfaction".

MOTIVATORS	
Satisfaction	No Satisfaction

HYGIENE FACTORS	
No Dissatisfaction	Dissatisfaction
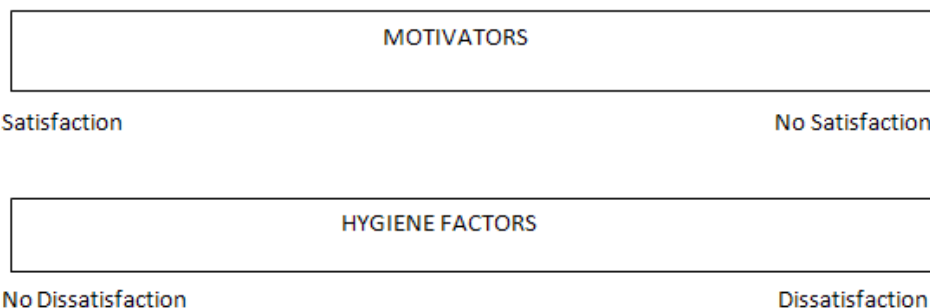
Herzberg's view of satisfaction and dissatisfaction

Herzberg classified these job factors into two categories-

a. **Hygiene factors-** Hygiene factors are those job factors which are essential for existence of motivation at workplace. These do not lead to positive satisfaction for long-term. But if these factors are absent / if these factors are non-existant at workplace, then they lead to dissatisfaction. In other words, hygiene factors are those factors which when adequate/reasonable in a job, pacify the employees and do not make them dissatisfied. These factors are extrinsic to work. Hygiene factors are also called as **dissatisfiers or maintenance factors** as they are required to avoid dissatisfaction. These factors describe the job environment/scenario. The hygiene factors symbolized the physiological needs which the individuals wanted and expected to be fulfilled. Hygiene factors include:

* Pay - The pay or salary structure should be appropriate and reasonable. It must be equal and competitive to those in the same industry in the same domain.

* Company Policies and administrative policies - The company policies should not be too rigid. They should be fair and clear. It should include flexible working hours, dress code, breaks, vacation, etc.

* Fringe benefits - The employees should be offered health care plans (mediclaim), benefits for the family members, employee help programmes, etc.

* Physical Working conditions - The working conditions should be safe, clean and hygienic. The work equipments should be updated and well-maintained.

* Status - The employees' status within the organization should be familiar and retained.

* Interpersonal relations - The relationship of the employees with his peers, superiors and subordinates should be appropriate and acceptable. There should be no conflict or humiliation element present.

* Job Security - The organization must provide job security to the employees.

b. **Motivational factors-** According to Herzberg, the hygiene factors cannot be regarded as motivators. The motivational factors yield positive satisfaction. These factors are inherent to work. These factors motivate the employees for a superior performance. These factors are called satisfiers. These are factors involved in performing the job. Employees find these factors intrinsically rewarding. The motivators symbolized the psychological needs that were perceived as an additional benefit. Motivational factors include:

* Recognition - The employees should be praised and recognized for their accomplishments by the managers.

* Sense of achievement - The employees must have a sense of achievement. This depends on the job. There must be a fruit of some sort in the job.

* Growth and promotional opportunities - There must be growth and advancement opportunities in an organization to motivate the employees to perform well.

* Responsibility - The employees must hold themselves responsible for the work. The managers should give them ownership of the work. They should minimize control but retain accountability.

* Meaningfulness of the work - The work itself should be meaningful, interesting and challenging for the employee to perform and to get motivated.

Limitations of Two-Factor Theory

The two factor theory is not free from limitations:

* The two-factor theory overlooks situational variables.

* Herzberg assumed a correlation between satisfaction and productivity. But the research conducted by Herzberg stressed upon satisfaction and ignored productivity.

- The theory's reliability is uncertain. Analysis has to be made by the raters. The raters may spoil the findings by analyzing same response in different manner.
- No comprehensive measure of satisfaction was used. An employee may find his job acceptable despite the fact that he may hate/object part of his job.
- The two factor theory is not free from bias as it is based on the natural reaction of employees when they are enquired the sources of satisfaction and dissatisfaction at work. They will blame dissatisfaction on the external factors such as salary structure, company policies and peer relationship. Also, the employees will give credit to themselves for the satisfaction factor at work.
- The theory ignores blue-collar workers. Despite these limitations, Herzberg's Two-Factor theory is acceptable broadly.

Implications of Two-Factor Theory

✔ The Two-Factor theory implies that the managers must stress upon guaranteeing the adequacy of the hygiene factors to avoid employee dissatisfaction. Also, the managers must make sure that the work is stimulating and rewarding so that the employees are motivated to work and perform harder and better. This theory emphasize upon job-enrichment so as to motivate the employees. The job must utilize the employee's skills and competencies to the maximum. Focusing on the motivational factors can improve work-quality.

Theory X and Theory Y

In 1960, Douglas McGregor formulated Theory X and Theory Y suggesting two aspects of human behaviour at work, or in other words, two different views of individuals (employees): one of which is negative, called as Theory X and the other is positive, so called as Theory Y. According to McGregor, the perception of managers on the nature of individuals is based on various assumptions.

Assumptions of Theory X
- An average employee intrinsically does not like work and tries to escape it whenever possible.
- Since the employee does not want to work, he must be persuaded, compelled, or warned with punishment so as to achieve organizational goals. A close supervision is required on part of managers. The managers adopt a more dictatorial style.
- Many employees rank job security on top, and they have little or no aspiration/ ambition.
- Employees generally dislike responsibilities.
- Employees resist change.
- An average employee needs formal direction.

Assumptions of Theory Y
- Employees can perceive their job as relaxing and normal. They exercise their physical and mental efforts in an inherent

manner in their jobs.

- Employees may not require only threat, external control and coercion to work, but they can use self-direction and self-control if they are dedicated and sincere to achieve the organizational objectives.
- If the job is rewarding and satisfying, then it will result in employees' loyalty and commitment to organization.
- An average employee can learn to admit and recognize the responsibility. In fact, he can even learn to obtain responsibility.
- The employees have skills and capabilities. Their logical capabilities should be fully utilized. In other words, the creativity, resourcefulness and innovative potentiality of the employees can be utilized to solve organizational problems.

Thus, we can say that Theory X presents a pessimistic view of employees' nature and behaviour at work, while Theory Y presents an optimistic view of the employees' nature and behaviour at work. If correlate it with Maslow's theory, we can say that Theory X is based on the assumption that the employees emphasize on the physiological needs and the safety needs; while Theory X is based on the assumption that the social needs, esteem needs and the self-actualization needs dominate the employees.

McGregor views Theory Y to be more valid and reasonable than Theory X. Thus, he encouraged cordial team relations, responsible and stimulating jobs, and participation of all in decision-making process.

Implications of Theory X and Theory Y

- ✔ Quite a few organizations use Theory X today. Theory X encourages use of tight control and supervision. It implies that employees are reluctant to organizational changes. Thus, it does not encourage innovation.

- ✔ Many organizations are using Theory Y techniques. Theory Y implies that the managers should create and encourage a work environment which provides opportunities to employees to take initiative and self-direction. Employees should be given opportunities to contribute to organizational well-being. Theory Y encourages decentralization of authority, teamwork and participative decision making in an organization. Theory Y searches and discovers the ways in which an employee can make significant contributions in an organization. It harmonizes and matches employees' needs and aspirations with organizational needs and aspirations.

Leadership

Leadership is both a research area and a practical skill, regarding the ability of an individual or organization to "lead" or guide other individuals, teams, or entire organizations. Controversial viewpoints are present in the literature, among Eastern and Western approaches to

Leadership, and also within the West, on US vs. European approaches. In US academic environments Leadership is defined as "a process of social influence in which a person can enlist the aid and support of others in the accomplishment of a common task". Leadership seen from a European and non-academic perspective encompasses a viewpoint of a Leader that can be moved both by communitarian goals but also by the search for personal power, as the European Research Daniele Trevisani states: "Leadership is a holistic spectrum that can arise from: higher levels of physical power, need to display power and control others, force superiority, ability to generate fear, or group-member's need for a powerful group protector (Primal Leadership), superior mental energies, superior motivational forces, perceivable in communication and behaviors, lack of fear, courage, determination (Psychoenergetic Leadership), higher abilities in managing the overall picture (Macro-Leadership), higher abilities in specialized tasks (Micro-Leadership), higher ability in managing the execution of a task (Project Leadership), and higher level of values, wisdom, and spirituality (Spiritual Leadership), where any Leader derives its Leadership from a unique mix of one or more of the former factors".

Studies of leadership have produced theories involving traits, situational interaction, function, behavior, power, vision and values, charisma, and intelligence, among others

Leadership Models/Approaches

There are many models and theories of leadership. For example, the following models appear in the literature:

- transformational leadership, - transactional leadership, - moral leadership, - constructivist leadership, - servant leadership, - cultural leadership, - primal leadership, - charismatic leadership,	- adaptive leadership, - autocratic leadership, - authoritative leadership, - laissez-fair leadership, - situational leadership, - spiritual leadership, - servant-leadership, etc. (Goleman, Boyatzis & McKee, 2002).

Some authors make difference between **the old paradigm models** and **the new paradigm models** of leadership. These new models relate to concepts such as 'charismatic leadership' (Conger, 1989; House, 1971), 'visionary leadership' (Sashkin, 1988), and 'transformational leadership' (Bass, 1985).

Whereas earlier 'old paradigm' models see leadership as a process, that

- involves influencing others,
- occurs within a group context, and
- involves goal attainment (Northouse, 2007)

more recent definitions of leadership have highlighted the role of leader as 'defining organizational reality' (Bryman, 1996). Other recent research interest has centred on relationships between **leaders and followers**, with some writers stressing the need to study 'followership'. This has been argued as important, not only because all leaders are also followers, but also because modern notions of leadership place considerable emphasis on the power and importance of followers in ultimately legitimizing and enabling leadership. This last period saw the growth of attention to differences between 'leaders' and 'managers' (Kotter, 1990, cited in Alimo-Metcalfe and Alimo-Metcalfe, 2005).

Trait Approach

The trait approach was one of the first systematic attempts to study leadership. However, the term trait has been the source of considerable ambiguity and confusion in the literature, referring sometimes and variously to personality, temperaments, dispositions, and abilities, as well as to any enduring qualities of the individual, including physical and demographic attributes (Zaccarro et al., 2004, p.103).

Allport (1961, p.347) defined a trait as a "neuropsychic structure having the capacity to render naby stimuli functionally equivalent, and to initiate and guide equivalent (meaqninfully consistent) forms of adaptive and expressive behavior" (cited in Zaccarro et al., 2004, p.103).

Zaccarro et al. (2004, p.104) define leader traits as relatively stable and coherent integrations of personal characteristics that foster a consistent pattern of leadership performance across a variety of group and organisational situations. These characteristics reflect a range of stable individual differences, including personality, temperament, motives, cognitive abilities, and expertise.

In the early 20th century, leadership traits were studied to determine what made certain people great leaders. These theories focused on identifying the innate qualities and characteristics possessed by great social, political, and military leaders. It was believed that people were born with these traits, and only the "great" people possessed them. During this time, research concentrated on determining the specific traits that clearly differentiated leaders from followers (Northouse, 2007, p. 15).

Thus, history is marked with theories about leadership traits and characteristics as leadership is regarded as a difficult job with serious responsibilities. It is believed that these traits provide people with the potential to perform the necessary actions required to be successful leaders.

The trait approach **focuses on the leader** and not on the followers or the situation. This approach is concerned with what traits leaders exhibit and who has these traits. It assumes that it is the leader and his/her personality that are central to the leadership process. For organizations it means that selecting the right people will increase organizational effectiveness. The managers can also analyze their own traits and

understand their strengths and weaknesses and how others see them in organization (Northouse, 2007, p.23-24).

Style approach

A different perspective to trait theory for leadership is to consider what leaders actually do as opposed to their underlying characteristics. By the late 1940s researchers became less concerned with identifying individual traits of leadership and started to be more interested in leadership behaviours.

A number of models and theories have been developed to explore this. One approach focusing on the behavior of the leader is **the style approach.** This approach focuses on what leaders do and how they act (Northouse, 2007, p.69).

This approach indicates that leadership is composed of two general kinds of behaviors:

- task-oriented behaviour and
- relationship-oriented behaviours (McCaffery, 2004, p.64).

Task-oriented behaviours facilitate goal accomplishment and help group members to achieve their objectives. Relationships-oriented behaviours help subordinates feel comfortable with themselves, with each other, and with the situation in which they find themselves. The central purpose of the style approach is to explain how leaders combine these two kinds of behaviors to influence subordinates in their efforts to reach a goal (Northouse, 2007, p.69).

Many studies have been conducted to investigate the style approach: for example, The Ohio State University Study, The University of Michigan Study and Blake and Mouton's Leadership Grid. Adair (1983), Likert (1967) and Mintzberg (1973) have advocated this approach.

The style approach has several positive contributions to the leadership research:

• The style approach broadened the scope of leadership research to include the behaviours of leaders and what they do in various situations.

• A wide range of leadership style studies validates and gives credibility to the basic tenets of the approach and offer a viable approach to understanding the leadership process.

• These studies have identified the core of the leadership process consisting of two major types of behaviours: task and relationship.

• The style approach is heuristic in providing a broad conceptual map that is worthwhile to use in attempts to understand the complexities of leadership. based on this approach, leaders can assess their actions and determine leadership style (Northouse, 2007, p.78-79).

The style approach focuses on what leaders do and how they act rather than who leaders are. It identified two main types of behaviors of effective leadership: task-oriented behaviors and relationship-oriented behaviors. The focus of the style approach is how leaders combine these two types of behaviors.

Several studies contributed to the development of the style approach: The Ohio State University Study, The University of Michigan Study and Blake and Mouton's Leadership Grid.

The style approach has several strengths and weaknesses. However, it provides a valuable framework for assessing leadership in a broad way.

Skills Approach: Robert Katz

The third approach in the Leadership studies is the Leadership Skill Approach. While the Traits Approach took into account the personality of the leader and the Style Approach the behaviour of the leader, the Leadership skills approach takes into account the knowledge and abilities that the leader has. A leader can learn certain skills and turn himself into a remarkable one.

Although different in the focus, the Traits Approach and the Skills Approach, both center their attention in the leader, as its main purpose.

Researchers have studied leadership skills and abilities for a number of years. However, there are two influential models. The first one is a model proposed by Robert Katz in 1955. The second approach is proposed by Michael Mumford and colleagues in the year 2000. These models can be seen as complimentary to each other, since they offer different views on leadership from the skills point of view.

In the model proposed by Katz in the Harvard Bussiness Review, titled "Skills of an Effective Administrator" from 1955, he recognizes three different abilities that a leader should have. These are:

- Technical Skills
- Human Skills
- Conceptual Skills

Katz argued that these skills are quite different from traits or qualities of leaders. Skills are what leaders can accomplish, whereas traits are who leaders are (Northouse, 2007, p.40). A **technical skill** is knowledge about and competency and proficiency in a specific work or activity. For example, to use certain computer software packages (for example, MS Excel or Access) is an advanced technical skill.

A **human skill** is one that enables to work with people. It is different from technical skills which have to do with working with things. These abilities help us to get along with people and to communicate and work within teams.

A **conceptual skill** is abilities to work with ideas and concepts. These skills enable us to understand and better decide the actions and measures that has to be taken in a particular field of work.

Based on his observations Katz stated that the level of importance of each set of skills (technical, human and conceptual) was directly correlated with the level that the person has in the organization.

Situational Approach

Another approach to leadership studies is **the situational approach,** the basic premise of which is that different situations demand different types of leadership. This approach was developed by **Hersey and Blanchard** (1969) based on Reddin's (1967) 3-D management style theory.

A situation, within this context, is a "set of values and attitudes with which the individual or group has to deal in a process of activity and with regard to which this activity is planned and its results appreciated. Every concrete activity is the solution of a situation." Situations can be complicated affairs and generally have five elements:

- the structure of interpersonal relationships within the group;

- the characteristics of the group as a whole;
- the characteristics of the group's environment from which members come;
- physical constraints on the group; and
- the perceptual representation, within the group and among its members, of these elements and the "attitudes and values engendered by them" (from the International Encyclopedia of the Social Sciences, edited by David L. Sills).

Situational influences thus constrain the leader who must adapt his or her style of leadership to the situation at hand. Situational leadership, according to Northouse, has both a directive and a supportive dynamic. A situationally motivated leader realizes that the skills and motivation of any group member are not static and the mix of the leader's supportive and directive activities must likewise change with the situation.

The situational approach has been refined and revised several times since its inception and it has been used extensively in organizational leadership training and development (Northouse, 2007, p.91).

Contingency Theory

Closely related to the situational approach is what has become known as **contingency theory**. The contingency theory of leadership was proposed by the Austrian psychologist **Fred Edward Fiedler** in his landmark 1964 article, "A Contingency Model of Leadership Effectiveness."

The contingency theory emphasizes the importance of both the **leader's personality** and the **situation** in which that leader operates. Fiedler and his associates studied leaders in a variety of contexts but mostly in military context and their model is based on their research findings.

They outline two styles of leadership:

- **task-motivated and**
- **relationship-motivated.**

Task refers to task accomplishment, and relationship-motivation refers to interpersonal relationships.

Fiedler measured leadership style with the **Least Preferred Co-Worker Scale** (LPC scale.) The leaders scoring high on this scale are relationship motivated and those scoring low are task motivated (Northouse, 2007, p.114).

Central to contingency theory is concept of the situation, which is characterized by three factors:

- **Leader-member relations,** deals with the general atmosphere of the group and the feelings such as trust, loyalty and confidence that the group has for its leader.
- **Task structure,** is related to task clarity and the means to task accomplishment.
- **The position power**, relates to the amount of reward-punishment authority the leader has over members of the group (Northouse, 2007, p.114-115).
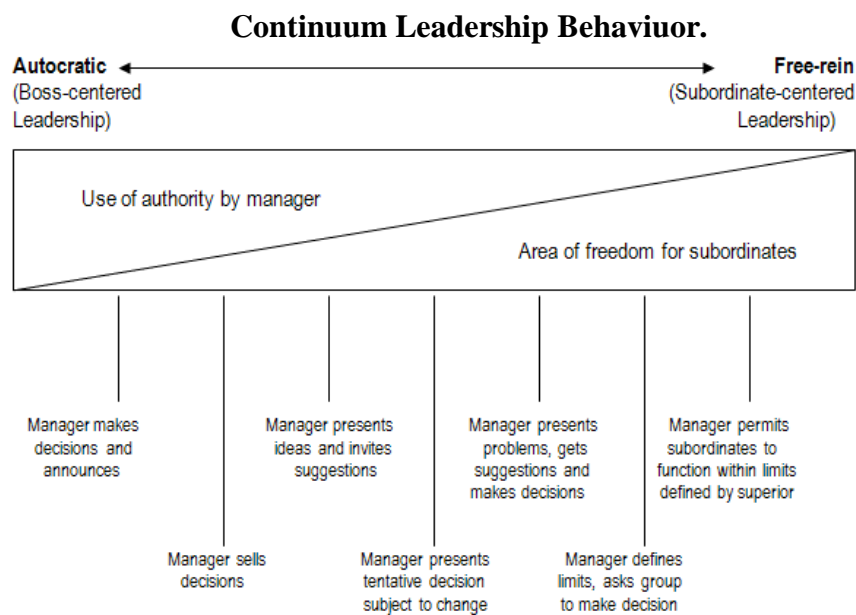
These three factors determine the favorableness of various situations in organizations.

Continuum of Leadership

The leadership continuum was originally written in 1958 by Tannenbaum and Schmidt and was later updated in the year 1973. Their

work suggests a continuum of possible leadership behavior available to a manager and along which many leadership styles may be placed. The continuum presents a range of action related to the degree of authority used by the manager and to the area of freedom available to non-managers in arriving at decisions. A broad range of leadership styles have been depicted on the continuum between two extremes of autocratic and free rein (See figure 1). The left side shows a style where control is maintained by a manager and the right side shows the release of control. However, neither extreme is absolute and authority and freedom are never without their limitations.

The Tannenbaum and Schmidt continuum can be related to McGregor's supposition of Theory X and Theory Y. Boss-centered leadership is towards theory X and subordinate-centered leadership is towards theory Y.

Continuum Leadership Behaviuor.

Autocratic ⟵————————————————————————⟶ Free-rein
(Boss-centered   (Subordinate-centered
Leadership)   Leadership)

Use of authority by manager

Area of freedom for subordinates

| Manager makes decisions and announces | Manager presents ideas and invites suggestions | Manager presents problems, gets suggestions and makes decisions | Manager permits subordinates to function within limits defined by superior |

Manager sells decisions | Manager presents tentative decision subject to change | Manager defines limits, asks group to make decision

A manager is characterized according to degree of control that is maintained by him. According to this approach, four main styles of leadership have been identified:

- **Tells:** The manager identifies a problem, chooses a decision, and announces this to subordinates. The subordinates are not a party to the decision making process and the manager expects them to implement his decisions as soon as possible.
- **Sells:** The decision is chosen by the manager only but he understands that there will be some amount of resistance from those faced with the decision and therefore makes efforts to persuade them to accept it.
- **Consults:** Though the problem is identified by the manager, he does not take a final decision. The problem is presented to the subordinates and the solutions are suggested by the subordinates.
- **Joins:** The manager defines the limits within which the decision can be taken by the subordinates and then makes the final decision along with the subordinates.

Communication

- A famous quote says - "**The way we communicate with others and with ourselves ultimately determines the quality of our lives**"
- The process of passing any information from one person to the other person with the aid of some medium is termed as **communication**.
- The first party who sends the information is called the **sender** and the second party who receives the information, decodes the information and accordingly responds is called the **receiver or the recipient**. Thus in simpler terms communication is simply a process where the sender sends the information to the receiver for him to respond.

Sender ----------------------------------**Receiver**
Information

- Joe might have an unparalleled, incomparable concept or an idea with him but he would never get the credit if he merely keeps it within himself. He has to pass on the idea to his fellow workers. He has to communicate. Not only communicate but also effectively communicate.
- In an organization, your boss will never give you your share of credit, unless and until you present your work in a well defined manner. How will one present his/her work- by communication.
- Parents will never understand that their child is hurt unless and until, the child cries or shows his wounds. What is crying? A form of communication. What does showing of wounds mean-The child wants to communicate to his parents that he needs to be immediately attended by the doctor.
- Mike preferred pasta to pizza and once during the Christmas party, he made his point clear and pasta was ordered only for Mike as Jenny, Christina and Tony were all pizza lovers. Mike did nothing but simply communicated and passed on his desire to his gang, here Mike being the sender and the others receiver.
- It is of utmost importance not only to communicate but also effectively communicate. Please throw some light on the first instance where Lisa was not suitably promoted. She did give her presentation, she did communicate, then why was she denied her promotion? She did not effectively communicate. The trick is not only to communicate but effectively communicate. And if you can effectively communicate, the world is all yours.

The Communication process

Please go through the below diagram:
Parry (Sender)
(Content - Can be some information, data, diagram, analysis, report)
(Information)↓ ↑(Feedback)
Peter (Receiver)
(Decodes the information, understands the information and responds)

- The above diagram goes a long way to explain the communication process.

- Communication process is a simple process where a message is being transferred from a sender to the receiver. The receiver after receiving the message understands the message in the desired form and then acts accordingly.
- **The Process of Sending the Message**
- The first party or the sender first thinks of information, whatever he intends to communicate or transfer to the others. Then he puts the information or the message in words or prepare a content. The process of putting the thoughts in words is called encoding. Finally the content after being ready is transmitted to the receiver.
- **The process of receiving the Message**
- The message reaches the sender, who then decodes the message or in simpler terms breaks the information, understands it and responds to the receiver. The sender also gives feedback to the receiver after he has understood the complete information.
- Communication in simpler terms is a process of passing the information from the first party (sender) to the second party (receiver). Communication plays a vital role not only in organizations or one's professional career but also is essential in day to day life.

Different Types of Communication

Verbal communication

Verbal communication is a type of communication where the information flows through verbal medium like words, speeches, presentations etc. In verbal communication the sender shares his/her thoughts in the form of words. In organizations, individuals communicate verbally among each other in the form of dialogues, speech, presentations, discussions to name a few. The tone of the speaker, the pitch and the quality of words play a crucial role in verbal communication. The speaker has to be loud and clear and the content has to be properly defined. Haphazard and unorganized thoughts only lead to confusions and misunderstandings among individuals. In verbal communication, an individual must understand the importance of words and how to put them across.

While speaking the pitch ought to be high and clear for everyone to understand and the content must be designed keeping the target audience in mind. In verbal communication it is the responsibility of the sender to cross check with the receiver whether he has downloaded the correct information or not and the sender must give the required response.

Sarah to ken - "I want a glass of water" is an example of verbal communication.

Non verbal communication

Imagine yourself in a situation, where you can't speak but have to communicate an urgent information to the other person or for that matter, you are sitting in an important meeting and you want to express your displeasure or pleasure to your colleague without uttering even a word. Here non verbal mode of communication comes into picture. Facial expressions, gestures, hand and hair movements, body postures all constitute non verbal communication. Any communication made between two people without words and simply through facial

movements, gestures or hand movements is called as non verbal communication. In other words, it is a speechless communication where content is not put into words but simply expressed through expressions If one has a headache, one would put his hand on his forehead to communicate his discomfort - a form of non verbal communication. Non verbal communications are vital in offices, meetings and even in romantic chats.

Visual Communication

Before planning any outing or tour, Sandra always refers to the map of that place. Through the map, she tries to find out more about the place, the route to reach that place, hotels, shopping joints etc. The map is actually passing information about the place to Sandra or communicating with Sandra. This mode of communication is called visual communication. In visual communication, the recipient receives information from signboards, displays, hoardings, banners, maps etc. The sign board of Mc Donald's or KFC indicates eating joints - a form of visual communication. The sign board of "No Parking Zone" communicates to the individuals that any vehicle must not be parked in the vicinity - again a mode of visual communication. Vision plays a very important role in visual communication and it depends on the recipient how to interpret the message.

Communication Flows in an Organization

In an organization, communication flows in 5 main directions-

1. Downward
2. Upward
3. Lateral
4. Diagonal
5. External

1. **Downward Flow of Communication:** Communication that flows from a higher level in an organization to a lower level is a downward communication. In other words, communication from superiors to subordinates in a chain of command is a downward communication. This communication flow is used by the managers to transmit work-related information to the employees at lower levels. Employees require this information for performing their jobs and for meeting the expectations of their managers. Downward communication is used by the managers for the following purposes -

2. **Upward Flow of Communication:** Communication that flows to a higher level in an organization is called upward communication. It provides feedback on how well the organization is functioning. The subordinates use upward communication to convey their problems and performances to their superiors.

The subordinates also use upward communication to tell how well they have understood the downward communication. It can also be used by the employees to share their views and ideas and to participate in the decision-making process.

Upward communication leads to a more committed and loyal workforce in an organization because the employees are given a chance to raise and speak dissatisfaction issues to the higher levels. The managers get

to know about the employees feelings towards their jobs, peers, supervisor and organization in general. Managers can thus accordingly take actions for improving things.

Grievance Redressal System, Complaint and Suggestion Box, Job Satisfaction surveys etc all help in improving upward communication. Other examples of Upward Communication are -performance reports made by low level management for reviewing by higher level management, employee attitude surveys, letters from employees, employee-manager discussions etc.

3.   **Lateral / Horizontal Communication:** Communication that takes place at same levels of hierarchy in an organization is called lateral communication, i.e., communication between peers, between managers at same levels or between any horizontally equivalent organizational member. The advantages of horizontal communication are as follows:

- ✔ It is time saving.

- ✔ It facilitates co-ordination of the task.

- ✔ It facilitates co-operation among team members.

- ✔ It provides emotional and social assistance to the organizational members.

- ✔ It helps in solving various organizational problems.

- ✔ It is a means of information sharing

- ✔ It can also be used for resolving conflicts of a department with other department or conflicts within a department.

4.   **Diagonal Communication:** Communication that takes place between a manager and employees of other workgroups is called diagonal communication. It generally does not appear on organizational chart. For instance - To design a training module a training manager interacts with an Operations personnel to enquire about the way they perform their task.

5.   **External Communication:** Communication that takes place between a manager and external groups such as - suppliers, vendors, banks, financial institutes etc. For instance - To raise capital the Managing director would interact with the Bank Manager.

Communication Channels

Communication channels are the means through which people in an organization communicate. Thought must be given to what channels are used to complete various tasks, because using an inappropriate channel for a task or interaction can lead to negative consequences. Complex messages require richer channels of communication that facilitate interaction to ensure clarity.

A new kind of employee intranet. Delivers 5X employee engagement.

Face-to-Face

Face-to-face or personal communication is one of the richest channels of communication that can be used within an organization. Physical presence, the tone of the speaker's voice and facial expressions help recipients of a message interpret that message as the speaker intends. This is the best channel to use for complex or emotionally charged messages, because it allows for interaction between speaker and recipients to clarify ambiguity. A speaker can evaluate whether an audience has received his message as intended and ask or answer follow-up questions.

Broadcast Media

TV, radio and loud speakers all fall within the broadcast media communication channel. These types of media should be used when addressing a mass audience. Businesses seeking to notify customers of a new product may advertise or do promotions using a broadcast channel. Similarly, a CEO may do a global company address by having a television feed broadcast across global sites. When a message intended for a mass audience can be enhanced by being presented in a visual or auditory format, a broadcast channel should be used.

Mobile

A mobile communication channel should be used when a private or more complex message needs to be relayed to an individual or small group. A mobile channel allows for an interactive exchange and gives the recipient the added benefit of interpreting the speaker's tone along with the message. Some within an organization may opt to use this channel versus a face-to-face channel to save on the time and effort it would take to coordinate a face-to-face meeting.

Electronic

Electronic communication channels encompass email, Internet, intranet and social media platforms. This channel can be used for one-on-one, group or mass communication. It is a less personal method of communication but more efficient. When using this channel, care must be taken to craft messages with clarity and to avoid the use of sarcasm and innuendo unless the message specifically calls for it.

Written

Written communication should be used when a message that does not require interaction needs to be communicated to an employee or group. Policies, letters, memos, manuals, notices and announcements are all messages that work well for this channel. Recipients may follow up through an electronic or face-to-face channel if questions arise about a written message.

Importance of Communication

Effective Communication is significant for managers in the organizations so as to perform the basic functions of management, i.e., Planning, Organizing, Leading and Controlling.

Communication helps managers to perform their jobs and responsibilities. Communication serves as a foundation for planning. All the essential information must be communicated to the managers who in-

turn must communicate the plans so as to implement them. Organizing also requires effective communication with others about their job task. Similarly leaders as managers must communicate effectively with their subordinates so as to achieve the team goals. Controlling is not possible without written and oral communication.

Managers devote a great part of their time in communication. They generally devote approximately 6 hours per day in communicating. They spend great time on face to face or telephonic communication with their superiors, subordinates, colleagues, customers or suppliers. Managers also use Written Communication in form of letters, reports or memos wherever oral communication is not feasible.

Thus, we can say that "**effective communication is a building block of successful organizations**". In other words, communication acts as organizational blood.

The importance of communication in an organization can be summarized as follows:

1. Communication **promotes <u>motivation</u>** by informing and clarifying the employees about the task to be done, the manner they are performing the task, and how to improve their performance if it is not up to the mark.

2. Communication is a **source of information** to the organizational members for decision-making process as it helps identifying and assessing alternative course of actions.

3. Communication also plays a crucial role in **altering individual's attitudes**, i.e., a well informed individual will have better attitude than a less-informed individual. Organizational magazines, journals, meetings and various other forms of oral and written communication help in moulding employee's attitudes.

4. Communication also **helps in socializing**. In todays life the only presence of another individual fosters communication. It is also said that one cannot survive without communication.

5. As discussed earlier, communication also assists in **controlling process**. It helps controlling organizational member's behaviour in various ways. There are various levels of hierarchy and certain principles and guidelines that employees must follow in an organization. They must comply with organizational policies, perform their job role efficiently and communicate any work problem and grievance to their superiors. Thus, communication helps in controlling function of management.

An effective and efficient communication system requires managerial proficiency in delivering and receiving messages. A manager must discover various barriers to communication, analyze the reasons for their occurrence and take preventive steps to avoid those barriers. Thus, the primary responsibility of a manager is to develop and maintain an effective communication system in the organization.

Communication Medium

We divide the different types of communication medium into two different categories:

1. Physical media
2. Mechanical media (everything that is not No. 1)

This site focus on the internal communication. Our listings of types of communication medium therefore exclude external media.

Physical media

With physical media we mean channels where the person who is talking can be seen and heard by the audience. The whole point here is to be able to not only hear the messages but also to see the body language and feel the climate in the room. This does not need to be two-way channels. In certain situations the receiver expect physical communication. This is the case especially when dealing with high concern messages, e.g. organizational change or downsizing. If a message is perceived as important to the receiver they expect to hear it live from their manager.

- Large meetings, town hall meetings
- Department meetings (weekly meetings)
- Up close and personal (exclusive meetings)
- Video conferences
- Viral communication or word of mouth

<u>Large meetings</u>

Large meetings have got great symbolic value and should be used only at special occasions. This channel works very well when you need to get across strategic and important messages to a large group of people at the same time, creating a wide attention, get engagement or communicate a sense of belonging. Large meetings are excellent when you want to present a new vision or strategy, inform about a reorganisation or share new values. The opportunity for dialogue is limited at large meeting, of course but you can create smaller groups where dialogue can be performed.

<u>Weekly departmental meetings</u>

In the weekly meetings you and your group communicate daily operative issues, gives status reports and solves problems. Weekly meetings are also used to follow up on information from large meetings, management team meetings etc from a "what's-in-it-for-us-perspective". This type of smaller group meetings gives good opportunities for dialogue. This channel is often the most important channel you have as a manager, because that's where you have the opportunity to build the big picture, you can prepare for change, you can create ownership of important strategies and goals etc. This is a favourite among the types of communication medium.

<u>Up close and personal</u>

This is a form of meetings where, often, a senior manager meets with a "random" selection of employees to discuss and answer questions. Some managers use this as a on going activities on a monthly basis. It can also be used in specific projects or campaigns e.g. launching new strategies.

<u>Viral communication</u>

Or viral marketing as it is also called works external as well as internal and refer to marketing techniques that use pre-existing social networks to produce increases in awareness or knowledge through self-replicating viral processes. It can be word-of-mouth delivered or enhanced by the network effects of social media.

Mechanical media

The second of the two types of communication medium is mechanical media. With mechanical media we mean written or electronic channels. These channels can be used as archives for messages or for giving the big picture and a deeper knowledge. But they can also be very fast. Typically though, because it is written, it is always interpret by the reader based on his or her mental condition. Irony or even humour rarely travels well in mechanical channels.

- E-mail
- Weekly letters or newsletters
- Personal letters
- Billboards
- Intranet
- Magazines or papers
- Sms
- Social media

E-mail

E-mail is a good channel for the daily communication to specific target groups. It is suitable mainly for up-to-date and "simple" messages and where there is no risk of misunderstanding; E-mail is an important supplement to weekly meetings and the Intranet. Invitation to and agenda for meetings can with advantage be sent out with e-mail before the meeting, while background facts and minutes from meetings is well suited to be stored on the Intranet.

Some short e-mail tips:

- Write short and to the point.
- Target your messages to the audience and avoid sending unnecessary all-employees-e-mails.
- Set up your subject line to describe what the e-mail is about.
- Clearly state if the message is for information or for action.
- Avoid attaching large documents if possible. Post a link or direct to the source instead.

Weekly letters

Managers that have large groups of employees and who has difficulties in meeting all of them often choose to publish a personally weekly letter. It is sort of a short summary of news with personally reflections. Many employees often appreciate it because it has the potential to give the "what's-in-it-for-us" angle. They can also contain summaries and status in tasks, projects or issues – yesterday, today and tomorrow.

Personal letters

At special occasions it can be justified to send a personal letter to employees in order to get attention to a specific issue. E.g. pat on the back letter after extra ordinary achievements. Or it can be a letter with your personal commentary on an ongoing reorganisation that affects many employees. One other example is a letter that summarizes the past year and wishes all the best for the holidays.

Billboard

One of the most forgotten types of communication medium is clearly the billboard. Especially today, when everything is about social media. But the good thing with the billboard is that you can use billboards to inform

people who does not have computers and/or access to the Intranet or to reach people that work part time and does not attend weekly meetings.

- News summary
- Weekly letters
- Minutes from meetings
- Schedules
- Holiday lists

You can also use the billboard to gather ideas e.g. for items for upcoming meetings

Intranet

The Intranet is of course one of the most used types of communication medium and a very important communication channel and work tool for you as a manager, but it is also your job to help your employees prioritise and pick out the information on the Intranet, as well as translating messages into local consequences. Ask your self: what information concerns you employees? In what way are they concerned? How do I best communicate this to my employees? Weekly meeting or your weekly letter can be a suitable channel to discuss or inform of information found on the Intranet.

Employee magazine

A Magazine offers the opportunity to deepen a specific issue, explain context, describing consequences or tell a story. It also has the opportunity to reach many employees. If you want to create a broad internal understanding of strategic messages the magazine can be a good vehicle to use e.g. by writing an article based on an interview with you. As were the case with the Intranet you also have to "translate" the information in the magazine to your employees. You can ask yourself: What does the content in a specific article mean to us? How shall I best communicate it to the employees?

Sms

Or text messaging to the mobile phone is one of the new types of communication medium and not a very widely used channel but where it is used it is proven very effective. Some companies use it as an alert system e.g. for giving managers a head start when something important will be published on the Intranet. The advantage with Sms is that it is fast. But it should be used rarely as an exclusive channel. Some companies use it as a subscription tool where you can subscribe to e.g press-releases.

Social media

Wikipedia describe social media as "Media designed to be disseminated through social interaction, created using highly accessible and scalable publishing techniques. Social media supports the human need for social interaction, using Internet- and web-based technologies to transform broadcast media monologues (one to many) into social media dialogues (many to many). It supports the democratization of knowledge and information, transforming people from content consumers into content producers. Businesses also refer to social media as user-generated content (UGC) or consumer-generated media (CGM)."

More and more companies are using social media in their external marketing, setting up twitter and Facebook accounts etc. But these

channels are also used internal where managers become "friends" on Facebook with their employees or where managers use blog and twitter targeting their employees.

Push or Pull

You can also divide the different types of communication medium in Push or Pull channels.

Push channels are channels where the sender are pushing the message to the receiver. Meaning it is up to the sender to control the communication.

- E-mail
- News letters and letters (if sent out)
- Magazines (if sent out)
- Meetings
- Telephone
- Sms

Pull channels on the other hand is when the receiver is pulling the message from the sender. It is up to the receiver when he or she wants to take in the message.

- Intranet
- Billboards
- New letters and letters (if not sent out)
- Magazines (if not sent out)
- Social media

Push channels are often regarded as having higher reliability than pull channels because of the fact that it is more active in the communication.

Communication Barriers

Communication is a process beginning with a sender who encodes the message and passes it through some channel to the receiver who decodes the message. Communication is fruitful if and only if the messages sent by the sender are interpreted with same meaning by the receiver. If any kind of disturbance blocks any step of communication, the message will be destroyed. Due to such disturbances, managers in an organization face severe problems. Thus the managers must locate such barriers and take steps to get rid of them.

There are several barriers that affects the flow of communication in an organization. These barriers interrupt the flow of communication from the sender to the reciever, thus making communication ineffective. It is essential for managers to overcome these barriers. The main barriers of communication are summarized below.

Following are the main communication barriers:

1. **Perceptual and Language Differences:** Perception is generally how each individual interprets the world around him. All generally want to receive messages which are significant to them. But any message which is against their values is not accepted. A same event may be taken differently by different individuals. For example : A person is on leave for a month due to personal reasons (family member being critical). The HR Manager might be in confusion whether to retain that employee or not, the immediate manager might think of replacement because his teams productivity is being hampered, the family members might

take him as an emotional support.

The linguistic differences also lead to communication breakdown. Same word may mean different to different individuals. For example: consider a word "value".

   a. What is the **value** of this Laptop?

   b. I **value** our relation?

   c. What is the **value** of learning technical skills?

"**Value**" means different in different sentences. Communication breakdown occurs if there is wrong perception by the receiver.

2. **Information Overload:** Managers are surrounded with a pool of information. It is essential to control this information flow else the information is likely to be misinterpreted or forgotten or overlooked. As a result communication is less effective.

3. **Inattention:** At times we just not listen, but only hear. For example a traveler may pay attention to one "NO PARKING" sign, but if such sign is put all over the city, he no longer listens to it. Thus, repetitive messages should be ignored for effective communication. Similarly if a superior is engrossed in his paper work and his subordinate explains him his problem, the superior may not get what he is saying and it leads to disappointment of subordinate.

4. **Time Pressures:** Often in organization the targets have to be achieved within a specified time period, the failure of which has adverse consequences. In a haste to meet deadlines, the formal channels of communication are shortened, or messages are partially given, i.e., not completely transferred. Thus sufficient time should be given for effective communication.

5. **Distraction/Noise:** Communication is also affected a lot by noise to distractions. Physical distractions are also there such as, poor lightning, uncomfortable sitting, unhygienic room also affects communication in a meeting. Similarly use of loud speakers interferes with communication.

6. **Emotions:** Emotional state at a particular point of time also affects communication. If the receiver feels that communicator is angry he interprets that the information being sent is very bad. While he takes it differently if the communicator is happy and jovial (in that case the message is interpreted to be good and interesting).

7. **Complexity in Organizational Structure:** Greater the hierarchy in an organization (i.e. more the number of managerial levels), more is the chances of communication getting destroyed. Only the people at the top level can see the overall picture while the people at low level just have knowledge about their own area and a little knowledge about other areas.

8. **Poor retention:** Human memory cannot function beyond a limit. One cant always retain what is being told specially if he is not interested or not attentive. This leads to communication breakdown.

How to overcome these barriers of communication.

1. **Eliminating differences in perception:** The organization should ensure that it is recruiting right individuals on the job. It's the responsibility of the interviewer to ensure that the interviewee has command over the written and spoken language. There should be proper Induction program so that the policies of the company are clear to all the employees. There should be proper trainings conducted for required employees (for eg: Voice and Accent training).

2. **Use of Simple Language:** Use of simple and clear words should be emphasized. Use of ambiguous words and jargons should be avoided.

3. **Reduction and elimination of noise levels:** Noise is the main communication barrier which must be overcome on priority basis. It is essential to identify the source of noise and then eliminate that source.

4. **Active Listening:** Listen attentively and carefully. There is a difference between "listening" and "hearing". Active listening means hearing with proper understanding of the message that is heard. By asking questions the speaker can ensure whether his/her message is understood or not by the receiver in the same terms as intended by the speaker.

5. **Emotional State:** During communication one should make effective use of body language. He/she should not show their emotions while communication as the receiver might misinterpret the message being delivered. For example, if the conveyer of the message is in a bad mood then the receiver might think that the information being delivered is not good.

6. **Simple Organizational Structure:** The organizational structure should not be complex. The number of hierarchical levels should be optimum. There should be a ideal span of control within the organization. Simpler the organizational structure, more effective will be the communication.

7. **Avoid Information Overload:** The managers should know how to prioritize their work. They should not overload themselves with the work. They should spend quality time with their subordinates and should listen to their problems and feedbacks actively.

8. **Give Constructive Feedback:** Avoid giving negative feedback. The contents of the feedback might be negative, but it should be delivered constructively. Constructive feedback will lead to effective communication between the superior and subordinate.

9. **Proper Media Selection:** The managers should properly select the medium of communication. Simple messages should be conveyed orally, like: face to face interaction or meetings. Use of written means of communication should be encouraged for delivering complex messages. For significant messages reminders can be given by using written means of communication such as : Memos, Notices etc.

10. **Flexibility in meeting the targets:** For effective communication in an organization the managers should ensure that the individuals are meeting their targets timely without skipping the formal channels of communication. There should not be much pressure on employees to meet their targets.

REVIEW QUESTIONS

1. Describe Mc gregors theory X and theory Y of motivation.
2. What are Distinction between theory X and Theory Y?
3. Discuss about Maslow's need priority model.
4. Discuss a Comparison between Maslow and Herzberg models.
5. What is the Meaning and nature of leadership?
6. What is the Importance and functions of leadership?
7. What is the Different leadership styles?
8. What are Channel of communication? Discuss about Media of communication.
9. What are Principal barriers to communication ?

FURTHER READINGS

1. Principles Of Management - Mason Andrew Carpenter, Talya Bauer
2. Principles Of Management -Tony Morden
3. Principles Of Management -D. Chandra Bose
4. Principles Of Management -V.S.Bagad
5. Principles Of Management -K. Anbuvelan

IMPORTANT NOTES

UNIT -5   MANAGERIAL CONTROLS

CONTENTS

- ❖ Nature and Process of Controlling
- ❖ Managerial Control Techniques
- ❖ Review Questions
- ❖ Further Readings

Controlling Function of Management

What is Controlling?

Controlling consists of verifying whether everything occurs in conformities with the plans adopted, instructions issued and principles established. Controlling ensures that there is effective and efficient utilization of organizational resources so as to achieve the planned goals. Controlling measures the deviation of actual performance from the standard performance, discovers the causes of such deviations and helps in taking corrective actions

According to Brech, "Controlling is a systematic exercise which is called as a process of checking actual performance against the standards or plans with a view to ensure adequate progress and also recording such experience as is gained as a contribution to possible future needs."

According to Donnell, "Just as a navigator continually takes reading to ensure whether he is relative to a planned action, so should a business manager continually take reading to assure himself that his enterprise is on right course."

Controlling has got two basic purposes

1. It facilitates co-ordination
2. It helps in planning

Features of Controlling Function

Following are the characteristics of controlling function of management-

1. **Controlling is an end function-** A function which comes once the performances are made in conformities with plans.
2. **Controlling is a pervasive function-** which means it is performed by managers at all levels and in all type of concerns.
3. **Controlling is forward looking-** because effective control is not possible without past being controlled. Controlling always look to future so that follow-up can be made whenever required.
4. **Controlling is a dynamic process-** since controlling requires taking reviewal methods, changes have to be made wherever possible.
5. **Controlling is related with planning-** Planning and Controlling are two inseperable functions of management. Without planning, controlling is a meaningless exercise and without controlling, planning is useless. Planning presupposes controlling and controlling succeeds planning.

Process of Controlling

Controlling as a management function involves following steps:

1. **Establishment of standards-** Standards are the plans or the targets which have to be achieved in the course of business function. They can also be called as the criterions for judging the performance. Standards generally are classified into two-

   a. Measurable or tangible - Those standards which can be measured and expressed are called as measurable standards. They can be in form of cost, output, expenditure, time, profit, etc.

   b. Non-measurable or intangible- There are standards which cannot be measured monetarily. For example- performance of a manager, deviation of workers, their attitudes towards a concern. These are called as intangible standards.

   Controlling becomes easy through establishment of these standards because controlling is exercised on the basis of these standards.

2. **Measurement of performance-** The second major step in controlling is to measure the performance. Finding out deviations becomes easy through measuring the actual performance. Performance levels are sometimes easy to measure and sometimes difficult. Measurement of tangible standards is easy as it can be expressed in units, cost, money terms, etc. Quantitative measurement becomes difficult when performance of manager has to be measured. Performance of a manager cannot be measured in quantities. It can be measured only by-

   a. Attitude of the workers,

   b. Their morale to work,

   c. The development in the attitudes regarding the physical environment, and

   d. Their communication with the superiors.

   It is also sometimes done through various reports like weekly, monthly, quarterly, yearly reports.

3. **Comparison of actual and standard performance-** Comparison of actual performance with the planned targets is very important. Deviation can be defined as the gap between actual performance and the planned targets. The manager has to find out two things here- extent of deviation and cause of deviation. Extent of deviation means that the manager has to find out whether the deviation is positive or negative or whether the actual performance is in conformity with the planned performance. The managers have to exercise control by exception. He has to find out those deviations which are critical and important for business. Minor deviations have to be ignored. Major deviations like replacement of machinery, appointment of workers, quality of raw material, rate of profits, etc. should be looked upon consciously. Therefore it is said, " If a manager controls everything, he ends up controlling nothing." For example, if stationery charges increase by a minor 5 to 10%, it can be called as a minor deviation. On the other hand, if monthly production decreases continuously, it is called as major deviation.

   Once the deviation is identified, a manager has to think about various cause which has led to deviation. The causes can be-

a. Erroneous planning,
b. Co-ordination loosens,
c. Implementation of plans is defective, and
d. Supervision and communication is ineffective, etc.
4. **Taking remedial actions-** Once the causes and extent of deviations are known, the manager has to detect those errors and take remedial measures for it. There are two alternatives here-
a. Taking corrective measures for deviations which have occurred; and
b. After taking the corrective measures, if the actual performance is not in conformity with plans, the manager can revise the targets. It is here the controlling process comes to an end. Follow up is an important step because it is only through taking corrective measures, a manager can exercise controlling.

Relationship between planning and controlling

Planning and controlling are two separate functions of management, yet they are closely related. The scope of activities if both are overlapping to each other. Without the basis of planning, controlling activities becomes baseless and without controlling, planning becomes a meaningless exercise. In absense of controlling, no purpose can be served by. Therefore, planning and controlling reinforce each other. According to Billy Goetz, "Relationship between the two can be summarized in the following points

1. Planning preceeds controlling and controlling succeeds planning.
2. Planning and controlling are inseparable functions of management.
3. Activities are put on rails by planning and they are kept at right place through controlling.
4. The process of planning and controlling works on Systems Approach which is as follows :

Planning   →   Results   →   Corrective Action

5. Planning and controlling are integral parts of an organization as both are important for smooth running of an enterprise.
6. Planning and controlling reinforce each other. Each drives the other function of management.

In the present dynamic environment which affects the organization, the strong relationship between the two is very critical and important. In the present day environment, it is quite likely that planning fails due to some unforeseen events. There controlling comes to the rescue. Once controlling is done effectively, it give us stimulus to make better plans. Therefore, planning and controlling are inseperate functions of a business enterprise.

Control Techniques:

Many techniques have been developed to control the activities in management. The list is very long, and it is difficult to describe them all.

Some of the important techniques are:

Financial Control:

Finance is related with mobilization of funds and their utilization and the return on them. Financial control is exercised through the following:

1. Financial Statements:

Income statement (telling about expenses, segmental incomes, overall income and expenses, and the net profit/loss), and Balance Sheet (shows the net worth at a single point of time and the extent to which the debt or equity finance the assets)

2. Financial Audits:

Financial audits, either internal or external are conducted to ensure that the financial management is done in line with the generally accepted policies, procedures, laws, and ethical guidelines. Audits may be internal (by Organisation's own staff), external (statutory audit by chartered accountants), and management audit (by experts).

3. Ratio Analysis:

Ratio analysis monitors liquidity, profitability, debt, and activity related aspects.

4. Budgetary Controls:

Budgetary control is the process of constructing budgets, comparing actual performance with the budget one and revising budgets or activities in the light of changed conditions.

Budgetary control is as such not related only to finance area, but all functional areas do take help of budgetary control. Budgets help not only in planning but also help to keep a tab on overall spending.

Budgeting may be top-down (managers prepare the budget and ask subordinates to use); bottom-up (figures come from lower levels and adjusted at upper levels); zero-based (justifying allocation of funds on the basis of activities or goals); and flexible budgeting (varying standards and varying allocations).

5. Break-even Analysis:

It is a tool of profit planning and deals with cost-volume-profit relationships.

6. Accounting:

Accounting includes responsibility accounting, cost accounting, standard cost approach, direct costing, and marginal costing.

Marketing Control:

In the field of marketing, to see that customer gets right product at the right price at the right place and through right communication, the control is exercised through the following:

Market Research:

It is to assess customers' needs, expectations and the delivery; and the competitive scenario.

Test Marketing:

To assess consumer acceptance of a new product, a small-scale marketing is done. HUL uses Chennai for most of its test marketing.

Marketing Statistics:

Marketing managers control through marketing ratios and other statistics.

Human resource control:

Human resource control is required to have a check on the quality of new personnel and also to monitor performances of existing employees so as to determine firm's overall effectiveness.

Goal setting, instituting policies and procedures to guide them are to help them. Common controls include performance appraisals, disciplinary programmes, observations, and development assessments.

Information Control:

All organizations have confidential and sensitive information to be kept secret. How to control access to computer databases is very important. This has become a key contemporary issue in control. Organizations keep a watch on employee's computer usage in general and internet in particular.
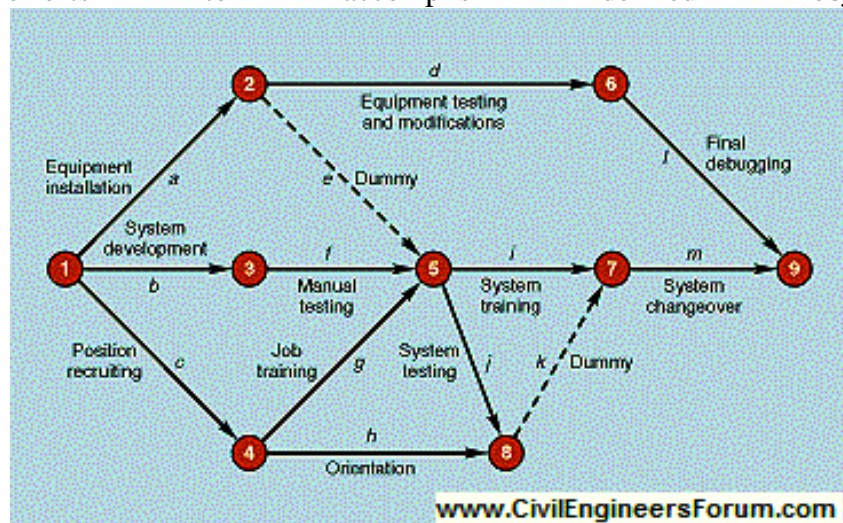
Production Control:

To ensure quality production in right quantity at right time economically production controls are required. Two of the important techniques include: Inventory control (ABC Analysis, Economic Order Quantity, Just-in time inventory control), and quality control (through inspection, statistical quality control).

Project Control:

Network analysis is most suitable for the projects which are not routine in minimizing cost and completing project well in time. Network analysis makes use of two techniques – Programme Evaluation and Review Technique (PERT), and Critical Path Method (CPM).

PERT vs CPM

CPM and PERT (Program Evaluation and Review Technique) are most commonly used methods for project management. There are some similarities and <u>differences </u>between PERT and CPM. PERT can be applied to any field requiring planned, controlled and integrated work efforts to accomplish defined objectives.

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CPM	PERT
• CPM uses activity oriented network.	• PERT uses event oriented Network.
• Durations of activity may be estimated with a fair degree of accuracy.	• Estimate of time for activities are not so accurate and definite.
• It is used extensively in construction projects.	• It is used mostly in research and development projects, particularly projects of non-repetitive nature.
• Deterministic concept is used.	• Probabilistic model concept is used.
• CPM can control both time and cost when planning.	• PERT is basically a tool for planning.

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• In CPM, cost optimization is given prime importance. The time for the completion of the project depends upon cost optimization. The cost is not directly proportioned to time. Thus, cost is the controlling factor.	• In PERT, it is assumed that cost varies directly with time. Attention is therefore given to minimize the time so that minimum cost results. Thus in PERT, time is the controlling factor.

Management auditing

Management Audit' is a systematic examination of decisions and actions of the management to analyse the performance. Management audit involves the review of managerial aspects like organizational objective, policies, procedures, structure, control and system in order to check the efficiency or performance of the management over the activities of the Company. Unlike financial audit, management audit mainly examine the non financial data to audit the efficiency of the management. Somehow audit tries to search the answer of how well the management has been operating the business of the company? Is managerial style well suited for business operation? Management Audit focuses on results, evaluating the effectiveness and suitability of controls by challenging underlying rules, procedures and methods.[2]

Management Audit is an assessment of methods and policies of an organization's management in the administration and the use of resources, tactical and strategic planning, and employee and organizational improvement. Management Audit is generally conducted by the employee of the company or by the independent consultant and focused on the critical evaluation of management as a team rather than appraisal of individual.

Objectives of Management Audit

1. Establish the current level of effectiveness
2. Suggest Improvement
3. Lay down standards for future performance
4. Increased levels of service quality and performance
5. Guidelines for organizational restructuring
6. Introduction of management information systems to assist in meeting productivity and effectiveness goals
7. Better use of resources due to program improvements

Audit Procedures in Management Audit

Generally auditor deploy following audit procedures to conduct the management audit.

1. Questionnaire
2. Interview with employee and managers

REVIEW QUESTIONS

1. What is the Meaning and nature of controlling?
2. What are the Importance and limitations of control?
3. What are the Elements or process of control?
4. Describe the Requirements of a good control system.
5. Discuss about Budgetary control and Management audit.
6. Discuss about PERT/CPM and its role in managerial control.

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2. Principles Of Management -Tony Morden
3. Principles Of Management -D. Chandra Bose
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5. Principles Of Management -K. Anbuvelan

IMPORTANT NOTES

UNIT-6   MANAGEMENT OF CHANGE

CONTENTS

- ❖ Nature and process of planned change
- ❖ Meaning of change and its causes
- ❖ Resistance to change
- ❖ Causes and steps to overcome them
- ❖ Change process
- ❖ Managing he change
- ❖ Emerging horizons of management in changing environment
- ❖ Challenges to the management
- ❖ Tasks of future managers to deal with challenges
- ❖ Review Questions
- ❖ Further Readings

Planned Change in Organization

Every change should have a planned way. Planned change may help the person people to adapt with the change environment, planned change is pre determined. It is decided in advance what is to be done in future. It is a deliberate process.

For making any planned change, pre thinking is supposed to be done about the outcomes and impact of change also. Despite carefulness if any negative impact is seen, one can have preparation or metal objective to face the changes. Here is a definition of planned change given below:

Definition of planned change

However, we can define planned change as follows: Any kind of alternation or modification which is done in advance and differently for the improvement of present position into brighter one is called planned change.

Forces for planned change is an Organization

An organization's planned change may take place-having demand for two sources. These forces are classified into internal sources and external sources. These two forces demanding for planned change are shown in the following diagram:

Internal forces	External forces
Obsolescence of production and service	Regulators
New market opportunities	Competitors
New strategic direction	Market force
Increasing divers work force	Customers
Shift in socio cultural values	Technology

Resistance to Change

Definition

Resistance to change is the action taken by individuals and groups when they perceive that a change that is occurring as a threat to them.

Key words here are 'perceive' and 'threat'. The threat need not be real or large for resistance to occur.

In its usual description it refers to change within organizations, although it also is found elsewhere in other forms. Resistance is the equivalent of objections in sales and disagreement in general discussions.

Resistance may take many forms, including active or passive, overt or covert, individual or organized, aggressive or timid.

RESISTANCE TO CHANGE

Objectives

1. To examine fundamental reasons why people and organizations resist change.

2. To gain an appreciation that the adoption of innovation is a complex process involving a variety of people and factors.

THE NATURE OF CHANGE

Adoption of Change

The adoption of new ideas and techniques does not occur naturally but results from hard work, trial and error. It is important to recognize this fact and to make an effort to develop information that is concise, readable and to the point and to make sure the information reaches people who can use it. A broad spectrum of skills is needed to lead to effective management of innovation and change. There is no magic formula for success--no such formulas exist.

Multiple channels of communication should be used to promote the adoption of an innovation. Never expect one report, one presentation, one telephone call or one conference to accomplish everything. Successful programs need to be carefully conceived and carried out. Human contacts are critical ingredients, and need to be used along with good written and visual materials. These materials are useless without an understanding of the needs, limitations and problems of the user.

Change agents can bring innovation for the user by examining their preconceived notions about the way things should be done. Personnel have to be receptive to change themselves, they have to be able to evaluate new ideas objectively and see their users --not as they have been --but as they might be.

Resistance to Change

The adoption of innovations involves altering human behavior, and the acceptance of change. There is a natural resistance to change for several reasons.

People resist change:

- When the reason for the change is unclear. Ambiguity--whether it is about costs, equipment, jobs--can trigger negative reactions among users.

- When the proposed users have not been consulted about the change, and it is offered to them as an accomplished fact. People like to know what's going on, especially if their jobs may be affected. Informed workers tend to have higher levels of job satisfaction than uninformed workers.
- When the change threatens to modify established patterns of working relationships between people.
- When communication about the change--timetables, personnel, monies, etc.--has not been sufficient.
- When the benefits and rewards for making the change are not seen as adequate for the trouble involved.
- When the change threatens jobs, power or status in an organization.

(An unwilling user can always make an idea fail, no matter how good it is.)

Decision makers will be more responsive to change:

- If the information presented coincides with their current values, beliefs, and attitudes:
- If they perceive that the change will benefit them more than it will cost them:
- If the innovation requires marginal rather than major changes in their views or lives:
- If they have a demonstrated need for the innovation: and
- If the innovation is introduced gradually so that people can adjust to the resulting change.

FACTORS WHICH AFFECT THE ADOPTION OF INNOVATION
CHARACTERISTICS OF THE INNOVATION
Relative Advantage:

Generally, innovations must be seen as producing a SIGNIFICANT IMPROVEMENT over current procedures and techniques in order to be adopted. The benefits must be perceived as so great as to be well worth the inevitable problems and costs associated with any change.

Simplicity:

The innovation, or at least the way it is presented, should be EASY TO UNDERSTAND. Even when users agree that the proposed change would be "good," they may not be enthusiastic if they think it's too complicated to understand or implement.

Easy to Try:

The new method or item must be easy to introduce, as well as easy to abandon if it doesn't seem to be working out. If an agency must make drastic changes in operating procedures in order to try something out, it will resist change, whatever its perceived merits. It helps if a technology can be tried in stages before the final decision to adopt is made.

Easy to Measure:

Once the new procedure or item is in place, it must be easy to measure the benefits, whether in money, time, efficiency or some other evaluation measure meaningful to the adopter.

Inexpensive:

The up-front cost of a new technology is often an obstacle, especially in rural areas and small agencies. If there is a large immediate increase in costs, it will be difficult to get the technology adopted, even if long-term savings are guaranteed.

Characteristics of the Organization

Risk Taking Climate:

Are the managers of the organization willing to take risks? Both the size and age of an organization can affect this willingness. Younger firms are usually more willing to take risks and, for risk taking, small is better. The complicated structure of larger firms works against risk taking. The exception to this are large organizations whose success has been based on innovation.

Attitude towards Failure:

New ideas, procedures and technology involve risk and it is not be possible to always succeed. Good decisions can have bad outcomes. How an organization reacts to a failed attempt to implement a change is critical. If people are punished, belittled, or put down for trying something new that doesn't work, the will be seldom willing to do it again. If, on the other hand, efforts are made to learn from the failure and to make it work a more open process of change will occur.

Compatible Procedures/Technology:

The more a new idea is compatible with past procedures, techniques and values of an organization, the more likely the organization is to adopt it.

Extent of Regulation:

The extent to which outside organizations, particularly government, can control the behavior of an organization affects innovation. Such outside regulation can have either a positive or negative effect, depending on the regulation and/or its enforcement

Emerging Horizons of Management in Changing Environment :

Emerging Horizons of Management in Changing Environment Presented By: Naliney Mishra Vishan Kumar Syad F araz A hmad Z aidi

PowerPoint Presentation:

EMERGING:- Coming into prominence existence HORIZON:- The Limit Of a person's understanding or interests.

Emerging Principles Of Management :

Emerging Principles Of Management Principles of management by perception. Principles of Social Responsibility. Principles of Effective Organization Development. Principles of Effective MIS utilization.

Principles of effective Employee utilization.

The important area creating the challenges are-: Social environment Economic environment Technological environment Physical environment Political environment Competition International environment Risk & Security

SOCIAL ENVIRONMENT:

SOCIAL ENVIRONMENT Population explosion. Educational level. Leisure time. Public opinion. Reconciliation of conflicting demand of social group

POPULATION EXPLOSION:

POPULATION EXPLOSION It effects by -: Requiring new job More products New method of production and distribution New products for population mix

EDUCATIONAL LEVEL:

EDUCATIONAL LEVEL It will have an effect in following ways-: Increasing consumer literacy will lead to increase in demand of the consumer Workers will be more inclined towards safeguard of their interest.

LEISURE TIME:

LEISURE TIME Reduced working hours. Quick means of transport. Increased automation.

PUBLIC OPINION:

PUBLIC OPINION People have distrust in the market system. Very complex. Prefer government controls.

RECONCILATION OF CONFLICTING DEMANDS OF SOCIAL GROUP:

It consist of- Satisfying the demand of all the stakeholders. Consideration to human resource Decentralization

CHANGES IN ECONOMIC ENVIRONMENT:

CHANGES IN ECONOMIC ENVIRONMENT Government policy of liberalization of industrial licensing. FDI. Growth of multinational corporations.

CHANGES IN PHYSICAL ENVIRONMENT:

CHANGES IN PHYSICAL ENVIRONMENT Protection of Ecology. The growing awareness of people about environment will pose problems before managers.

VIRTUAL WORKPLACES:

VIRTUAL WORKPLACES It is the workplace which is not located physically rather many workplaces are connected with each other through technology without regard to physical boundary. BENEFITS Work from anyplace at anytime Cost effectiveness Productivity Easy accommodation of both personal and professional life CHALLENGES Failure to leverage the technology that supports virtual workplace Lack of human contact Psychological instability

EMPOWERED EMPLOYEES:

EMPOWERED EMPLOYEES It is to give authority and autonomy to employees regarding their work. They are allowed to give input, control their work and make suggestion for organization and their work. PROS-: Increased productivity Job satisfaction Improved quality CONS-: Increased risk

FLEXIBLE WORK ARRANGEMENT:

FLEXIBLE WORK ARRANGEMENT It is about an employee and employer making changes to when , where and how a person will work to meet individual and business need. WHEN-: Flexible working hour Part time work Variable year employment WHERE Working from home Working remotely HOW Job sharing Phased retirement

Changes in Political Environment:

Changes in Political Environment Greater government interference. More joint sector enterprises. Financial institution will not be silent spectators.

INCREASED COMPEITIVENESS :

CUSTOMER SERVICE:

CUSTOMER SERVICE It is to provide service to the consumer before, during and after a purchase. Customer service is important because customer loyalty develops as customers feel a connection with a company.

INNOVATION:

INNOVATION It is a method by which an idea gets converted into any economical form which satisfies some need. It can be of any three forms-

Advantages-: Competitive advantage Speed-up of process Increasing brand value Increasing the market

GLOBALISATION:

GLOBALISATION It is the interconnection with the international market and the effect that this relation has on the local and national market . It's advantages-: Increased competition Increase in market Infrastructure improvement Rising economies Quality management

Changes in International Environment:

Changes in International Environment GATT. WTO. IMF. U.S.S.R.

RISK:

RISK is defined as the possibility or threat of damage , injury , liability loss or other negative occurrence, caused by external or internal vulnerabilities.

PowerPoint Presentation:

Risk management In risk management, a prioritization process is followed whereby the risks with the greatest loss and the greatest probability of occurring are handled first, and risks with lower probability of occurrence and lower loss are handled in descending order

.**Meeting Challenges: Management Tasks Ahead:**

Meeting Challenges: Management Tasks Ahead Forecasting of Trends. Management of Information. Creativity. Strategic planning. Management by Objectives. Use of Interpersonal Skills.

Meeting Challenges: Management Tasks Ahead:

Meeting Challenges: Management Tasks Ahead Management of human relations. Fulfillment of Social Responsibility. Development of Integrated systems. Adoption of Contingency approach.

Changing nature of Managerial functions:

Changing nature of Managerial functions Planning. Organizing. Staffing. Directing. Controling .

PowerPoint Presentation:
TERRORISM Firms are vulnerable not only to attacks on their own assets, but also to attacks on their suppliers , customers , transportation providers, communication lines , & other elements . Terrorism produces fear & anxiety that saps the employee productivity

PowerPoint Presentation:
Security management Security management is a broad field of management related to: * Assets management, *Human resource safety function. *It is the set of functions that protects telecommunications networks and systems from unauthorized access by persons

UNCERTAINTY OVER FUTURE ENERGY RESOURCES/PRICES:
UNCERTAINTY OVER FUTURE ENERGY RESOURCES/PRICES In terms of energy sources fossil fuels consist of 93%, water for 1% and labor for 6%. It is the need of the hour to have energy security . The term is used in regard with pilling the crude oil, finding alternative to the fossil fuels. With the growth of business the management has to find newer means to satisfy it's need of energy. Conventional and non-conventional resources both should be used for generating energy.

DISCRIMINATION CONCERN:
DISCRIMINATION CONCERN It is the discrimination done on the basis of caste, marital status, gender, pregnancy, gender change, sexual preference, pregnancy, race, color, nationality, belief and age. The Noble prize-winning economist Gary Becker showed in his book The economics of discrimination how the market automatically punishes the companies that discriminate. Effects- Unemployment rate Violence Productivity

EMPLOYEE ASSISTANT PROGRAM:
EMPLOYEE ASSISTANT PROGRAM It is an arrangement between the employees and the institution to provide a variety of support programs for its employees regarding work, marital problems, depression, anger management, anxiety and physical illness. FEATURES -: Direct access Quick response Confidentiality Off-site Direct treatment appropriate coverage

FUTUROLOGY:
FUTUROLOGY Science which uses mathematical & statistical techniques with the help of computers to present alternative scenarios regarding the future.

PowerPoint Presentation:
Qualities of the future managers He, besides being a specialist in his area of specialization, must also posses requisite knowledge about other areas of management. Various managerial skills should be possessed by managers at all levels. Manager's vision should be clear, he must be able to absorb future information, distribute it throughout the organization , make and implement the decisions based on this information.

REVIEW QUESTIONS
1. What is the Nature and process of planned change?

2. What is the Meaning of change and its causes?
3. What is the Resistance to change? What are Causes and steps to overcome them?
4. Describe Change process. What are the Emerging horizons of management in changing environment?
5. What are the Challenges to the management?

FURTHER READINGS

1. Principles Of Management - Mason Andrew Carpenter, Talya Bauer
2. Principles Of Management -Tony Morden
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