

MODULE 2: MANAGEMENT AND ORGANIZATION

Management Process, Planning types , Mission, Goals, Strategy, Programmes, Procedures, Organising, Principles of Organisation, Delegation, Span of Control, Organisation Structures, Directing, Leadership, Motivation, Controlling.

2.1 MANAGEMENT PROCESS

Management is a process which brings the scarce human and material resources together and motivates people for the achievement of objectives of the organization. Management is not a onetime act but an on-going series of interrelated activities. The sum total of these activities is known as management process. It consists of a set of interrelated operations or functions necessary to achieve desired organizational goals. A process is a systematic way of doing things. It is concerned with conversion of inputs into outputs. An analysis of management process will enable us to know the functions which managers perform.

2.1.1 Features of Management Process

Management process is characterized by the following features:

1. Social Process:

The entire management process is regarded as a social process as the success of all organizational efforts depends upon the willing co-operation of people. Managers guide, direct, influence and control the actions of others to achieve stated goals. Even people outside the organization are influenced by the actions of managers.

2. Continuous Process: Management is on-going and continuous. The process of management take up one or the other function. Managers continuously repeat over and over again, each Management cycle is repeated as a sub-process of total managerial function is viewed as a sub-process of total management process.

3. Universal: Management functions are universal in the sense that a manager has to perform them irrespective of the size and nature of the organization. Each manager performs the same functions regardless of his rank or position in the organization. Even in a non-business organization managerial functions are the same.

4. Iterative: Managerial functions are contained within each other the performance of the next function does not start only when the earlier function is finished. Various functions are taken together. For example, planning, organizing, directing and controlling may occur within staffing function. Similarly, organizing may require planning, directing and controlling. So all functions can be thought of as sub-functions of each other.

5. Composite:

All managerial functions are composite and integrated. There cannot be any sequence which can be strictly followed for performing various functions. The sequential concept may be true in a newly started business where functions may follow a particular sequence but the same will not apply to a going concern. Any function may be taken up first or many functions may be taken up at the same time.

2.2 MANAGEMENT PLANNING

Planning is a major and primary function of management. No organisation can operate properly without planning. Planning is a preparatory step for action. It means systematized pre-thinking for determining a course of action to achieve some

desired result. Planning is essentially a process of deciding in advance what is to be done, when and where it is to be done, and how it is to be done, and by whom. To plan is to look ahead and chalk out the future course of operations of an enterprise.

Therefore, planning may be defined as follows:

Planning is the process by which the managers of an organisation set objectives, make an overall assessment of the future, and chart the courses of action with a view to achieving the organisational goals.

From this definition it follows that the planning process involves:

- (i) The determination of appropriate goals and objectives,
- (ii) The specification of the actions needed to reach the established objectives; and
- (iii) The optimum period of time for achieving them.

2.3 STEPS IN PLANNING

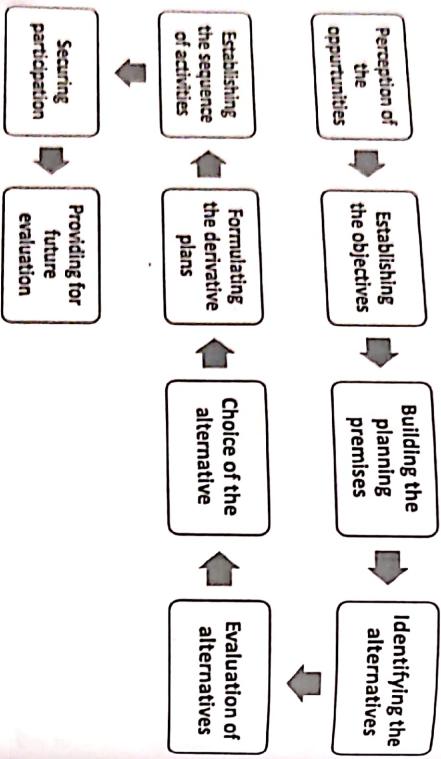
A plan is essentially today's design for tomorrow's action and an outline of the steps to be taken in future. A good plan must be simple, balanced and flexible, and make utmost use of the existing resources. It must be based on clearly defined objectives.

For preparation of such a plan, a definite process involving the following steps has to be followed:

1. Perception of the Opportunities: Perception of the opportunity that calls for possible opportunities and the ability to see them clearly and completely, an understanding of why the organisation wants to solve the uncertainties and a vision what it expects to gain. This provides an opportunity to set the objectives in real sense.

plans.

Perception of opportunities includes a preliminary look at possible opportunities and the ability to see them clearly and completely, an understanding of why the organisation wants to solve the uncertainties and a vision what it expects to gain. This provides an opportunity to set the objectives in real sense.



From this are developed subordinate goals that contribute to the attainment of the general objective. These, in turn, are supported by the specific objectives for the departments. In this process a hierarchy of objectives is created. The plans at each level of the organisation are made for the attainment of the appropriate objectives in the hierarchy. This hierarchy can be built up by coordinating the plans of different departments.

3. Building the Planning Premises:

After determination of the organisational goals, it is necessary to establish planning premises, that is, the conditions under which planning activities will be undertaken. This involves collection of facts and figures necessary for planning the future course of the enterprise. 'Planning Premises' are planning assumptions relating to the expected environmental and internal conditions.

So, planning premises are of two types – external and internal. External premises include total factors in the environment like social, political, technological, competitors' plans and actions, government policies, etc. Internal factors include the organisation's policies, resources of various types, and the ability of the organisation to withstand the environmental pressure. The plans are formulated in the light of both external and internal factors.

4. Identifying the Alternatives:

The next step in the planning process is to search for various alternative courses of action based on the organisational objectives and planning premises. A particular objective can be achieved through various actions. For example, if an organisation has set its objective to grow further, it can be achieved in several ways like expanding the field of business or product line, joining with other organisations, or taking over another organisation, and so on. Within each category, there may be several alternatives.

2. Establishment of the Objectives:

The next step in the planning process lies in the setting up of objectives to be achieved by the enterprise in the clearest possible terms keeping in view its strength and limitation. Objectives specify the results expected in measurable terms and indicate the end points of what is to be done; where the primary emphasis is to be placed, and what is to be accomplished by various types of plans. Enterprises start with a general objective.

Since all alternatives cannot be considered for further analysis, it is necessary for the planner to reduce in preliminary examination the number of alternatives that do not meet the minimum preliminary criteria. Preliminary criteria can be defined in several ways—minimum investment required matching with the present business of the organisation, control by the government, etc.

5. Evaluation of the Alternatives:

Various alternative courses that are considered feasible in terms of preliminary criteria have to be taken for detailed evaluation. Alternative courses of action can be evaluated against the criteria of cost, risks, benefit and organisational facilities. The strong and weak points of every alternative should be analysed carefully.

Since there are so many complex variables connected with each goal and each possible plan, the process of comparative evaluation is extremely difficult. For example, one alternative may be the most profitable but requires heavy investment; another may be less profitable but also involves less risk.

Moreover, there is no certainty about the outcome of any alternative course because it is related with future which is not certain. Ultimately, the choice will depend upon what is determined as the most critical factor from the point of view of the objectives of the enterprise.

6. Choice of the Course of Action:

After the evaluation of various alternatives, the most appropriate one is selected as the plan. Sometimes evaluation shows that more than one alternative are equally good. In such a case, the manager may choose more than one alternative at the same time. There is another reason for choosing more than one alternative. Alternative course of action may be required to be undertaken in future in changed situations. So, the planner must also be ready with alternative—normally known as

contingency plan—that can help coping up with the changed situation.

7. Formulation of Supporting or Derivative Plans:

After the best alternative is decided upon, the next step is to derive various plans for different departments or sections of the organisation to support the main plan. In an organisation, there can be various derivative plans like planning for buying raw materials and equipment, developing new product, recruiting and training the personnel, etc.

These derivative plans are formulated out of the main plan and so they support it. The break-down of the master plan into departmental and sectional plans provides a realistic picture of the actions to be taken in future.

8. Establishing the Sequence of Activities:

After formulating the basic and derivative plans, the sequence of activities is determined so that the plans are put into action. Based on the plans at various levels, it can be decided who will do what and at what time. Budgets for various periods can be prepared to make plans more concrete for implementation.

9. Securing Participation:

Plans must be communicated in greater details to the subordinates to increase their understanding of the proposed action and for enlisting their co-operations in the execution of plans. It will, thus, add to the quality of planning through the knowledge of additional facts, new visions and revealing situations.

10. Providing for Future Evaluation:

For ensuring that the selected plans are proceeding with the right lines, it is of paramount importance to devise a system of continuous evaluation and appraisal of the plan. It will help in detecting the shortcomings and pitfalls of the plans and taking remedial actions well in time. All the steps in the process of planning must be linked and co-ordinated with each other. For

2.4 TYPES OF PLANNING

Planning may be of different types. According to the nature of planning, some of its important types may be discussed as below:

i. Financial or Non-Financial Planning:

Every plan has a monetary side. In fact, planning has no significance if proper attention is not given to the monetary resources of the concern. Financial plans relate to the monetary side of a concern.

They help a lot in bringing to light not only the financial position of a concern, but also the resources where from money can be borrowed. Plans relating to the physical resources of a concern may be termed as non-financial or non-cash plans. These are equally important for the smooth running of an enterprise.

ii. Formal and Informal Planning:

Mere thinking is informal planning. But when the plans are reduced to black and white, they become formal. Formal plans are more than just talk put on paper. For the success of an enterprise, it is advisable that the planning should be formal and not informal. Formal planning facilitates adequate control and pinpoints the weaknesses, if any.

iii. Specific or Routine Planning:

Any plan for a particular purpose is known as 'specific planning', but that which is mechanical may be termed as 'routine planning'. In routine planning, the methods adopted for accomplishing a particular object, and during a particular period, are the same without any major change. Methods are merely repeated under a planned programmed. Routing does not require any ingenuity or creativity on the part of the planners.

iv. Profit Planning:

The principal object of every business is to earn profit. Thus, specific efforts in this regard may relate to 'profit planning'. Profit planning is generally based on forecast, and therefore, to get profit, certain steps must be taken, duties must be assigned and the future forecasted in such a way as to get the object fulfilled. Profit planning helps the management in attaining higher level of profit.

Under this plan, different activities are integrated and hence people do not feel that they are serving merely for earning profit. Like other plans, profit plans provide intermediate check points enabling the management to appraise the progress made towards pre-determined goals.

v. Short and Long-Range Planning:

The definition of long-range and short-range planning depends on the manager's level in the organisational hierarchy, on the type of business, the kind of industry in which the firm is engaged, the production cycle, the quality of managerial practices and many other factors.

Ordinarily, short-range planning can be defined as planning which covers a period from six to twelve months. Long-range planning usually involves time interval of three to five years. In recent years, however, there has been an increasing trend for many firms to plan for five, ten or even twenty years ahead. Thus, planning anywhere from one to five years is often considered planning for an intermediate period, whereas anything from five years upward is properly considered as long-range planning. It is necessary that long-range planning and short-range planning be integrated and co-ordinated.

2.5 MISSION

Mission refers to the purpose of an organization. Mission states the business reason for the organization's existence. It relates the organization to the society. The mission of an organization

should aim high and at the same time it must be realistic, it should provide a strategic direction for the organization.

"Mission is the fundamental work given by the society to an organization".

By Koontz & Q' Ponnell

"The company mission is defined as the fundamental unique purpose that sets a business apart from other firms of its type & identifies the scope of its operations in product & market terms".

In order to be effective, a mission statement should possess the following characteristics:

- (i) A mission statement should be realistic and achievable. Impossible statements do not motivate people.
- (ii) It should neither be too broad nor be too narrow. If it is broad, it will become meaningless. A narrower mission statement restricts the activities of organization. The mission statement should be precise.
- (iii) A mission statement should not be ambiguous. It must be clear for action. Highly philosophical statements do not give clarity.
- (iv) A mission statement should be distinct. If it is not distinct, it will not have any impact. Copied mission statements do not create any impression.
- (v) It should have societal linkage. Linking the organization to society will build long term perspective in a better way.
- (vi) It should not be static. To cope up with ever changing environment, dynamic aspects should be considered.
- (vii) It should be motivating for members of the organization and of society. The employees of the organization may enthuse themselves with mission statement.

(viii) The mission statement should indicate the process of accomplishing objectives. The clues to achieve the mission will be the motivating factor.

Examples:

COMPANY	MISSION STATEMENT
V-Guard	Be India's Leading Brand, Driving Market Leadership with Thoughtful Products and Experiences to Enrich Consumer Lives and Enhance Stakeholder Value.
Kitex	To effectively contribute to the social and economic development of the communities in which we operate. In doing so we intend to build a better, sustainable way of life for the weaker sections of society and raise the country's human development index.
Asianet	To create infrastructure for the promotion of high-quality Video, Data & Voice services through cable and to be a provider of such services in the most cost-effective manner.

2.6 OBJECTIVE

Objectives are the end results of a planned activity. They are stated in quantifiable terms. Objectives are stated differently at various levels of management. Objectives play a very important role in enhancing the efficiency and effectiveness of an organization. The following characteristics must be present in fairly framed objectives:

- They should be specific and unambiguous.
- They should have a particular time horizon within which it is expected to be achieved.
- They should be flexible enough so that if changes are required, they may be incorporated easily.
- They should be attainable.
- They should be measurable.

- They should be understandable.
- They should help in the achievement of the organization's mission and vision.
- They should be challenging.

There are many factors which have an impact on the formulation of objectives in an organization. These factors are kept in mind before making objectives. These factors are mentioned as below:

- Size of the organization.
- Level of management
- Organization culture
- Social responsiveness

Objectives are the milestones expressed in specific terms which a person plan to achieve in a limited time period. Following are a few examples

Basis	Objectives
Financial Objectives	To achieve 10% growth in earning per share.
Market Coverage	To have 900 million subscriber base in the country by 2020.

Objectives may be of various types. Some of these are explained as below:

Profit Objective - It is the most important objective for any business enterprise. In order to earn a profit, an enterprise has to set multiple objectives in key result areas such as market share, new product development, quality of service etc. These may also be termed as performance objectives.

Marketing Objective may be expressed in terms of percentage increase or decrease in market share. They are related to a functional area.

Productivity Objective may be expressed in terms of ratio of input to output. This objective may also be stated in terms of cost per unit of production.

Social Objective may be described in terms of social orientation. It may be tree plantation or provision of drinking water or development of parks.

Financial Objective relate to cash flow, debt equity ratio, working capital, new issues, stock exchange operations, collection periods, debt instruments etc.

Human resources objective may be described in terms of absenteeism, turnover, number of grievances, strikes and lockouts etc. For example: the objective may be to decrease the rate of absenteeism.

2.7 GOAL

Goals are an intermediate result which is expected to be achieved by a certain span of time. It is a target which an organization wishes to achieve in long term. It provides the basis for judging the performance of the organization. Goals may be classified into two categories:

- Financial goals: They are related to the return on investment or growth in revenues.
- Strategic goals: They focus on the achievement of the competitive advantage in the industry.

Goals should be well constructed and realistic in nature. Following are the examples of well framed goals:

MANAGEMENT FUNCTIONS	Goals
Basis	Provide quality service to the customers at least at par with the highest standard in the industry.
Customer service	Provide job opportunities which promote a higher standard of living for all the citizens.
Community service	

2.8 STRATEGIC MANAGEMENT PROCESS

The strategic management process means defining the organization's strategy. It is also defined as the process by which managers make a choice of a set of strategies for the organization that will enable it to achieve better performance.

Strategic management is a continuous process that appraises the business and industries in which the organization is involved; appraises its competitors; and fixes goals to meet all the present and future competitor's and then reassesses each strategy.

Strategic management process has following four steps:

Environmental Scanning- Environmental scanning refers to a process of collecting, scrutinizing and providing information for strategic purposes. It helps in analyzing the internal and external factors influencing an organization. After executing the environmental analysis process, management should evaluate it on a continuous basis and strive to improve it.

Strategy Formulation- Strategy formulation is the process of deciding best course of action for accomplishing organizational objectives and hence achieving organizational purpose. After conducting environment scanning, managers formulate corporate, business and functional strategies.

Strategy Implementation- Strategy implementation implies making the strategy work as intended or putting the organization's chosen strategy into action. Strategy implementation includes designing the organization's structure, distributing resources, developing decision making process, and managing human resources.

Strategy Evaluation- Strategy evaluation is the final step of strategy management process. The key strategy evaluation activities are: appraising internal and external factors that are the root of present strategies, measuring performance, and taking remedial / corrective actions. Evaluation makes sure that the organizational strategy as well as its implementation meets the organizational objectives.

These components are steps that are carried, in chronological order, when creating a new strategic management plan. Present businesses that have already created a strategic management plan will revert to these steps as per the situation's requirement, so as to make essential changes.

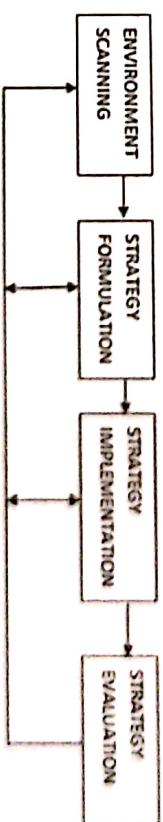


Fig 2.1 Components of Strategic Management Process

Strategic management is an ongoing process. Therefore, it must be realized that each component interacts with the other components and that this interaction often happens in chorus.

2.9 POLICY IN MANAGEMENT

A policy in Management is a general statement which is formulated by an organization for the guidance of its personnel. The objectives are first formulated and then policies are planned to achieve them. Policies are a mode of thought and

the principles underlying the activities of an organization or an institution.

According to Koontz & O'Donnell, "Policies were identified as guides to thinking in decision-making. They assume that when decisions are made, these will fall within certain boundaries." Policies do not require action, but are intended to guide managers in their decision commitments when they do not make decisions. In the words of George Terry, "Policy is a verbal, written or implied overall guide setting up boundaries that supply the general limits and direction in which managerial action will take place." Policies provide a framework within which a person has freedom to act.

Policies acting as principles provide rules of action for achieving organization's specific objectives. The coordinating links in the organization are provided by policies. They govern and guide the actions of an organization's overall performance and its objectives in the various areas of operation-production, finance, marketing and personnel. The clear formulation of policies helps the executives to plan every operational aspect of the enterprise. This considerably helps them in their decision making.

Though objectives and policies are used to achieve organizational goals but both are different in essence. The objectives are the goals and the policies are the ways to achieve them. The objectives are the end points of planning and policies prescribe the broad ways for achieving them. A policy gives guidelines and leaves scope for interpretation for the person implementing them. This means that a policy has the flexibility for interpretation. A rigid policy becomes a rule.

2.9.1 Process of Policy Formulation

Policy formulation is an important aspect of planning. The smooth working of an organization requires the formulation of

policies. A well thought exercise is essential to formulate sound policies.

1. Defining Policy Area:

The area for which a policy is to be framed should be defined. The objectives and needs of the organization should be kept in mind while specifying the policy area. While framing a marketing policy, the marketing expectations and thrust areas should be kept in mind. The scope of the policy will depend upon the area which it is supposed to cover. So first thing in the policy framing is to decide the area which it will cover.

2. Identifying Policy Alternatives:

The second step in policy formulation is the identification of policy alternatives. The alternatives should be decided on the basis of an analysis of external and internal environment. The internal environment will tell about the strengths and weaknesses of the organization while external environment will reveal opportunities and level of competition. Every alternative must ensure that the objective of the policy will be achieved.

3. Evaluating Alternatives:

All the alternatives are evolved in the light of organizational objectives. It should be analysed as to what contribution these alternatives will make in helping the organization for achieving its objectives. The factors like cost, benefits, resource requirement of each alternative should be properly assessed. The effect of various alternatives on the environment of the organization should also be analyzed.

4. Selection of a Policy:

After proper evaluation, most appropriate alternative is selected. The selection of a policy is a long term commitment. In case the alternatives do not look satisfactory then efforts should be made to develop other alternatives.

5. Trial Run of a Policy:
The policy should be implemented on a trial basis. It should be assessed if the policy is achieving the desired objectives. There may be suggestions during the test run, these should be used to modify the policy. Ultimately the policy should achieve the desired results otherwise a new policy alternative should be thought of.

6. Implementing Policy:
If the policy is finally alright it should be implemented. The policy should be explained to those who are to implement it. There should be a proper discussion about the implications and impact of various clauses or provisions of the policy. Proper communication of the purpose and objective of the policy will help it in its implementation.

2.9.2 Factors Influencing Policies

Policies are framed to help in smoothening the operations of business. They are influenced both by internal and external factors

Some of these factors are discussed here:

1. Objectives and Strategies of the Organization:

All policies are framed to facilitate the achievement of objectives. The objectives and strategies fix the parameters within which the policies will operate. The policies should be consistent with the organizational goals and strategies.

2. Organisational Structure:

Organisational structure determines the levels of positions and implementation of policies will be influenced by the type of organisation structure. A policy will be consistent with the determination of authority roles in the organisation. Policy structures will certainly be influenced by the organisational

3. Available Resources:
The availability of resources such as human, financial, physical facilities will influence the formulation of a policy. If a policy implementation requires more resources than are available in the organisation then it will not be feasible. Rather the resources will fix the limits beyond which a policy cannot go.

4. Managerial Values:

Managers are the persons who are the prime movers of policies. The ethics and value systems of managers have a direct influence on the formation and implementation of policies. For example, if managers believe in honesty and truthfulness then these things will be reflected in various policies framed by them.

5. Social Factors:

A number of social factors also have an influence on the policies of the organisation. If society wants only quality products, does not tolerate exploitation of consumers, gives importance to pollution control, all these factors will have to be taken into account while framing policies for the organisation.

6. Political Factors:

Political factors have a great influence on the policies of an organisation. The framework of business is determined by the party in power. The thinking of a political party will certainly be reflected in the industrial, fiscal and monetary policies of the government. Every enterprise has to incorporate government policies into their policies. So political factors have a direct bearing on organisational policies.

2.10 PROGRAMME MANAGEMENT

Programme management is the overall management of the interrelated projects that make up the programme. It also involves linking in with the business change functions within the business areas affected to ensure that the changes are properly implemented. As with project management, planning

Programme management, by work and tasks is a key part of programme management, but the work is more closely aligned to the organization's ongoing strategy, rather than specific deliverables.

Programme management often provides a layer of governance strategy, rather than specific projects and ensures that they are run effectively.

Programme management often provides a layer of governance above specific projects and ensures that they are run effectively. In project management, the aims and desired benefits of a programme are identified in a Business case. The Vision statement sets out the desired future state following programme delivery and the programme Blueprint sets out what will have been achieved when the programme is completed and all the projects within it are no longer required.

Key aspects of programme management

Governance – defining the programme roles and responsibilities as well as the processes and metrics to assess its progress

Management – planning the projects and the overall programme, ensuring that regular reviews are undertaken and that stakeholders are engaged

Financial management – costs of managing the programme need to be tracked and controls need to be put in place

Infrastructure – creating the right work environment to support the programme Planning – developing a programme plan based on the specific projects, resources, timescales and controls for the overall programme.

2.11 ORGANISING

Organising is that managerial process which seeks to define the role of each individual (manager and operator) towards the attainment of enterprise objectives.

The term 'organising' refers to the process of identifying and grouping of activities to be performed and dividing them

among the individuals and creating authority and responsibility relationship among them for the accomplishment of organisational objectives.

2.11.1 Importance of Organizing in an Organisation

1. Benefits of Specialization
Under organising, the whole work is systematically allocated and divided into different parts. Right man is put at the right job. It increases the efficiency of workers and motivates them to put their best into the work. Repetitive performance of a specific job on a regular basis helps a worker gain experience and gets specialized in that job. As a result, organising leads to specialization.

2. Clarity in Working Relationships

Organising helps in establishing working relationship and clearly defines the lines of communication and also specifies who is to report to whom. This further helps in fixation of responsibility and also specifies the dimensions of authority which an individual can exercise.

3. Optimum Utilization of Resources

Organising provides fuller and efficient use of all human, physical and financial resources. Proper allocation of jobs helps in avoiding overlapping of work and ensures optimum use of resources without any wastage.

4. Adaptation to Changes

Organising helps business enterprises to adjust to the environmental changes. In order to ensure smooth functioning of the enterprise, organising suitably modifies the organisational structure and various inter-relationships existing in the enterprise. Moreover, it also provides stability in the enterprise so that it continues to grow and survive inspite of changes.

5. Effective Administration helps in bringing about administrative efficiency because:

- (i) It leads to specialization which brings effectiveness in administration.
- (ii) It clarifies centres of authority & power and thus results in proper execution of work.
- (iii) It provides a clear description of jobs and related duties which results in avoiding duplication of work.

6. Development of Personnel

Organising creates structure of an organisation. That structure provides a basis or framework for assigning and performing various functions efficiently. Effective delegation allows managers to assign jobs of routine nature to their subordinates.

The reduction in workload enables the managers to develop new methods and techniques of performing the jobs efficiently and to explore new areas for the growth of an organisation. On the other hand, delegation develops an ability among the subordinates to deal effectively with the challenges and also helps them grow to realize their full potential.

7. Expansion and Growth

Organising promotes growth and diversification of an enterprise. It enables the enterprise to take up new challenges e.g. more job positions, departments, new product lines and also new geographical territories etc. for increasing sales and profit.

2.12 PRINCIPLES OF ORGANIZATION

The function of organization can be carried effectively with the help of under mentioned principles:

Principle # 1. Attention to Objectives:

An organization is a mechanism to accomplish certain goals or objectives. The objectives of an organization play an important role in determining the type of structure which should be developed. Clearly defined objectives facilitate grouping of activities, delegation of authority and consequently effective coordination.

Principle # 2. Authority and Responsibility:

Authority should commensurate with responsibility. While assigning the responsibility, authority should also be assigned. If authority is not granted, the subordinates cannot discharge their responsibility properly.

Principle # 3. Continuity:

The form of organization structure should be such which is able to serve the enterprise to attain its objectives for a long period of time.

Principle # 4. Coordination:

The principle of coordination underlines that there should be proper liaison and cooperation between different departments and units of work. Unity of efforts for the accomplishment of desired objectives is the main aim of organization. This can be achieved through the principle of coordination.

Principle # 5. Decentralization:

This principle is of great significance to big organizations. Decentralization implies selective dispersal of authority to help departments and units to run effectively and efficiently without frequent interruptions from the top of the enterprise.

It requires very careful selection of what decisions to push down into the organization, of what to hold at or near the top specific policy making to guide the decision-making, selection and training of people and adequate control. Decentralization, as such, embraces all areas of management and evidently is of overwhelming significance in organization structure.

Principle # 6. Departmentation: Departmentation is the process of grouping activities into units of administration. In other words, it denotes grouping of related jobs and activities without violating the principle of homogeneity over which an executive has authority to exercise and assert. The main advantages of departmentation are that it enables individual executives to manage his subordinates effectively since a manageable number of persons are brought under the direct supervision of individual executive.

Principle # 7. Division of Work:

While structuring organization, division of work, at the very outset, should be considered as the basis of efficiency. It is an established fact that group of individuals can secure better results by having division of work. Therefore, while designing the organization, we should aim at making suitable grouping of activities. This is also called the principle of specialization.

Principle # 8. Efficiency:

The organization should be able to attain the predetermined objectives at the minimum cost. It is done so; it will satisfy the test of efficiency. From the point of view of an individual, a good organization should provide the maximum work satisfaction. Similarly, from the social point of view, an organization will be efficient when it contributes the maximum towards the welfare of the society.

Principle # 9. Flexibility:

While designing the organization it should be kept in mind that organizational structure should not be regarded as static. Every organization is a living entity in a living environment which is fast changing. As such there must be sufficient room for changing and modifying the structure in the light of environmental changes so that the ultimate objective of the organization is achieved.

Principle # 10. Management by Exception: It is a fundamental principle that makes any organization effective in its true sense. This principle signifies that problems of unusual nature only should be referred upward and decided by higher level executives in the managerial hierarchy, whereas the routine problems should be passed on to lower levels and resolved there. Application of this principle as such, certainly requires adhering to the principle of delegation of authority. The principle of exception is thus of significant practical utility and applies to all levels in the organization structure.

Principle # 11. Proper Balance:

It is important to keep various segments or departments of an organization in balance. The problem of balance basically arises when an activity or a department is further divided and subdivided into smaller segments. The problems of balancing also crops up with the growing of any organization in its size and functioning.

Principle # 12. Scalar Principle:

Scalar chain refers to the vertical placement of superiors starting from the chief executive at the top through the middle level to the supervisory level at the bottom. Proper scalar chain or line of command is prerequisite for effective organization.

Principle # 13. Span of Management:

Span of management also refers to span of control signifying the number of subordinates reporting directly to any executive. It is an established fact that larger the number of subordinates reporting directly to the executive, the more difficult it tends to be for him to supervise and coordinate them effectively. This important principle of management should also be kept in mind.

Principle # 14. Unity of Command:

Organization structure should also be designed in such a way that there exists unity of command in the sense that a single leader is the ultimate source of authority. This facilitates

coordinating and controlling to consistency in directing, achieving the end objectives.

Principle # 15. Unity of Direction: This means that each group of activities having the same objectives should have one plan and one head. There should be one plan or programme for each segment of work which is to be carried under the control and supervision of one head or superior. If different plans or policies are followed in one department by the subordinates, confusion is bound to occur.

2.13 DELEGATION

Meaning of Delegation:

The process of delegation starts from the chief executive of an organisation who has the total responsibility for the achievement of goals. In order to share the responsibility of accomplishing goals, he further delegates the work to his subordinates.

These subordinates, finding the work assigned to them by their superior exceeds their "Span of Control" assign a portion of their works to their own subordinates. This process continues till all the tasks and activities are assigned to those who have the appropriate physical, psychological and professional abilities to do it.

2.14 SPAN OF CONTROL

2.14.1 Elements of Delegation

- 1. Assignment of duties or tasks.
- 2. Delegation of authority.
- 3. Accountability for performance of duties and exercise of authority.

1. Assignment of Duties or Tasks: A manager has to assign a part of his duties to others under him or her because he cannot himself perform all the work. So, when assigning duties he should ensure that the subordinates, to whom work is assigned, perform their tasks sincerely and competently. Even after that a manager assigns duties and tasks to his subordinates; he continues to be ultimately responsible for the proper performance of these duties and tasks.

2. Delegation of Authority: While the duties and tasks are entrusted to the subordinates by the superior, the authority should be granted them to perform those duties and tasks well. It is called as "delegation of authority". This delegation of authority is considered as an essential to take all actions, which lead to accomplish their duties successfully, and the organisational goals.

3. Accountability for Performance of Duties and Exercise of Authority:

The person to whom any responsibility is assigned and authority is delegated should also be made accountable or answerable for the proper performance of the assigned responsibility and for proper exercise of the delegated authority.

The term "span of control" or "span of management" is defines "the number of subordinates who are working under one manager."

According to Spreigel, the principle "span of control implies that no single executive should have more people looking to him for guidance and leadership than he can reasonably be expected to serve."

There will be many subordinates who report to their manager in a wider span of control, while a manager has fewer subordinates in a narrow span of control.

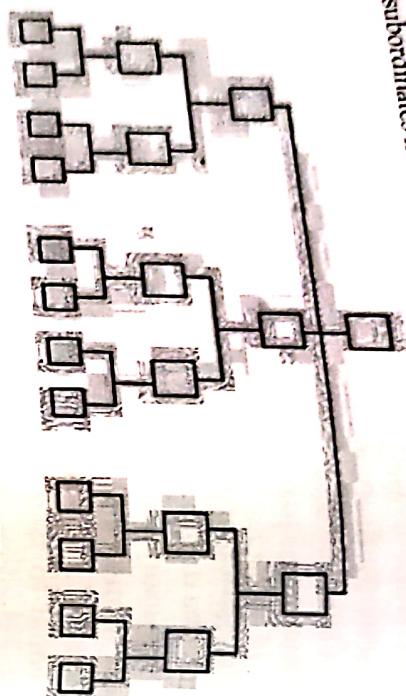


Fig 2.2 Organisation with narrow spans



Fig 2.3 Organisation with Wide Spans

It must be decided that how many subordinates a superior can manage. Students of Management have found that this number is usually four to eight subordinates at the upper levels of organisation and eight to fifteen or more at the lower levels.

2.14.1 Factors determining Span of Control

1. The Capacity and Ability of the Executive:

The characteristics and abilities such as leadership, administrative capabilities, ability to communicate, to Judge, to listen, to guide and inspire, physical vigour etc. differ from person to person. A person having better abilities can manage

effectively a large number of subordinates as compared to the one who has lesser capabilities.

2. Competence and Training of Subordinates:

Subordinates who are skilled, efficient, knowledgeable, trained and competent require less supervision, and therefore, the supervisor may have a wider span in such cases as compared to inexperienced and untrained subordinates who require greater supervision.

3. Nature of Work:

Nature and importance of work to be supervised is another factor that influences the span of supervision. The work involving routine, repetitive, unskilled and standardized operations will not call much attention and time on the part of the supervisor. As such, the supervisors at the lower levels of organization can supervise the work of a large number of subordinates. On the other hand, at higher levels of management, the work involves complex and a variety of jobs and as such the number of subordinates that can be effectively managed should be limited to a lesser number.

4. Time Available for Supervision:

The capacity of a person to supervise and control a large number of persons is also limited on account of time available at his disposal to supervise them. The span of control would be generally narrow at the higher levels of management because top managers have to spend their major time on planning, organizing, directing and controlling and the time available at their disposal for supervision will be lesser. At lower levels of management, this span would obviously be wide because they have to devote lesser time on such other activities.

5. Degree of Decentralization and Extent of Delegation:

If a manager clearly delegates authority to undertake a well-defined task, a well trained subordinate can do it with a minimum of supervisor's time and attention. As such, the span

"if the subordinate's task is not could be wide. On the contrary, "if the subordinate's task is not clearly defined, or if he does not one he can do, or if it is not clearly defined, he will either fail have the authority to undertake it effectively; he will either fail to perform it or take a disproportionate amount of the manager's time in supervising and guiding his efforts."

manager's time in supervising and guiding his efforts:

6. Effectiveness of Communication System:
The span of supervision is also influenced by the effectiveness of the communication system in the organization. Faulty communication puts a heavy burden on manager's time and reduces the span of control. On the other hand, if the system of communication is effective, larger number of managerial levels will be preferred as the information can be transmitted easily. Further, a wide span is possible if a manager can communicate effectively.

7. Quality of Planning:

If plans and policies are clear and easily understandable, the task of supervision becomes easier and the span of management can be wider. Effective planning helps to reduce frequent calls on the superior for explanation, instructions and guidance and thereby saves in time available at the disposal of the supervisor enabling him to have a wider span. Ineffective plans, on the other hand, impose limits on the span of management.

8. Degree of Physical Dispersion:

If all persons to be supervised are located at the same place and within the direct supervision of the manager, he can supervise relatively more people as compared to the one who has to supervise people located at different places.

9. Assistance of Experts:

The span of supervision may be wide where the services of experts are available to the subordinate on various aspects of work. In case such services are not provided in the organization, the supervisor has to spend a lot of time in

providing assistance to the workers himself and as such the span of control would be narrow.

10. Control Mechanism:

The control procedures followed in an organization also influence the span of control. The use of objective standards enables a supervisor 'management by exception' by providing quick information of deviations or variances. Control through personal supervision favours narrow span while control through objective standards and reports favour wider span.

11. Dynamism or Rate of Change:

Certain enterprises change much more rapidly than others. This rate of change determines the stability of policies and practices of an organization. The span of control tends to be narrow where the policies and practices do not remain stable.

12. Need for Balance:

According to Koontz and O'Donnell, "There is a limit in each managerial position to the number of persons an individual can effectively manage, but the exact number in each case will vary in accordance with the effect of underlying variable and their impact on the time requirements of effective managing."

2.15 ORGANISATION STRUCTURES

Organisation structure is the pattern of organisational hierarchy based on authority responsibility relationship.

According to Lounsbury Fish, "Organisation Structure is more than a chart. It is mechanism through which management directs co-ordinates and controls the business. It is the foundation of management."

Features and characteristics of organisation structure are:

1. It facilitates co-ordination of organisational activities and tasks.

2. It states the pattern of formal relationships and duties among people at different positions in the organisation.
3. In elaborates the hierarchical relationship among different levels of management within the organisation.

4. It facilitates the implementation of policies, practices, procedures, standards evaluation systems etc. that guide the activities and relationship among people in the organisation.
5. It sates the activities and tasks assigned to different departments and people in the organisation.

2.15.1 Different Organisation Structures

1. Line Organisation

It is also known as scalar organization, military organization, vertical organization etc. This is the simplest and oldest form of structure. The main characteristic of this type is superior subordinate relationship. Authority flows vertically from top level person to all the persons responsible for the execution of work. Everybody is responsible for his work and is accountable to his boss. Since authority and responsibility flow in an unbroken straight line, it is called line organization.

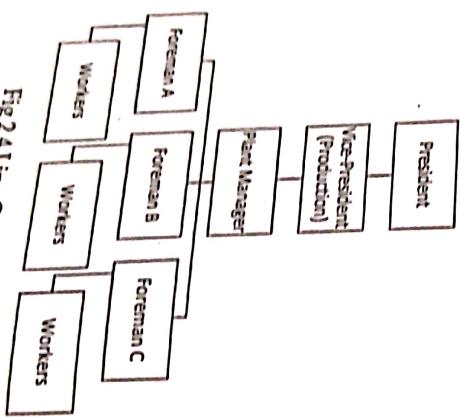


Fig 2.4 Line Organisation

Advantages of Line Organization:

- The line organization structure is very simple to understand and simple to operate.
- Communication is fast and easy and feedback can be acted upon faster.
- Responsibility is fixed and unified at each level and authority and accountability are clear-cut, hence each individual knows to whom he is responsible and who is or in truth responsible to him.
- Since it is especially useful when the company is small in size, it provides for greater control and discipline in the organization.
- It makes rapid decisions and effective coordination possible. So it is economic and effective.
- The people in line type of organization get to know each other better and tend to feel close to each other.
- The system is capable of adjusting itself to changing conditions for the simple reason that each executive has sole responsibility in his own sphere.

Disadvantages of Line Organisation:

- It is a rigid and inflexible form of organization.
- There is a tendency for line authority to become dictatorial.
- It overloads the executive with pressing activities so that long-range planning and policy formulation are often neglected.
- There is no provision for specialists and specialization, which is essential for growth and optimisation.

- c. Different departments may be much interested in their own interests, rather than overall organizational interests and welfare.
- f. It is likely to encourage nepotism.
- g. It does not provide any means by which a good worker may be rewarded and a bad one punished.

2. Line and Staff Organisation

This type of organization structure is in large enterprises. The functional specialists are added to the line in line and staff organization. Mere, staff is basically advisory in nature and usually does not possess any command authority over line managers. Allen has defined line and staff organization as follows.

"Line functions are those which have direct responsibility for accomplishing the objectives of the enterprises and staff refers to those elements of the organization that help the line to work most effectively in accomplishing the primary objectives of the enterprises."

In the line and staff organisation, staffs assist the line managers in their duties in order to achieve the high performance. So, in an organization which has the production of textiles, the manager may be treated as line executives, and the department headed by them may be called line departments. On the other hand, the personnel manager who deal with the control, training and placement of workers, the quality functions, managers are the executives of products and the functions.

- b. Since the organisation comprises line and staff functions, decisions can be taken easily.
- c. The staff officers supply complete factual data to the line officers covering activity within and without their own units. This will help to greater co-ordination.
- d. It provides an adequate opportunity for the advancement of workers.
- e. The staff services provides a training ground for the different positions.
- f. Adequate organisation a balance among the various activities can be attained easily.

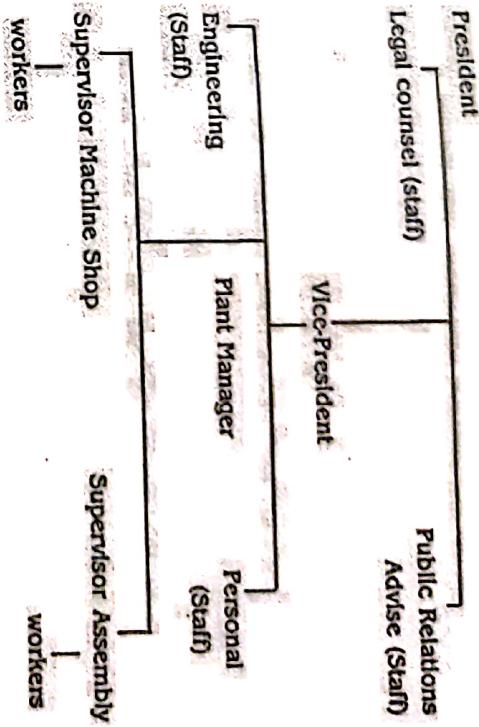


Fig 2.5 Line and Staff Organisation

Advantages of Line and Staff Organisation:

- a. Line officers can concentrate mainly on the doing function as the work of planning and investigation is performed by the staff. Specialisation provides for experts advice and efficiency in management.

- b. Since the organisation comprises line and staff functions, decisions can be taken easily.
- c. The staff officers supply complete factual data to the line officers covering activity within and without their own units. This will help to greater co-ordination.
- d. It provides an adequate opportunity for the advancement of workers.
- e. The staff services provides a training ground for the different positions.
- f. Adequate organisation a balance among the various activities can be attained easily.

sometimes, it will make them careless and indifferent towards their jobs.

- g. The system is flexible for new activities may be undertaken without forcing early adjustments of line by the staff without arrangements.

- h. Staff specialists are conceptually oriented towards looking ahead and have the time to do programme and strategic planning and analyse the possible effects of expected future events.

Disadvantages of Line and Staff Organisation:

- a. Confusion and conflict may arise between line and staff because the allocation of authority and responsibility is not clear and members of the lower levels may be confused by various line orders and staff advices.

- b. Staff generally advise to the lines, but line decides and acts. Therefore the staffs often feel powerless.

- c. Too much reliance on staff officers may not be beneficial to the business because line officials may lose much of their judgment and initiative.

- d. Normally, staff employees have specialised knowledge and expert. Line makes the final decisions, even though staff give their suggestions. Staff officers, therefore, may be resented.

- e. Staff officers are much educated so their ideas may be more theoretical and academic rather than practical.

- f. Although expert advice is available it reaches the workers through the managers. Here it is liable to create a greater deal of misunderstanding and misinterpretation.

- g. Since staff specialists demand higher payments, it is expensive.

- h. The staff are unable to carry out its plan or recommendations because of lack of authority. So they become ineffective

i. Since the line are performed, with the advise provided by the staff, if things go right then the staff takes the credit and if things go wrong then the line get the blame for it.

3. Functional Organisation

The line organization suffers from a number of drawbacks. The expansion of business and large-scale production has necessitated the use of experts in different fields. As the name implies, under functional authority relationships, the whole task of management is divided according to the type of work involved.

The normal operations to be performed in a business house are production, research and development, personnel, purchasing, finance, etc., these activities are assigned to various departments and functional experts are appointed to look after those activities.

F. W. Taylor, Father of scientific management, developed the concept of functional organization. He recommended functional organization even at the shop level where workers have to produce goods. He suggested the substitution of line authority by functional foremanship at the lower level of the organization structure.

Features of Functional Organisation:

- a. Each worker receives instructions not only from one superior, but also from a group of specialists.
- b. Three types of authority relationships are in the functional organisation such as line authority, staff authority and functional authority.
- c. Staff specialists are given the authority to decide and do things in a limited way.

- d. The scope of the work is kept limited but the area of authority is left unlimited.
- e. There is a grouping of activities of the enterprise into certain major functional departments.

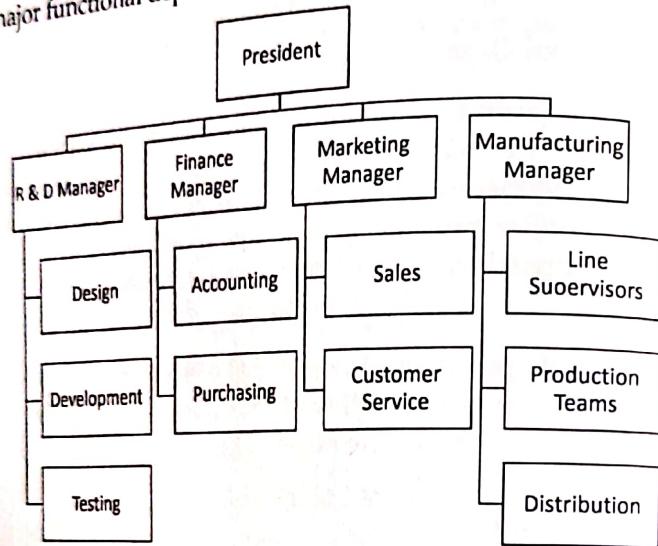


Fig 2.6 Functional Organisation

Advantages of Functional Organisation:

- a. Each manager is an expert in his field. He has to perform a limited number of functions. So complete specialisation will be in functional organisation.
- b. The greater degree of specialisation leads the improvement in the quality of product.
- c. Since the job requirements are definite and tangible, organisation can achieve the intensive utilisation of the principle of specialisation of labour at the managerial level.
- d. Specialisation will lead for mass production and standardisation.

- e. Since experts get sufficient time for creative thinking, planning and supervision are made efficient.
- f. It increases the work satisfaction for specialists who presumably do what they like to do.

Disadvantages of Functional Organisation:

- a. Since there is no direct boss or controller of the workers, co-ordination is hard to achieve.
- b. Since workers are under different bosses, discipline is hard to achieve. As results there will be low morale on the part of the workers.
- c. The non-supervisory employees are uncertain as to whom they should turn for advice and aid when problem call for analysis.
- d. Due to that control is divided, action cannot be taken immediately.
- e. Since there will be many foreman of equal rank in the same department, the conflicts of leadership may arise.
- f. It reduces the opportunities for the training of all-round executives to assume further leadership in the firm.

4. Project Organisation

This organisational structure are temporarily formed for specific projects for a specific period of time, for the project of achieving the goal of developing new product, the specialists from different functional departments such as production, engineering, quality control, marketing research etc., will be drawn to work together. These specialists go back to their respective duties as soon as the project is completed.

Really, the project organisation is set-up with the object of overcoming the major weakness of the functional organisation,

such as absence of unity of command, delay in decision-making, and lack of coordination.

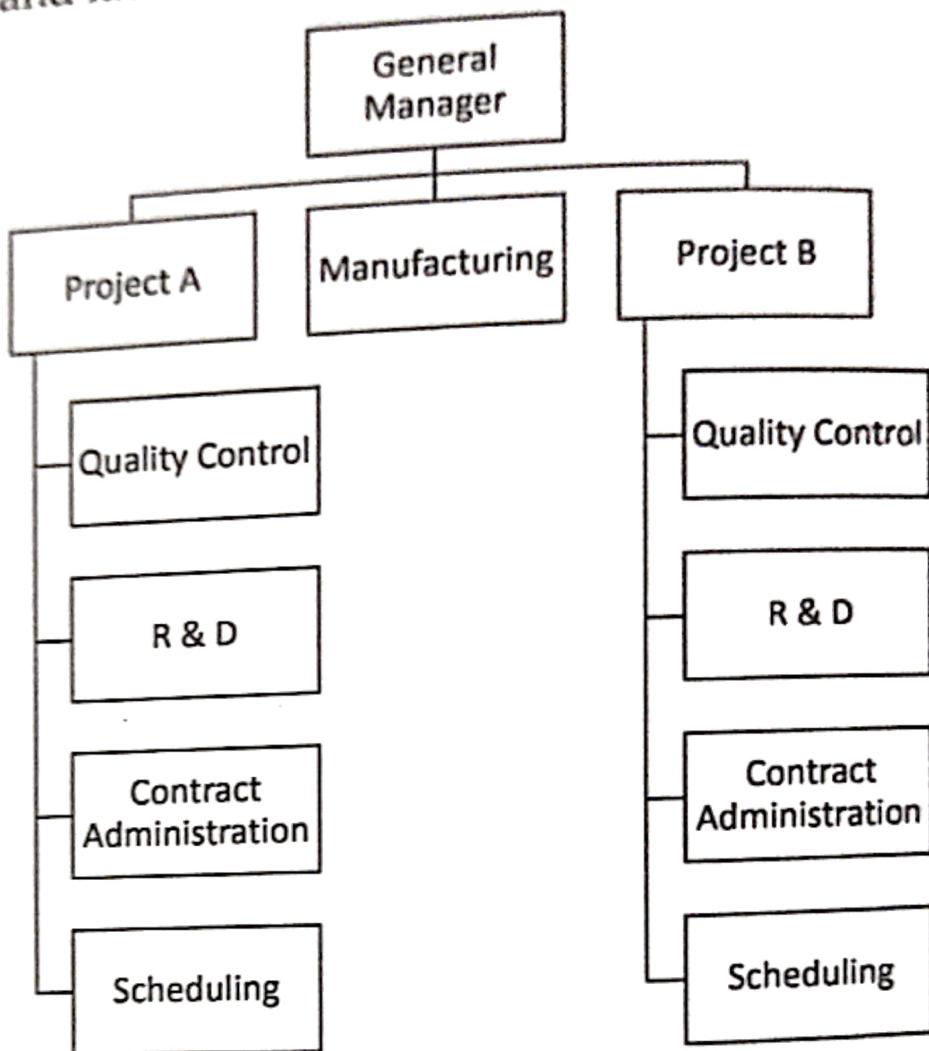


Fig 2.7 Project Organisation

5. Matrix Organisation

A matrix structure is a type of departmentalization that superimposes a horizontal set of divisional reporting relationship onto a hierarchical functional structure. This organization is also called a grid organization. The main feature of this organization is that functional or project or product patterns of Departmentation are combined in the same organization structure. Thus, a matrix structure can be termed to be both functional and divisional at the same time. A matrix structure has two chains of command- Vertical and horizontal.

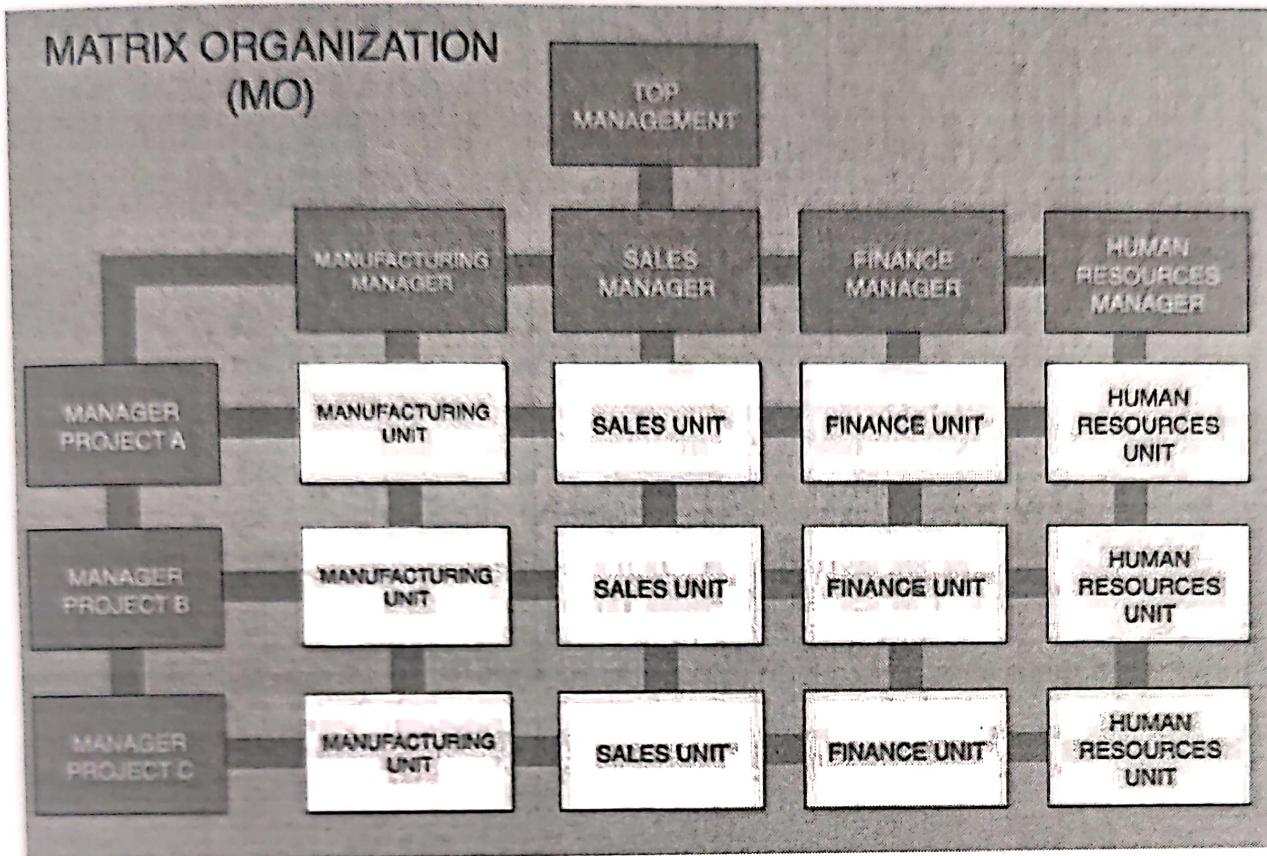


Fig 2.8 Matrix Organisation

Advantages of Matrix Organisation:

1. Since there is both vertical and horizontal communication it increases the coordination and this coordination leads to greater and more effective control over operations.
2. Since the matrix organisation is handling a number of projects, available resources will be used fully.
3. It focuses the organisational resources on the specified projects, thus enabling better planning and control.
4. It is highly flexible as regards adherence to rules, procedures etc. Here experience is the best guide to establishing rules and procedures.
5. As any department or division has to harness its effort towards accomplishment of a single project, employees are effectively motivated.

Disadvantages of Matrix Organisation:

1. Since there is more than one supervisor for each worker, it causes confusion and conflicts and reduce effective control.
2. There is continuous communication both vertically as well horizontally, which increases paper work and costs.
3. It is difficult to achieve a balance below on the projects technical and administrative aspects.

2.16 DIRECTING

Directing is a function of management, which is guiding and leading people to work efficiently and effectively for the attainment of organizational objectives. Directing is the managerial function, which initiates organized action.

It is one of the most important fundamental functions of management and is a part of every managerial action taken. This area is primarily geared towards leadership, motivation and communication.

"Direction is telling people what to do and seeing that they do it to the best of their ability. It includes making assignments, corresponding procedures, seeing that mistakes are corrected, providing on-the-job instruction and of course issuing orders." According to Koontz and O'Donnell, "directing is a complex function that includes all those activities which are designed to encourage subordinate to work effectively and efficiently both the short and long-run."

Direction involves communicating and providing leadership to the subordinates and motivating them to contribute to the best objectives, for the achievement of organizational

- #### **2.16.1 Principles of Direction:**
- 1. Direct Supervision:**
Every superior should maintain direct contact with subordinates. Direct supervision improves the motivation and morale of employees, increases their loyalty and provides the immediate feedback.
 - 2. Participative Managerial Style:**
The subordinate's morale will be higher when their views are seriously incorporated into the managerial decision-making. This will assist the direction process easier since the direction, then, is not taken as a command but as a form of guidance for improvements.

3. Unity of Direction:

The direction must be clear and unambiguous and from a single chain of command, otherwise the authority will be undermined, resulting in disorder and confusion.

4. Follow-Through:

Direction is a continuous process. More issuing of orders and instructions is not enough and it is essential to ensure that the work is done in the desired manner. Therefore, a manager should follow through the whole performance of his subordinates. Follow-up action will help in keeping a check on activities, in telling subordinates where their deficiency, if any, lies and in revising direction wherever necessary.

5. Appropriate Techniques:

The techniques used for direction should be appropriate to the people, the task and the situation. Standard operating procedures are not always helpful in direction.

MANAGEMENT FOR ENGINEERS

2.16.2 Elements or Techniques of Direction:

The direction as a managerial function consists the following techniques:

1.Issuing Orders and Instructions:

A manager is required to issue a number of orders to his subordinates to initiate, modify or halt any action. He is also required to guide and instruct workers in performance of their task towards the achievement of desired goals. Instructions are important in directing subordinates. Orders and instructions reflect the decisions of managers.

A good order or instruction should have the following characteristics:

- (a) It should be simple, unambiguous and clear.
- (b) It should be brief but complete.
- (c) It should be reasonable and enforceable.
- (d) It should be convincing and acceptable.
- (e) It should invoke co-operation.
- (f) It should be compatible with the objectives of the organization.
- (g) It should "be in written form as far as possible.
- (h) It should be backed up by follow-up action.

2. Leadership:

Leadership is "the process by which an executive or manager imaginatively directs/guides and influences the work of others in choosing and attaining specified goals by mediating between the individual and organization in such a manner that both will get maximum satisfaction." It is the ability to build up confidence and zeal among people and to create an urge in them to be led. To be a successful leader a manager must possess the qualities of foresight, drive, initiative, self-confidence and personal integrity. Different situations may demand different types of leadership viz., autocratic leadership, democratic leadership and free-rein leadership.

3. Communication:

Communication constitutes a very important element of directing. It is said to be the number one problem of management today. Communication is the means by which the behaviour of the subordinates is modified and change is effected in their action.

The word communication has been derived from the Latin word 'Communis' which means 'common'. Thus, communication means sharing of ideas in common. The essence of communication is getting the receiver and the sender tuned together for a particular message. Communication refers to the exchange of ideas, feelings, emotions, knowledge and information between two or more persons.

In management ideas, objectives, orders, appeals, observations, instructions, suggestions etc. have to be exchanged among the managerial personnel and their subordinates operating at different levels of the organization for the purpose of planning and executing the business policies. Directing will mainly depend upon the effectiveness of communication. In case the orders and instructions are not properly conveyed then these may not be properly implemented.

4. Motivation:

It is an important element of directing function. Motivation encourages persons to give their best performance and help in reaching enterprise goals. It is the degree of readiness for undertaking assigned task and doing it in the best possible way. Directing function tries to make best use of various factors of production available in the organization. This can be achieved only when employees co-operate in this task. Efforts should be made to make employees contribute their maximum.

5. Supervision:

It consists of the process and technique involved in issuing instructions and confirming that operations are carried out as originally planned. Supervision is a continuing activity and performed at every level of activity. It is inevitable at every level of management for putting the managerial plans and policies into action. In a way supervision is a sort of control as the supervisor is supposed to take corrective measures if the work is not in line with the plan.

6. Co-ordination:

Co-ordination is an orderly arrangement of group effort to provide unity of action in pursuit of common purpose. The purpose of directing is to get various activities coordinated for achieving common goals. Co-ordination involves the integration of various parts of the organization. In order to achieve goals of an enterprise, both physical as well as mental co-ordination should be secured. Co-ordination is a part of directing exercise and helps in synchronization of various efforts.

2.17 LEADERSHIP

Leadership might be defined as the art of influencing the behaviour and performance of followers (i.e. subordinates) towards the most enthusiastic attainment of common objectives through inspiring people by the leader's charisma, conduct and behaviour.

Let us consider a few definitions of leadership given by prominent authorities:

(1) "Leadership is the ability of a manager to induce subordinates (followers) to work with confidence and zeal." - Koontz and O'Donnell

(2) "Leadership is the ability to persuade others to seek defined objectives enthusiastically. It is the human factor which binds a group together and motivates it towards goals." - Keith Davis

2.17.1 Leadership Functions:

1. Setting Goals:

A leader is expected to perform creative function of laying out goals and policies to persuade the subordinates to work with zeal and confidence.

2. Organizing:

The second function of a leader is to create and shape the organization on scientific lines by assigning roles appropriate to individual abilities with the view to make its various components to operate sensitively towards the achievement of enterprise goals.

3. Initiating Action:

The next function of a leader is to take the initiative in all matters of interest to the group. He should not depend upon others for decision and judgment. He should float new ideas and his decisions should reflect original thinking.

4. Co-Ordination:

A leader has to reconcile the interests of the individual members of the group with that of the organization. He has to ensure voluntary co-operation from the group in realizing the common objectives.

5. Direction and Motivation:

It is the primary function of a leader to guide and direct his group and motivate people to do their best in the achievement of desired goals, he should build up confidence and zeal in the work group.

2.17.3 Types of Leadership Styles

Three major leadership styles are:

1. Authoritarian or Autocratic
2. Participative or Democratic
3. Free-rein or Delegate

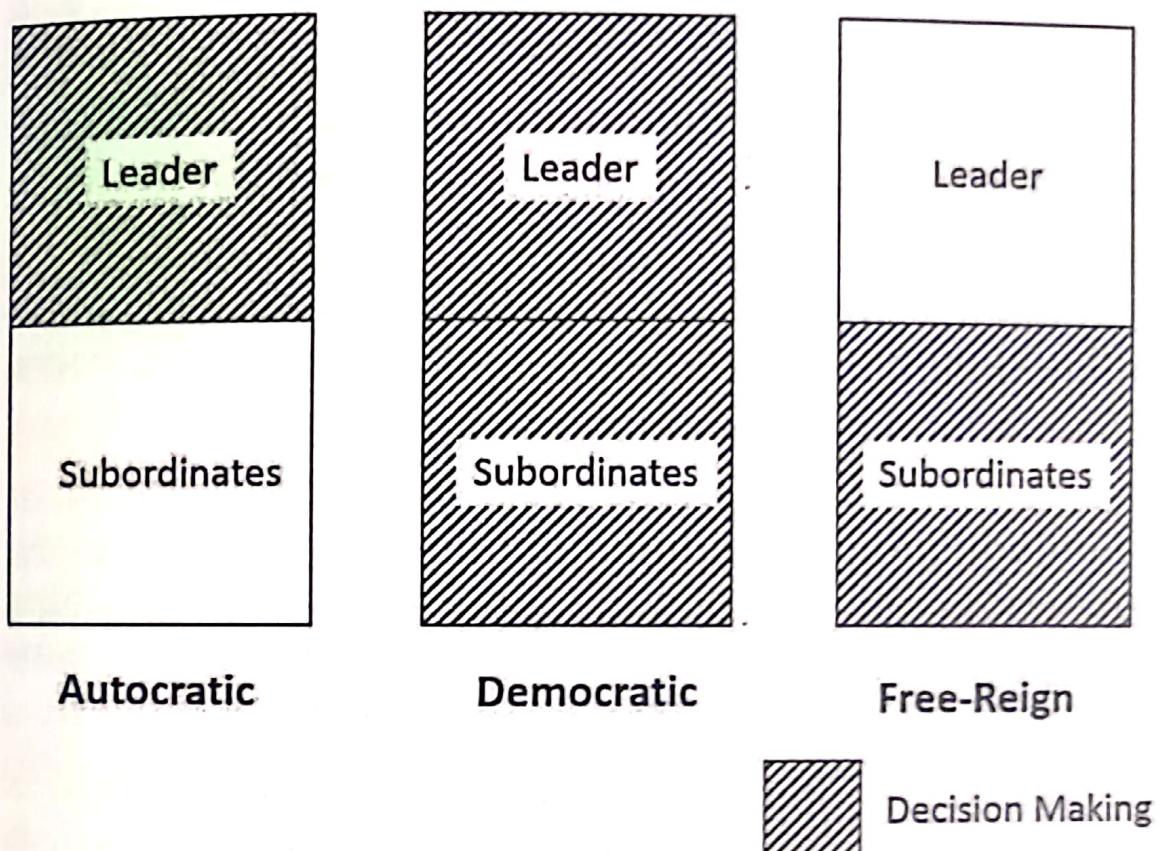


Fig 2.9 Leadership Styles

Authoritarian Style:

When the leaders tell their subordinates/followers at their own what work they want to get done, and how – it is known as authoritarian or autocratic leadership style.

It works well if the leader is competent and knowledgeable enough to decide about each and every thing. All decision-making powers are centralised in the leader, as with autocratic leaders. No suggestions or initiatives from subordinates are acceptable.

Authoritarian or autocratic leadership does not mean using foul language and leading by threats. This unprofessional style is known as "bossing people around".

This style should be used only when the leader has all the information and is short of time and the employees are well motivated. If the leader wants to gain greater commitment and motivate his subordinates, then it should be used very rarely.

Participative Style:

In the authoritarian style the leader used to say - "I want you to....", but in participative style the leader says - "let us work together to solve this problem".

A Participative Leader, rather than taking autocratic decisions, seeks to involve other people including subordinates, peers, superiors and other stakeholders in the process.

Here the leader takes his subordinates into confidence about what to do and how to do, but the final authority vests in the leader. This style can be divided into two – one, where leader consults, and two, where decision is taken through consensus. Use of this style by a leader is not a sign of weakness.

It is the strength, your subordinates will respect. This style is used when the employees are knowledgeable and skilful. This style is also known as consultative, empowerment, joint decision-making, democratic leadership, Management by Objective (MBO) and power-sharing.

It helps in ascertaining and identifying future leaders among the subordinates. Also, it keeps a team's spirit and morale high as the team members feel that their opinions are valued by their leader.

To illustrate, an advertising manager approaches his subordinates on how to promote a particular product of a suggest print media and others suggest electronic media. The

participative leader takes all these suggestions, and makes a decision after weighing their pros and cons.

Free-rein Leadership Style:

In this style the leader says - "you take care of the problem". Final responsibility always remains with the leader. A free-rein leader does not lead, but leaves the group entirely to itself.

Such a leader allows maximum freedom to subordinates, i.e., they are given a free hand in deciding their own policies and methods. It is used when the leader has full trust and confidence in the abilities of his subordinates.

Since a leader cannot do everything. He prioritises the work and delegates certain tasks. This style may be used but with caution. This style is also known as laissez faire (non-interference in the affairs of others).

To illustrate, a manager has newly joined a firm. He is still learning how various things move in the organization. In such a situation, he relies on the suggestions and opinions of his team members and lets them do the things the way they are used to, till the time he is able to gain sufficient knowledge and can suggest some more feasible changes.

Good leaders should be able to master all the styles, to be a better leader. He must be able to use all the styles depending upon the forces in operation among the leader, followers and the situation. If the existing procedure is not working go in for authoritarian to establish a new one; if their ideas and input are to be taken use participative and using delegative style while delegating the procedure to them for execution. Normally one of styles will be dominant. But bad leaders tend to stick to one style only.

2.18 MOTIVATION

Motivation is an important factor which encourages persons to give their best performance and help in reaching enterprise goals. A strong positive motivation will enable the increased output of employees but a negative motivation will reduce their performance. A key element in personnel management is motivation.

2.18.1 Importance of Motivation

1. Greater efficiency:

Motivation enhances the efficiency of the employees and of organization. When employees are motivated, they can perform with commitment and dedication.

2. Reduction in absenteeism and labour turnover:

Motivated employees may not remain absent or leave the organization. They develop a sense of belonging towards the organization and thus improve their overall performance.

3. Team spirit:

Motivation improves team spirit of employees, and this improves the work environment and the overall performance of the employee and the organization.

4. Reduction in wastages and breakages:

Motivated employees take great care in handling machines and other resources. This will reduce wastages and breakages, thus resulting in higher benefits to the organization.

5. Cordial relations:

Motivation enables cordial and healthy relationship in the organization. Motivation helps reduce labour grievances and disputes. It ensures sound relations between the management

cease to motivate him and he will want to satisfy the other needs.

2. Safety Needs:

Once physiological needs are satisfied then safety needs take the precedence. These are the needs to be free from physical danger and the fear of loss of job, property, shelter, etc. One would like to be free from economic worries like loss of job, sickness, old age pension etc. The physical safety against murder, accident, fire, etc. is also essential. The physical and economic needs act as motivators up to the time they are not properly met.

According to McGregor, "Safety needs may serve as motivators in such circumstances as arbitrary management actions, behaviour which arouses uncertainty with respect to continued unemployment and unpredictable administration of policy. The organization can meet safety needs by installing safety devices at work and can start pension scheme, insurance plan etc."

3. Social Needs:

Since people are human beings, they need to belong, to be accepted by others. When social needs become dominant, human being will strike to have meaningful association with others. In an organization workers may form informal groups for exchange of ideas. If management tries to have close supervision and control then workers may retort against such environment. The communication among workers should be encouraged to remove the irritants.

4. Esteem or Ego Needs:

The needs are concerned with self-respect, self-confidence, feeling of being unique, recognition, etc. The satisfaction of these needs brings confidence, power, control and prestige. Some of the social problems have their roots in the unfulfilment of these needs.

He asked these people to describe two important incidents at their jobs:

- (1) When did you feel particularly good about your job, and
- (2) When did you feel exceptionally bad about your job? He used the critical incident method of obtaining data.

The responses when analysed were found quite interesting and fairly consistent. The replies respondents gave when they felt good about their jobs were significantly different from the replies given when they felt bad. Reported good feelings were generally associated with job satisfaction, whereas bad feeling with job dissatisfaction. Herzberg labelled the job satisfiers motivators, and he called job dissatisfies hygiene or maintenance factors. Taken together, the motivators and hygiene factors have become known as Herzberg's two-factor theory of motivation

Herzberg's motivational and hygiene factors have been shown in the Table:

HERZBERG'S MOTIVATION - MAINTENANCE FACTORS

Hygiene Factors	Motivators
1. Company Policy and Administration	1. Achievement
2. Relationship with supervisor	2. Recognition
3. Work conditions	3. Work itself
4. Salary	4. Responsibility
5. Relationship with peers	5. Advancement
6. Personal life	6. Growth
7. Relationship with subordinates	
8. Status	
9. Security	
10. Supervision	

According to Herzberg, the opposite of satisfaction is not dissatisfaction. The underlying reason, he says, is that removal of dissatisfying characteristics from a job does not necessarily make the job satisfying. He believes in the existence of a dual continuum. The opposite of 'satisfaction' is 'no satisfaction' and the opposite of 'dissatisfaction' is 'no dissatisfaction'.

According to Herzberg, today's motivators are tomorrow's hygiene because the latter stop influencing the behaviour of persons when they get them. Accordingly, one's hygiene may be the motivator of another.

However, Herzberg's model is labeled with the following criticism also:

1. People generally tend to take credit themselves when things go well. They blame failure on the external environment.
2. The theory basically explains job satisfaction, not motivation.
3. Even job satisfaction is not measured on an overall basis. It is not unlikely that a person may dislike part of his/ her job, still thinks the job acceptable.
4. This theory neglects situational variable to motivate an individual.

Because of its ubiquitous nature, salary commonly shows up as a motivator as well as hygiene.

Regardless of criticism, Herzberg's 'two-factor motivation theory' has been widely read and a few managers seem untaminar with his recommendations. The main use of his recommendations lies in planning and controlling of employees work.

2.18.4 Mc. Gregor's Theory X and Theory Y

Douglas Mc. Gregor has presented two opposite views of human behaviour in the organisation in the form of what he

calls Theory 'X' and Theory 'Y'. Theory 'X' represents the traditional view of human nature and behaviour, and emphasises the need for control and direction over man. On the other hand, Theory 'Y' indicates the individual and organisation behaviour both and highlights the need for improving and utilizing inner motivation.

The basic assumptions about human nature and behaviour in working according to both these theories are given below:

Theory 'X':

According to the traditional view of human behaviour, the following assumptions hold good about the work behaviour of people:

1. The average individual has an inherent dislike of work and will avoid it if he can.
2. Most people must, therefore, be pressurized, controlled, directed, and threatened by punishment by their superiors to get them put forth adequate efforts towards organisational objectives.
3. The average human being prefers to be led, wishes to avoid responsibility, and has relatively little ambition.
4. The average person actually prefers to be directed to being led on his own.
5. Most people are by nature resistant to change and look for security above all.
6. An average human being is inherently self-centred, and indifferent to organisational goals.

The above assumptions are negative in nature. According to Mc. Gregor, an organisation built upon Theory 'X' approach will be one in which there is close supervision and control of subordinates and high centralisation of authority. Leadership

in such organisation will tend to be autocratic, and the workers will have very little say in decisions affecting them.

Theory 'Y':

Mc. Gregor recognised certain needs that Theory 'X' fails to take into account. These relate to self-fulfillment, ego satisfaction and the social needs of the individual workers. To meet these human needs in the organisation, Mc. Gregor suggested a counter- approach to motivation in management called Theory 'Y'.

Theory 'Y' is based on the following assumptions:

1. People like to work. It is as natural as rest or play.
2. Man will exercise self-direction and self-control in the service of objectives to which he is committed. External control or threat of punishment is not the only means of motivating people to work and achieve organisational goals.
3. People commit themselves to those objectives which promise them the satisfactions they want.
4. The average human being learns, under proper conditions, not only to accept responsibility but also to seek it.
5. The capacity to exercise a relatively high degree of imagination, ingenuity and creativity in the solution of organisational problems is widely distributed in the population.
6. Under conditions of modern industrial life, the intellectual potentialities of people are only partially utilised. In reality, people have unlimited potential.
7. Since the other needs of most of the people in work organisations are pretty well- satisfied, the management authority can achieve better results through them by appealing to their ego and development needs.

Theory 'Y' represents a modern and dynamic nature of human beings. According to this theory, the manager is in charge of work, not people. So he delegates freedom rather than authority. An organisation designed on the basis of Theory 'Y' is characterised by decentralisation of authority, job enrichment, participative leadership and two-way communication system.

The focus is on self-control and responsible jobs. Theory 'X' places exclusive reliance on external control of human behaviour, while Theory 'Y' relies on self-regulation.

If we relate Theory 'X' and Theory 'Y' to Maslow's hierarchy of needs theory, it may be said that Theory 'X' may be more applicable where a man is concerned with the lower level of needs. Once he has an adequate level of satisfaction of the basic physiological and safety needs, Theory 'Y' may be used for making an appeal to the higher level needs.

2.19 CONTROLLING

Controlling is one of the managerial functions and it is an important element of the management process. After the planning, organising, staffing and directing have been carried out, the final managerial function of controlling assures that the activities planned are being accomplished or not.

So the function of controlling helps to achieve the desired goals by planning. Management must, therefore, compare actual results with pre-determined standards and take corrective action if necessary.

Control can be defined as the process of analysing whether actions are being taken as planned and taking corrective actions to make these conform to planning.

2.19.1 Aims of Controlling:

1. To find out the progress of the work—the work already completed and the work in progress.

2. To compare the actual performance of the work at different stages with the particulars indicated in the plans and policies.
3. To ascertain the time within which the work is completed.
4. To verify quantity and testing quality of the products.
5. To know the delays or interruptions, if any, in the performance of work and trace the cause of such delay or breakdown.
6. To see that causes of delay are eradicated and operations are suitably re-scheduled.
7. To ensure that variations in the contents and methodology of work are remedied by appropriate adjustments.
8. To assess the cost of materials and labour used and ensure that direct costs and indirect costs do not exceed the budget provisions.
9. To pinpoint the responsibility on individuals at different levels for slackness, indifference, or negligence, if any in the expected levels of performance.
10. To evaluate the value of the work performed and recognize the contributions of the staff towards realisation of the goals of the enterprise.
11. To maintain discipline and morale in the organisation.

2.19.2 Limitations of Controlling:

1. Difficulty in Setting Quantitative Standards:

It becomes very difficult to compare the actual performance with the predetermined standards, if these standards are not expressed in quantitative terms. This is especially so in areas of job satisfaction, human behaviour and employee morale.

2. No Control on External Factors:

An organization fails to have control on external factors like technological changes, competition, government policies, changes in taste of consumers etc.

3. Resistance from Employees:

Often employees resist the control systems since they consider them as curbs on their freedom. For example, surveillance through closed circuit television (CCTV).

4. Costly Affair:

Controlling involves a lot of expenditure, time and effort, thus it is a costly affair. Managers are required to ensure that the cost involved in installing and operating a control system should not be more than the benefits expected from it.

2.20 MANAGERIAL GRID STYLES

The managerial grid, developed by Robert Blake and Jane Srygley Mouton, is a popular approach for defining leadership styles. Blake and Mouton argue that managerial behavior is a function of two variables: concern for people and concern for production.

They use the managerial grid as a framework to help managers identify their leadership style and to track their movement toward the ideal management style. This grid shown in Figure 2.11 is used all over the world for training managers and for identifying various combinations of leadership styles.

The level of concern for people (employees) is shown on the vertical axis and the level of concern for production on the horizontal axis of the grid. Each axis has a scale ranging from 1 to 9, with the higher numbers indicating greater concern for the specified variable.

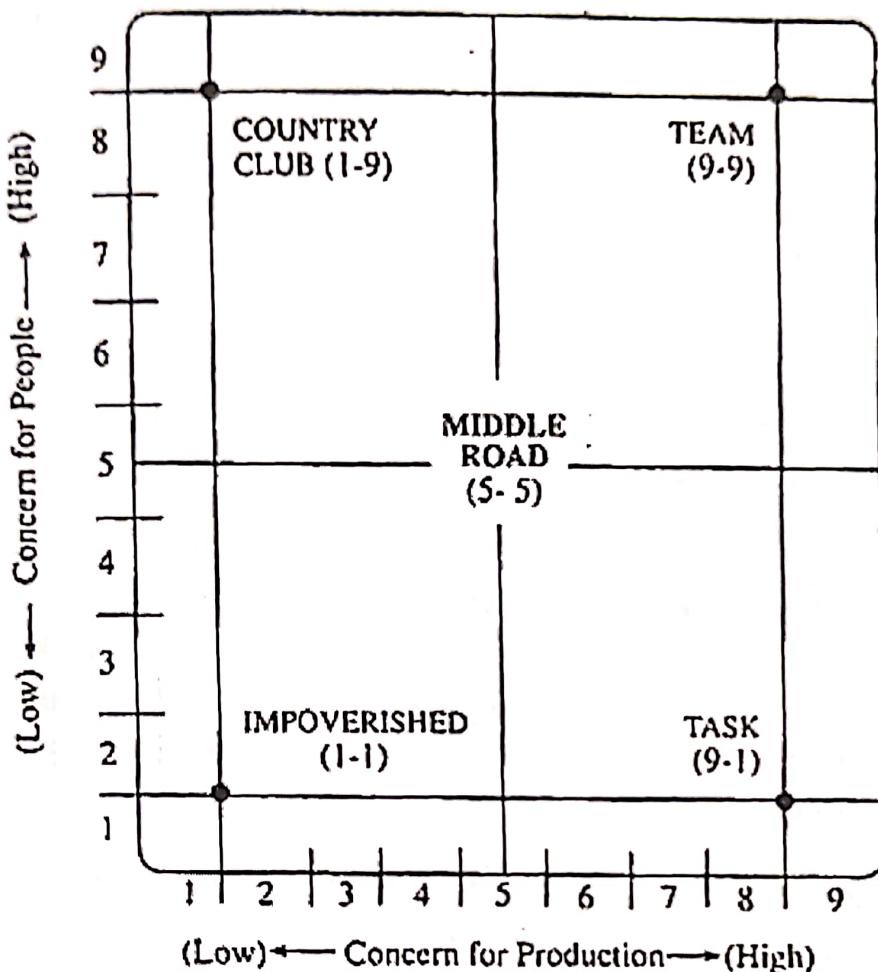


Fig 2.11 Managerial Grid Leadership style

Depending on the degree of the managerial concern for people and production, a manager can fall anywhere on the grid.

The management grid reflects five leadership styles:

Leadership style 1, 1 is called 'impooverished management.' In this context, there is a low concern for people and low concern for tasks or production. In other words, neither people nor production is emphasized, and little leadership is exhibited. This management style does not provide leadership in a positive sense but believes in a "laissez-faire" approach, relying on previous practice to keep the organization going.

Leadership style 1, 9 is called 'country club management.' There is high concern for people but low concern for

production. Here managers try to create a work atmosphere in which everyone is relaxed, friendly, and happy. However, no one is bothered about putting in the effort required to accomplish enterprise goals.

This management style may be based on a belief that the most important leadership activity is to secure the voluntary cooperation of group members in order to obtain high levels of productivity. Subordinates of such managers generally report high levels of satisfaction, but the managers may be considered too easy-going and unable to make decisions.

Leadership style 9, 1 which reverses the emphasis of style 1, 9 is called 'authority-compliance management.' There is high concern for production but low concern for people in this management style. This management style is task-oriented and stresses the quality of production over the wishes of subordinates.

Such managers may be loyal, conscientious, and personally capable, but may become alienated from their subordinates, who may do only enough work to keep themselves out of trouble.

Leadership style 5, 5 is called 'organization-man management.' It is also called 'middle-of-the-road management.' Here there is an intermediate (or moderate) amount of concern for both production and people. Managers with this management style believe in compromise, so that decisions are taken but only if endorsed by subordinates.

Such managers may be dependable and may support the status quo, but are not likely to be dynamic leaders. Moreover, they may have difficulty in bringing about innovation and change.

Leadership style 9, 9 is called 'team management.' Here there is a high concern for both production as well as employee morale and satisfaction. Team managers believe that concern for people and for tasks are compatible.

They believe that tasks need to be carefully explained and decisions endorsed by subordinates to achieve a high level of commitment. According to Blake and Mouton, 9, 9 orientations is the most desirable one.

The Blake and Mouton managerial grid is widely used as a training device for managers. It is a useful device for identifying and classifying managerial styles, but it does not tell us why a manager falls into one part or another of the grid.