Course code	Course Name	L-T-P - Credits	Year of Introduction
HS300	Principles of Management	3-0-0-3	2016

Prerequisite : Nil

Course Objectives

- To develop ability to critically analyse and evaluate a variety of management practices in the contemporary context;
- To understand and apply a variety of management and organisational theories in practice;
- To be able to mirror existing practices or to generate their own innovative management competencies, required for today's complex and global workplace;
- To be able to critically reflect on ethical theories and social responsibility ideologies to create sustainable organisations.

Syllabus

Definition, roles and functions of a manager, management and its science and art perspectives, management challenges and the concepts like, competitive advantage, entrepreneurship and innovation. Early contributors and their contributions to the field of management. Corporate Social Responsibility. Planning, Organizing, Staffing and HRD functions, Leading and Controlling. Decision making under certainty, uncertainty and risk, creative process and innovation involved in decision making.

Expected outcome.

A student who has undergone this course would be able to

i. manage people and organisations
ii. critically analyse and evaluate management theories and practices
iii. plan and make decisions for organisations
iv. do staffing and related HRD functions

Text Book:

Harold Koontz and Heinz Weihrich, *Essentials of Management*, McGraw Hill Companies, 10th Edition.

References:

1. Daft, *New era Management*, 11th Edition, Cengage Learning
2. Griffin, *Management Principles and Applications*, 10th Edition, Cengage Learning
3. Heinz Weirich, Mark V Cannice and Harold Koontz, *Management: a Global, Innovative and Entrepreneurial Perspective*, McGraw Hill Education, 14th Edition
4. Peter F Drucker, *The Practice of Management*, McGraw Hill, New York
5. Robbins and Coulter, *Management*, 13th Edition, 2016, Pearson Education

Course Plan

Module	Contents	Hours	Sem. Exam Marks
I	Introduction to Management: definitions, managerial roles and functions; Science or Art perspectives- External environment-global, innovative and entrepreneurial perspectives of Management (3 Hrs.)– Managing people and organizations in the context of New Era- Managing for competitive advantage - the Challenges of Management (3 Hrs.)	6	15%

II	**Early Contributions and Ethics in Management**: Scientific Management- contributions of Taylor, Gilbreths, Human Relations approach-contributions of Mayo, McGregor's Theory, Ouchi's Theory Z (3 Hrs.) Systems Approach, the Contingency Approach, the Mckinsey 7-S Framework Corporate Social responsibility- Managerial Ethics. (3 Hrs)	6	15%
FIRST INTERNAL EXAMINATION			
III	**Planning:** Nature and importance of planning, -types of plans (3 Hrs.)- Steps in planning, Levels of planning - The Planning Process. – MBO (3 Hrs.).	6	15%
IV	**Organising for decision making:** Nature of organizing, organization levels and span of control in management Organisational design and structure –departmentation, line and staff concepts (3 Hrs.) Limitations of decision making- Evaluation and selecting from alternatives- programmed and non programmed decisions - decision under certainty, uncertainty and risk-creative process and innovation (3 Hrs.)	6	15%
SECOND INTERNAL EXAMINATION			
V	**Staffing and related HRD Functions:** definition, Empowerment, staff – delegation, decentralization and recentralisation of authority – Effective Organizing and culture-responsive organizations –Global and entrepreneurial organizing (3 Hrs.) Manager inventory chart-matching person with the job-system approach to selection (3 Hrs.) Job design-skills and personal characteristics needed in managers-selection process, techniques and instruments (3 Hrs.)	9	20%
VI	**Leading and Controlling:** Leading Vs Managing – Trait approach and Contingency approaches to leadership - Dimensions of Leadership (3 Hrs.) - Leadership Behavior and styles – Transactional and Transformational Leadership (3 Hrs.) Basic control process- control as a feedback system – Feed Forward Control – Requirements for effective control – control techniques – Overall controls and preventive controls – Global controlling (3 Hrs.)	9	20%
END SEMESTER EXAM			

Question Paper Pattern

Max. marks: 100, Time: 3 hours .
The question paper shall consist of three parts

Part A: 4 questions uniformly covering modules I and II. Each question carries 10 marks
Students will have to answer any three questions out of 4 (3X10 marks =30 marks)
Part B : 4 questions uniformly covering modules III and IV. Each question carries 10 marks
Students will have to answer any three questions out of 4 (3X10 marks =30 marks)
Part C: 6 questions uniformly covering modules V and VI. Each question carries 10 marks
Students will have to answer any four questions out of 6 (4X10 marks =40 marks)

Note: In all parts, each question can have a maximum of four sub questions, if needed.

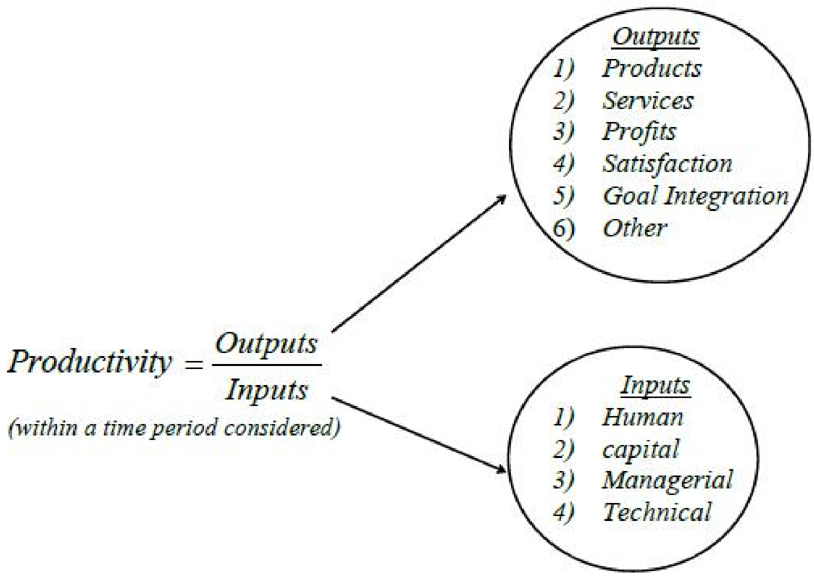
MODULE 1

Management

Management is the process of creating an atmosphere, wherein individuals working together in groups, accomplish a given objective with the highest degree of productivity.

Management is the process through which people are mobilized to achieve designated goals.

Productivity is the measure of how well the resources are brought together in an organization and utilized for accomplishing a given set of objectives. It can be defined as the output – input ratio within a time period with due consideration for quality. It can be expressed as follows:



The formula indicates that productivity can be improved by:

1) increasing the outputs with the same inputs
2) decreasing the inputs by maintaining the same outputs or
3) increasing the outputs and decreasing the inputs to change the ratio favourably.

Productivity implies effectiveness and efficiency in individual and organizational performance. Effectiveness is the achievement of objectives whereas efficiency is the achievement of ends with the least amount of resources. Managers cannot know whether they are productive unless they first know their objectives and goals and those of the organization.

Production and productivity are different terms and implies different meaning. It should be noted that higher production need not necessarily lead to higher productivity and vice versa.

Production is a process (or system) of converting input into some useful, value added output. Production is a measure of output produced. The emphasis is not on how well the input-resources are utilized. Productivity, on the other hand, puts emphasis on the ratio of output produced to the input used. That is, here the focus is on how well the input resource is used for conversion into output.

Science or Art Perspectives of Management

Management is Science because of several reasons like - it has universally accepted principles, it has cause and effect relationship etc, and at the same time it is art because it requires perfection through practice, practical knowledge, creativity, personal skills etc.

Management is both an art and a science. Management combines features of both science as well as art. It is considered as a science because it has an organized body of knowledge which contains certain universal truth. It is called an art because managing requires certain skills which are personal possessions of managers. Science provides the knowledge & art deals with the application of knowledge and skills.

A manager to be successful in his profession must acquire the knowledge of science & the art of applying it. Therefore management is a judicious blend of science as well as an art because it proves the principles and the way these principles are applied is a matter of art. Science teaches to 'know' and art teaches to 'do'. It is not sufficient for manager to first know the principles but he must also apply them in solving various managerial problems that is why, science and art are not mutually exclusive but they are complementary to each other.

Importance of Management

1) Management helps in increasing the effectiveness and efficiency and thereby productivity of the enterprise as well as the individual worker.
2) Management helps in development of full human potential.
3) Management helps in raising the worker morale.
4) Management helps in building mutual trust.
5) Management helps developing teamwork.
6) Management helps in providing a stable livelihood for all employees.
7) Management helps in constantly and forever improving the system of production and service.

Characteristics of Management

1) Management applies to any kind of organization.
2) Management applies to managers at all organizational levels.
3) The aim of all managers is the same: to be productive.
4) Managing as a practice is an art in which practitioners apply the underlying theory and science in light of situations.
5) Management attempts to create a desirable future, keeping the past and present in mind.
6) There are various approaches to management.

Managerial Roles

The ten Managerial roles identified by Mintzberg are as follows:

Interpersonal roles

1) The figurehead role (performing ceremonial and social duties as the organizations's representative)

2) The leader role - providing leadership for the team, department or perhaps for the organization

3) The liaison role - communicating and creating network particularly with outsiders

Informational roles

4) The recipient role - receiving information about the operation of enterprise

5) The disseminator role - passing information to subordinates

6) The spokesperson role - transmitting information to those outside the organization

Decision roles

7) The entrepreneurial role - a manager create and control change within the organization and involves generating new ideas and implementing them.

8) The disturbance handler role - when an organization or team hits an unexpected roadblock, it's the manager who must take charge. It becomes necessary to mediate disputes within the organization.

9) The resource allocator role – determine where organizational resources are best applied. This involves allocating funds as well as assigning staff and other organizational resources.

10) The negotiator role - dealing with various persons and groups of persons.

Functions of Management

The managerial functions provide a useful framework for organizing management knowledge. Managerial functions can be basically grouped under planning, organizing, motivating, controlling, coordinating, decision-making and directing.

Planning

Plans give the organization its objectives and set up the best procedures for reaching them. Plans made by top-level management may cover periods as long as five or ten years. On the other hand, the middle and lower level managers focus on short-range and day-to-day plans. The elements included in the planning function are:

1) The policies that will help to achieve objectives.
2) The programmes that a manager will carry out
3) The time schedules that a manager will have to meet
4) The budgetary considerations that will be involved

All the above elements are equally important and interact with all other elements

Organizing

Organizing is the process of arranging and allocating work, authority, and resources among an organization's members so that they can achieve organization's goals.The elements included in organizing function are:

1) Grouping of activities necessary to accomplish organization's goals in the light of the human and material resources available and the best way, under the circumstances, of using them.
2) Delegating to the head of each group the authority necessary to perform the activities.
3) Establishing relationships that will provide each with the necessary information.
4) Scrutinizing the relationships between various units and the effect of operation of these units on each other.

Organizing is a never-ending process. All types of organizations are in a continual state of being reorganized. When goals and programmes are redirected, activities also change.

Sometimes staffing function is considered as a part of organizing function. Staffing is the function of manning the organization structure and keeping it manned. The main purpose of staffing is to put right man on right job. Staffing involves:

1) Manpower Planning (estimating man power in terms of searching, choose the person and giving the right place)
2) Recruitment, selection & placement
3) Training & development.
4) Remuneration
5) Performance appraisal
6) Promotions & transfer

Motivating

Motivation is a human psychological characteristic. It pertains to various drives, desires, needs, wishes and other forces.

Motivation is not easy to achieve and what a manager can try to do is to create a working climate in which all members may contribute to the limits of their ability. The key elements in such a work situation and its effect on the employee are known to be:

1) The degree to which the employee feels his goals and those of the organization are similar.
2) The employee's relationships with his coworkers and especially with his supervisor.
3) The way in which his job helps him meet his needs for present income and future security and does so in a manner that seems fair.
4) The extend to which it enables him to feel adequate to his tasks and to gain a sense of accomplishment for jobs well done.

Motivational function provides a great deal of challenge to a manager. He must have the ability to identify the needs of his subordinates and the methods and techniques to satisfy those needs. Motivation is a continuous process as new needs and expectations emerge.

Controlling

Controlling is the process of ensuring that actual activities conform to plan activities. Through the controlling function, the manager can keep the organization on the right track before it deviates too far from its goals. The controlling function involves:

1) Establishing standards of performance.
2) Measuring actual performance.
3) Comparing actual performance to the established standards.
4) Taking corrective action if deviations are detected.

For the control to be effective, a system of communications or reports is required to inform the manager of the facts on which to base measurements, comparisons and corrective action. A great deal of the manager's time is involved in controlling.

Coordinating

Coordination is the process of integration of the activities of separate departments of an organization to accomplish organizational goals. Coordination is needed both up and down the organization structure and laterally as well. It can also occur among people working at different organizations. The extent of coordination depends on the nature of activities performed and the type of organization structure.

Some authors consider coordinating as a part of organizing function as organizing involves a great deal of coordinating effort.

Decision-making

Decision-making is the process of identifying and selecting a course of action from among alternatives. Decision-making is an important part of every manager's job and it requires all the skill and judgment a manager accumulates over the years.

The manager constantly seeks to make correct decisions involving the use of the various types of resources at his disposal to attain the various objectives. A manger decides on the utilization of men, materials and machines to achieve such goals as quality, low cost, quick delivery, safety and so on.

Directing

Directing is said to be a process in which the managers instruct, guide and oversee the performance of the workers to achieve predetermined goals. Directing is said to be the heart of management process. Planning, organizing, staffing has got no importance if direction does not take place.

Directing initiates action and it is from here actual work starts. Directing consists of process or technique by which instruction can be issued and operations can be carried out as originally planned. Therefore, Directing is, therefore, guiding, inspiring, overseeing and instructing people towards accomplishment of organizational goals.

Directing concerns the total manner in which a manager influences actions of subordinates. It includes the following elements:

1) Issuing orders that are clear, complete and within the capabilities of subordinates to accomplish.
2) Suggesting an incessant training activity in which subordinates are given instructions to enable them to carry out the particular assignment in the existing situation.
3) Motivating the workers to meet the expectations of the manager
4) Maintaining discipline and rewarding those who perform well

Environmental Perspective

Environment is a force or a factor within or outside an organization that influences its performance either positively or negatively. The organization is surrounded by two main environments – internal and external. The internal environment consists of the firm itself, the owners or shareholders, the employees, internal technology, internal suppliers and internal financiers. The internal environment is largely controllable and the organization can manipulate it to its advantage. On the other hand, the external environment mainly consists of the forces beyond the control of an organization such as the PESTEL factors. PESTEL is an acronym for political, economic, social-cultural, technological, ecological/environmental and legal environments.

a) Political factors

Political factors include government policies, political ideologies, political affiliations and provision of public goods in the economy. Examples may include the tax policy, the labour law, environmental law, trade restrictions, tariffs and political stability. Political factors also include areas like goods and services bought or banned by the government. The government is a major buyer of goods and services in the economy to support sectors like health, education, agriculture and infrastructure among others. Political factors can either be a threat or an opportunity to an organization.

b) Economic factors
These factors include areas like economic growth, interest rates, exchange rates, inflation rate, employment levels and so on. They significantly affect how organizations operate either positively or negatively. For example, interest rates affect a firm's cost of capital and therefore to what extent a business grows and expands. Exchange rates affect the costs of exporting goods and the supply and price of imported goods in an economy while inflation affects the cost of the factors of production.

c) Social- cultural factors
These include the cultural aspects of the population for example, health consciousness, population growth rate, age distribution, career attitudes and emphasis on safety, religion, connotations, tastes and preferences. Changes in social factors affect the demand for a company's products and how it operates. For example, changes in tastes and preferences of people may lead to a loss of a big chunk of the market.

d) Technological factors
The factors above include changes in processes and configurations due to innovation, automation, new inventions, research and development activities among others. Technological changes can determine barriers to entry, minimum efficient production level and influence outsourcing decisions. Furthermore, technological shifts can affect costs, quality, and lead to innovation.

e) Environmental factors
These include weather as well as climate and climate change, which mostly affect industries such as tourism, agriculture and insurance. This also covers issues like pollution and waste management. Growing awareness to climate change and environmental issues is affecting how companies operate and the products they offer.

f) Legal Fctors
Legal factors include issues like consumer law, labour laws, copyrights, health and safety laws. These factors can affect how a company operates, its costs and the demand for its products. The bottom-line is that the company needs to operate within the laws.

Managing for Competitive Advantage

A competitive environment is the dynamic external system in which a business competes and functions. The more sellers of a similar product or service, the more competitive the environment in which you compete. To survive and win in a competitive environment, organizations have to gain competitive advantage over their competitors and earn a profit. Organizations gain a competitive advantage by continuously improving how they conduct business in order to thrive and be better than their competitors. To succeed in the environment, the managers must deliver the following fundamental success drivers: quality, cost effectiveness, speed, innovation, technology and globalization.

1. Quality
Quality is the fitness for use and for a company to survive in a competitive environment, it has to produce and supply products of high quality. Service quality is vital as well. Managers should ensure their customers are given high quality goods and services to satisfy them and exceed their expectations. Companies can achieve customer satisfaction by listening to the customers' description of the quality of goods and services they would like to receive from them. Providing world class quality requires a thorough understanding of what quality really is through your

customers' expectations. Quality can be measured in terms of product performance, customer service, reliability, conforming to standards, durability and aesthetics.

2. **Cost effectiveness**

Cost effectiveness means that a company's products and services costs are kept low enough so that you can realize profits, while pricing your products (goods or services) at levels that are attractive to consumers.

3. **Speed**

Speed is the fast and timely execution of response, and delivery of results. How quickly can an organization respond to customer requests? An organization is far better off if it is faster than the competitior and if it can respond quickly to your competitors' actions.

4. **Innovation**

Innovation is the introduction of new goods and services. A firm must adapt to changes in consumer demands and to competitors. Companies cannot survive in today's business environment without continuously being innovative. Innovation adds to a company's competitive advantage, so it should be a strategic goal and must be managed properly.

5. **Knowledge management**

Today's manager must create a work environment that attracts good people, makes them want to stay and inspires creative ideas from everyone. The goal is to turn the brain power of their employees into profitable products. These are practices aimed at discovering and harnessing the organization's intellectual resources. Intellectual capital is the collective brainpower or shared knowledge of a workforce that can be used to create value in the organization. Due to competition, organizations need to combine the employees' talents to achieve unique and significant results. A knowledgeable worker is very valuable to organizations today. This is someone whose knowledge is a critical asset to the organization.

Knowledge management is about finding, unlocking, sharing, and altogether capitalising on the most precious resources of an organization which are people's expertise, skills, wisdom and relationships. Knowledgeable managers find human assets, help people collaborate and learn, help people generate new ideas, and harness those ideas into successful innovations. Due to the importance of knowledge management, a new career has been developed and companies are searching for knowledge managers.

6. **Technology**

Organizations cannot survive in today's business environment without the support of appropriate technology. For the purpose of speed, achieving quality standards and getting to be competitive in the market, technology should be embraced by all businesses. Managers therefore should be informed on the technological innovations so that they can adapt the new technology where necessary. Technology can be defined as the methods, processes, systems, and skills used to transform resources into products.

7. **Globalization**

It is the worldwide interdependence of resource flows, product market and business competition. In a globalized world, countries and people are increasingly interconnected through the news, in travel and lifestyles, in labour markets and employment patterns, and in business dealings. Managers need to be enlightened to global realities. This is because globalization affects all types of business. Companies are in great pressure to improve their products and services so as to face the intense competition from foreign companies.

Management Challenges

1) Building a Management Team

One of the toughest challenges for a manager is to find the right people for the management team. It is important to identify the combination of skills and experience that will give the company the best chance for success, and the ideal combination is subtly different for every business.

2) Supervising and Motivating Employees

Managing a business requires being a teacher and a listener. Employees need direction and to understand what is expected of them. They also need to be able to voice their opinions and concerns. Motivating employees to put forth greater effort is easier if they believe that the company appreciates their contributions to its success.

3) Allocating Resources

Every decision a manager makes involves recognizing that the company's financial and human resources are limited. Success depends on making good choices about how to allocate these resources. Every dollar spent and every hour of management time must contribute to the company's growth and profitability. Small companies in particular can't afford to waste resources. The business planning process is critical to achieving efficient resource allocation as it allows managers to better prioritize expenditures.

4) Continual Improvement

Companies must strive to continually improve all areas of their operations. Being satisfied with current performance can mean falling behind competitors that are more aggressively improving their products, customer service levels and profit margins. Managers have to instill this philosophy of constant improvement in all employees, some of whom may be fearful of, and resistant to, change.

5) Adjusting to Changing Conditions

A company is greatly affected by the environment around it, including both the local and national economy, and the actions of competitors. Conditions can change rapidly, requiring quick reactions and adjustments in strategies. If a manager sees new competitive threats emerging, he must be able to devise strategies to quickly counter these threats. This important management function is called developing "what if" scenarios or contingency planning.

6) Anticipating Trends

A creative aspect of management is being able to spot emerging opportunities before the company's competitors are able to. These include potential customer groups, new channels of distribution that could boost sales and new technologies that could make the company more efficient. Even with pressing day-to-day responsibilities, a business owner has to be forward-looking and dedicated to formulating a long-range vision for the business.

MODULE 2

Scientific Management and Contributions of Early Thinkers

Scientific management is a theory of management that analyzes and synthesizes workflows, with the objective of improving labor productivity. The core ideas of the theory were developed by Frederick Winslow Taylor (1856 – 1915) in the 1880s and 1890s. Taylor believed that decisions based upon tradition and rules of thumb should be replaced by precise procedures developed after careful study of an individual at work. Scientific management's application is contingent on a high level of managerial control over employee work practices.

The contributions of early thinkers towards development of management theory are detailed below:

F. W. Taylor

F. W. Taylor (1856 – 1915) known as father of scientific management rested his philosophy on four basic principles:

1. Develop a science for each element of a man's work, which replaces the old rule of thumb method.
2. Scientifically select and then train, teach, and develop the work man, where as in the past he chose his own work and trained himself as best as he could.
3. Heartily cooperate with the men so as to ensure all of the work being done is in accordance with the principles of science, which has been developed.
4. There is an almost equal division of the work and responsibility between management and workmen. The management takes over all work for which they are better fitted than the workmen, while in the past almost all of the work and the greater part of the responsibility were thrown upon the men.

Taylor believed that management and labour had a common interest in increasing productivity and the success of these principles required "a complete mental revolution" on the part of management and labour.

Taylor stressed the importance of "time and motion study" to increase efficiency of men and machines. He introduced a wage incentive plan known as differential rate system, which involves payment of higher wages to more efficient workers.

Henry L Gantt

Henry L Gantt (1861-1919) worked with Taylor on several projects and was his close associate. He improved upon Taylor's differential piece rate system and came up with a new idea. Every worker who finished a day's assigned workload would win a 50% bonus. The supervisor would also earn a bonus for each worker who reached the daily standard, plus an extra bonus if all the workers reached it. This would motivate the supervisors to train their workers to do a better job.

Gantt also devised a charting system for production scheduling, now known as Gantt chart. The Gantt chart is still in use today. It also formed the basis for two charting devices which were developed to assist in planning, managing and controlling complex organizations: the Critical path Method (CPM) and Program Evaluation and Review Technique (PERT).

The Gilbreths

Frank B and Lillian M Gilbreth (1868-1924 and 1878-1972) made their contribution to the scientific management movement as a husband and wife team. They did a lot of research in order to improve work methods and thus to discover one best way of accomplishing a task. Their main field of interest was fatigue and motion studies and focused on ways of promoting the individual worker's welfare. To them, the ultimate aim of scientific management was to help workers reach their full potential as human beings.

In their conception, motion and fatigue were intertwined – every motion that was eliminated reduced fatigue. Using motion picture cameras, they tried to find the most economical ways of doing jobs. They concluded that fatigue could be considerably reduced by lightening the load, spacing the work and by introducing rest periods.

Frank Gilbreth published a series of books describing the best way of laying bricks, handling materials, training apprentices, and improving methods while lowering costs and paying higher wages.

Dr. Lillian Gilbreth is often known as the first lady of management. Lillian's thesis-turned-book, The Psychology of Management, is one of the earliest contributions to understanding the human side of management.

Lillian faced many incidents of discrimination during her life, including the fact that her book could only be published if her initials were used so readers would not know she was a woman. Her work illustrated concern for the worker and attempted to show how scientific management would benefit the individual worker, as well as the organization. Lillian wrote about reduction of worker fatigue, how to retool for disabled veteran workers returning to the workplace, and how to apply principles of scientific management to the home.

Principles of Management as Laid Down by Henri Fayol

Henri Fayol (1841-1925) is known as the Father of principles of management. Fayol believed and prescribed fourteen principles that would aid in setting up and managing organizations. These principles are listed below.

1. Division of work
Work must be divided into tasks, sub-tasks and still smaller units till specialization is achieved.

2. Authority and responsibility
A relationship must be established between the responsibility and the authority a manager exercises. If a subordinate is given responsibility, he should also be given authority to go with it.

3. Discipline
This principle deals with the sanction of rewards for good work or meeting standards and punishment for poor work or failure to meet standards.

4. Unity of Command
Each employee must receive instructions from only one person. Fayol believed that when an employee reported to more than one manager, conflicts in instructions and confusion of authority would result.

5. Unity of direction
Tasks must be regrouped by departmentalization under one head whose major responsibility is coordinating activities.

6. Subordination to general interest
This principle is based on the idea that the whole is greater than the sum of its parts. General interest supercedes the interests of individuals.

7. Remuneration
Compensation for work done should be fair to both employees and employers.

8. Centralization
Decreasing the role of subordinates in decision-making is centralization; increasing their role is decentralization. An optimal balance between centralization and decentralization exists for each situation. This balance must be determined by taking the manager's capabilities into consideration.

9. Scalar chain
This refers to a graded chain of managers from ultimate authority at the top to lowest ranks, resulting in hierarchical levels. This principle also states that authority and responsibility should flow in a direct line vertically from top to bottom.

10. Order
This principle emphasizes the importance of arranging and organizing human and physical resources logically and neatly.

11. Equity
Managers should be both friendly and fair to their subordinates.

12. Stability
In order to provide stability of an organization, long-term commitments must be encouraged.

13. Initiative
Employees must be encouraged to think through and implement a plan of action.

14. Unity of effort
Coordination and unity are important to achieve the goals of an organization. To achieve unity and coordination communication is essential.

Mayo and the Hawthorne Studies

Beginning in 1927 and running through 1932, the Hawthorne Studies took place at the Western Electric Company's Chicago Plant, who employed mostly women who assembled telephone equipment. The number one objective of the Hawthorne Studies was to examine how different work conditions affected employee productivity. When Mayo first began, he experimented with the plant's physical environment, adjusting lighting and humidity, later moving on to changing the hours worked, break times and lengths, and finally the leadership style of the manager/management .

Although the Hawthorne Studies lasted for nearly six years, Elton Mayo became famous for a small portion of the experiment, which included six female workers in the Relay Assembly Room. During this portion, Mayo's staff sat in the Assembly Room with the women and took note of everything they did, all the while talking with them, keeping them up to date on the experiment and asking them about themselves. Mayo then started with carefully controlled changes over the course of four to twelve weeks. The changes included adjusting the lighting in the room, adjusting the time at which breaks were taken and the length of the breaks, as well as the time the workers were able to leave work. Under most of these conditions, Mayo found that work productivity increased. Only when too many breaks were introduced, did production fall. Mayo found that by adding too many breaks, he was actually halting the rhythm of the workers.

The Results

Mayo discovered work was a social atmosphere and the behavior and interaction of employees, managers, and/or observers affected productivity.

Mayo also discovered that the physical conditions, such as lighting and humidity did not affect productivity as much as the recognition and attention they received.

Increased production was due to the workers being observed and not because of the condition changes.

When workers feel valuable and noticed, their work performance increased

Theory X

Theory X is a traditional model of motivation and management. It takes into consideration, the pessimistic behaviour of an average human being, who is less ambitious and inherently lazy. Authoritarian management style is applied by the management, where the managers closely monitor and supervise each employee.

The premises on which theory X relies are listed below:

- By nature, an individual is indolent and will avoid work, to the extent possible.
- The average individual is unambitious, doesn't like responsibilities and prefers supervision.
- He/She is self-oriented and unconcerned about organisational objectives.
- The employee resists change and gives the highest priority to job security.
- He/She is not very clever and can easily be deceived.

On the basis of above assumptions, it is concluded that the management is held responsible for organising resources, for the firm, with the aim of economic gain. Next, the management directs the efforts of the employees and motivate and control their actions, to make them work as per the needs of the organisation. Further, they must be monitored, persuaded, rewarded and punished, or else they will remain idle.

Theory Y

Theory Y is a modern approach on motivation, put forward by McGregor. It uses the participative style of management and assumes that workforce is self-directed and enjoy the work assigned to them, in the accomplishment of organisational objectives. According to the theory, employees are the most precious asset to the company. Given below are the major assumptions of this model:

- The employees usually like work and are natural like play and rest. The performance of work is discretionary and provides a sense of fulfilment, if meaningful.
- He/She can deploy self-control and self-motivation, in the pursuance of organisational objectives.
- The rewards in relation to the achievement lead to commitment towards objectives.

- An average worker, do not escape responsibility, rather he/she seeks it.
- The capabilities and calibre of the employees are underutilised, who possess unlimited potential.

Based on these assumptions, it can be deduced that management is held responsible for arranging the resources with the aim of achieving economic and social ends. Further, the employees are not indolent by nature, but they behave so, because of experience. Moreover, it is the management's duty to create such an environment for the employees to help them achieve their goals.

Differences between Theory X and Theory Y

The points given below are substantial, so far as the difference between Theory X and Theory Y is concerned:

1) Theory X is based on the assumptions, that an average worker is motivated to satisfy their own needs and not to contribute to the fulfilment of organisational goals. Conversely, Theory Y is based on the assumption that an average human being is motivated towards growth and development and they contribute to the achievement of organisational goals.

2) Theory X assumes that an employee dislikes work, while theory Y presupposes that work is natural for employees.

3) Theory X says that employees are unambitious, whereas the employees are highly ambitious says Theory Y.

4) As per theory X, it has been inferred that people do not like taking responsibilities and avoids it to the extent possible. On the other hand, theory Y infers that people accept and seek responsibility.

5) The leadership style adopted by the management, in the case of theory X is autocratic. As against, democratic leadership style is adopted in the case of theory Y.

6) In theory X, it is assumed that employees require constant supervision and direction. In contrast, in theory, Y, the assumption is that employees do not need much supervision for the completion of the task and also in the accomplishment of organisational objectives.

7) Theory X is characterised by tight external control on the employees, whereas theory Y features leniency in control.

8) According to theory X, there is complete centralization of authority, in the organisation, i.e. the power lies in the hands of the top executives. Unlike, decentralisation of authority is presumed in theory Y, which involves employees participation in management and decision-making.

9) The element of self-motivation is absent, as per theory X, but present in theory Y.

10) On the basis of theory X, employees stresses on Psychological needs and Security needs. In contrast, based on theory Y, employees concentrates on Social needs, esteem needs and self-actualization needs.

William Ouchi's Theory Z of Motivation

William Ouchi developed Theory Z after making a comparative study of Japanese and American management practices. Theory Z is an integrated model of motivation.

The distinguishing features of Theory Z are as follows:

1. Mutual Trust:

According of Ouchi, trust, integrity and openness are essential ingredients of an effective organisation. When trust and openness exist between employees, work groups, union and management, conflict is reduced to the minimum and employees cooperate fully to achieve the organisation's objectives.

2. Strong Bond between Organisation and Employees:

Several methods can be used to establish a strong bond between the enterprise and its employees. Employees may be granted lifetime employment which leads to loyalty towards the enterprise. During adverse business conditions shareholders may forgo dividends to avoid retrenchment of workers. Promotions may be slowed down.

As against vertical movement of employees greater emphasis should be placed on horizontal movement which reduces stagnation. A career planning for employees should be done so that every employee is properly placed. This would result in a more stable and conducive work environment.

3. Employee Involvement:

Theory Z suggests that involvement of employees in related matters improves their commitment and performance. Involvement implies meaningful participation of employees in the decision-making process, particularly in matters directly affecting them. Such participation generates a sense of responsibility and increases enthusiasm in the implementation of decisions, Top managers serve as facilitators rather than decision-makers.

4. Integrated Organisation:

Under Theory Z, focus is on sharing of information and ' resources rather than on chart, divisions or any formal structure. An integrated organisation puts emphasis on job rotation which improves understanding about interdependence of tasks. Such understanding leads to group spirit.

5. Coordination:

The leader's role should be to coordinate the efforts of human beings. In order to develop common culture and class feeling in the organisation, the leader must use the processes of communication, debate and analysis.

6. Informal Control System:

Organisational control system should be made informal. For this purpose emphasis should be on mutual trust and cooperation rather than on superior-subordinate relationships.

7. Human Resource Development:

Managers should develop new skills among employees. Under Theory' Z, potential of every person is recognized and attempts are made to develop and utilise it through job enlargement, career planning, training, etc.

Limitations of Theory Z:

(i) Provision of lifetime employment to employees to develop a strong bond between organisation and employees may fail to motivate employees with higher level needs. It merely provides job security and may fail to develop loyalty among employees.

An employee may leave the organisation when better employments are offered to him by some other enterprise. Moreover, complete security of job may create lethargy among many employees. Employers also do not like to retain inefficient employees permanently.

(ii) Participation of employees in the decision-making process is very difficult. Managers may dislike participation as it may hurt their ego and freedom. Employees may be reluctant to participate due to fear of criticism and lack of motivation. Even if they sit along with management they may contribute little unless they understand the issues and take initiative. Involvement of all employees may also slow down the decision-making process.

(iii) Theory Z suggests organisation without any structure. But without structure there may be chaos in the organisation as nobody will know who is responsible to whom.

(iv) It may not be possible to develop a common culture in the organisation because people differ in their attitudes, habits, languages, religions, customs, etc.

(v) Theory Z is based on Japanese management practices. These practices have been evolved from Japan's unique culture. Therefore, the theory may not be applicable in different cultures.

Systems Approach

Following are the important features of systems approach to management thought:

1. System approach considers the organisation as a dynamic and inter-related set of parts. Each part represents a department or a sub-system. Each department has its sub-system. Continuous and effective interaction of sub-systems helps to attain goals of the larger system. Thus, every sub-system is a system and has sub-systems which together make an organisation a set of mutually dependent parts and their sub-parts.

2. It considers the impact of both near and distant future on organisational activities. Organisations constantly respond to changes in the internal and external environmental conditions. They also act as market leaders in the dynamic, competitive environment.

3. System approach integrates goals of different parts of the organisation (sub-systems or departments) with the organisation as a whole. It also integrates goals of the organisation with goals of the environment or society in which it operates. Integration of goals maintains equilibrium or balance and enables organisations to grow in the dynamic environment.

4. It synthesizes knowledge of different fields of study such as biology, sociology, psychology, information systems, economics etc. As business organisation deals with different components of society, it makes best use of different fields of study to improve interaction with its counterparts.

5. System approach enables organisations to frame policies that promote business objectives and social objectives. Business operates in the social system and social values, culture, beliefs and ethics are important constituents of business operations.

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Limitations of System Approach

1. Critics of this theory claim this as a theoretical approach to management.

2. Relationship amongst parts of the organisation is emphasised upon but the exact nature of inter-dependence is not defined.

3. Exact relationship between internal and external environment of the organisation is also not defined.

4. System approach fails to provide uniform approach to management. Management practices change with changes in environmental variables. No standard set of principles apply to all types of organisations.

5. It fails to provide concepts that apply to all types of organisations. The small organisations are less adaptive to environmental variables than large organisations. The theory assumes that most of the organisations are big, complex and open systems. It, thus, fails to provide a unified theory.

Contingency Theory of Management

Following are the important features of Contingency Theory:

1. Management is situational in nature. The technique of management depends on complexity of the situation.

2. It is the ‘if and ‘then ‘approach to management, ‘If’ represents the independent variable and ‘then’ represents the dependent management variable or the technique to be adopted in that situation. ‘If’ workers have strong physiological needs, ‘then’ financial motivators should be adopted and ‘If’ they have strong higher-order needs, ‘then’ non-financial motivators should be adopted.

3. Management principles are not universal in nature as there is no best style of management. Management is situational and managerial actions depend upon the environmental circumstances.

4. It provides insight into organisation’s adaptability to both internal and external environment. It is a matter of fitting the internal environment to its external environment.

6. It is an integration of different schools of thought; classical, behavioural and systems approach. It integrates the principles of different schools of thought and applies them contingent upon the needs of the situation.

7. It is pragmatic in nature as solution to every problem is found after analysing the situation.

8. It follows the technique of multivariate analysis. It thinks of all possible variables or factors that affect the situation and adopts the best.

9. It is adaptive in nature. It does not presume a pre-designed structure of the organisation but adopts a structure that helps the organisation adapt to the environment.

Limitations of Contingency Theory:

1. It does not follow the concept of ‘universality of principles’ which often apply to specific management situations.

2. It is argued that what contingency theory asserts was asserted by Fayol also. He also talked of flexibility of management principles. Therefore, the theory has added nothing new to the management thought.

3. As there is no definite solution to a problem, managers think of alternatives to arrive at the right choice. This is costly in terms of time and money. It also does not provide theoretical foundation upon which management principles will be based.

4. It is not possible for managers to determine all the factors relevant to the decision making situation. Because of constraints of time, money and ability, managers can neither collect complete information about the environment nor analyse it completely.

McKinsey 7s Model

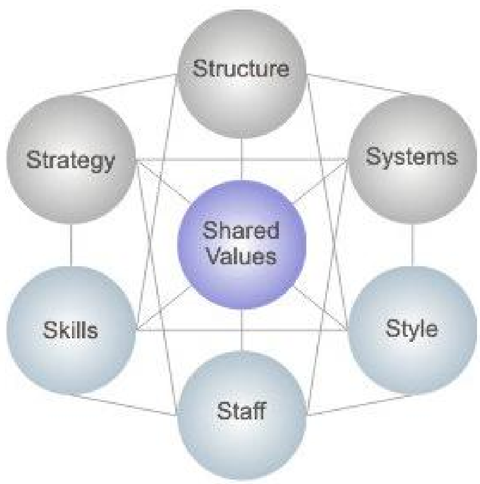
McKinsey 7s model is a tool that analyzes firm's organizational design by looking at 7 key internal elements: strategy, structure, systems, shared values, style, staff and skills, in order to identify if they are effectively aligned and allow organization to achieve its objectives. McKinsey 7s model was developed in 1980s by McKinsey consultants Tom Peters, Robert Waterman and Julien Philips.

The seven interdependent factors are categorized as either "hard" or "soft" elements:

Hard Elements	Soft Elements
Strategy Structure Systems	Shared Values Skills Style Staff

"Hard" elements are easier to define or identify and management can directly influence them: These are strategy statements; organization charts and reporting lines; and formal processes and IT systems.

"Soft" elements, on the other hand, can be more difficult to describe, and are less tangible and more influenced by culture. However, these soft elements are as important as the hard elements if the organization is going to be successful.



The McKinsey 7S Model

The way the model is presented in the above figure depicts the interdependency of the elements and indicates how a change in one affects all the others.

- **Strategy:** the plan devised to maintain and build competitive advantage over the competition.
- **Structure:** the way the organization is structured and who reports to whom.
- **Systems:** the daily activities and procedures that staff members engage in to get the job done.
- **Shared Values:** called "superordinate goals" when the model was first developed, these are the core values of the company that are evidenced in the corporate culture and the general work ethic.
- **Style:** the style of leadership adopted.
- **Staff:** the employees and their general capabilities.
- **Skills:** the actual skills and competencies of the employees working for the company.

Placing Shared Values in the middle of the model emphasizes that these values are central to the development of all the other critical elements. The company's structure, strategy, systems, style, staff and skills all stem from why the organization was originally created, and what it stands for. The original vision of the company was formed from the values of the creators. As the values change, so do all the other elements.

The most common uses of the framework are:

- To facilitate organizational change
- To help implement new strategy
- To identify how each area may change in a future
- To facilitate the merger of organizations

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is a broad term used to describe a company's efforts to improve society in some way. These efforts can range from donating money to nonprofits to implementing environmentally-friendly policies in the workplace. CSR is important for companies, nonprofits, and employees alike.

Corporate Social Responsibility (CSR) is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders. CSR is a concept with many definitions and practices.

Mintzberg (1983) stated that CSR can be practised or can appear in four forms. The purest form is when CSR is practised for its own sake. The firm expects nothing back from their CSR activities and they become socially responsible because ‘that is the noble way for corporations to behave’. A second, less pure,form of CSR is when it is undertaken for‘enlightened self-interest’ in which case firms undertake CSR with the belief that CSR pays. The ‘pay’ could be tangible or intangible but in either case, the payback is expected. This is related to Mintzberg’s third form of CSR in which CSR is seen as a sound investment. According to the ‘sound investment theory’ the stock market reacts to firms’ actions and socially responsible behaviours will be rewarded by the market. The fourth form of CSR, which is also related to enlightened self-interest, is CSR practised in order to avoid interference from external political influences. In this case, firms become socially responsible in order to prevent the authorities forcing them to be so via legislation.

There are four types of CSR according to its beneficiaries:

(1) Environment-Focused Corporate Social Responsibility (CSR)
This type of CSR focuses on reducing detrimental effects of the corporation's operations on the environment. The corporation innovates in its manufacturing stage to reduce the production of environment harming by-products. It also promotes the use of non-renewable energy sources to prevent harm caused to the environment by burning of fossil fuels.

(2) Community-Based Corporate Social Responsibility (CSR)
The corporation joins hands with other organizations (usually Non-Profit ones) to ensure the welfare of a local community's people. These organizations either fund or receive funding from corporations to perform tasks that can improve the living conditions of the community's people.

(3) Human Resource (HR)-Based Corporate Social Responsibility (CSR)
Corporations focus on the well-being of their own staff and improve their living conditions. The companies may extend compassionate leaves like paternity leaves so that the employee can look after his newborn. They can also provide medical insurance to their employees to take care of accidents caused due to occupational hazards.

(4) Charity Based Corporate Social Responsibility (CSR)
In a charity-based CSR, corporations donate to organizations or individuals (usually through a charity partner) to improve their financial condition and for their general upliftment. This is the most common form of a CSR activity. Most corporations provide direct financial support to organizations or individuals who require such assistance.

Business Benefits of Corporate Social Responsibility
Better brand recognition.
Positive business reputation.
Increased sales and customer loyalty.
Operational costs savings.
Better financial performance.
Greater ability to attract talent and retain staff.
Organisational growth.
Easier access to capital.

Managerial Ethics

Ethics are the moral codes that govern behavior of a person or group of people regarding what is right and wrong. These moral codes revolve around established values and principles and may not be the same from culture to culture. Ethics point the way to a particular course of action defining acceptable behaviors and choices. Managerial ethics are a set of standards that dictate the conduct of a manager operating within a workplace.

Managerial ethics help to guide decision making and regulate internal and external behavior. Ethical dilemmas typically arise from a conflict between an individual or group and the company, division or department as a whole. Companies establishing a set of values and norms that are acknowledged by managers and consistently referenced during the work day have created an ethical platform by which managers can operate and make decisions. Training managers on the specifics of managerial ethics by role play, case study and group discussion may set the stage for ethical behavior.

Types of Management Ethics
Three types of management ethics or standards of conduct are identified by Archie B. Carroll:
1. Immoral management - It implies lack of ethical practices followed by managers. Managers want to maximise profits even if it is at the cost of legal standards or concern for employees.

2. Moral management - According to moral management ethics, managers aim to maximise profits within the confines of ethical values and principles. They conform to professional and legal standards of conduct.
3. Amoral management - This type of management ethics lies between moral and immoral management ethics. Managers respond to personal and legal ethics only if they are required to do so; otherwise there is lack of ethical perception and awareness.

There are two types of amoral management:
(a) **Intentional -** Managers deliberately avoid ethical practices in business decisions because they think ethics should be followed only in non-business activities.
(b) **Unintentional** - Managers do not deliberately avoid ethical practices but unintentionally they make decisions whose moral implications are not taken into consideration.

Guidelines for Ethical Behaviour
1. Obey the law - Obeying legal practices of the country is conforming to ethical values.

2. Tell the truth - Disclosing fair accounting results to concerned parties and telling the truth is ethical behaviour of managers.

3. Respect for people - Ethics requires managers to respect people who contact them.

4. The golden rule - The golden business principle is 'Treat others as you would want to be treated'. This will always result in ethical behaviour.

5. Above all, do no harm - Even if law does not prohibit use of chemicals in producing certain products, managers should avoid them if they are environment pollutants.

6. Practice participation; not paternalism - Managers should not decide on their own what is good or bad for the stakeholders. They should assess their needs, analyse them in the light of business needs and integrate the two by allowing the stakeholders to participate in the decision--making processes.

7. Act when you have responsibility - Actions which cannot be delegated and have to be taken by managers only (given their competence and skill) must be responsibly taken by them for the benefit of the organisation and the stakeholders.

Approaches to Management Ethics
1. Utilitarian approach - In this approach, managers analyse the effects of decisions on people affected by these decisions. Positive and negative results are weighed and managerial actions are justified if positive effects outweigh the negative effects. Pollution standards and analysing the impact of pollution on society is management ethics code under utilitarian approach.

2. Moral rights approach - In this approach, managers follow ethical code which takes care of fundamental and moral rights of human beings; the right to speech, right to life and safety, right to express feelings etc. In the context of business organisations, managers disclose information in the annual reports necessary for welfare of the people concerned. The nature, timing and validity of information is taken into account while reporting information in the annual reports.

3. Social justice approach - According to this approach, managers' actions are fair, impartial and equitable to all individuals and groups. Employees are not distinguished on the basis of caste, religion, race or gender though distinction on the basis of abilities or production is justified. For example, all employees, males or females with same skills should be treated at par but it is justified

to treat employees who produce more differently from those who produce less.

Barriers to Management Ethics

1. Chain of command - If employees know that superiors are not following ethical behaviour, they hesitate in reporting the matter up the hierarchy for the fear of being misunderstood and penalized. The chain of command is, thus, a barrier to reporting unethical activities of superiors.

2. Group membership - Informal groups lead to group code of ethics. Group members are strongly bonded by their loyalty and respect for each other and unethical behaviour of any member of the group is generally ignored by the rest.

3. Ambiguous priorities - When policies are unclear and ambiguous, employees' behaviour cannot be guided in a unified direction. It is difficult to understand what is ethical and what is unethical.

MODULE 3

Planning

Planning is deciding in advance what to do and how to do. It is one of the basic managerial functions. Before doing something, the manager must formulate an idea of how to work on a particular task. Thus, planning is closely connected with creativity and innovation. But the manager would first have to set objectives, only then will a manager know where he has to go. Planning seeks to bridge the gap between where we are and where we want to go. Planning is what managers at all levels do. It requires taking decisions since it involves making a choice from alternative courses of action.

Planning, thus, involves setting objectives and developing appropriate courses of action to achieve these objectives. Objectives provide direction for all managerial decisions and actions. Planning provides a rational approach for achieving predetermined objectives. All members, therefore, need to work towards achieving organisational goals. These goals set the targets which need to be achieved and against which actual performance is measured. Therefore, planning means setting objectives and targets and formulating an action plan to achieve them. It is concerned with both ends and means i.e., what is to be done and how it is to be done.

Nature of Planning

1) **Planning is an intellectual process** - It is basically an intellectual activity of thinking rather than doing, because planning determines the action to be taken. However, planning requires logical and systematic thinking rather than guess work or wishful thinking

2) **Planning is goal-oriented** - organisations are set up with a general purpose in view. Specific goals are set out in the plans along with the activities to be undertaken to achieve the goals. Thus, planning is purposeful.

3) **Planning is pervasive** - Planning is required at all levels of management as well as in all departments of the organisation. It is not an exclusive function of top management nor of any particular department. But the scope of planning differs at different levels and among different departments. For example, the top management undertakes planning for the organisation as a whole. Middle management does the departmental planning. At the lowest level, day-to-day operational planning is done by supervisors.

4) **Planning is the primary function of Management** - Planning lays down the base for other functions of management. All other managerial functions are performed within the framework of the plans drawn. Thus, planning precedes other functions.

5) **Planning is futuristic**- Planning essentially involves looking ahead and preparing for the future. The purpose of planning is to meet future events effectively to the best advantage of an organisation. It implies peeping into the future, analysing it and predicting it. Planning is, therefore, regarded as a forward looking function based on forecasting

6) **Planning involves decision making** - Planning essentially involves choice from among various alternatives and activities. Planning involves thorough examination and evaluation of each alternative and choosing the most appropriate one.

7) **Planning is a continuous process** - Plans are prepared for a specific period of time, may be for a month, a quarter, or a year. At the end of that period there is need for a new plan to be

drawn on the basis of new requirements and future conditions. Hence, planning is a continuous process.

Importance or Benefits of Planning

The major benefits of planning are given below:

1) **Planning provides directions:** By stating in advance how work is to be done planning provides direction for action. Planning ensures that the goals or objectives are clearly stated so that they act as a guide for deciding what action should be taken and in which direction. If goals are well defined, employees are aware of what the organisation has to do and what they must do to achieve those goals. Departments and individuals in the organisation are able to work in coordination. If there was no planning, employees would be working in different directions and the organisation would not be able to achieve its desired goals.

2) **Planning reduces the risks of uncertainty:** Planning is an activity which enables a manager to look ahead and anticipate changes. By deciding in advance the tasks to be performed, planning shows the way to deal with changes and uncertain events. Changes or events cannot be eliminated but they can be anticipated and managerial responses to them can be developed.

3) **Planning reduces overlapping and wasteful activities:** Planning serves as the basis of coordinating the activities and efforts of different divisions, departments and individuals. It helps in avoiding confusion and misunderstanding. Since planning ensures clarity in thought and action, work is carried on smoothly without interruptions. Useless and redundant activities are minimised or eliminated. It is easier to detect inefficiencies and take corrective measures to deal with them.

4) **Planning promotes innovative ideas:** Since planning is the first function of management, new ideas can take the shape of concrete plans. It is the most challenging activity for the management as it guides all future actions leading to growth and prosperity of the business.

5) **Planning facilitates decision making:** Planning helps the manager to look into the future and make a choice from amongst various alternative courses of action. The manager has to evaluate each alternative and select the most viable proposition. Planning involves setting targets and predicting future conditions, thus helping in taking rational decisions.

6) **Planning establishes standards for controlling:** Planning involves setting of goals. The entire managerial process is concerned with accomplishing predetermined goals through planning, organising, staffing, directing and controlling. Planning provides the goals or standards against which actual performance is measured. By comparing actual performance with some standard, managers can know whether they have actually been able to attain the goals. If there is any deviation it can be corrected. Therefore, we can say that planning is a prerequisite for controlling. If there were no goals and standards, then finding deviations which are a part of controlling would not be possible. The nature of corrective action required depends upon the extent of deviations from the standard. Therefore, planning provides the basis of control.

Limitations of Planning

1) **Planning leads to rigidity:** In an organisation, a well-defined plan is drawn up with specific goals to be achieved within a specific time frame. These plans then decide the future course of action and managers may not be in a position to change it. This kind of rigidity in plans may

create difficulty. Managers need to be given some flexibility to be able to cope with the changed circumstances.

2) **Planning may not work in a dynamic environment**: The business environment is dynamic, nothing is constant. The environment consists of a number of dimensions, economic, political, physical, legal and social dimensions. The organisation has to constantly adapt itself to changes. Planning cannot foresee everything and thus, there may be obstacles to effective planning.

3) **Planning reduces creativity:** Planning is an activity which is done by the top management. Usually the rest of the members just implements these plans. As a consequence, middle management and other decision makers are neither allowed to deviate from plans nor are they permitted to act on their own. Thus, much of the initiative or creativity inherent in them also gets lost or reduced.

4) **Planning involves huge costs:** When plans are drawn up huge costs are involved in their formulation. These may be in terms of time and money for example, checking accuracy of facts may involve lot of time. Detailed plans require scientific calculations to ascertain facts and figures. The costs incurred sometimes may not justify the benefits derived from the plans.

5) **Planning is a time-consuming process:** Sometimes plans to be drawn up take so much of time that there is not much time left for their implementation.

6) **Planning does not guarantee success:** The success of an enterprise is possible only when plans are properly drawn up and implemented. Any plan needs to be translated into action or it becomes meaningless.

Planning Process - Steps in Planning

1) **Setting objectives:** The first and foremost step is setting objectives. Every organisation must have certain objectives. Objectives may be set for the entire organisation and each department or unit within the organisation. Objectives or goals specify what the organisation wants to achieve. Objectives should be stated clearly for all departments, units and employees. They give direction to all departments. Departments/ units then need to set their own objectives within the broad framework of the organisation's philosophy. Objectives have to percolate down to each unit and employees at all levels. At the same time, managers must contribute ideas and participate in the objective setting process. They must also understand how their actions contribute to achieving objectives. If the end result is clear it becomes easier to work towards the goal.

2) **Developing premises**: Planning is concerned with the future which is uncertain and every planner is using conjecture about what might happen in future. Therefore, the manager is required to make certain assumptions about the future. These assumptions are called premises. Assumptions are the base material upon which plans are to be drawn. The base material may be in the form of forecasts, existing plans or any past information about policies. The premises or assumptions must be the same for all and there should be total agreement on them. All managers involved in planning should be familiar with and use the same assumptions. For example, forecasting is important in developing premises as it is a technique of gathering information. Forecasts can be made about the demand for a particular product, policy change, interest rates, prices of capital goods, tax rates etc. Accurate forecasts, therefore become essential for successful plans.

3) **Identifying alternative courses of action:** Once objectives are set and assumptions are made,

then the next step would be to act upon them. There may be many ways to act and achieve objectives. All the alternative courses of action should be identified. The course of action which may be taken could be either routine or innovative. An innovative course may be adopted by involving more people and sharing their ideas. If the project is important, then more alternatives should be generated and thoroughly discussed amongst the members of the organisation.

4) **Evaluating alternative courses:** The next step is to weigh the pros and cons of each alternative. Each course will have many variables which have to be weighed against each other. The positive and negative aspects of each proposal need to be evaluated in the light of the objective to be achieved. In financial plans, for example, the risk-return trade-off is very common. The more risky the investment, the higher the returns it is likely to give. To evaluate such proposals detailed calculations of earnings, earnings per share, interest, taxes, dividends are made and decisions taken. Accurate forecasts in conditions of certainty/uncertainty then become vital assumptions for these proposals. Alternatives are evaluated in the light of their feasibility and consequences.

5) **Selecting an alternative:** This is the real point of decision making. The best plan has to be adopted and implemented. The ideal plan, of course, would be the most feasible, profitable and with least negative consequences. Most plans may not always be subjected to a mathematical analysis. In such cases, subjectivity and the manager's experience, judgement and at times, intuition play an important part in selecting the most viable alternative. Sometimes, a combination of plans may be selected instead of one best course. The manager will have to apply permutations and combinations and select the best possible course of action.

6) **Implementing the plan:** This is the step where other managerial functions also come into the picture. The step is concerned with putting the plan into action, i.e., doing what is required. For example, if there is a plan to increase production then more labour, more machinery will be required. This step would also involve organising for labour and purchase of machinery.

7) **Follow-up action:** To see whether plans are being implemented and activities are performed according to schedule is also part of the planning process. Monitoring the plans is equally important to ensure that objectives are achieved.

Types of Plans

Following are the different types of plans:

Strategic Plans

Strategic plans define the framework of the organization's vision and how the organization intends to make its vision a reality.

- It is the determination of the long-term objectives of an enterprise, the action plan to be adopted and the resources to be mobilized to achieve these goals.
- Since it is planning the direction of the company's progress, it is done by the top management of an organization.
- It essentially focuses on planning for the coming years to take the organization from where it stands today to where it intends to be.

- The strategic plan must be forward looking, effective and flexible, with a focus on accommodating future growth.
- These plans provide the framework and direction for lower level planning.

Tactical Plans

Tactical plans describe the tactics that the managers plan to adopt to achieve the objectives set in the strategic plan.

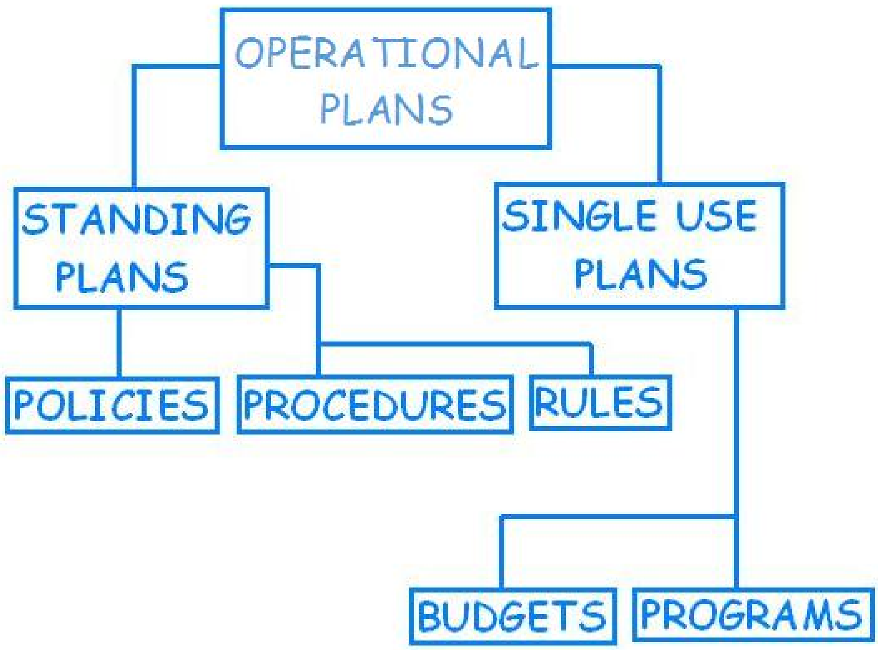
- Tactical plans span a short time frame (usually less than 5 years) and are usually developed by middle level managers.
- It details specific means or action plans to implement the strategic plan by units within each division.
- Tactical plans entail detailing resource and work allocation among the subunits within each division.

Operational Plans

Operational plans are short-term (less than a year) plans developed to create specific action steps that support the strategic and tactical plans.

- They are usually developed by the manager to fulfill his or her job responsibilities.
- They are developed by supervisors, team leaders, and facilitators to support tactical plans.
- They govern the day-to-day operations of an organization.

  Operational plans can be further classified as given below.



Types of Operational Plans

- **Single use plans** - Developed for a one-time event. Such a course of action is not likely to be repeated in future, i.e., they are for non-recurring situations. The duration of this plan may depend upon the type of the project. It may span a week or a month. A project may sometimes be of only one day, such as, organising an event or a seminar or conference. These plans include budgets, programmes and projects
- **Standing plans** - Used for activities that occur regularly over a period of time. It is designed to ensure that internal operations of an organisation run smoothly. Such a plan greatly enhances efficiency in routine decision-making. It is usually developed once but is modified from time to time to meet business needs as required. Standing plans include policies, procedures, methods and rules.
- **Policies** – It focuses on accomplishing the organization's objectives by furnishing the broad guidelines for the correct course of action.
- **Procedures** – Procedures outline a more specific set of actions and deals with the implementation of a set of related actions in order to finish a particular task.
- **Rules** – Rules are a set of guidelines that show the way and manner in which a task is to be accomplished. It lays down the do's and don'ts that are to be strictly followed by the members of the organization without any deviation.
- **Programs** – Programs deal with the guidelines that are set for accomplishing a special project within the organization. The project may not be in existence for the entire tenure of the organization, but if the project is accomplished, it might result in short-term success of the organization which might ultimately prove to be extremely helpful.
- **Budget** - Budget is a financial plan for a defined period of time, usually a year. It may also include planned sales volumes and revenues, resource quantities, costs and expenses, assets, liabilities and cash flows.

It may be noted that according time span the plans may also be classified as follows:

1) Short range plan:- The plan having a time period for or up to one year.
2) Medium range plan:- The plan having a time period for more then one year & less then five years.
3) Long range plan:- The plan having a time period for five years or more .

Management by Objectives (MBO)

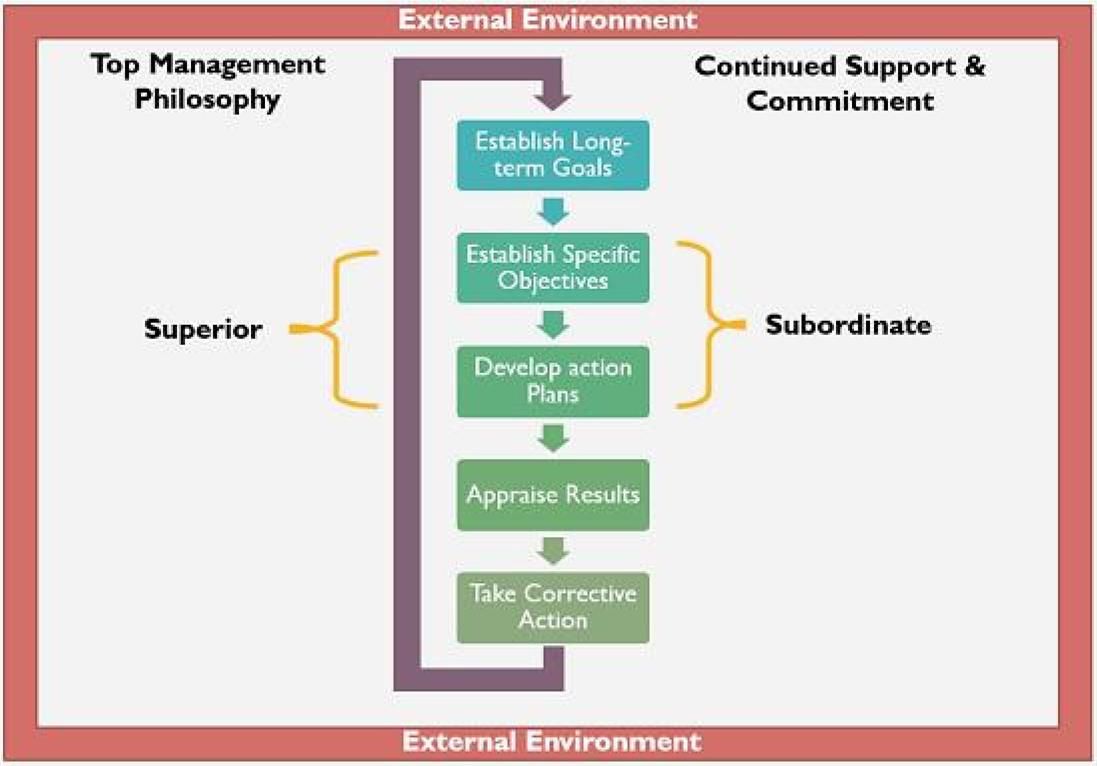
Management by Objectives (MBO) or otherwise called as Management by Results (MBR) is management philosophy which was first propounded by Peter F. Drucker in the year 1954, in his book "Practice of Management".

Management by objectives is a planning and controlling system, in which the superior and subordinates work together in order to define business objectives and establish targets that are to be achieved by the subordinates, and also determine each individual's key area of responsibility as regards the results expected. Further, these measures are considered as yardstick to run the unit and also assess the contribution of each individual.

Assumption of Management by Objectives

MBO relies on the premise that people tend to perform better when they are known about what is expected from them and when they can associate their personal goals with that of the objectives of the organization. In addition to this, it also proposes that people have interest in establishing goals and comparing the

Process of Management by Objectives



MBO Process

Goal Setting: First and foremost, the long term goals of the organization are defined, such as its strategic intent, vision, mission and goals. Once these are formulated, the management then decides specific objectives to be attained within the given time frame.

Action Plan: Action plan refers to the way through which the objectives are achieved. It provides direction regarding how the objectives can be achieved, as in what is to be done, what steps are to be followed, etc.

Performance Appraisal: Last but not the least, at this stage, a comparison is made between actual and predermined standards. These objectives acts as a basis for reviewing the progress.

MBO, is directed towards raising the performance level of the organization by conspiciosly identifying the measurable goals and end results, which are agreed to the management as well as employees of the organization. Thereafter, the employees participate in formulating the action plan and strategy for the attainment of the goals.

Benefits of Management by Objectives

1) It facilitates the employees to understand their tasks and duties in a better way.
2) It is helpful in designing Key Result Area (KRA) for each employee, according to their interest, specialization, experience and competency.
3) It eliminates overlapping and confusions in the tasks and duties.

4) Every employee contributes towards the achievement of the objectives by successfully completing the tasks and duties assigned to them by the superior.
5) It creates an open communication enviornment in the organization.

In a nutshell, Management by objectives is nothing but a process wherein the goals, plans and control system of the organization are defined by the management and employees jointly.

SWOT Analysis

SWOT is an acronym for Strengths, Weaknesses, Opportunities and Threats. Strengths (S) and Weaknesses (W) are considered to be internal factors over which you have some measure of control. Opportunities (O) and Threats (T) are considered to be external factors over which you have essentially no control.

A SWOT analysis focuses on the four elements comprising the acronym, allowing companies to identify the forces influencing a strategy, action or initiative. Knowing these positive and negative elements can help companies more effectively communicate what parts of a plan need to be recognized.

When drafting a SWOT analysis, individuals typically create a table split into four columns to list each impacting element side-by-side for comparison. Strengths and weaknesses won't typically match listed opportunities and threats, though they should correlate somewhat since they're tied together in some way. Pairing external threats with internal weaknesses can highlight the most serious issues faced by a company.

Once the risks are identified, you can then decide whether it is most appropriate to eliminate the internal weakness by assigning company resources to fix the problems, or reduce the external threat by abandoning the threatened area of business and meeting it after strengthening your business.

An overview of the four factors (Strengths, Weaknesses, Opportunities and Threats) is given below.

Strengths
Strengths are the qualities that enable us to accomplish the organization’s mission. These are the basis on which continued success can be made and continued/sustained.

Strengths can be either tangible or intangible. These are what you are well-versed in or what you have expertise in, the traits and qualities your employees possess (individually and as a team) and the distinct features that give your organization its consistency.
Strengths are the beneficial aspects of the organization or the capabilities of an organization, which includes human competencies, process capabilities, financial resources, products and services, customer goodwill and brand loyalty. Examples of organizational strengths are huge financial resources, broad product line, no debt, committed employees, etc.

Weaknesses
Weaknesses are the qualities that prevent us from accomplishing our mission and achieving our full potential. These weaknesses deteriorate influences on the organizational success and growth. Weaknesses are the factors which do not meet the standards we feel they should meet.

Weaknesses in an organization may be depreciating machinery, insufficient research and development facilities, narrow product range, poor decision-making, etc. Weaknesses are controllable. They must be minimized and eliminated. For instance - to overcome obsolete machinery, new machinery can be purchased. Other examples of organizational weaknesses are huge debts, high employee turnover, complex decision making process, narrow product range, large wastage of raw materials, etc.

Opportunities

Opportunities are presented by the environment within which our organization operates. These arise when an organization can take benefit of conditions in its environment to plan and execute strategies that enable it to become more profitable. Organizations can gain competitive advantage by making use of opportunities.

Organization should be careful and recognize the opportunities and grasp them whenever they arise. Selecting the targets that will best serve the clients while getting desired results is a difficult task. Opportunities may arise from market, competition, industry/government and technology. Increasing demand for telecommunications accompanied by deregulation is a great opportunity for new firms to enter telecom sector and compete with existing firms for revenue.

Threats

Threats arise when conditions in external environment jeopardize the reliability and profitability of the organization's business. They compound the vulnerability when they relate to the weaknesses. Threats are uncontrollable. When a threat comes, the stability and survival can be at stake. Examples of threats are - unrest among employees; ever changing technology; increasing competition leading to excess capacity, price wars and reducing industry profits; etc.

SWOT Analysis is instrumental in strategy formulation and selection. It is a strong tool, but it involves a great subjective element. It is best when used as a guide, and not as a prescription. Successful businesses build on their strengths, correct their weakness and protect against internal weaknesses and external threats. They also keep a watch on their overall business environment and recognize and exploit new opportunities faster than its competitors.

SWOT or TOWS analysis helps to get a better understanding of the strategic choices that you face. (Remember that "strategy" is the art of determining how you'll "win" in business and life.) It helps you ask, and answer, the following questions:

How do you:

- Make the most of your strengths?
- Circumvent your weaknesses?
- Capitalize on your opportunities?
- Manage your threats?

A next step of analysis, usually associated with the externally-focused TOWS Matrix, helps you think about the options that you could pursue. To do this you match external opportunities and threats with your internal strengths and weaknesses, as illustrated in the matrix below:

TOWS Strategic Alternatives Matrix

	External Opportunities (O) 1. 2. 3. 4.	**External Threats (T)** 1. 2. 3. 4.
Internal Strengths (S) 1. 2. 3. 4.	**SO** *"Maxi-Maxi" Strategy* Strategies that **use strengths** to **maximize opportunities.**	**ST** *"Maxi-Mini" Strategy* Strategies that **use strengths** to **minimize threats.**
Internal Weaknesses (W) 1. 2. 3. 4.	**WO** *"Mini-Maxi" Strategy* Strategies that **minimize weaknesses** by **taking advantage of opportunities.**	**WT** *"Mini-Mini" Strategy* Strategies that **minimize weaknesses** and **avoid threats.**

This helps to identify strategic alternatives that address the following additional questions:

Strengths and Opportunities (SO) – How can you use your strengths to take advantage of the opportunities?

Strengths and Threats (ST) – How can you take advantage of your strengths to avoid real and potential threats?

Weaknesses and Opportunities (WO) – How can you use your opportunities to overcome the weaknesses you are experiencing?

Weaknesses and Threats (WT) – How can you minimize your weaknesses and avoid threats?

Advantages of SWOT Analysis

SWOT analysis helps in strategic planning in following manner-

1) It is a source of information for strategic planning.
2) Builds organization’s strengths.
3) Reverse its weaknesses.
4) Maximize its response to opportunities.
5) Overcome organization’s threats.
6) It helps in identifying core competencies of the firm.
7) It helps in setting of objectives for strategic planning.
8) It helps in knowing past, present and future so that by using past and current data, future plans can be chalked out.

MODULE 4

Organizing

Organizing is the function of management that involves developing an organizational structure and allocating human resources to ensure the accomplishment of objectives. The structure of the organization is the framework within which effort is coordinated. The structure is usually represented by an organization chart, which provides a graphic representation of the chain of command within an organization. Decisions made about the structure of an organization are generally referred to as organizational design decisions.

Organization is a pattern of relationships among the individuals working together for a common goal.

Concept or Nature of Organizing or Organization

There are two essential concepts regarding with organizing:

Organization as a Process
The concept of organizing can be considered as a process, because a large number of events or activities are done under the process of organizing with-a-view to accomplish the preset goals in an appropriate way. In fact, organizing involves division of works, determination of activities, grouping of activities, delegation of authority and the establishment of proper co-ordination and balance among various departments of individuals towards the attainment of predetermined goals. On the whole it is clear that the objectives of business firm cannot be obtained by doing single activity, so organizing is set to be a process.

Organization as a Structure of Relationship
Organization refers to a structure of relationship due to involvement of a large number of groups. In fact, under the process of organizing the relationship of departments to departments, groups to groups and individuals to individuals are analyzed carefully through the process of communication system with a view to establish proper unity and co-ordination among them. So that everyone can take initiative for the welfare of enterprise. Thus it is clear that Organization can be considered as a structure of relationship.

Characteristics or Features of Organizing or Organization

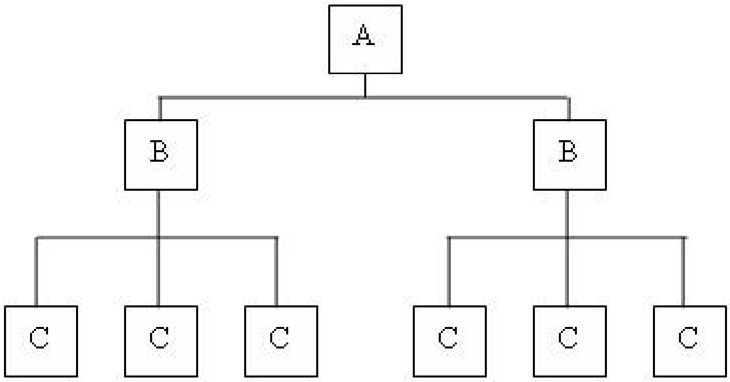
1) Organization is made up of a group of people
2) The group works under an executive head
3) Organization is a tool of management
4) It leads to division of work and responsibilities
5) It defines and fixes the duties and responsibilities of employees
6) It establishes a relationship between authority and responsibility and controls the effort of the group
7) Organization is a step towards achievement of established goals

Elements of Organization

The main elements or components of an organization are:

1) Well defined objectives
2) Well organized and coordinated group of people
3) Proper division of work and labour
4) Clear and well defined policies and procedures
5) Proper division of authority and responsibility
6) An effective system of communication

Organization Chart



Simple Organization Chart

An organization chart is a simple drawing of lines and boxes showing how the firm is organized. Boxes represent the activities of the firm and the people who perform these activities. Lines indicate the relationships among them. Positions near the top of the chart have more authority and responsibility than those below them. The number of horizontal rows of boxes will indicate the levels of management in an organization. The above figure shows a sample organization chart.

Levels of Management

The term “Levels of Management’ refers to a line of demarcation between various managerial positions in an organization. The number of levels in management increases when the size of the business and work force increases and vice versa. The level of management determines the chain of command, the amount of authority, and status enjoyed by any managerial position. Although it would be possible to slice the management structure in an organizational hierarchy into any number of vertical leves usually three levels are cited namely:

1) Top management
2) Middle management, and
3) Supervisory (or) first (or) lower level management

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

Top level Management

Top level management is responsible for framing policies of the organization. All critical decisions are also made at this level. Top level management consists of board of directors, managing director, general manager and senior most managers. Top level management is administrative in nature.Following are the important functions performed by top level management:

1) Develops long - range plans and strategies
2) Top management lays down the objectives and broad policies of the enterprise.
3) Issues necessary instructions for preparation of department budgets
4) Consults subordinate managers on subjects or problems of general scope
5) Involved in selection of key personnel
6) Controls and coordinates the activities of all the departments

Middle level Management

Middle level management is the link between top level and low level management. They devote more time to organizational and directional functions. These managers supervise, direct and control the activities of foremen, inspectors and supervisors. The activities at this level include:

1) Makes plan of intermediate range and prepares long - range plans for review by top level management
2) Establishes departmental policies
3) Counsels subordinates on production, personal or other problems
4) Selection and recruitment of personnel
5) Training of lower level management
6) Interpret and explain policies from top level management to lower level
7) Coordinating activities within the division or department
8) Sends important reports and other relevant data to top level management
9) Evaluate performance of junior managers
10) Motivate lower level managers towards better performance

Lower level Management

Lower level is also known as supervisory / operative level of management. It consists of foremen, inspectors, supervisors etc. They will be mainly concerned with direction of operative employees and the major functions performed at this level include:

1) Makes detailed, short - range operating plans
2) Assigning of jobs and tasks to various workers
3) Supervise and guide the sub-ordinates
4) Reviews performance of subordinates
5) Supervises day - to - day operations
6) Responsible for the quality as well as quantity of production
7) Solve the grievances of the workers.
8) Training of workers
9) Arrange necessary materials, machines, tools etc. for day - to – day operations
10) Prepare periodical reports about the performance of the workers
11) Ensure discipline in the enterprise
12) Motivate workers

Managerial Skills

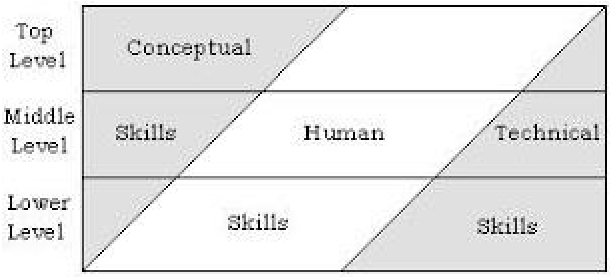
Despite variations in the duties and responsibilities of a manager, there are several skills that all managers must develop. Three basic and essential skills that are needed by all managers are technical, human, and conceptual.

Technical skill is the knowledge and proficiency in activities involving methods, processes, and procedures. It involves working with tools and specific techniques. For example mechanics works with tools, and their supervisors should have the ability to teach them how to use these tools. Similarly, accountants apply specific techniques in doing their job.

Human skill is the ability to work with others by getting along with them, motivating them, and communicating effectively with others. The manager must focus his attention on improving his interpersonal relations with peers, subordinates, and his own supervisors.

Conceptual skill is the ability to coordinate and integrate the entire organizational interests and activities. A manager must have the ability to see the organization as a whole and not make decisions from his own departmental point of view. He must be able to see how his department is affected by the decisions of others.

The relative importance of skills varies according to the level of management as illustrated in the following figure.



Managerial Skills

To these may be added a fourth - the ability to design. **Design skill** is the ability to solve problems in ways that will benefit the enterprise. To be effective, particularly at upper organizational levels, the managers must be able to do more than see a problem. They must have, in addition, the skill of a good design engineer in working out a practical solution to a problem. Managers must have the valuable skill of being able to design a workable solution to the problem in the light of the realities of a given situation.

Types of Organization

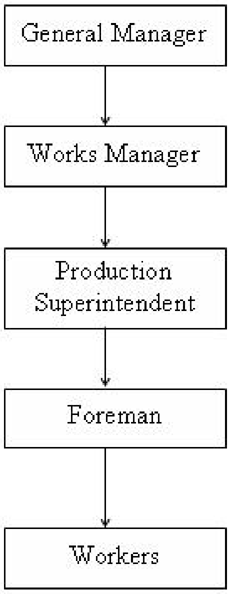
A few commonly known forms of organization structures or types of organization are:

1) Line organization
2) Line and staff organization
3) Functional Organization
4) Project Organization, and

5) Matrix Organization

Line Organization

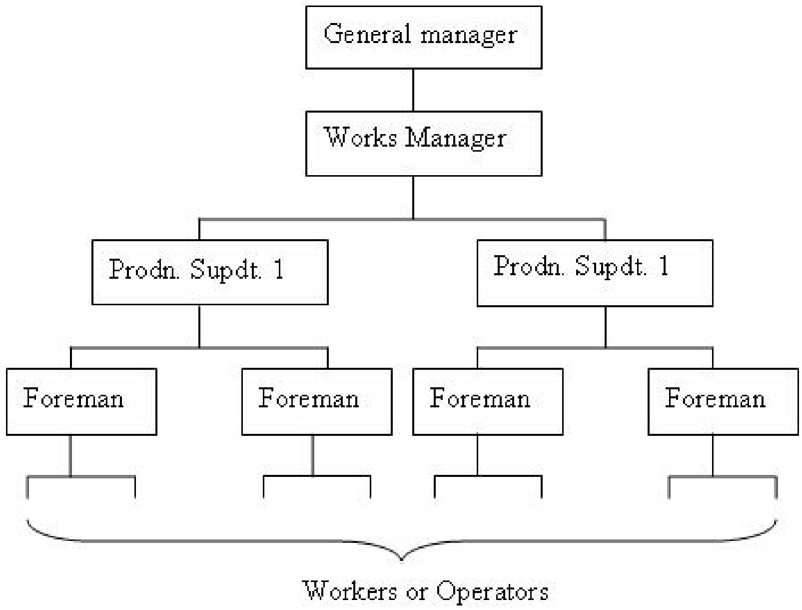
Line structure is historically the oldest type, and all other kinds of structures are modifications of line structures. This structure is characterized by the direct vertical flow of authority from top to bottom. A simplified line structure is shown in the following figure.



Line Structure

In this structure, the authority flows from the General Manger to Works Manager to production Superintendent to Foreman and to Workers.

Line Organization is also called military or scalar organization. Line organization is suitable for small concerns and for automatic and continuous process industries such as paper, sugar, cement, textile, etc.



Line structure

Advantages of Line structure

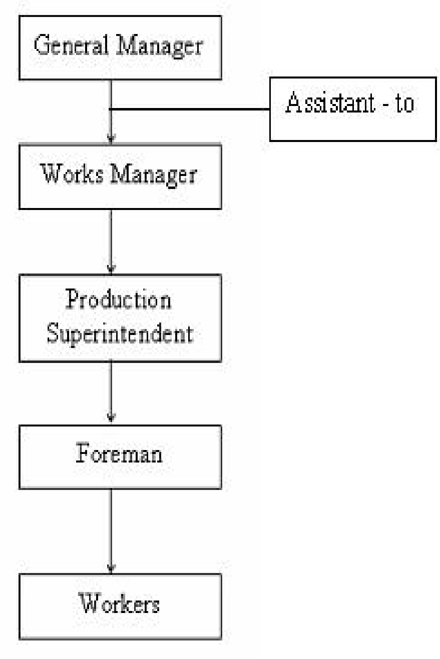
1. *Simplicity and clarity*
2. *Clear cut authority and responsibility*
3. *Strong discipline*
4. *Capable of developing all round executives at higher levels of authority*

Disadvantages of Line structure

1. *Neglects specialists*
2. *Lack of specialization may lead to wastage of materials as well as man and machine hours*
3. *Overloads a few important executives*
4. *Encourages dictatorial way of working*
5. *Limited to very small concerns*

Line and Staff Organization

Line and staff organization is a development of line organization. In this type of structure, special executives known as staff are employed to assist the line executives. Staff personnel act as helpers to the line and, as such, have no direct authority. The nature of staff relationship is advisory.



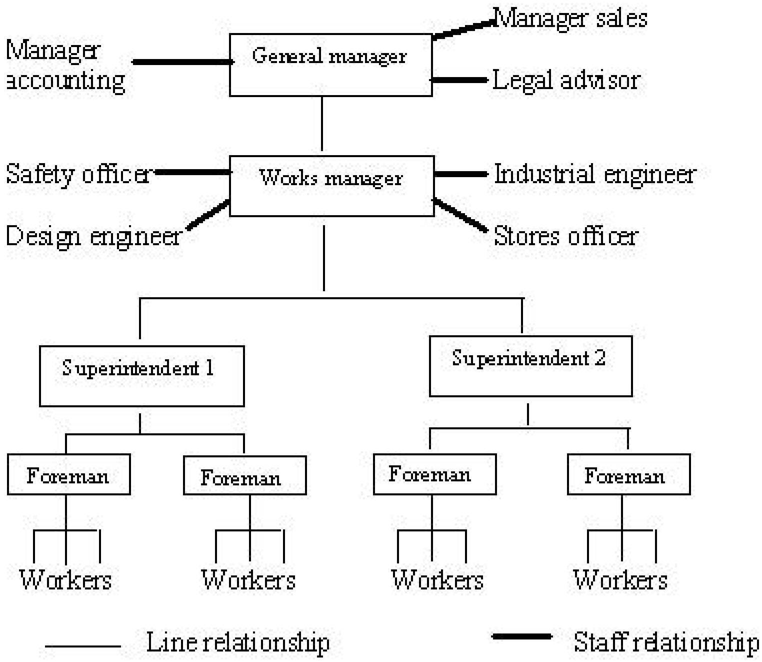
Line and Staff Organization

<u>*Advantages*</u>

1. *Specialization benefits of staff can be profitably utilized to have standard operations.*
2. *Line executives are relieved of some of their workloads and are thus able to concentrate on other important matters.*
3. *Less wastage of material and labour*
4. *Improved product quality*
5. *Relatively flexible*

<u>*Disadvantages*</u>

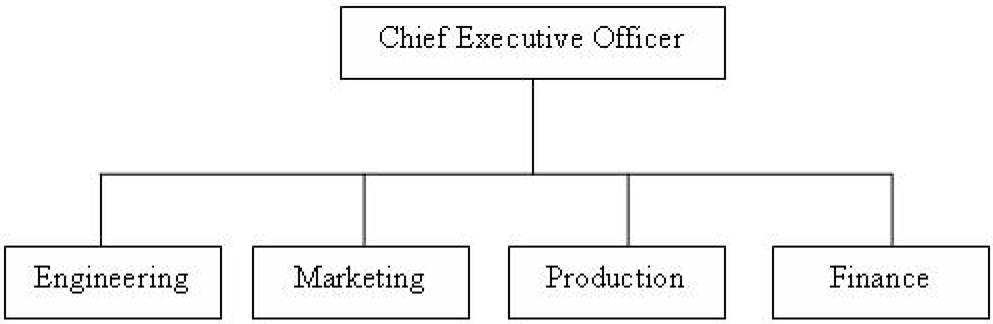
1. *Staff – line conflict*
2. *Paper work may be increased very much*
3. *Staff men may dominate over the lower the lower-level line managers*
4. *Increased product cost because of high salaries of staff executives*
5. *Too much staff activity may complicate a line executive's job of leadership and control*



Line and Staff Organization

Functional Structure

In a functional structure activities are grouped in accordance with the functions of an enterprise. This specialization leads to greater efficiency and refinement of particular expertise. The functional structure helps to focus on those departments that are critical for the success of the enterprise. The following figure shows the model of a functional structure.



Functional Structure

<u>*Advantages*</u>

1. *Efficient use of resources*
2. *Simplifies training*
3. *Promotes professional development*
4. *Centralized control of strategic decisions*
5. *Improved quality of work*

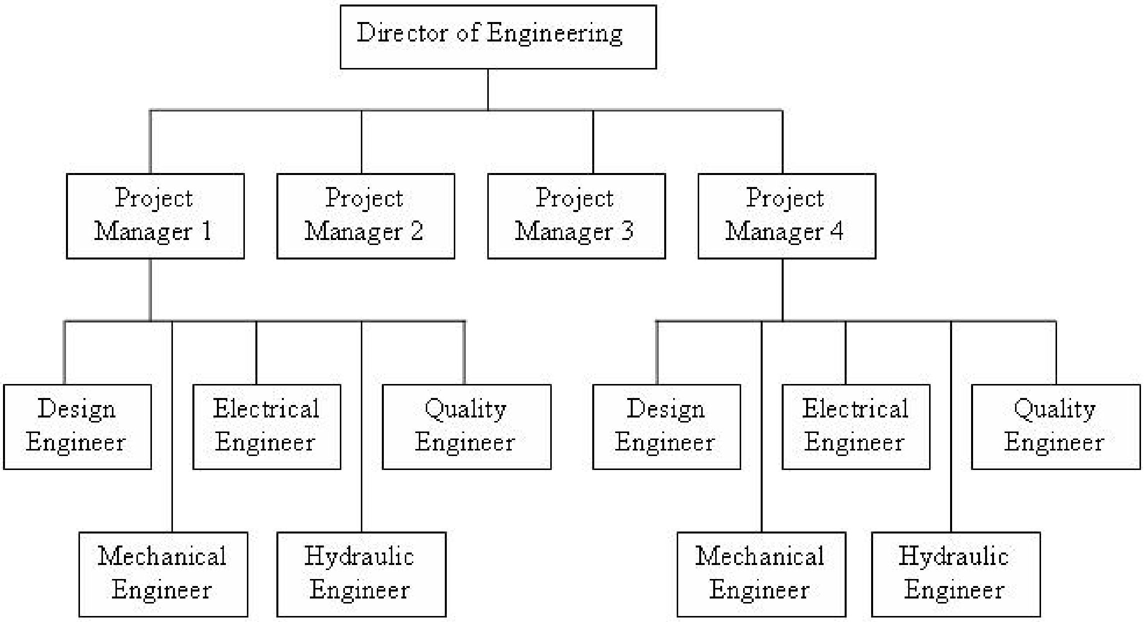
<u>*Disadvantages*</u>

1. *Limits development of general managers or all-round executives*

2. *Restricted view of company objectives*
3. *Difficulty in multifunctional decision making*
4. *Promotes narrow specialization*
5. *Makes industrial relationships more complex*

Project Organization

Firms dealing with multiple products or different projects usually adopt project organization. In this type of organization, a project manager is put in charge of all engineering and support personnel necessary to accomplish an entire project. The emphasis in project organization is on creation of teams for the accomplishment of specific objectives. The following figure shows a project organization in Engineering.



Project Organization

<u>Advantages</u>

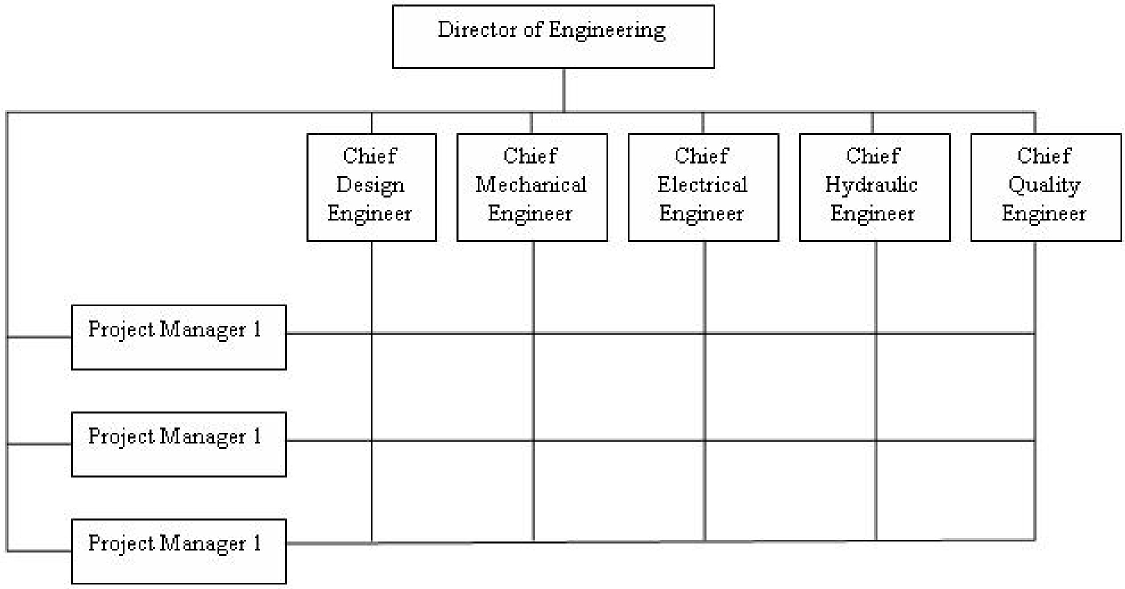
1. *Flexibility*
2. *Responsive to changing environment*
3. *Encourages team work*

<u>Disadvantages</u>

1. *Projects can be of short duration leading to frequent change in organization structure*
2. *Professionals prefer to be allied with their professional group rather than being allied with a project*
3. *Trained professionals need not tolerate the insecurity of frequent organization change*

Matrix Organization

The matrix organization is an organization structure that establishes two chains of command, one vertical and one horizontal, at the same time. It is intended to combine the advantages of functional structure and project structure. The following figure shows a matrix organization in Engineering.



Matrix Organization

In the matrix organization shown above the chiefs of design, mechanical, electrical, hydraulic and quality represent the functional departments that make up the vertical hierarchy. Simultaneously, the managers of projects 1,2 and 3 operate across the structure. This graphically creates a grid or matrix.

Advantages

1. *Decentralized decision making*
2. *Efficient use of functional managers*
3. *Capable of adapting to fast environmental changes*
4. *Flexibility*

Disadvantages

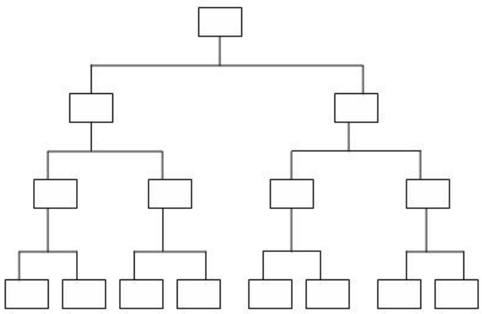
1. *Violates the principle of unity of command*
2. *High administrative costs*
3. *Requires tremendous horizontal and vertical co-ordination*
4. *Chances of interpersonal conflicts*

Span of Management Control

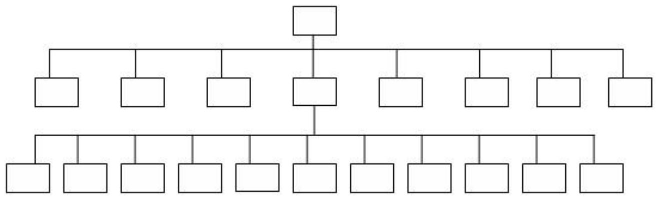
Span of management control (frequently shortened to span of control or span of management) refers to the number of people a manager can effectively supervise.

Choosing an appropriate span of management control for an organizational hierarchy is important for two reasons. First, the span can affect what happens to work relationships in one particular department. Too wide a span may mean that managers are over extended and subordinates receiving too little guidance. When this happens, subordinates may start thinking that they are too remote from the point of control and may become careless. Too narrow span, on the other hand, is inefficient because managers are under utilized.

Second, the span can affect the speed of decision making in situations where multiple levels in the organizational hierarchy are involved. A narrow span of management results in many organizational levels and a long chain of command slows decision-making. In contrast, wide spans results in few organizational levels.



Organization with Narrow Spans



Organization with Wide Spans

<u>*Advantages of Narrow Spans*</u>

1. *Close supervision*
2. *Close control*
3. *Little or no sub-ordinate training required*

<u>*Disadvantages of Narrow Spans*</u>

1. *Managers under utilized*
2. *High costs due to many levels of management*
3. *Excessive distance between lowest level and top level*
4. *Slow decision-making*
5. *Superiors tend to get too involved in sub-ordinates' work*

<u>*Advantages of Wide Spans*</u>

1. *Quick decision-making*
2. *Superiors are forced to delegate*
3. *Low costs due to few levels of management*

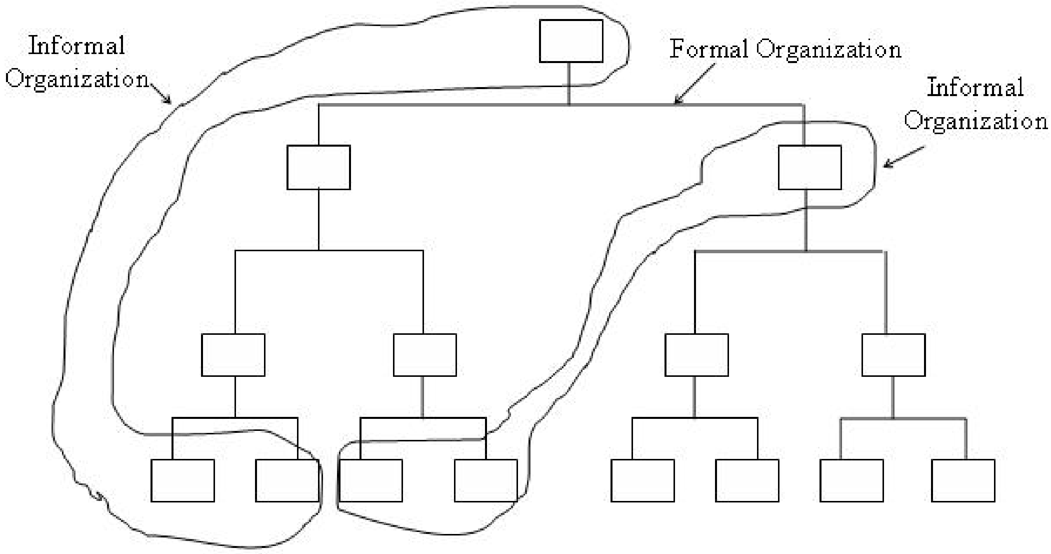
<u>*Disadvantages of Wide Spans*</u>

1. *Managers are over extended*
2. *Requires exceptional quality of managers*
3. *Tendency of over loaded superiors to become decision bottlenecks*

<u>*Note:*</u> *There is no definite number of people a manager can effectively supervise; the number depends on several underlying factors. These include nature of work and capability of managers and sub-ordinates, the degree of sub-ordinate training required and possessed, the clarity of authority*

delegated, the clarity of objectives, plans and policies, the effectiveness of communication techniques and the type of organization.

Formal and Informal Organization



Formal and Informal Organization

Formal organization means the intentional structure of roles and positions in formally organized enterprise. Informal organization on the other hand is the network of personal

Decision Making

Decision-making describes the process by which a course of action is selected as the way to deal with a specific problem. People at all levels in an organization are constantly making decisions and solving problems. For managers, the decision-making and problem-solving tasks are particularly important aspects of their jobs. Following are the steps of decision making process:

Step 1: Identification of the purpose of the decision
Step 2: Information gathering
Step 3: Principles for judging the alternatives
Step 4: Brainstorm and analyse the different choices.
Step 5: Evaluation of alternatives
Step 6: Select the best alternative
Step 7: Execute the decision

Rational Model of Decision Making

Intuition is the ability to have a grasp on a situation or information without the need for reasoning. The opposite of intuitive decision making is rational decision making, which is when individuals use analytics, facts and a step-by-step process to come to a decision.

In a rational model, an individual has goals and objectives and has a payoff, utility or preference function that permits that person to rank all possible alternative actions by the actions contribution to the desired goal. The person is presented with and understands alternative courses and actions. Each alternative has a set of consequences. The decision maker chooses the alternative and consequences that rank highest in terms of the payoff functions, that is, that contribute most to the ultimate goal.

Bounded Rationality

The 'Theory of Bounded Rationality' was developed by economist Herbert A. Simon, who was awarded the Nobel Prize in Economics in 1978 for his study of decision-making. The theory states that humans are incapable of taking purely rational decisions, and are often influenced by various factors.

According to him, instead of choosing the optimum solution as per rational methods, humans tend to opt for something that is most satisfying to their aspiration level. It is not possible for a human to consider all the alternatives, and analyze them without being biased. His decision might be coloured with his own perspective, and may not be crystal clear and rational.

Herbert A. Simon created the term satisficing, that states that instead of aiming for the optimum solution, humans tend to take decisions that set in their mind's mapping and fulfills all restraints.

Significance of Decision Making

1) Managers who use a rational, intelligent, and systematic approach are more likely to come up with high quality solutions to the problems they face than the ones who do not use this approach.
2) Rational decision-makers have a clear understanding of alternative courses of action to accomplish a goal under a particular set of circumstances.
3) Rational decision-making is based on the information available with the decision-makers and their ability to evaluate alternatives.
4) Rational decision-making aims at deciding the best solution by selecting the alternative that most effectively facilitates goal achievement

Limitations of Decision-Making

1) It is very difficult for managers to be completely rational in their decision-making since decisions are taken keeping the future in mind, and the future is very uncertain.
2) It is very difficult to determine all the alternative courses of action that might be followed to accomplish a goal.
3) Rational decision-making becomes almost an impossible task when one has to explore areas which have never been ventured into before.
4) In most cases, all possible alternatives generated cannot be thoroughly analyzed, even with sophisticated analytical techniques and computers.

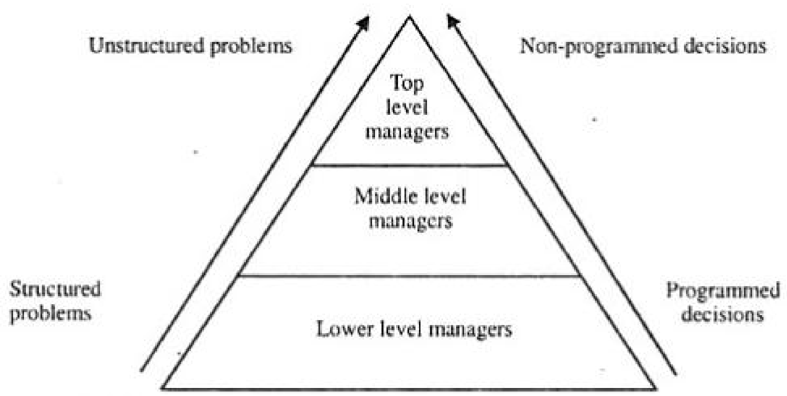
5) Even though the decision-maker strives to be completely rational, sometimes limitations of information, time and certainty, curb rationality.
6) Sometimes, managers allow their risk-avoiding tendency to disrupt their rational decision-making process.

Programmed and non Programmed Decisions

The Programmed decisions in Management are concerned with the relatively routine problems. These decisions are taken in the regular course of any business operations and occur at a day-to-day frequency. These decisions are repetitive and structured in nature. They are small and have a low scope of impact. The Information related to these types of decisions are readily available and can be processed in a pre-determined manner. These demand very little time and effort as there are pre-determined decision rules and procedures. These are taken at lower levels of management. For example, a decision regarding a personnel coming late regularly.

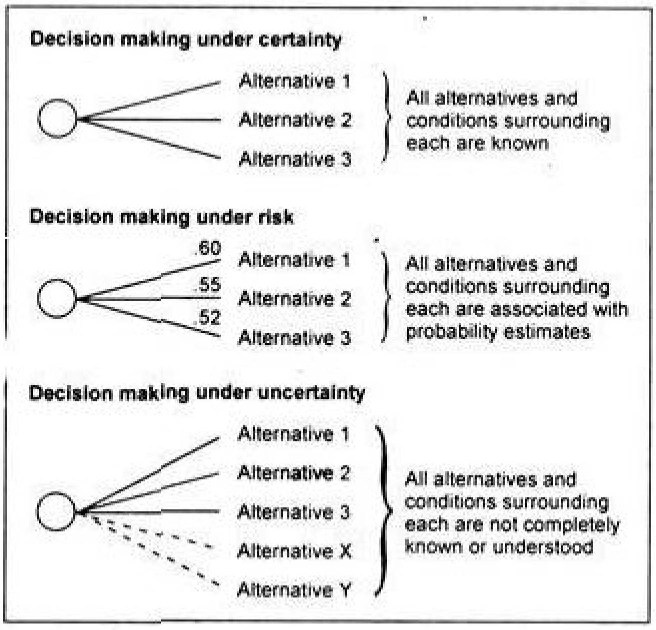
The Non-programmed decisions in management are concerned with unique or unusual problems. They are encountered in a very non-frequent manner. These decisions are unstructured, non-recurring and ill-defined in nature. Such decisions are relatively complex and have a long-term impact. The Information regarding these problems are not easily available. As such, they require high degree of executive judgement and deliberation. These are generally taken at higher levels in the organization. For example, Decisions regarding the expansion of business.

Difference between Programmed and Non- Programmed Decisions



Characteristics	Programmed Decisions	Nonprogrammed Decisions
Type of Problem	Structured	Unstructured
Managerial level	Lower levels	Upper levels
Frequency	Repetitive, routine	New,unusual
Information	Readily available	Incomplete
Goal	Clear,specific	Vague
Time frame for solution	Short	Relatively long
Solution relies on	Procedures,rules,and policies	Judgment and creativity

Decisions Under Certainty, Risk and Uncertainty



Decision-making conditions

Taking Decisions Under Certainty
When managers know with certainty what their possible alternatives are and what conditions are associated with each alternative, a state of certainty exists.

Taking Decisions Under Risk
A more realistic decision-making situation is a state of risk. Under a state of risk, the availability of each alternative and its potential pay-offs (rewards) and costs are all associated with profitability estimates. It is, therefore, quite obvious that the key element in decision-making under a state of risk is accurately determining the probabilities associated with each alternative.

Taking Decisions Under Uncertainty
However, most important and strategic decisions in modern organisations are taken under conditions of uncertainty. A state of uncertainty refers to a situation in which

the decision maker does not know what all the alternatives are, and the risks associated with each, or what consequences each is likely to have.

This complexity arises from the complexity and dynamism of today's organisations and their environments. All successful organisations have made various effective decisions under uncertainty. The key to effective decision-making under uncertainty is to acquire as much relevant information as possible and to approach the situation from a logical and rational perspective. Intuition, judgement and experience always play a very important role in decision-making under uncertain conditions.

Creativity and Innovation

Creativity is a way of thinking that generates new ideas. Creativity is the driver that leads to innovation. It's about seeing things through a different lens, often called thinking outside the box, and coming up with novel and useful ways to solve problems or come up with opportunities. Innovation is the implementation of a new idea. Two important types of innovation are product innovation (new things such as goods/services) and process innovation (new ways of doing things). Creativity is needed, but essentially useless if not implemented.

Unfortunately, many employees come up with great ideas, but managers fail to implement them. So employees give up trying to improve products and processes; they even hide creative knowledge. Conversely, managers who ask for employees' ideas, reward them for sharing, and innovate get improved managerial effectiveness through increased performance. Creativity obviously leads to innovation, but it can be costly, and there is always the risk of failure.

The three stages in the creative process are (1) preparation, (2) incubation and illumination, and (3) evaluation.

1. Preparation - Define the problem by getting others' opinions, feelings, and ideas, as well as the facts. Look for new angles, use imagination and invention, and don't limit yourself to the boundaries of past thinking. Generate as many possible solutions as you can think of without making a judgment.

2. Incubation and illumination - After generating alternatives, take a break; sleep on the problem. Creativity seems to happen outside the "ordinary groves of thought and action." During the incubation stage, as your subconscious works on the problem, you may gain an insight into the solution illumination. Illumination can also happen while working on the problem.

3. Evaluation - Before implementing a solution, you should evaluate the alternative to make sure the idea is practical. A good approach is to become the devil's advocate. With the devil's advocate approach, group members focus on defending a solution while others try to come up with reasons the solution will not work. Using the devil's advocate approach usually leads to more creativity as the idea is improved upon.

Creativity can thrive in small groups, so there is a trend today toward using groups to develop creative ideas and make decisions. Five of the more popular group creativity techniques are as follows:

1) Brainstorming - Brainstorming is the process of suggesting many possible alternatives without evaluation. It is necessary to include diverse people. The group is presented with a problem and asked to develop as many solutions as possible. Members should be encouraged to make wild, extreme suggestions. You should also build on suggestions made by others. Everyone should have an equal voice. No criticizing others' ideas, and none of the alternatives should be evaluated until all possible alternatives have been presented. Research has also shown that we are more creative when walking, so with small groups, some companies are holding walking brainstorming sessions. Using technology, a newer form of brain storming is electronic e-brainstorming. Participants synchronously send ideas without getting together. People who are far apart geographically can brainstorm this way, and the number of participants does not have to be limited.

2) Synectics - Synectics is the process of generating novel alternatives through role playing and fantasizing. Synectics focuses on generating novel ideas rather than a large quantity of ideas. At first, the group leader does not even state the exact nature of the problem so that group members avoid preconceptions.

3) Nominal Grouping - Nominal grouping is the process of generating and evaluating alternatives using a structured voting method. This process usually involves six steps:

i. ***Listing -*** *Each participant generates ideas in writing.*

ii. ***Recording -*** *Each member presents one idea at a time, and the leader records these ideas where everyone can see them. This continues until all ideas are posted.*

iii. ***Clarification*** *- Alternatives are clarified through a guided discussion, and any additional ideas are listed.*

iv. ***Ranking*** *- Each employee rank orders the ideas and identifies what he or she sees as the top three; low-ranked alternatives are eliminated.*

v. ***Discussion*** *-Rankings are discussed for clarification, not persuasion. During this time, participants should explain their choices and their reasons for making them*

vi. ***Vote*** *- A secret vote is taken to select the alternative*

4) **Consensus Mapping -** Consensus mapping is the process of developing group agreement on a solution to a problem. If a consensus cannot be reached, the group does not make a decision. Consensus mapping can be used after brainstorming by categorizing or clustering ideas in the process of trying to agree on a single solution.

5) The Delphi Technique - The Delphi technique involves using a series of confidential questionnaires to refine a solution. Responses on the first questionnaire are analyzed and resubmitted to participants on a second questionnaire. This process may continue for five or more rounds before a consensus emerges.

MODULE 5

Human Resources Management (HRM)

Human Resources Management (or) Personnel Management is the management function that deals with recruitment, placement, training and development of organization members.

Procurement
Procurement is concerned with the obtaining of the proper quantity and quality of workforce necessary to accomplish objectives and functions of an organization. It includes the determination of human resources requirements and their recruitment and selection.

Steps involved in selection

PROCEDURES	PURPOSES	ACTIONS AND TRENDS
1. Completed job application	Indicates applicant's desired position; provides information for interviews	Requests only information that predicts success in the job
2. Initial screening interview	Provides a quick evaluation of applicants suitability	Asks questions on experience, salary expectation, willingness to relocate etc.
3. Testing	Measures applicants job skills and the ability to learn on the job.	May include computer testing software, handwriting analysis, mental and physical ability.
4. Background investigation	Checks truthfulness of applicants resume or application form	Calls the applicant's previous supervisor (with permission) and confirms information from applicant.
5. In-depth selection interview	Finds out more about the applicant as an individual	Conducted by the manager to whom the applicant will report.
6. Physical examination	Ensures effective performance by applicant; protects other employees against diseases, establishes health record on applicant; protects firm against unjust worker's compensation claims.	Often performed by company's medical order.
7. Job offer	Fills a job vacancy or position	Offers a salary plus benefit package.

Recruitment is developing a pool of job candidates in line with the human resource plan. Candidates are usually located through newspaper and professional journal advertisements, employment agencies, word of mouth and visits to college and university campuses.

Selection is the mutual process whereby the organization decides whether or not to make a job offer and the candidate decides whether or not to accept it. The standard hiring sequence is the seven-step procedure described in the table given above. In practice, however, the actual selection process varies with different organizations and between levels in the same organization.

Training and Development

The quality of employees and their development through training and education are major factors in determining long-term profitability of a concern. Both managers and non-managers may benefit from training and development programs, but the mix of experiences is likely to vary. Non – managers are often trained in the technical skills, whereas the focus of training managers will be in developing conceptual and human relations skill.

Since training involves time, effort and money it is important to be very careful while designing a training program. The objectives and need for training should be clearly identified and the method or type of training should be chosen according to the needs and objectives established. Two commonly methods of training are:

1) On-the-job training methods
2) Off-the-job training methods

On-the-job training methods

On-the-job methods enable the trainees to learn as they contribute to the aims of the enterprise. The following are some of the On-the-job training methods.

a) <u>Job rotation</u>, in which the employee, over a period of time, works on a series of jobs, there by learning a broad variety of skills.
b) <u>Internship</u> in which job training is combined with related class room instructions.
c) <u>Apprenticeship</u> in which the employee is trained under the guidance of a highly skilled co-worker.
d) <u>Coaching</u> is the training of an employee by his of her immediate superior. The superior guides his sub-ordinates and gives him or her job instructions. The superior points out the mistakes and gives suggestions for improvement.
e) <u>Planned work Activities</u>, in which trainees are given work assignments to develop their experience and ability. Trainees may be asked to head a task force or participate in an important committee meeting. Such experiences help them to understand how organizations operate and also improve their human relations skill.

Off-the-job training methods

Off the job training takes place outside the workplace but attempts to simulate actual working conditions. This type of training includes:

a) <u>Vestibule training</u> - Employees train on the actual equipment and in a realistic job setting, but in a room different from the one in which they will be working.

The object is to avoid the on the job pressures that might interfere with the learning process.

b) *Audiovisual methods* such as television, videotapes and films are employed for providing real world conditions and situations in a short time. One advantage is that the presentation is the same no matter how many times it is played. This is not true with lectures, which can change as the speaker is changed or can be influenced by outside constraints. The major flaw with the audiovisual method is that it does not allow for questions and interactions with the speaker, nor does it allow for changes in the presentation for different audiences.

c) *Computer-Assisted Instruction (CAI)* can be employed which can reduce the time needed for training and also can provide more help for individual trainees. They also allow the trainee to learn at his or her own pace.

d) *Classroom Instructions*- In this approach specialist from inside or outside the organization teach trainees a particular subject. Classroom instruction is often supplemented with exercises.

e) *Planned Readings*, involves reading of relevant literature. The training department may aid a manger by providing a list of valuable books. This is essentially a self-development

Compensation

Compensation provides for the adequate and equitable remuneration of the work force in order to secure their best contribution to the achievement of the organisation's goals. Fixing wage rates for different categories of employees is an important task of management. The employees are not only concerned with wages received but also concerned with the level of wages received by same level of employees in similar organizations. The relative wage rules should be fixed carefully, because they have implications for promotion, transfer, seniority and other important personnel matters.

Integration

The basic objective of human resource management is to secure maximum performance from the employees. This can be accomplished only through better integration between the organisation and its employees. An effective integration between the organisation and its employees depends on three things, namely motivation, leadership and communication. In recent years the human relation exponents have revolutionized the ways and means of dealing with employees for greater performance and productivity. Hence, managerial job has become more complicated and challenging.

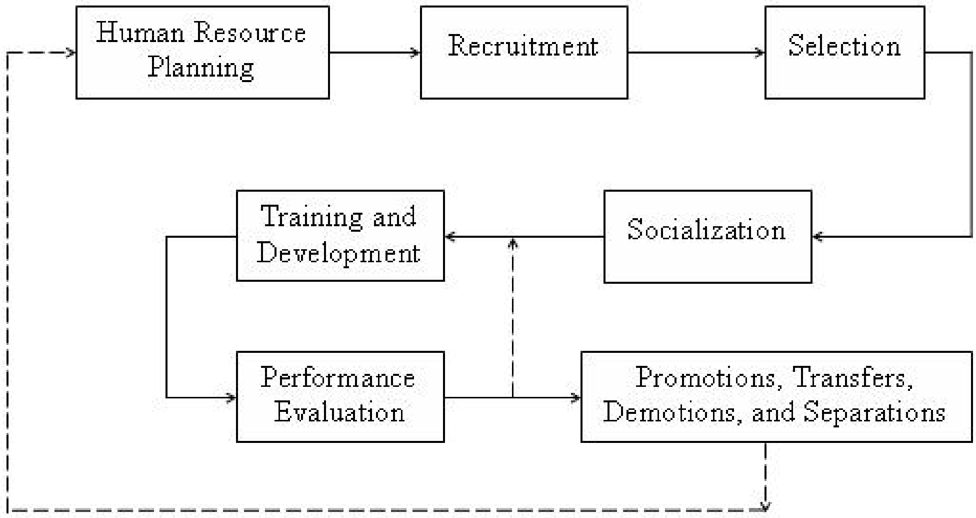
Maintenance

This function of personnel management is concerned with maintaining the abilities and attitudes already created and improving the conditions established through health safety, welfare and benefits programs

Systems Approach to Human Resource Management

The managerial function of staffing - also referred to as Human Resources Management (HRM) or Personnel Management - is defined as filling, and keeping filled, positions in the organization structure.

The process involved in personnel management are usually represented by a figure as given below and are referred to as "HRM process" in organizations.



HRM Process in Organizations

Human resource planning is designed to ensure that personnel needs will be constantly and appropriately met. It is accomplished through analysis of (a) internal factors, such as current and expected skill needs, vacancies, and departmental expansions and reductions, and (b) factors in the environment, such as the labour market.

The need for human resource planning may not be readily apparent. However, an organization that does not do planning for human resources may find that it is not meeting either its personnel requirements or its overall goal effectively. For example, a manufacturing company may hope to increase productivity with new automated equipment, but if the company does not start to hire and train people to operate the equipment before installation, the equipment may remain idle for weeks or even months. Planning for human resources is a challenging task today, given the increasingly competitive environment, changing demographics, and pressure from the government to protect both employees and environment.

Socialization or orientation is designed to help the selected individuals fit smoothly into the organization. Newcomers are introduced to their colleagues, acquainted with their responsibilities, and informed about the organization's culture, policies, and expectations regarding employee behaviour.

The skills or knowledge specified in the appropriate job description are examined, and those employees without necessary skills or knowledge become candidates for ***training programme***.

Performance appraisal is measuring each employee's work against the performance standards or objectives established for his or her job.

Authority and Responsibility

Authority is the organization's legitimized power that is linked to each position within the organization. It typically involves the right to command, to perform, to make decisions, and to expend resources.

Four management theories have attempted to explain the nature of authority. The classical theory of authority of authority holds that authority flows from top to bottom in an organization and is a function of position held in the organization. When removed from his or her position in the organization, the person no longer has the authority that is associated with that position. According to acceptance theory of authority, a manager's authority rests with his or her subordinates. The manager has no authority unless subordinates choose to accept his or her commands. A third theory of authority states that the nature of the situation should be the force that grants authority. For example, if a fire starts in a work place, the worker nearest to the telephone might legitimately assume the authority to call the fire department even though he or she had not specifically been directed to do so. A final theory of authority holds that the person most knowledgeable in a given situation has authority by virtue of his or her expertise.

Responsibility is the obligation towards the goals related to the position and the organization.. Managers' primary responsibilities are to examine tasks, problems, or opportunities in relationship to the company's short-and long-range goals. They must be quick to identify areas of potential problems, continually search for solutions, and be alert to new opportunities and ways to take advantage of the best ones.

Delegation

Delegation is the assignment of formal authority and responsibility to another person for carrying specific activities. The delegation of authority by managers to employees is necessary for efficient functioning of any organization because no manager can personally accomplish or completely supervise all of what happens at an organization. The following are guidelines for effective delegation:

1) Tasks should be assigned in terms of results expected from a position.
2) There should be parity of authority and responsibility.
3) There should be well-defined clarification of limits of authority
4) Command, orders or guidance should always flow to a sub-ordinate from one delegating superior
5) There should be open communication between sub-ordinate and delegating superior

Decentralization and Centralization

Decentralization is the tendency to disperse formal authority. Centralization, on the other hand, is the concentration of authority. In a relatively decentralized organization, considerable authority and accountability are passed down the organizational hierarchy. On the other hand, in a relatively centralized organization, considerable authority and accountability remain at the top of the hierarchy.

Decentralisation is actually an extension of the concept of delegation. Delegation can take place from one superior to one subordinate and is a complete process, but decentralisation takes place only when the fullest possible delegation or distribution of authority is made to all - or most of the people in the organisation - in respect of the specific function, activity or responsibility.

It is, however, to be remembered that decentralisation does not necessarily mean distribution of authority in respect of all activities. One function may be decentralized and another stay centralised. For example, in an automobile manufacturing concern, the sales function may be distributed or decentralised to product division, while labour relations may remain centralised. The extent to which decentralisation exists in any organisation depends on the extent to which clear-cut decision-making authority is vested in levels below the top management level.

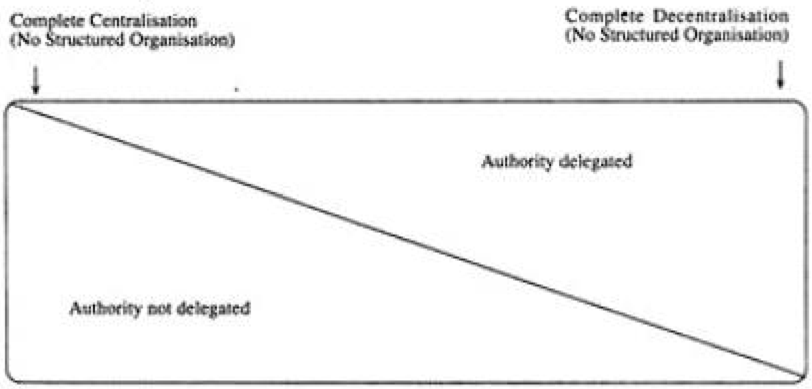
Therefore, when delegation is widespread and authority is delegated to lower levels of management, to all, or most of the people who are entrusted with responsibilities, decentralisation of authority takes place.

On the other hand, when delegation is restricted to the top level of management, and the subordinates are simply to implement the decisions taken at the top level, the authority is said to be centralised to that extent.

In the words of Henry Fayol **"everything that goes to increase the importance of the subordinate's role is decentralisation, everything which goes to reduce it is centralisation."**

However, there cannot be any absolute centralisation or absolute decentralisation in an organisation. Absolute centralisation is possible if there is one person with absolute authority and there is no other subordinate manager under him that means there is no structured organisation.

Similarly, there is no absolute decentralisation because if managers delegated all their authority, their status as managers would cease, their position would be eliminated, and there would, again, be no organization.



Centralization and Decentralization

Advantages of Decentralization

1. *Unburdening of top managers*
2. *Better training, morale, and initiative at lower levels.*
3. *Promotes development of general managers*
4. *Facilitates setting up of profit centres*
5. *Encourages decision making and assumption of authority and responsibility*
6. *Facilitates product diversification*
7. *More flexibility.*

Disadvantages of Decentralization

1. *Makes it more difficult to have a uniform policy*
2. *Extensive decentralization may lead to loss of control by upper level managers*
3. *Complexity of co-ordination of organizational units*
4. *May be limited by inadequate control techniques.*
5. *Involves considerable expenses for training managers.*
6. *Can be limited by the availability of qualified managers*
7. *Decentralization usually entails bringing in additional staff*

Recentralization

Recentralization Centralization and decentralization depend on many factors and so the degree of centralization and decentralization also changes with the changing situation. It should not be supposed that authority once decentralized is decentralized for ever. Recentralization means back to centralization . If the situation so demands, the top management may hold back the power or authority from the lower level managers which were earlier decentralized.

Global Organizations

International – often refers to engaging with a few different areas of the world but not worldwide. Although the organization may conduct activities in other countries, it retains a major focus in its home country. For example, an international organization could be one that operates a few or several programs outside the country or region where the organization is headquartered.

Global – often describes a more holistic or "boundary-less" worldview, and involves operating in many different regions. This view takes a more holistic, interdependent, and interconnected approach. For example, a global organization might have multiple presences throughout the world where programs, chapters, or field offices operate simultaneously in several countries and regions around the world and are governed by a multinational board.

Global organizations must compete with a much wider array of companies than their domestic counterparts do, and have therefore evolved several strategies to become as efficient and cost-effective as possible. The choice of organizational structure reflects where decisions are made, how work gets completed, and ultimately how quickly and cheaply the firm's products can be made.

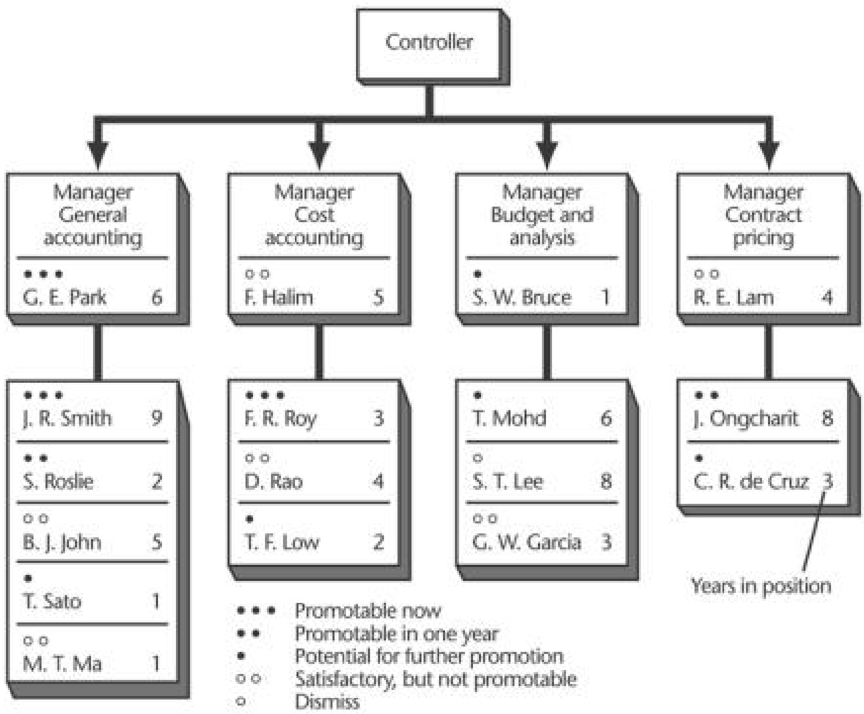
Functional

A functional structure is one in which type of work is performed in a different department. For instance, all the company's accountants work in Accounting, whereas all the marketers work in Marketing. Each product line or geographic region then makes use of these centralized resources as if the other department were a different company. This allows the company to benefit from having very standardized processes for each of its functions, and from having economies of scale such as being able to place a single, centralized order for a commonly used widget that it can then distribute worldwide. However, it can be challenging and inefficient to shepherd a single product through all the steps and departments it needs to go through. These firms focus on specialization of job skills, and are more centralized.

Project
Companies with project structures assign small groups of each type of function to a single division, making each self-sufficient. They may be divided by product line, such as the Shoe division, the Shirt division, and the Hat division. Or they might be divided geographically, such as the European or Asian divisions, or even further into France or Thailand divisions. Alternatively, they may be divided by customer group, such as Consumers, Small Business, and Government. In most cases, every group will have its own accounting, marketing, product development, manufacturing and executive staffs. This structure allows each specialty to become intimately familiar with the product or market the division serves, and reduces inter-departmental delays. The down side is that each division may be duplicating the efforts of several other divisions, or may be unknowingly working at cross purposes. These companies are concerned with specialization of products or markets, and are more decentralized.

Hybrid or Matrix
Due to the difficulty of working globally with a centralized functional structure, and the communication gaps that come from working in project groups, most modern companies employ a hybrid structure that combines elements of each. There is no single "hybrid" structure, but rather a range from mostly-functional to mostly-project, which varies between companies. They often have central headquarters that set strategy and high-level policy, combined with product or geographic divisions that determine their operational methods, and may even have internal functional departments within the division. These companies are attempting to balance economies of scale with local efficiency.

Manager Inventory Chart



Manager Inventory Chart

The above figure shows a typical manger inventory chart. At a glance, the controller can see where he or she stands with respect to the staffing function. The controller's successor is probably the manger of general accounting, and this person in turn has a successor ready for promotion. Supporting that person, in turn, is a subordinate who will be ready for promotion in a year, but below that position are one person who does not have the potential and two newly hired (years in position 1) employees.

Advantages of Manager inventory chart

1) Clear idea about staffing situation
2) Clarifies career paths for employees
3) Shows future internal supply of managers.
4) Identifies non-performing employees
5) Identifies training requirement
6) Replacement can be thought of against retiring persons
7) Facilitates transfer of managers/on-the-job-rotation for training

Limitations

1) Does not help in conducting fair assessment of managers
2) Does not show to what position /department a manager is promotable
3) Information cannot be shared with all employees
4) As staffing position is dynamic, it takes time & effort to keep the chart up-to-date

Job Analysis and Job Evaluation

Job analysis is the process of identifying and determining in detail contents of a particular job, thereby, clearly defining duties, responsibilities, accountabilities, and skills associated with the job. An important aspect of job analysis is that the analysis is conducted of the job, and not of the person. The process of job analysis results in two sets of data - job description and job specification.

Job Description	*Job specification*
A statement containing items such as • Job title • Location • Job summary • Duties • Machines, tools, and equipment • Materials and forms used • Supervision given or received • Working conditions • Hazards	A statement of human qualifications necessary to do the job. Usually contains such items as • Education • Experience • Training • Judgement • Initiative • Physical effort • Physical skills • Responsibilities • Communication skills • Emotional characteristics • Unusual sensory demands such as sight, smell, hearing.

Job Description and Job Specification

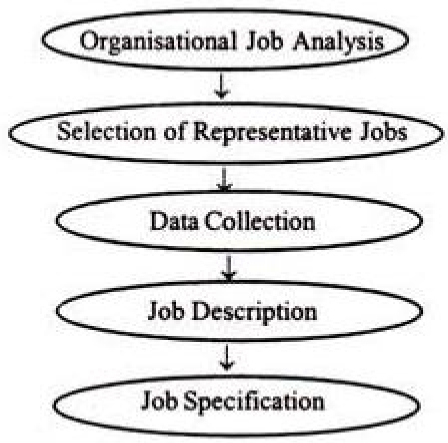
(i) **Job description** - It is a written statement containing complete information about what all a job involves including job title, duties, tasks and responsibilities related to job, working conditions and hazards, reporting relationships, tools, machines and equipments to be used, and relationships with other positions.

(ii) **Job specification** - It provides particulars about capabilities that an individual should posses to perform the job efficiently. This includes educational qualification, experience, training, appropriate skills, knowledge, and abilities required to perform the job.

Job evaluation, on the other hand, specifies the relative value or worth of each job in an organization.

Steps in Job Analysis

Following are the steps generally followed in Job Analysis.



Job Analysis Process

(1) Organisational Job Analysis
Job analysis begins with obtaining pertinent information about a job.Such information can be had by dividing back-ground information in various forms such as organisation charts i.e., how the particular job is related to other jobs; class specifications i.e., the general requirement of the job family; job description i.e., starting point to build the revised job description, and flow charts i.e., flow of activities involved in a particular job.

(2) Selecting Representative Jobs for Analysis
Analyzing all jobs of an organisation is both costly and time consuming. Therefore, only a representative sample of jobs is selected for the purpose of detailed analysis.

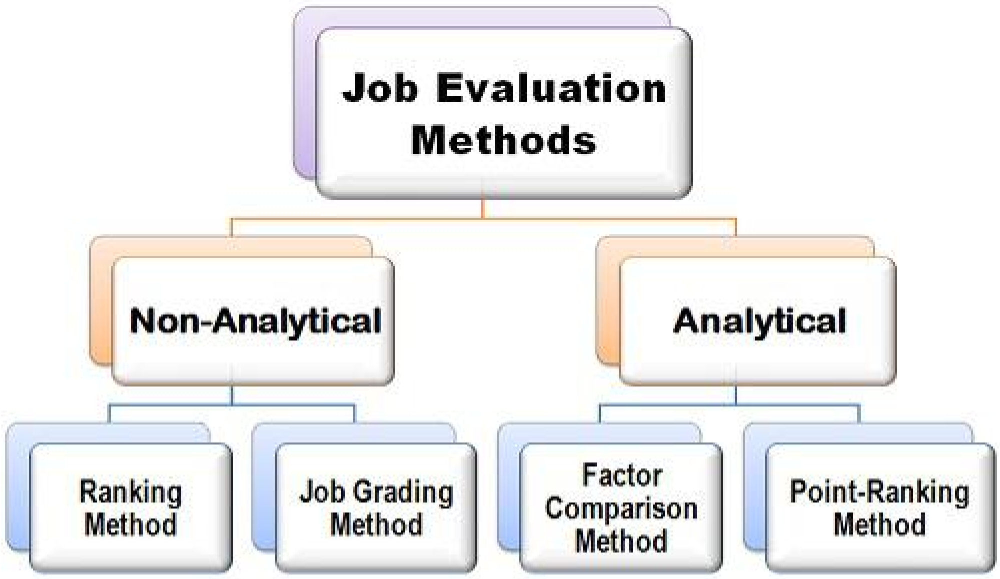
(3) Collection of Data for Job Analysis
In this step, job data features of the job and required qualifications of the employee are collected. Data can be collected either through questionnaire, observation or

interviews. However, due care should be taken to select and use the method of data collection that is the most reliable in the given situation of the job.

(4) Preparing Job Description
The job information collected in the above ways is now used to prepare a job description.

(5) Preparing Job Specification
The last step involved in job analysis is to prepare job specification on the basis of collected information.

Job Evaluation Methods



Job Evaluation Methods

(1) Ranking Method
This is the simplest and an inexpensive job evaluation method, wherein the jobs are ranked from the highest to the lowest on the basis of their importance in the organization. In this method, the overall job is compared with the other set of jobs and then is given a rank on the basis of its content and complexity in performing it.

Here the job is not broken into the factors, an overall analysis of the job is done. The main advantage of the ranking method is, it is very easy to understand and is least expensive. But however it is not free from the limitations, it is subjective in nature due to which employees may feel offended, and also, it may not be fruitful in the case of big organizations.

(2) Job Grading Method
This method is also known as Job-Classification Method. Under this method the job grades or classes are predetermined and then each job is assigned to these and is evaluated accordingly.

The advantage of this method is that it is less subjective as compared to the raking method and is acceptable to the employees. The major limitation of this method is that the jobs may differ with respect to their content and the complexity and by placing all under one category the results may be overestimated or underestimated.

(3) Factor-Comparison Method
Under this method, job factors are identified under primary groups (that is., skill, effort, responsibilities, working conditions) typically up to five groups. Each factor is assigned a monetary value (rather than a point value).

The advantage of this method is that it is consistent and less subjective, thus appreciable by all. But however it is the most complex and an expensive method.

(4) Point-Ranking Method
Under this method, each job's key factor is identified and then the sub-factors are determined. These sub-factors are then assigned the points by its importance. For example, the key factor to perform a job is skills, and then it can be further classified into sub-factors such as training required, communication skills, social skills, persuasion skills, etc.

The point ranking method is less subjective and is an error free as the rater sees the job from all the perspectives. But however it is a complex method and is time-consuming since the points and wage scale has to be decided for each factor and the sub factors.

Job Design

Job design follows job analysis. It is the next step after job analysis. It aims at outlining and organising tasks, duties and responsibilities into a single unit of work for the achievement of certain objectives. In other words, job design encompasses the components of the task and the interaction pattern among the employees, with the intent to satisfy both the organizational needs and the social needs of the jobholder.

The job characteristic theory proposed by Hackman & Oldham (1976) stated that work should be designed to have five core job characteristics as listed below:

- **Skill variety**: The employees must be able to utilize all their skills and develop new skills while dealing with a job.
- **Task Identity**: The extent to which an identifiable task or piece or work is required to be done for completion of the job.
- **Task Significance**: How important is the job to the other people, what impact does it create on their lives?
- **Autonomy**: Does the job offer freedom and independence to the individual performing the same.
- **Feedback**: Is feedback necessary for improving performance.

There are several important methods and techniques that the management uses while designing the jobs. These are:

(1) Job Simplification
Job Simplification means breaking the job into relatively easier sub-parts with the intention to enhance the individual's productivity by minimizing the physical and mental efforts required to perform a complex job.

Once the complex task is divided into the relatively easier tasks, each task is assigned to the individuals who perform these over and over again. By doing the same thing again and again, the employees gain proficiencies in the jobs assigned to them and as a result, the profitability of the organization increases.

Under the job simplification method, the organization saves its training cost, as a very low level of skills is required to perform the simplified jobs. Also, the job speed increases, as the individual is required to perform a small portion of the previously larger and complex job.

But however, by performing the same task again and again, the employees may feel boredom and may resist the monotony. This may lead to an increase in the employee absenteeism, mistakes and accidents, etc. Due to these negative consequences, the overall productivity may get adversely affected, and the organization may suffer losses as a whole.

Thus, an organization cannot resort to the job simplification every time to reap the economic benefits. It must look at the organizational conditions prevailing at the time of designing the job.

(2) Job Rotation
Job Rotation is the management technique wherein an employee is shifted from one job role to the other, with the purpose of familiarizing him with all the verticals of an organization.

The job rotation is beneficial for both the employer and the employee. The employer can identify the vertical where the employee is giving his best and can also place him in the position of a person who has left because of the retirement, transfer, termination or any other reason.

Likewise, an individual also gets a chance to realize his efficiency and explore his own interest. Through job rotation, an employee acquires several skill sets which are necessary at different point of times.

(3) Job Enrichment
Job Enrichment is the job design technique used to increase the satisfaction among the employees by delegating higher authority and responsibility to them and thereby enabling them to use their abilities to the fullest.

The purpose behind the job enrichment is to motivate the employees to use their abilities which remained unused during their course of action. Also, through job enrichment, the monotony breaks and the employees get the opportunity to do something new, which ultimately results in the increased satisfaction levels.

(4) Job Enlargement
Job Enlargement refers to the horizontal expansion of jobs wherein more and more activities, and tasks are added to the existing job scope at the same level in the organization.

In other words, job enlargement means increasing the scope of duties and responsibilities of an individual by adding the related activities to his existing job profile and generally without any change in his authority and his level in the hierarchy in the organization. The purpose behind the job enlargement is to increase the employee flexibility and reduce the monotony that occurs gradually over a period of time.

The purpose behind the job enlargement is to increase the employee flexibility and reduce the monotony that occurs gradually over a period of time. Often, the employees are not required to get the training for the task-related activities because he is already aware of that and is doing for quite some time. But however, if the activity added is new for an employee and is not related to his existing job nature, then a proper training should be given to him in order to acquaint himself with the new job conditions.

Benefits of Job Design

The following are the benefits of a good job design:

1) **Employee Input** - A good job design enables a good job feedback. Employees have the option to vary tasks as per their personal and social needs, habits and circumstances in the workplace.

2) **Employee Training** - Training is an integral part of job design. Contrary to the philosophy of "leave them alone' job design lays due emphasis on training people so that are well aware of what their job demands and how it is to be done.

3) **Work / Rest Schedules** - Job design offers good work and rest schedule by clearly defining the number of hours an individual has to spend in his/her job.

4) **Adjustments** - A good job designs allows for adjustments for physically demanding jobs by minimising the energy spent doing the job and by aligning the manpower requirements for the same.

Job design is a continuous and ever evolving process that is aimed at helping employees make adjustments with the changes in the workplace. The end goal is reducing dissatisfaction, enhancing motivation and employee engagement at the workplace.

MODULE 6

Leadership

Leadership is the art or process of influencing people so that they will strive willingly and enthusiastically toward the achievement of group goals.

The ingredients of leadership are:

1) Power
2) A fundamental understanding of people
3) The ability to inspire followers to apply their full capabilities
4) The leader's style and the development of a conducive organizational climate

The Difference Between Leadership and Management

The main difference between leadership and management is that leaders have people that follow them, while managers have people who simply work for them.

Sl. No.	Managers	Leaders
(1)	Managers have subordinates	Leaders have followers
(2)	Managers use an authoritarian style	Leaders have a motivational style
(3)	Managers tell what to do	Leaders show what to do
(4)	Managers have good ideas	Leaders implement good ideas
(5)	Managers react to change	Leaders create change
(6)	Managers exercise power over people	Leaders develop power with people
(7)	Works in the present	Looks into the future
(8)	Do things right	Do right things
(9)	Managers Control	Leaders inspire
(10)	Statistics driven	Values driven

Trait Approaches to Leadership

The trait theory of leadership focuses on identifying different personal attributes (or traits) and characteristics that are linked to successful leadership across a variety of situations. This line of research emerged as one of the earliest types of investigations into the nature of effective leadership and is tied to the "great man" theory of leadership first proposed by Thomas Carlyle in the mid-1800s. The trait theory indicates that great leaders cannot be made, or learned. If you are not born with specific personality traits, you are not destined to be a leader.

In 1989, John W. Gardner published a study of a large number of leaders and concluded that there are some attributes that appear to make a leader successful in any situation. These traits included the following:

- Physical vitality and stamina
- Intelligence and action-oriented judgment
- Eagerness to accept responsibility
- Task competence
- Understanding of followers and their needs
- Skill in dealing with people
- Need for achievement
- Capacity to motivate people
- Courage and resolution
- Trustworthiness
- Decisiveness
- Self-confidence
- Assertiveness
- Adaptability/flexibility

Merits of Trait Theory

a) It builds on the premise that leaders are distinctive.
b) Unlike all other leadership theories, Trait Theory boasts a century of research to confirm the approach.
c) Trait Theory provides benchmarks for identifying leaders.

Limitations of Trait Theory

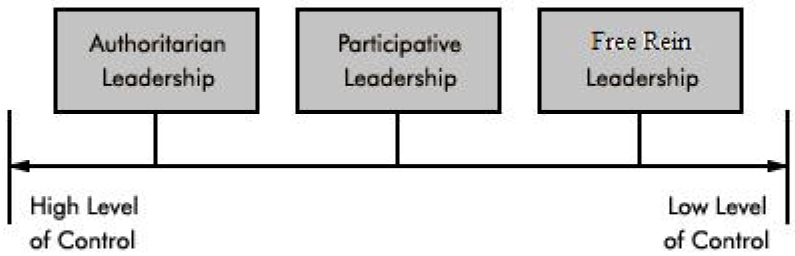
a) Trait theory is leader-centric, and only focuses on the leader not the follower or the situation.
b) Trait theory identifies those with the potential for leadership, but having any of the identified traits is not a guarantee of success.
c) Not all traits identified as leadership markers help in all situations. For example, height may be an indicator of leadership success in the military or other industry which depends on physical strength, but may not carry as much influence in business.

Leadership Behaviour and Styles

Leadership style is the manner and approach of providing direction, implementing plans, and motivating people. Kurt Lewin (1939) led a group of researchers to identify different styles of leadership. This early study has been very influential and established three major leadership styles.

1) Authoritarian or autocratic
2) Participative or democratic
3) Delegative or free-rein

These styles are characterized by the amount of control that the leader applies on the team. The three styles are best seen as points on a line ranging from total control to very little if any.



Leadership styles

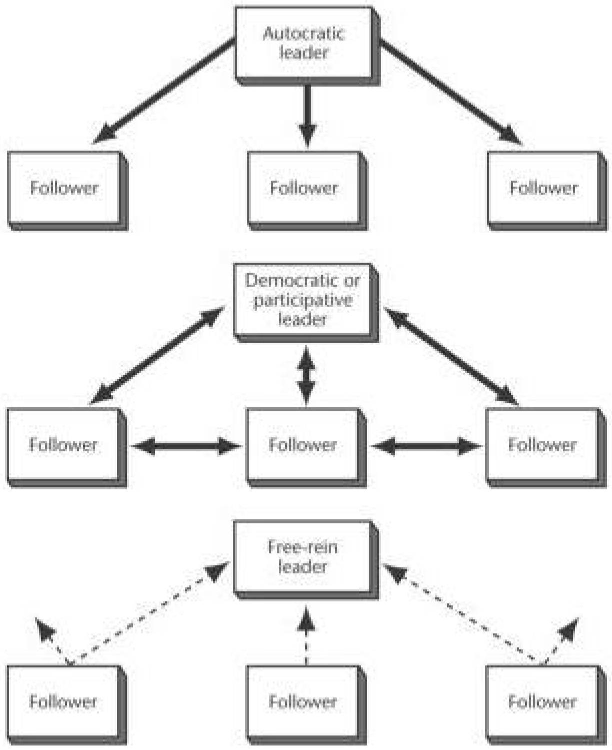
Authoritarian or Autocratic Leadership
This style is used when leaders determine the actions of the group without any discussion. They tend to exercise total control of the team and the decision making process. The leader gives the directions and the team follows them. While, this style of leadership may save time in the short term, few new ideas are generated and generally morale is low. The authoritarian or autocratic style should normally only be used on rare occasions. If one have the time and want to gain more commitment and motivation from other employees, then one should use the participative style.

Participative or Democratic Leadership
These leaders encourage their team to be actively involved in decision making. They delegate authority to suitably skilled team members and provide opportunities for others to develop their skills. Because there is an ongoing exchange of information, the team tends to be productive and efficient. This style of leader uses a variety of approaches to meet the specific skill levels and motivational needs of the team members.

Free - Rein Leadership
This type of leader tends to adopt a policy of not 'interfering' with the group by letting them run themselves. This method is generally only effective in highly specialised fields. Due to the lack of leadership, informal leaders tend to take control of the group and conflicts often result. The group tends to drift and productivity is low.

There are variations within this simple classification of leadership styles. Some autocratic leaders are seen as **"benevolent autocrats"**. Although they listen considerably to their followers' opinions before making a decision, the decision is their own. They may be willing to hear and consider subordinates' ideas and concerns, but when a decision is to be made, they may be more autocratic than benevolent.

A variation of the participative leader is the person who is **supportive**. Leaders in this category may look upon their task as not only consulting with followers and carefully considering their opinions but also doing all they can to support subordinates in accomplishing their duties.



The flow of influence with three leadership styles

Transactional and Transformational Leadership

A leadership style whereby the objectives and goals are predefined and the leader uses reward and punishment to motivate his followers is known as **Transactional Leadership**. It focuses on improving the current situation of the organisation by framing the steps and controlling the organisational activities. Prize and penalties are the two primary tools employed by the leader to inspire his subordinates i.e. if an employee achieves the target within the stipulated time he is given initiative for his work, whereas if the task is not completed within the required time, then he will be penalised for the same.

The style of leadership in which the leader uses his influencing power and enthusiasm to motivate his followers to work for the benefit of the organisation is known as **Transformational Leadership**. Here, the leader seeks the requirement for a change in the existing organisation culture, gives a vision to his subordinates, incorporates mission and implement the change with the dedication of his followers. In transformational leadership, the leader acts as a role model and as a motivator too who offers vision, excitement, encouragement, morale and satisfaction to the followers. The leader inspires his people to increase their abilities and capabilities, build up self-confidence and promotes innovation in the whole organisation.

Key Differences Between Transactional and Transformational Leadership

BASIS FOR COMPARISON	TRANSACTIONAL LEADERSHIP	TRANSFORMATIONAL LEADERSHIP
Meaning	A leadership style that employs rewards and punishments for motivating followers is Transactional Leadership.	A leadership style in which the leader employs charisma and enthusiasm to inspire his followers is Transformational Leadership.
Concept	Leader lays emphasis on his relation with followers.	Leader lays emphasis on the values, ideals, morals and needs of the followers.
Nature	Reactive	Proactive
Best suited for	Settled Environment	Turbulent Environment
Works for	Developing the existing organizational culture.	Changing the existing organizational culture.
Style	Bureaucratic	Charismatic
Number of leaders in a group	Only one	More than One
Focused on	Planning and Execution	Innovation
Motivational tool	Attracting followers by putting their own self interest in the first place.	Stimulating followers by setting group interest as a priority.

Likert's Management System

Rensis Likert along with his associates studied the patterns and behavior of managers to identify the leadership styles and defined four systems of management. These four systems are: Exploitative Authoritative, Benevolent Authoritative, consultative system and participative system.

The four systems of management system or the four leadership styles identified by Likert are as follows.

1) **Exploitative Authoritative System:** In this type of management system, the responsibility lies with the people in higher positions in the hierarchy. Here, the subordinates are not involved in the decision-making process. The superior has no trust and confidence in his subordinate and imposes decisions on him leaving no room for further discussions.In this system, the communication flows downwards, i.e. from the superior to the subordinate and hence there is a lack of communication and teamwork. The management is only concerned with the completion of work; it uses any means or threats to get the work completed through the subordinates.

2) **Benevolent Authoritative System**: Like exploitative authoritative system, here also the responsibility lies with the people at the upper echelons of the hierarchy and the only difference is that the motivation is based on the rewards, not on fear and threat. The superior has that much trust and confidence in his subordinates which is required in a master-servant relationship.In this system, the subordinates are given rewards for their participation and the communication may flow upwards i.e. from subordinate to superior, but restricted to what the superior wants to hear. Thus, in the benevolent authoritative system also, the subordinates do not feel free to discuss job-related issues with the superior. This results in the lack of communication and a little teamwork.

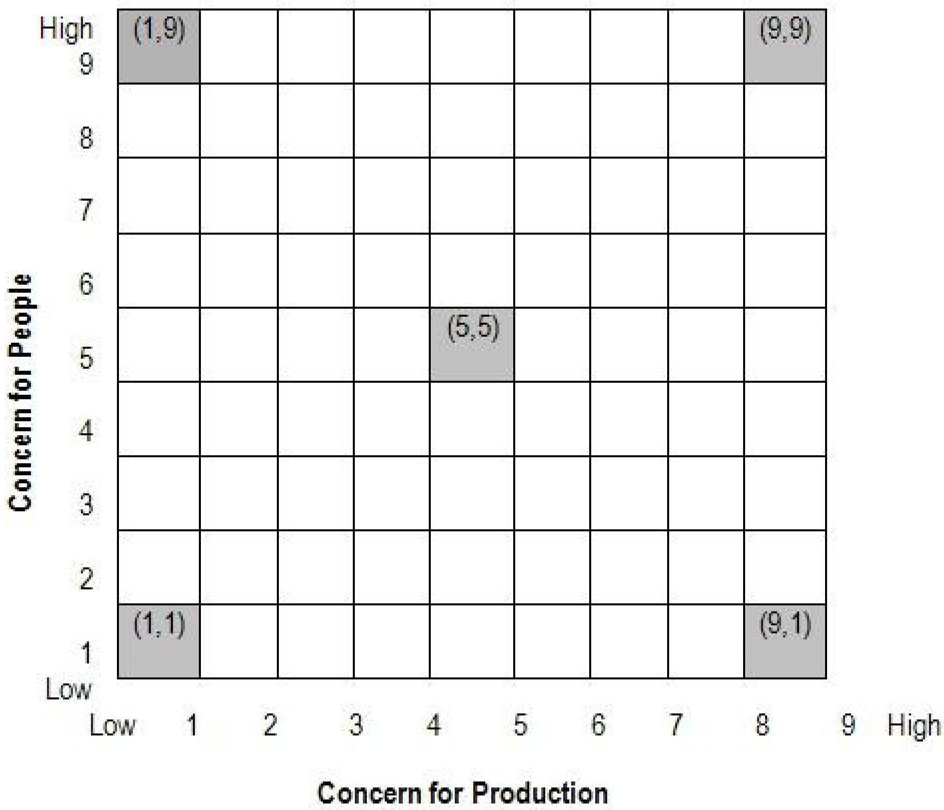
3) **Consultative System:** In this management system, the superior has substantial but not complete, trust and confidence in his subordinates and constructively uses the views and opinions given by them. Here, the motivation is based on rewards and the amount of the individual's involvement in the decision-making process.The consultative system is characterized by a great flow of information both horizontally and vertically. The subordinates feel free to discuss job-related issues with the superiors and hence, the upward flow of communication is more into the consultative system than a benevolent system. But still, the decisions are made by the senior people in the hierarchy.

4) **Participative System:** In the participative system, the management has full confidence in his subordinates and encourages them to participate actively in the decision-making process. Here, the subordinate feels absolutely free to discuss any issue related to a job with his superior. This system is characterized by a good teamwork and teams are linked with people, who are the members of more than one team and such people are called as "linking pins". The subordinates get motivated through rewards for their participation in the decision-making process.

Managerial Grid

Robert Blake and Jane Mouton have developed the Managerial Grid, also called as a leadership grid. According to them, the leadership styles can be identified on the basis of manager's concern for people and production.

The managerial grid identifies five leadership styles based on two behavioral dimensions as shown in the figure below:



Managerial grid

1) **Impoverished Management (1,1):** The managers with this leadership style exert minimum effort to get the work done by the subordinates. They have minimal concern for both the people and production, and they function merely to preserve their jobs and seniority. Therefore, the disharmony, dissatisfaction, disorganization arises within the organization.

2) **Task Management (9,1):** Here, the leader is more concerned with the production and lay less emphasis on the personal needs of his subordinates. This leadership style is also called as a dictatorial or perish style, where the subordinates are required to perform the task as directed by the superiors. In this leadership style, the output in the short run may increase drastically, but due to stringent rules and procedures, there could be a high labor turnover.

3) **Middle of the Road (5,5)**: The manager with this style tries to keep a balance between the organizational goals and the personal needs of his subordinates. Here, the leader focuses on an adequate performance through a balance between the work requirements and satisfactory morale. Both the people and production needs are not completely met, and thus the organization land up to an average performance.

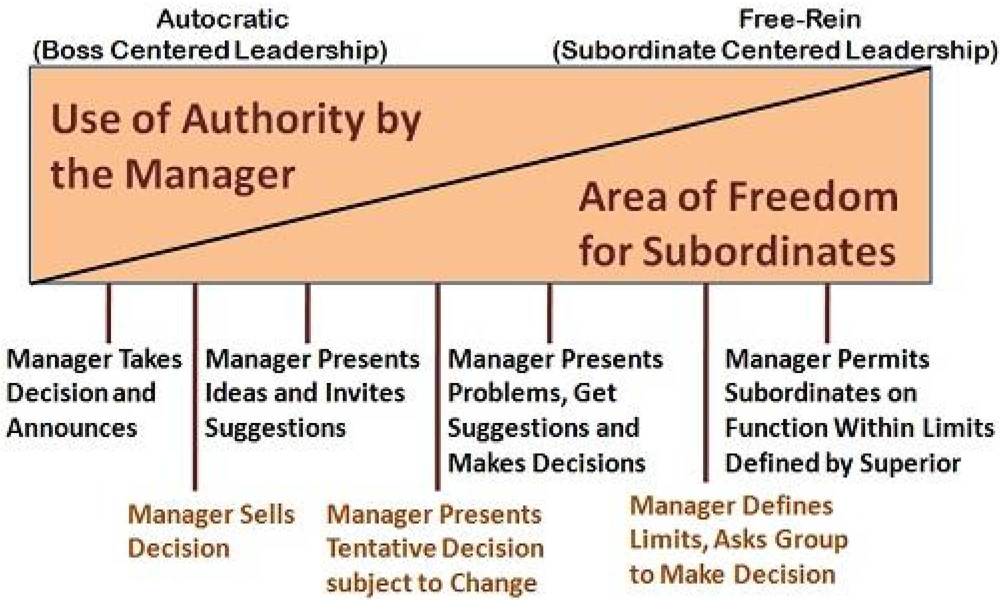
4) **Country Club (1,9):** Here, the leader lays more emphasis on the personal needs of the subordinates and give less attention to the output. The manager adopts this style of leadership with the intent to have a friendly and comfortable working environment for the subordinates, who gets self-motivated and work harder on

their own. But however, less attention to the production can adversely affect the work goals and may lead to the unsatisfactory results.

5) **Team Management (9,9):** According to Blake and Mouton, it is the most effective leadership style wherein the leader takes both people and production hand in hand. This style is based on McGregor's Theory Y, where the employees are believed to be committed towards the goal achievement and need not require manager's intervention at every step.The leader with this style feels that empowerment, trust, respect, commitment helps in nurturing the team relationships, which ultimately results in the increased employee satisfaction and overall production of the organization.

Leadership as a Continuum

This model is given by Tannenbaum and Schmidt, who believed that there are several leadership styles that range between two extremes of autocratic and free-rein, which are shown below:



Continuum of Manager - Nonmanager Be

Notice that going from left to right, it moves from manager-oriented decision making to team or subordinate oriented decision making, thus the team's freedom increases while the manager's authority decreases. Depending upon the present level of the team's experience and skills, a starting point can be selected and as the team grows and develops, you move from on to the next one.

1) Manager makes decision and announces it – The team has no role in the decision-making role. Coercion may or may not be used or implied.

2) Manager "Sells" decision – Rather than just tell, the manager needs to sell the decision, as there is a possibility of some resistance from team members.

3) Manager presents ideas and invites questions – This allows the team to get a fuller explanation so they can gain a better understanding of what the manager is trying to accomplish.

4) Manager presents a tentative decision that is subject to change – This action invites the team to have some influence regarding the decision; thus, it can be changed based on the team's input.

5) Manager presents the problem, gets suggestions, and then makes the decision – Up to this point the manager has always presented the decision, although the last style allows it to change based upon the team's input. Now the team is free to come up with options, however, the manager still has the final say on those options.

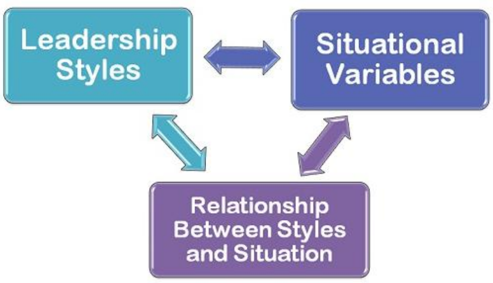
6) Manager defines limits, and requests the team to make a decision – The manager delegates the decision making to the team; but instills specific limits on the team's solution.

7) Manager allows team to function within limits – Now the team does the decision making, however, the manage may have placed certain limits on the options they can make. If the manager sits in on the decision making, he or she attempts to do so with no more authority than the other members do.

Basically, the first two styles or behaviors are similar to the authoritarian style, the next three are similar to the participative style, while the last two are similar to the delegative style. This approach gives the leader more options that can be refined to specific situations or environments.

Fiedler's Contingency Model

Fiedler's contingency model is comprised of three elements, Viz, Leadership styles, situational variables and the relationship between styles and situation.



Fiedler's Contingency Model

1) Leadership Style

This approach to situational leadership starts by understanding what style a leader has and in order to understand the attitude of a leader, Fiedler developed a **"Least Preferred Co-worker Scale (LPC)",** wherein the leaders are asked to rate a person on a scale ranging from lowest (1) to highest (8) on several parameters as shown below to identify the worker with whom they least like to work.

Uncooperative	1 2 3 4 5 6 7 8	Cooperative
Hostile	1 2 3 4 5 6 7 8	Supportive
Unpleasant	1 2 3 4 5 6 7 8	Pleasant
---	1 2 3 4 5 6 7 8	---
Guarded	1 2 3 4 5 6 7 8	Open

LPC Scale

Leaders who take the test (respondents) have the opportunity to describe a person who they would not want to work with (their least preferred co-worker). Leaders who take this test should should circle the number choice that best defines the person who is most difficult to be around in a work environment.

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The leaders with high LPC scores are said to be relationship-oriented whereas the ones with the low LPC scores are considered as task-oriented.

2) Situational Variables

Situational favorable-ness was described by Fiedler in terms of three empirically derived dimensions:

1. Leader-member relationship – high if the leader is generally accepted and respected by followers
2. Degree of task structure – high if the task is very structured
3. Leader's position power – high if a great deal of authority and power are formally attributed to the leader's position

Situations are favorable to the leader if all three of these dimensions are high.

3) Relation Between Styles and Situations

The goal is to match the leader's style with a compatible situation.The relationship of leadership effectiveness and the degree of situational control is as follows:

1. High LPC leaders are most effective under moderate situational control.

2. Low LPC leaders are highly effective when situational control is either very low or very high.

Robert House's Path-Goal Theory

The Path-Goal theory is based on the idea that a follower's motivations are based on three assumptions:

1) If effort is given, the goal can be achieved (expectancy)
2) If the goal is achieved, there will be a reward (instrumentality)
3) The reward is considered valuable (valance)

Leaders must be able to provide their followers assurance for their expectations. Differences in the characteristics of followers, the type of situation, and the leader's style will all play in a role in the effectiveness of the group to achieve their goals.

The Path-Goal Theory identifies four styles of leadership:

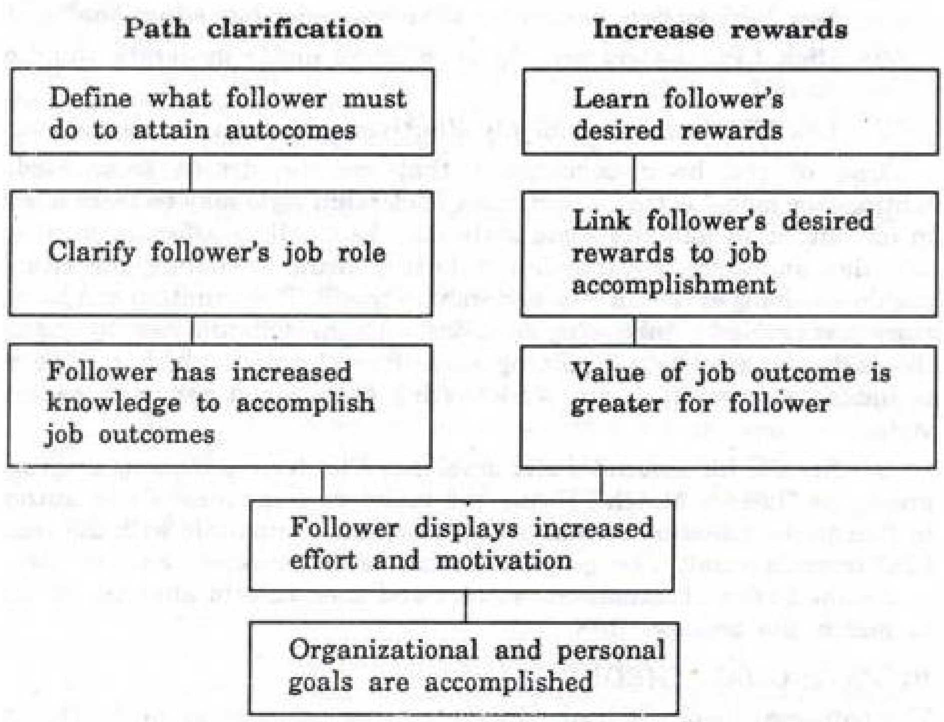
1) Directive - This leader provides direct and authoritative communication to his/her followers. This is ideal for followers who may have less knowledge or experience.

2) Achievement-Oriented - This leader sets high expectations for followers. He/she will challenge their subordinates and show confidence in their ability to achieve good results.

3) Participative - This leader works with his/her followers, considering their ideas and listening to them.

4) Supportive - This leader come alongside his/her followers showing care and concern for the their needs and well being.

The leader's role in the Path-Goal model is shown below.



Path Goal Model

The Situational Leadership Theory

The situational theory (or Life-cycle-theory) places followers into four different groups based on their maturity and assigns a particular leadership style to each group. The two different variables for determining followers' maturity are:

1) Task skills
2) Motivation

Task skills represent the work ability and knowledge of followers. Motivation, on the other hand, measures the desire of followers to accomplish a task and looks at their psychological maturity.

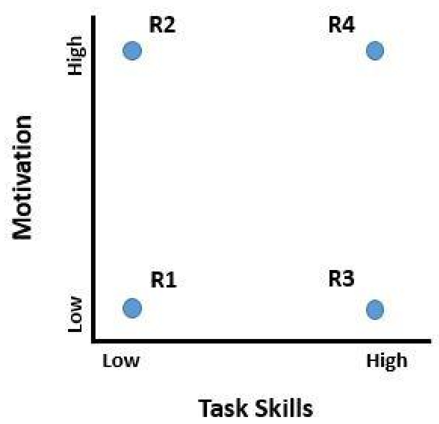
The maturity levels (or readiness levels) range from an incompetence or unwillingness to perform the task, to a willingness and ability to perform. The idea is that a successful leader will adapt leadership techniques to fit the maturity level of the group in question on a situational basis.

The table below shows the breakdown of readiness levels and the corresponding leadership responses.

Readiness Levels and Effective Leadership Styles

Readiness Level (of followers)	Leadership Style
R1 - Readiness Level 1: Low Motivation and Low Task Skills	S1 - Telling
R2 - Readiness Level 2: High Motivation and Low Task Skils	S2 - Selling
R3 - Readiness Level 3: Low Motivation and High Task Skills	S3 - Participating
R4 - Readiness Level 4: High Motivation and High Task Skills	S4 - Delegating

The following figure shows grid visual of Readiness Levels



Readiness Level

Descriptions of leadership styles are given below.

Telling (S1) - Leaders give commands and specific instructions to followers.

Selling (S2) - Leaders provide direction and guidance, but there is more interaction between leaders and followers.

Participating (S3) - Leaders complete tasks by working with followers as a team and place high value on relationships.

Delegating (S4) - Leaders have confidence in the abilities of their followers. They empower followers by delegating tasks and giving them more responsibility.

Control

Control (or controlling) is a regulatory process of establishing standards to achieve organizational goals, comparing actual performance against the standards, and taking corrective action when necessary so as to restore performance to those standards.

There are three basic steps in a control process:

1. Establishing standards
2. Measuring and comparing actual results against standards
3. Taking corrective action.

Establishing Standards
The first step in the control process is to establish standards against which results can be measured. Since entire operations cannot be observed, each organization must first develop its own list of key result areas for the purpose of control. Some key areas in all business organizations are - profitability, market position, productivity, personnel development, employee attitudes and public responsibility. The standards the managers desire to obtain in each key area should be defined as far as possible in quantitative terms. Even standards in areas such as public relations, while hard to express in quantitative terms, can be defined more accurately by adding more specific details, about the number and type of customer complaints. Standards need to be flexible in order to adapt to changing conditions. For example, a new salesman who proves to be an above average performer should have his sales standard adjusted accordingly. Every objective, every goal of the many planning programmes, every policy, every procedure and every budget becomes a standard against which actual performance might be measured.

Measuring and Comparing Actual Results against Standards
The second step in the control process is to measure the performance and compare it with the predetermined standards. Measurement of performance can be done by personal observation, as in the case of the subordinates being observed while they are engaged in work and by a study of various summaries of figures, reports, charts and statements. If the control system is well organized, quick comparison of these figures with the standard figures is quite possible. This will reveal variations. Some variations are desirable, such as the output above the standard or expenses below the standard. But some other variations are undesirable, such as a variation in the delivery schedule agreed upon with the customer or a variation in the speed limit fixed for all drivers.

Some deviation in performance can be expected in all activities. It is, therefore, important to determine the acceptable range of deviations. Also, deviations in key areas of business need to be attended more urgently as compared to deviations in certain insignificant areas. *Management by exception* and *critical point control* should be used by a manager in this regard.

Management by exception or control by exception is an important principle of management control. According to this principle, an attempt to control everything results in controlling nothing. Thus only the important deviations which exceed the prescribed limit should be brought to the notice of management. Thus, if plans provide for 3% increase in labour cost, deviations beyond 3% alone should be brought to the notice of the management.

The *principle of critical point control***,** states that a manager must choose points for special attention and watch them to be sure that the whole operation is proceeding as planned. It is neither economical nor easy to keep a check on each and every activity in an organisation. Control should, therefore, focus on key result areas which are critical to the success of an organisation. For instance, in a manufacturing organisation, an increase of 5 per cent in the labour cost may be more troublesome than a 15 per cent increase in postal charges. Following are the some of the critical standards generally used in practice:

Physical Standards - These are non-monetary measurements and are common at the operating level, where materials are used, labour is employed, services are rendered, and goods are produced. They may reflect quantities, such as labor-hours per unit of output, units of production per machine-hour etc.

Cost standards- These are monetary measurements and monetary values are attached to specific aspects of operations. Costs standards are common at the operating level

Capital standards - These are related with the capital invested in the firm rather than with operating costs. Perhaps the most widely used standard for new investment, as well as for overall control, is return on investment.

Revenue standards - These are related with the monetary value of sales.

Programme standards - A manager may be assigned to install a variable budget program, a program for formally following the developement of new products, or a program for improving the quality of a sales force. Although some subjective judgment may have to be applied in appraising program performance, timing and other factors can be used as objective standards.

Intangible standards - These are standards not expressed in either physical or monetary measurement and are more difficult to set. For example, performance of a manager.

Goals as standards - The present tendency for better-managed enterprise is to establish an entire network of verifiable qualitative or quantitative goals at every level of management. In complex program operations, as well as in the performance of mangers themselves, modern managers are finding that through research and thinking it is possible to define goals that can be used as performance standards.

Taking Corrective Action

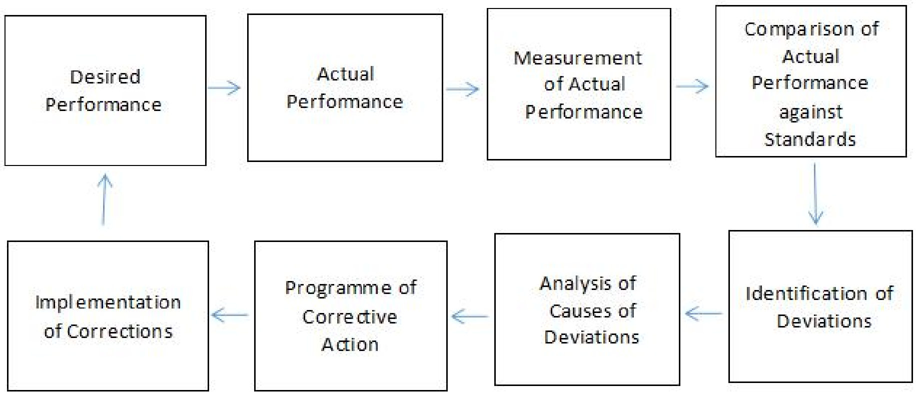
After comparing the actual performance with the prescribed standards and finding the deviations, the next step that should be taken by the manger is to correct these deviations. Corrective action should be taken without wasting of time so that the normal position can be restored quickly. The manager should also determine the correct causes for deviation. The causes for deviation may be of different types, such as inadequate and poor equipment and machinery, inadequate communication system, lack of motivation of subordinates, defective system of training and selection of personnel, defective system of remuneration, etc. The remedial action that should be taken depends on the nature of causes for variation.

Feedback, Concurrent (or real time), and Feedforward Control

There are three basic control methods: feedback control, concurrent control, and feedforward control.

Feedback Control

Feedback control is a mechanism for gathering information about performance deficiencies after they occur. This information is then used to correct or prevent performance deficiencies. Study after study has clearly shown that feedback improves both individual and organizational performance. In most instances, any feedback is better than no feedback. The following figure depicts the feedback process involved in a management control.



Feedback loop of management control

It is thus clear from the above figure that the system of management control is not just a simple process of establishing standards, measuring performance and correcting the deviations detected, if any. This is because the feedback system involved in this, places control in more complex and realistic light than this simple process.

Managers should realize that they should not only measure actual performance, compare such measurements against standards, identify and analyse deviations, if any, but also develop a programme for corrective action and implement such a programme for securing the desired performance. Unless this programme for corrective action which is developed by them is properly implemented, they cannot make the necessary corrections.

Concurrent control

Concurrent control is a mechanism for gathering information about performance deficiencies as they occur. Thus, it is an improvement over feedback because it attempts to eliminate or shorten the delay between performance and feedback about the performance. Supermarkets and department stores have electronic cash registers in operation that immediately transmit data on every sale to a central data storage facility, where inventory, sales, profit, and other data can be obtained as they occur. Similarly, a factory manager can have a system that reports at any time the status of production programs in terms of such things as production volume, labour-hours accumulated and even whether the production is as per schedule or not.

Often real-time information is seen as a means of getting real-time control in areas of importance to managers. But reference to the management control feedback loop as shown in the above figure, real-time information does not make real-time control possible (except in very simple and most unusual cases). It is possible in many areas to measure real-time data that measure the performance. It may also be possible in many of these cases to compare these data with standards and even to identify deviations. But the analysis of causes of deviations, the development of programmes of correction, and the implementation of these programmes are likely to be time consuming.

Feedforward Control

Feedforward control is a mechanism for gathering information about performance deficiencies before they occur. In contrast to feedback and concurrent control, which provide feedback on the basis of outcomes and results, feedforward control provides information about performance deficiencies by monitoring inputs, not outputs. Inputs, or perhaps the process, are changed if necessary, in order to obtain the desired results. Employment of the Preventive Maintenance Programme to prevent a breakdown of machinery

Feedforward control requires designing a model of a process or system and monitoring inputs with a view to detecting future deviations of results from standards and plans, thereby giving managers time to take corrective action

.

The requirements for a workable feedforward control system may be summarized as follows:

(i) Make a thorough and careful analysis of the planning as well as the control system and identify the more important input variables by applying careful discrimination

(ii) Develop a model of the system

(iii) Keep the model up-to-date by reviewing it regularly to see whether the identified input variables and their inter- relationships still represent realities

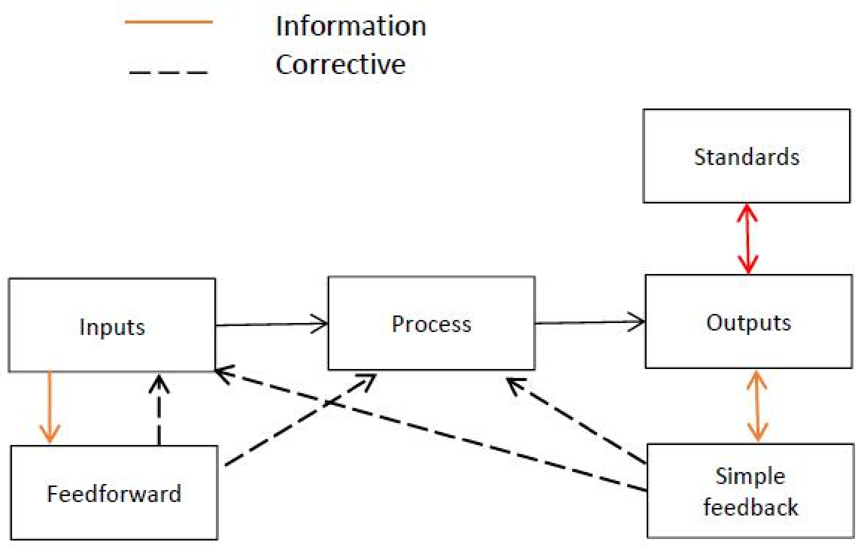
(iv) Collect regularly the data on input variables and assess it properly before putting it into the system

(v) Keep the feed forward system dynamic by regularly assessing the variations of actual input data from the planned - for inputs and evaluating their impact on expected end-results

(vi) Take prompt corrective action to solve the problems that are detected by the feedforward control system.

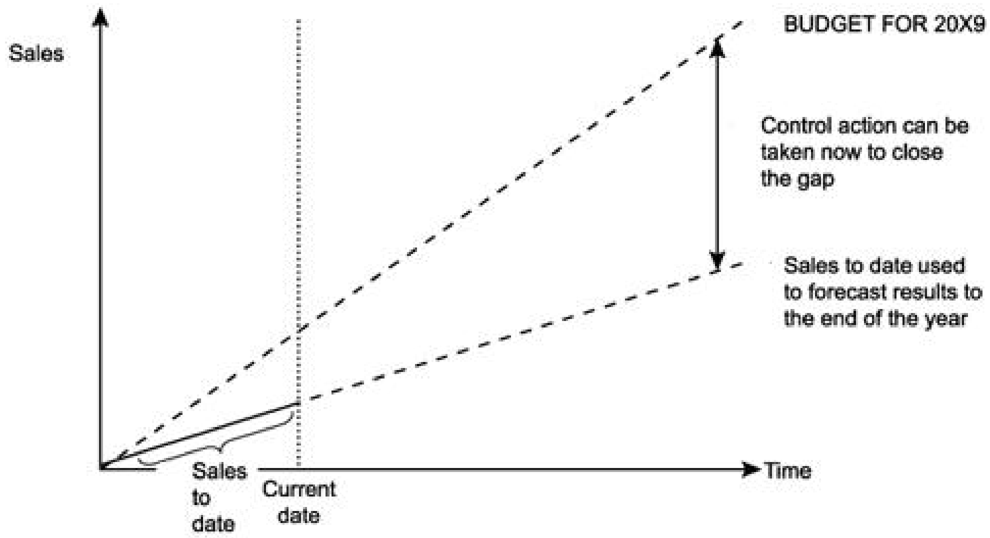
Comparison between Feedback and Feedforward Control Systems

A comparison of feedback and feedforward systems is depicted in the following figure. In a sense, feedforward control system is really a kind of feedback system. However, the information feedback is at the *input* side of the system so that corrections can be made before the system output is affected. Also, even with a feedforward system, a manager still wanted to measure the final system output, since nothing can be expected to work perfectly enough to ensure that the final output will always be as desired



Comparison of Simple Feedback and Feedforward Systems

The following graph shows the feedback and feed-forward system for sale. A feed-forward control system operates by comparing budgeted results against a forecast. Control action is triggered by differences between budgeted and forecasted results. In contrast, a feedback system would simply compare the actual historical results with the budgeted results.



Feedback and feed-forward system for sale

Features of an effective control system

An effective control system has the following features:

1) **Future oriented:** The control system ensures that mistakes made in the past are not repeated in future. It is a future-oriented process that focuses plans.

2) **Multiple control system:** No control system can be effective if it aims to control only one activity. The effective control system simultaneously controls production, inventory, sales, cost and quality.

3) **Economical:** It is costly to institute a control system. It should be ensured that costs to the control system are less than its benefits. This is possible by applying corrective measures only on significant deviations (management by exception).

4) **Timeliness:** Deviations must be reported as frequently as possible to the management so that timely remedial action can be taken. Late actions may be as good as no actions.

5) **Flexible:** Business operates in the turbulent and dynamic environment; Control system should be flexible to adjust business operations to environmental changes. Impact of changes on planned performance (or standards) must be incorporated from time to time. There should be alternative plans to meet unexpected situations.

6) **Control of critical points:** Rather than controlling every activity, control system should focus on critical points only where deviations affect the organizational goals. Poor performance in these areas indicates deviations from the standards and requires corrective action. Critical points determine areas where actions should be monitored. "Effective control requires attention to those factors critical to evaluating performance again

7) **Operational:** The control system should not only find deviations but also correct the deviations. Managers can artificially create a deviation and see how effectively the control system works in such conditions.

8) **Organizational climate:** In organizations where freedom is not given to workers (autocratic style of management), a tight control system will be successful and organizations where participative or democratic style of management prevails, a lenient control system should be adopted.

9) **Objective standards:** A control system will be effective if standards of performance are framed objectively. Standards should be specific, quantified and attainable. Poor or non-measurable standards will violate the purpose of control system. It may result in short-term gains at the cost of long-term profits.

10) **Control by exception:** Managers should control only exceptional deviations as they have serious impact on organizational efficiency.

11) **Positive environment:** Control system should not be viewed as a negative force that restricts workers' innovative and creativity. It should create positive organizational climate. It should allow freedom of actions rather than punishing undesirable action. The focus should be on work (ends) and not workers (means).

Importance or Advantages of Controlling

1) **Accomplishing organisational goals:** The controlling function measures progress towards the organisational goals and brings to light the deviations, if any, and indicates corrective action. It, thus, guides the organisation and keeps it on the right track so that organisational goals might be achieved.

2) **Judging accuracy of standards:** A good control system enables management to verify whether the standards set are accurate and objective. An efficient control system keeps a careful check on the changes taking place in the organisation and in the environment and helps to review and revise the standards in light of such changes.

3) **Making efficient use of resources:** By exercising control, a manager seeks to reduce wastage and spoilage of resources. Each activity is performed in accordance with predetermined standards and norms. This ensures that resources are used in the most effective and efficient manner.

4) **Improving employee motivation:** A good control system ensures that employees know well in advance what they are expected to do and what are the standards of performance on the basis of which they will be appraised. It, thus, motivates them and helps them to give better performance.

5) **Ensuring order and discipline:** Controlling creates an atmosphere of order and discipline in the organisation. It helps to minimise dishonest behaviour on the part of the employees by keeping a close check on their activities.

6) **Facilitating coordination in action:** Controlling provides direction to all activities and efforts for achieving organisational goals. Each department and employee is governed by predetermined standards which are well coordinated with one another. This ensures that overall organisational objectives are accomplished.

7) In addition to the above, there are many other advantages that includes **improvement of goodwill, facilitation of delegation, fixing of responsibility, and improved efficiency**.

Limitations of Controlling

Although controlling is an important function of management, it suffers from the following limitations.:

1) **Difficulty in Setting Quantitative Standards:** It becomes very difficult to compare the actual performance with the predetermined standards, if the

standards are not expressed in quantitative terms. Employee morale, job satisfaction and human behaviour are such areas where this problem might arise..

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.

Direct Control and Preventive Control

The analysis of controls stresses the variety of approaches that managers follow to make results conform to plans. Causes of negative deviations could be uncertainty, lack of knowledge, experience, or judgment. At the basis of control is the fact that the outcome of plans is dependent on the people who carry them out.

There are two ways of seeing to it that the responsible people modify future action, namely (1) Direct Control, and (2) Preventive Control.

The normal procedure is to trace the cause of an unsatisfactory result back to the persons responsible for it and get them to correct their practices. This may be called direct control. Questionable assumptions underlying direct control are as follows:

1) All performance can be measured
2) Personal responsibility exists
3) Time expenditure is warranted
4) Mistakes can be discovered in time
5) Person responsible will take corrective steps

The alternative in the area of management is to develop better managers who will skill fully apply concepts, techniques, and principles and who will look at managing and managerial problems from a systems point of view, thus eliminating undesirable results caused by poor management. This will be referred to as preventive control. The principle of preventive control is that "The higher the quality of managers and their subordinates, the less will be the need for direct controls". The preventive control is based on the following assumptions:

1) Qualified managers make a minimum of errors
2) The management fundamentals can be used to measure performance
3) Application of management fundamentals can be evaluated

Advantages of preventive control

1) Greater accuracy is achieved in assigning personal responsibility.
2) Preventive control encourages self-control and make corrective action more effective.
3) Preventive control may lighten the managerial burden caused by direct controls.
4) Employees may be motivated to improve themselves continuously.

Techniques of Managerial Control

Control techniques provide managers with the type and amount of information they need to measure and monitor performance. Companies follow different techniques or methods for controlling their business operations efficiently.Some of the control techniques employed by organizations are discussed below.

Personal Observation

This is the most traditional and most popular method of control. Under this manager observes the subordinates while they are performing jobs. They generally note down their observations. With the help of these observations they can easily analyze the performance of employees. By comparing the performance chart of current year with the previous year the managers can know the progress of their performance.

Financial Statements

All business organisations prepare Profit and Loss Account. It gives a summary of the income and expenses for a specified period. They also prepare Balance Sheet, which shows the financial position of the organisation in terms of assets, liabilities, and net-worth at the end of the specified period. Financial statements are used to control the organisation. The figures of the current year can be compared with the previous year's figures. They can also be compared with the figures of other similar organisations.

Ratio analysis can be used to find out and analyse the financial statements. Ratio basically is a comparison of two numbers with respect to each other. Similarly, in finance, ratios are a correlation between two numbers, or rather two accounts. So two numbers derived from the financial statement are compared to give us a more clear understanding of them.

For example, inventory turnover is the ratio between cost of goods sold and average inventory. Inventory turnover tells managers and investors not only how much inventory the company maintained, it also tells them how efficient the company was with its inventory. A high inventory turnover ratio means that the company is lean and is able to move its inventory quickly. This could indicate proper management and thoughtful inventory purchasing.

The opposite is true about a low inventory turnover. A low inventory turnover usually means either that companies buy too much inventory or they have problems selling it. Neither of these facts indicate a healthy business.

Budget and Budgetary Control

Budgets are formal quantitative statements of the resources set aside for carrying out planned activities over given periods of time. As such, they are widely used means for planning and controlling activities at every level of the organization. There are a number of reasons for their wide range.

First, budgets are stated in monetary terms, which are easily used as a common denominator for a wide variety of organizational activities – hiring and training personnel, purchasing equipment, manufacturing, advertising and selling. Second, the monetary aspects of budgets means that they can directly convey information on a key organizational resource – capital – and on a key organizational goal – profit. They are, therefore, heavily favored by profit-oriented companies.

Third, budgets establish clear and unambiguous standards of performance for a set time period – usually a year. At stated intervals during that time period, actual performance will be compared directly with the budget. Deviations can be detected quickly and acted upon.

In addition to being a major control device, budgets are one of the major means of co-coordinating the activities of the organization. The interaction between managers and subordinates that takes place during the budget development process will help define and integrate the activities of the organization members.

A brief description of the above classification is provided below.

- ***Financial Budget*** - *Budget for balance sheet elements. In other words, financial budget deals with the expected assets, liabilities, and stockholders' equity.*

- ***Operating Budget*** - *Budget indicating the goods and services the organization expects to consume in a budget period*

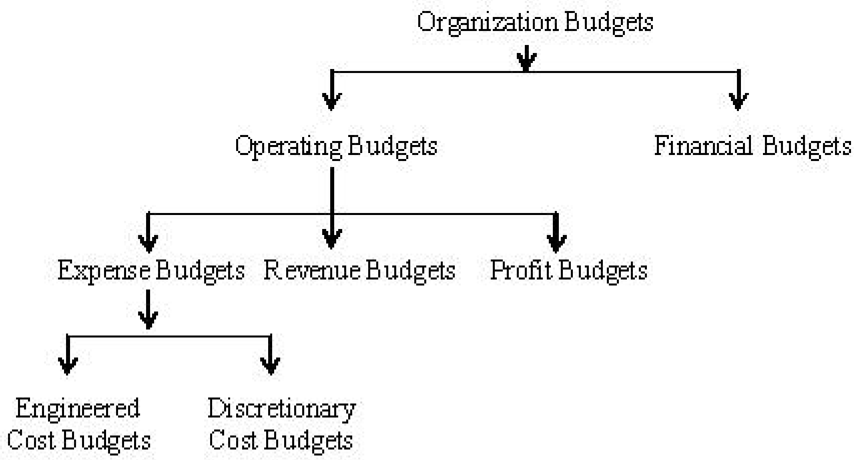
- ***Expense Budget*** - *Budget explaining where money was applied*

- ***Revenue Budget*** - *Budget for projected sales revenue, used to measure marketing and sales effectiveness*

- ***Profit Budget or Master Budget*** - *Budget combining expense and revenue budgets in one unit*

- ***Engineered Cost Budget*** - *Type of expense budget that describes material and labour cost of each item produced, including estimated overhead costs*

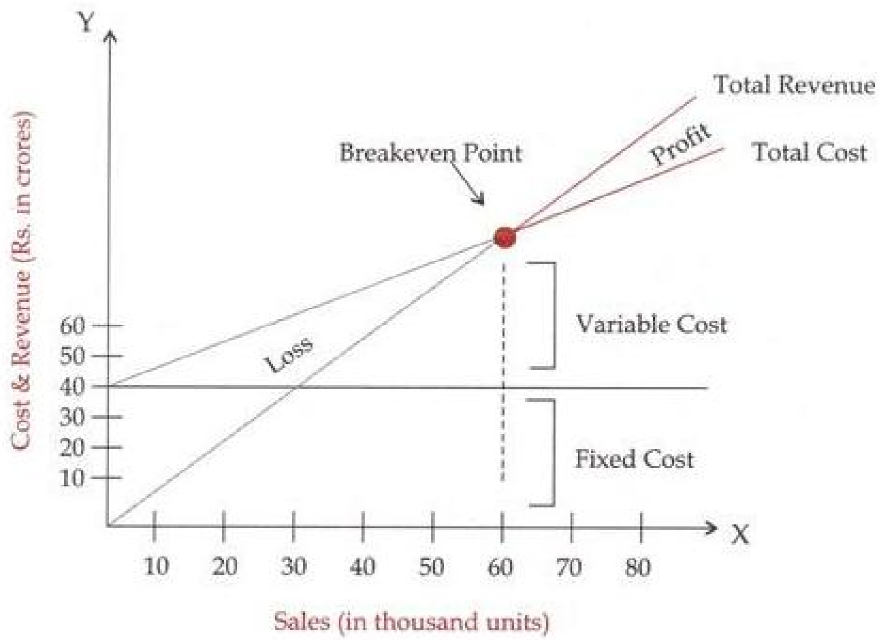
- ***Discretionary Cost Budget*** - *Type of expense budget that is used for departments in which output cannot be accurately measured*



Types of Budgets

Break Even Analysis

Break even analysis is a useful technique to study relationship between costs and profit; break even point is a point of no profit no loss.When sales reaches break even point, it refers to sale amount at which company is neither earning profit nor incurring loss. With the help of break even analysis technique manager can estimate profits at levels of cost and revenue



Break Even Chart

. The formula for calculating break even point is:

$$\text{Break Even Point} = \frac{\text{Fixed Costs}}{\text{Selling Price per unit} - \text{Variable Cost per unit}}$$

For example, when an organisation sells 6000 units it will break even. It means that, any sale below this point will cause losses and any sale above this point will earn profits. The Break-even analysis acts as a control device. It helps to find out the company's performance. So the company can take collective action to improve its performance in the future. Break-even analysis is a simple control tool.

Return on Investment (ROI)

Investment consists of fixed assets and working capital used in business. Profit on the investment is a reward for risk taking. If the ROI is high then the financial performance of a business is good and vice-versa.

The term refers to how much money is gained or lost after an investment. If you invest $1,000 and get back $1,080, you have an $80 (8 percent) return on the investment.

ROI is a tool to improve financial performance. It helps the business to compare its present performance with that of previous years' performance. It helps to conduct inter-firm comparisons. It also shows the areas where corrective actions are needed.

PERT and CPM Techniques

Programme Evaluation and Review Technique (PERT) and Critical Path Method (CPM) techniques were developed in USA in the late 50's. Any programme consists of various activities and sub-activities. Successful completion of any activity depends upon doing the work in a given sequence and in a given time.

CPM / PERT can be used to minimise the total time or the total cost required to perform the total operations.

Importance is given to identifying the critical activities. Critical activities are those which have to be completed on time otherwise the full project will be delayed.

So, in these techniques, the job is divided into various activities / sub-activities. From these activities, a network is drawn and the critical activities are identified. More importance is given to completion of these critical activities. So, by controlling the time of the critical activities, the total time and cost of the job are minimised.

Relationship between Planning and Controlling

Planning and controlling are two separate functions of management. But they are closely related. A system of control presupposes the existence of certain standards. These standards of performance which serve as the basis of controlling are provided by planning. Once a plan becomes operational, controlling is necessary to monitor the progress, measure it, discover deviations and initiate corrective measures to ensure that events conform to plans. Thus, planning without controlling is meaningless. Similarly, controlling is blind without planning. If the standards are not set in advance, managers have nothing to control. When there is no plan, there is no basis of controlling.

Planning is basically an intellectual process involving thinking, articulation and analysis to discover and prescribe an appropriate course of action for achieving objectives. Controlling, on the other hand, checks whether decisions have been translated into desired action. Planning is thus, prescriptive whereas, controlling is evaluative.

It is often said that planning is looking ahead while controlling is looking back. However, the statement is only partially correct. Plans are prepared for future and are based on forecasts about future conditions. Therefore, planning involves looking ahead and is called a forward-looking function. On the contrary, controlling is like a postmortem of past activities to find out deviations from the standards. In that sense, controlling is a backward-looking function. However, it should be understood that planning is guided by past experiences and the corrective action initiated by control function aims to improve future performance. Thus, planning and controlling are both backward-looking as well as a forward-looking function.

Thus, planning and controlling are interrelated and reinforce each other in the sense that (1) Planning based on facts makes controlling easier and effective, and (2) Controlling improves future planning by providing information derived from past experience.

Work Force Diversity and Global Controlling

The work place in the present day context is increasingly multi cultural and diverse. Many products and services are produced for export. In addition, organisations are outsourcing their work to countries having low labour costs to stay competitive. As opportunities for global expansion increase, the workplace will have more diversity. Employees are required to work together with colleagues from different parts of the world with varied backgrounds, cultures, styles, motivation, customs and practices. It is therefore necessary for organisations to expand the capacity for people to handle the challenges of working with other cultures if they are to participate successfully.

Companies that embrace workforce diversity are growing and can become more competitive, but with that workforce diversity also brings its own issues and challenges.

Increasing workforce diversity has a number of benefits including creativity, innovation, positive reputation and more. Having different perspectives at the business can increase creativity and allow people to positively collaborate with one another. This collaboration could bring additional innovation and the ability for business to stay ahead in these changing times.

With the many positives come some disadvantages including communication barriers, resistance to change and negative attitudes. It may be difficult to bring together employees of different cultures and communication styles. Meetings and discussions could be sidelined while dealing with what should be a simple issue- communication. Business may come across employees that are resistant to change or harbor negative feelings towards diversity.

Leaders must be adaptive and flexible to manage this diverse work force. This requires an understanding of the historical, political and economic references of people who work in the organisations. Leaders must understand differences in world views, communication styles, ethics and etiquette of the people they deal with both internally and externally.

According to Richard D Lewis, the different nations and cultures can be put into three groups:

1) Linear-active: In these cultures, people focus on a scheduled time line and like to do one thing at a time. The people in these cultures are task-oriented planners.

2) Multi-active: People belonging to these cultures are more focused on interactions and dialogues. Meetings are given priorities and discussions and dialogues help to build relationship and it is this relationship that determines what comes out of work.

3) Reactive: People belonging to this type of culture are more introverted. They are respect-oriented listeners and concentrate on what people have to say without interruption and even if they interrupt it is rarely done. People in these culture usually express their ideas in a passive voice.

Leaders must understand different cultures when they work in an organisation which has employees belonging to different cultures. The grouping done by Lewis is a simple perspective that can help one to begin to understand basic differences in ways of doing business in foreign countries. However, we must be cautious and avoid working with unverified assumptions.

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APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY

FIFTH/SIXTH SEMESTER B.TECH DEGREE EXAMINATION, APRIL 2018

Course Code: HS300

Course Name: PRINCIPLES OF MANAGEMENT

Max. Marks: 100 Duration: 3 Hours

PART A

Answer any three full questions, each carries 10 marks. Marks

1.	a)	F.W.Taylor contributed some principles of scientific management. Identify the principles and explain briefly.	(6)
	b)	Explanation about Need for management	(4)
2.	a).	What are the challenges a global manager face in modern industries? Discuss briefly.	(6)
	b).	Write any two points favour of management as a science and as an art.	(4)
3.	a)	Write a note on workforce diversity.	(3)
	b)	What are the four fundamental success drivers? Write about quality and speed with examples.	(7)
4.	a)	Discuss the advantages and Limitations of system approach.	(5)
	b)	Differentiate contingency approach from system approach	(5)

PART B

Answer any three full questions, each carries 10 marks.

5.	a)	Discuss in detail about narrow span of management	(5)
	b)	Discuss in detail about wide span of management.	(5)
6.	a)	Discuss the steps identified on describing a creative process.	(7)
	b)	Define planning premises.	(3)
7.	a)	Explain the nature and purpose of organisation	(7)
	b)	Define MBO in planning.	(3)
8.		Explain the concept of functional authority.	(10)

PART C

Answer any four full questions, each carries 10 marks.

9.	a)	Discuss in detail about the delegation of authority.	(6)
	b)	Differentiate between leader and manager.	(4)

10.	a)	Write down the advantages and disadvantages of manager inventory chart	(7)
	b)	Specify the goals of global organising	(3)
11.	a)	List some uses of job analysis	(5)
	b)	Sketch the comparison of feedback and feed forward control	(5)
12.	a)	Explain Break –even analysis.	(6)
	b)	What are the assumptions underlying preventive control system.	(4)
13.		Classify the various budgets and compare them	(10)
14.	a)	What are the requirements for effective control	(7)
	b)	What are the characteristics of control?	(3)

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Total Pages: 2

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APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY

FIFTH SEMESTER B.TECH DEGREE EXAMINATION, DECEMBER 2017

Course Code: HS300

Course Name: PRINCIPLES OF MANAGEMENT

Max. Marks: 100 Duration: 3 Hours

PART A

Answer any three full questions, each carries 10 marks. Marks

1	a)	Define management.	(3)
	b)	Why management is called an art and science?	(3)
	c)	In the context of a car manufacturing firm, describe any four elements of the external environment.	(4)
2	a)	What is meant by competitive advantage?	(2)
	b)	List any four important features of the organizations of the new era.	(4)
	c)	What challenges are faced by the new generation firms?	(4)
3	a)	List any four important contributions by FW Taylor.	(4)
	b)	Why Elton Mayo's studies is called human relations management?	(2)
	c)	State Douglas Mc Gregor's Theory X and Theory Y	(4)
4	a)	Distinguish between system approach and contingency approach.	(4)
	b)	Draw 7S Framework.	(3)
	c)	Describe any one instance of application of Corporate Social Responsibility.	(3)

PART B

Answer any three full questions, each carries 10 marks.

5	a)	List any four objectives of planning	(4)
	b)	Who require strategic planning? Why?	(3)
	c)	Distinguish between plan, goal and procedure.	(3)
6	a)	List the steps of the planning process adopted in a production firm.	(4)
	b)	Why the planning of lower level managers is considered easier?	(3)
	c)	List the advantages of Management by objectives.	(3)
7	a)	Define span of control.	(2)
	b)	Classify the factors affecting the span of control.	(5)
	c)	What is meant by departmentation?	(3)
8	a)	List the merits and demerits of line organization structure (three each)	(6)
	b)	Why decision making is a difficult task? (four reasons)	(2)
	c)	List any two methods to deal with decision making under uncertainty.	(2)

PART C

Answer any four full questions, each carries 10 marks.

9	a)	Write a note on staffing function of management.	(3)
	b)	Give three reasons for the delegation of authority.	(3)
	c)	List out the important characteristics of entrepreneurs.	(4)

10 a) What is meant by –"Centralization of authority" (3)
b) List the steps of selecting engineers in a production firm. (5)
c) List four important interpersonal skills to be possessed by a manager. (2)

11 a) Explain the need of Job Design, indicating the factors influencing it. (4)
b) What is meant by a culture responsive organisation? (3)
c) List three important characteristics of global type organisation. (3)

12 a) How does a leader differ from a manager? (4)
b) Explain trait approach to leadership and contingency approach. (6)

13 a) Describe any two type of leadership styles. (4)
b) List six important qualities of a leader. (6)

14 a) Explain the process of controlling function with the aid of a sketch. (5)
b) Distinguish between feed back and feed forward control mechanisms. (5)

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