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## **MODULE – 2**

### **Unit-1 Organizing and Staffing**

**Organizing and Staffing: Organization-Meaning, Characteristics, Process of Organizing, Principles of Organizing, Departmentalization, Committees–Meaning, Types of Committees and Responsibility; Staffing-Need and Importance, Recruitment and Selection Process**

#### **2.1 Meaning**

- ☐ An organization can be defined as a social unit or human grouping deliberately structured for the purpose of attaining specific goals
- An organization can also be defined as the process of identifying and grouping of the work to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of enabling people to work most effectively together in the accomplishment of their objectives.
- ***“Organization implies a formalized intentional structure of Roles or Positions.”***
- **According to Amitai Etzioni** an organization is a social unit or human grouping deliberately structured for the purpose of attaining specific goals.
- **Sehein defines** an organization as the rational coordination of the activities of a number of people for the achievement of some common explicit purpose or goal through division of labor and function, and through a hierarchy of authority and responsibility.
- **According to Louise A Allen**, “Organization involves identification and grouping of activities to be performed and dividing them among the individuals and creating authority and responsibility relationship among them for the accomplishment of organizational objectives.
- **According to Pfeffer and Sherwood**, “an organization is the pattern of ways in which large numbers of people, too many to have intimate face to face contact with all others and engaged in a complexity of tasks, relate themselves to each other in the conscious, systematic establishment and accomplishment of mutually agreed purpose”.

#### **2.2 Characteristics of an Organization:**

- ☐ **Outlining the Objectives:** Born with the enterprise are its long-life objectives of profitable manufacturing and selling its products. Other objectives must be established by the administration from time to time to aid and support this main objective.
- ☐ **Identifying and Enumerating the Activities:** After the objective is selected, the management has to identify total task involved and its break-up closely related component activities that are to be performed by an individual or division or a department.
- ☐ **Assigning the Duties:** When activities have been grouped according to similarities and common purposes, they should be organized by a particular department. Within the department, the functional duties should be allotted to particular individuals.
- ☐ **Defining and Granting the Authority:** The authority and responsibility should be well defined and should correspond to each other. A close relationship between authority and responsibility should be established.
- ☐ **Creating Authority Relationship:** After assigning the duties and delegations of authority, the

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establishment of relationship is done. It involves deciding who will act under whom, who will be his subordinates, what will be his span of control and what will be his status in the organization. Besides these formal relationships, some informal organizations should also be developed.

### **2.3 Process of Organizing:**

- The term organizing refers to designing the organization structure while performing the organizing function, the manager differentiates the activities of his organization.
- The term differentiation refers to the process of departmentalization or segmentation of activities on the basis of some homogeneity.
- Integration is the process of achieving unity of effort among the various departments.

Differentiation and integration can be described in a seven step procedure.

#### ➤ **Consideration of Objectives**

- The important step of organising is to know the objectives of the enterprise.
- The objectives determine the various activities need to perform and type of organization to be build.
- The organisation depends on its intends to diversity its products to various parts of country or single territory.

For **Eg:** The Structure of an Educational Institution is not the same as that for a Business Enterprise. Therefore, Consideration of Objectives has the First & Foremost Role to play in the Process of Organizing.

#### ➤ **Deciding Organizational Boundaries:**

- Need to what to do inside and outside the boundaries of the organization.
- Making manufacture V/S buy choices for different goods and services.
- Making choice about strategic alliances with other firms.
- Choices have to be made to extend to different of the organization interact directly with environment.

#### ➤ **Grouping of activities into departments:**

- To group all closely related and similar activities into departments and sections.
- Sometime diverse activities may be deemed closely related and group in one department.
- Closely related activities may be deemed diverse and placed in different departments for development and enforcement of specific policies.
- In addition, the activities of each Dept can be further classified & placed under the charge of different sections of that Dept. For **Eg:** In the Moulding Shop, separate sections may be created for Machine Moulding, Hand Moulding etc.

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➤ **Analysing inter-department relations and deciding which department will be key departments:**

- The contributions which each department makes downward, upward and sideways to decide its relative status.
- Need to know key departments, which renders key operations for fulfilling of goals.
- the attention of top management is focused on the minor issues raised by vocal managers known as “**Decibel system**”.
- For *Eg*: An enterprise manufacturing Soaps & Detergents can identify advertising & sales promotion Depts. as Key Depts. which report directly to the MD of the enterprise.

➤ **Determining levels at which various types of decisions are to be made:**

- Relative importance of various departments the levels at which various major and minor decisions are to be made is determined.
- Firm must decide for itself as to how much decentralisation of authority and responsibility it wants to have.
- *Extreme Decentralization may lead to loss of Control*, on the other hand, *Extreme Centralization may lead to improper decisions*, failure to take decisions at the right time, delays & complete breakdown of the morale of the employees.
- Therefore, Top Management must very carefully decide the levels of the enterprise at which various types of decisions can be taken in order to achieve overall Objectives of the enterprise most effectively & efficiently.

➤ **Deciding the Span of Management:**

- One has to decide on the Span of Management. i.e., *the Number of Subordinates who should report directly to each Executive*.
- The Narrower the Span, the taller would be the Structure with several levels of Management. This will complicate Communication & increase financial burden of Salaries.
- For these reasons, a Flat Structure is generally desirable. However, the Span of Management, of each Executive Position must be tailored to meet the satisfactory working environment of the enterprise.

➤ **Setting up a Coordination Mechanism:**

- Proper Coordination among various dept.'s & its individuals is very important for the successful & smooth running of the enterprise.
- As individuals & dept.'s carry out their specialized activities, the overall goals of the Organization may become submerged or conflicts among Organization members may develop.
- Therefore, effective Coordination Mechanisms are required to enable members of the Organization to keep sight of the Organization Goals & reduce inefficiencies & conflicts.

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## **2.4 Principles of Organization:**

- This is the strength & basis of Organization Structure, *the thread that makes it possible*, the means by which groups of activities can be placed under a Manager & Co-ordination of Organizational Units can be promoted.
- It is the tool by which a Manager is able to exercise discretion & to create an environment for individual performance.
- some of the most useful principles of Organizing are related to Authority. They are highlighted as follows:
  - **Scalar Principle:**

The clearer the line of authority from the top most management position in an enterprise to every subordinate position, the clearer will be the responsibility for Decision Making & more effective will be the Organization Communication.
  - **Principle of Delegation by Results expected:**

The responsibility of subordinates to their superiors for performance is absolute, & the superiors cannot escape responsibility for the Organizational activities of their subordinates.
  - **Principle of parity of Authority & Responsibility:**

The responsibility for actions cannot be greater than that implied by the authority delegated, nor should it be less.
  - **Principle of Unity of Command:**

The more complete an individual's reporting relationships to a single superior, the smaller the problem of conflicting instructions & greater the feeling of personal responsibility for results.
  - **Authority – level principle:**

Maintenance of intended delegation requires that decisions within the authority of individual managers should be made by them & not be referred upward in the Organization Structure.
  - Other principles of Organization related to achievement of Objectives are as under:
  - **Principle of Unity of Objectives:**

An Organization Structure is effective if it enables individuals to contribute to Enterprise Objectives.
  - **Principle of Organizational Efficiency:**

An Organization is efficient if it is structured to aid the accomplishment of enterprise objectives with a minimum of unsought consequences or Costs.
  - **Specialization:**

Effective Organization must promote specialization. The activities of the enterprise should be divided according to functions & assigned to persons according to their specialization.

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- **Span of Management Principle:**

- There is a limit to the number of persons & individual can effectively manage but the exact number will depend on the impact of underlying variables.
- As far as possible, the span of control should be the minimum. That means, a Manager should be asked to supervise a reasonable number of subordinates only, say six.

- **Simplicity:**

The Organization Structure should be as simple as possible & the Organization levels should, as far as possible, be minimum. A large number of levels of Organization means difficulty of effective communication & coordination.

- **Flexibility:**

The Organization should be flexible, should be adaptable to changing circumstances & permit expansion & replacement without dislocation & disruption of the basic structure.

- **Balance:**

There should be reasonable balance in the size of various depts, between Centralization & Decentralization, between the principle of span of control & short chain of command, & among all types of factors such as Human, Technical & Financial.

- **Unity of Direction:**

There should be one Objective & one plan for a group of activities having the same Objective. Unity of Direction facilitates unification & co-ordination of activities at various levels.

- **Personal Ability:**

As people constitute an Organization, there is a need for proper selection, placement & training of Staff. Further, the Organization Structure must ensure Optimum use of Human Resources & encourage Management Development Programs.

## 2.5 Departmentalization

- The Horizontal Differentiation of Tasks or Activities into discrete segments is called Departmentalization.
- The limitation on the Number of Subordinates that can be directly managed would restrict the size of the enterprises if it were not for the **tool of Departmentalization**.
- Grouping of activities & people into depts makes it possible to expand Organization & to manage it effectively & efficiently.
- Departmentalization is thus the Key in building up an effective & efficient Organization.
- **The basic aim is to take advantage of the division of Labor & Specialization.**
- **Depts** however differ with respect to the basic patterns used to group the activities.
- There are several bases for Departmentalization, each of which is suitable for particular Organizations, strategies & purposes.
- It can be emphasized **“there is no single best way of Departmentalization that is applicable to all Organizations or to all situations”**.
- The pattern used will depend on given situations & on what Managers believe will give the best results for them in the situation they face.

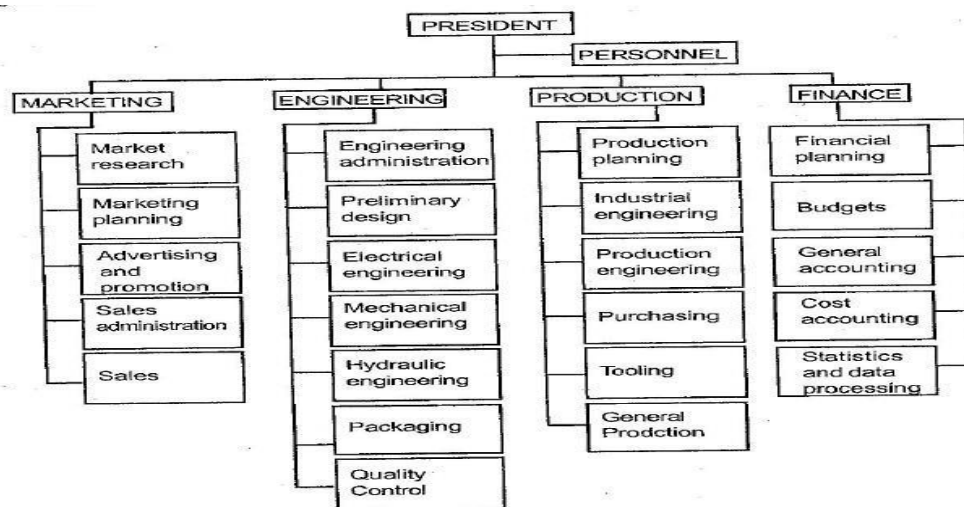


Fig.1: Departmentation based on functions

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- **Departmentalization by Enterprise Functions:**

- Functional **Departmentalization** is the most widely employed basis for Organizing Activities & is present in almost every Enterprise at some level in the Organization Structure.
- Each Major function of the enterprise is grouped into a Dept.

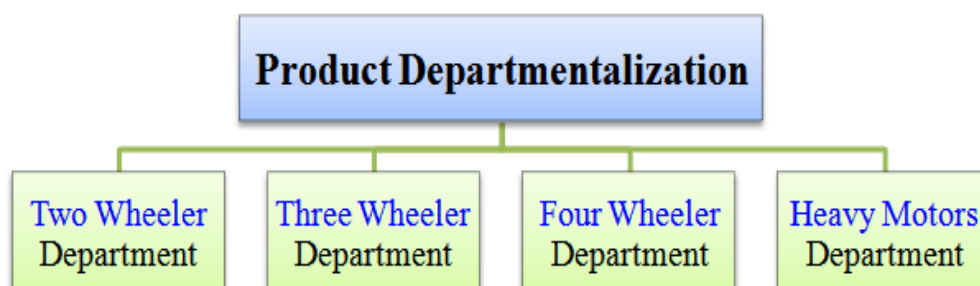


- **Departmentalization by Technology:**

- Departmentalization is done on the basis of several discrete stages in the process or technologies involved in the manufacture of a product.
- This process is used when work that would be done in several different locations in an enterprise is done in one place because of the usage of special equipment.

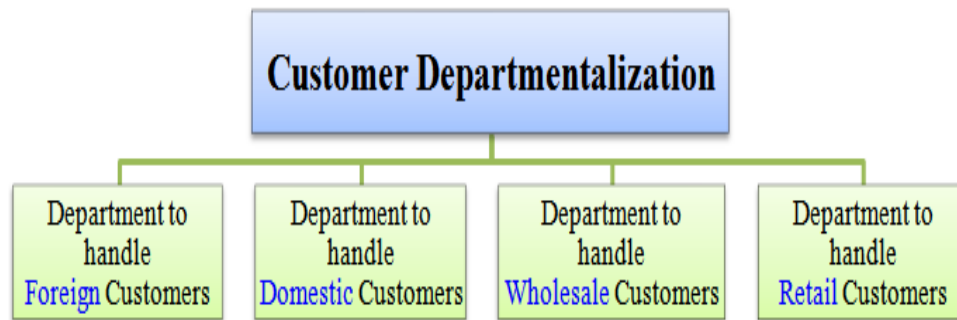
- **Departmentalization by Products:**

- This method is ideally suited for Large Organizations manufacturing various different Products.
- In this method, a separate Semi-Autonomous Dept. is created for each Product & is put under the Charge of a VP or, a Manager is made responsible for achieving Set Goals.



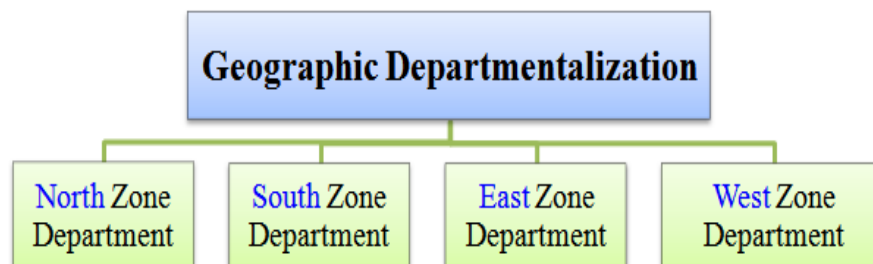
- **Customer Departmentation:**

- An enterprise may be divided into a Number of Depts on the basis of the Customer that it serves.
- In this form, the **Customers are the Key** to the way the activities are grouped when each of the different things an enterprise does for them is managed by one Dept Head for that particular activity/thing.



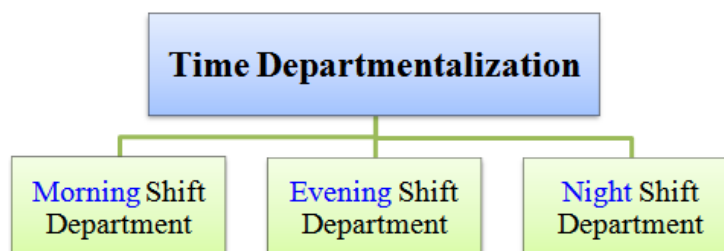
- **Departmentation by Territory or Geography or Regions:**

- It is based on Territory or Region which is Very Common in Enterprises that operate over Wide Geographic Areas.
- It is important that activities in a given area or region be grouped & assigned to a GM, when this type of Departmentation is adapted.



- **Departmentation by Time :**

- One of the Oldest form of Departmentation ***generally used at Lower Levelsof Organization***, i.e., Grouping based on Time.
- The use of **Shifts** is Common in many enterprises where for Economic, Technological or other reasons, the normal day will not suffice.

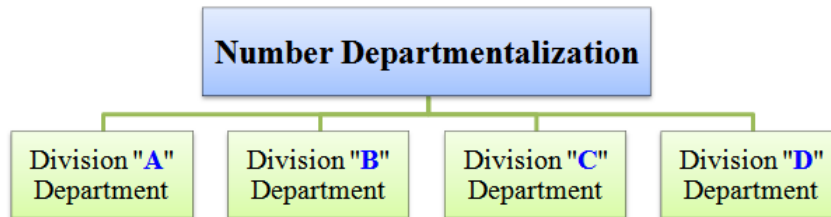




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- **Number / Division of departmentalization :**

- separate departments are made after analyzing and judging the maximum limit up to which number of persons can be managed or educated or supervised or taken care of.
- This method of departmentalization is generally used in schools and colleges for making division of classes.



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## **2.6 Committees**

- ***It is a Group of People who have been formally assigned some specific task*** or some problem for their decision & or implementation.
- In Modern Business Enterprises, use of Committees is very common in all areas of Management & Administration.
- The use of Committees is due not only to the Democratic Tradition but also to a growing emphasis on Group Management & Group Participation in Organizations.
- Committees are broadly classified into 2 Groups as under:

### ***Advisory Committees & Executive Committees.***

- **Advisory Committees:**
  - When Committees ***are vested with Staff Authority***, they are known as Advisory Committee.
  - They have only a Recommendatory Role & cannot enforce implementation of their advice.
  - Some of the usual advisory committees formed in Business Enterprises are:
    - ***Works Committees***
    - ***Sales Committees***
    - ***Finance Committees***
    - ***Workers Welfare Committees*** etc.
- **Executive Committees:**
  - Whenever ***Committees are vested with Line Authority***, they are called as Executive Committees
  - These Committees not only take Decisions but also enforce Decisions & thus perform a Double Role of taking a Decision & its implementation.
  - ***The Board of Directors of a Company is an Example of an Executive Committee.***
- **Standing committees:**
  - Standing or permanent committees are formed to deal with recurrent organizational problems.
  - E.g.: finance committee in a company, loan approval company in a bank, admission committee in a college.
  - Members are chosen because of their title or position, instead of individual qualifications or skills
- **Adhoc committees:**
  - Adhoc task forces have short duration

- They are dissolved after the task is over or problem is solved.
- The members are chosen for their skills and experience

## **2.7 Centralization and Decentralization of Authority and Responsibility**

- **Centralization:**

Every enterprise has to decide as to how much decision making authority should be centralized in the hands of the President & the VP (Top Levels) & how much should be delegated to the Managers at the Lower Levels.

- **Decentralization:**

Everything that goes to increase the importance of the Subordinate's Role is Decentralization & everything that goes to reduce it is Centralization

<b><u>Centralization</u></b>	<b><u>Decentralization</u></b>
Centralization indicates minimum delegation.	Decentralization indicates extensive delegation
Decision making authority is concentrated in the few hands at the top management.	Decision making authority is from the superior to lower levels
Communication channels are longer.	Communication channels are shorter.
Communication channels are suitable when organization is small.	Communication channels are suitable when organization is larger.
Direct control over organizational activities by top management	As management levels are few, top executives are less, so employees morale is high.

## **2.8 Nature & Importance of Staffing**

- The function of staffing is defined as
- “Filling and keeping filled various positions in the organization structure”.
- This includes “identifying work force requirements, identifying the people available, recruiting, selecting, placing, training, promoting, apprising.
- otherwise developing both Candidates & Current Job Holders to accomplish their tasks effectively & efficiently etc.
- Clear that Staffing must be closely linked to Organizing, that is, to the setting up of ***Intentional Structures of Roles & Positions***.
- All Managers have a Responsibility for Staffing. The board of Directors performs the Staffing Function by selecting the Chief Executive. The Chief Executive in turn, discharges this Function by selecting Managers for different Depts.

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### **Importance of Staffing**

- Helps in choosing the right kind of Personnel for different important positions in the Organizational Structure.
- Helps in identifying Talented & Competent People, grooming them, developing them to help move up the Organization Ladder.
- Ensures higher Productivity by placing the Right Man in the Right Job.
- Helps to avoid disruption of Production Schedules due to shortage of personnel by proper indication in Advance.
- Helps to prevent Under Utilization of personnel through Over manning & the Resultant High Labor Costs & Low Profit Margins.
- *It provides Information to Management for the Internal Promotion of Managerial Personnel in the event of an Unanticipated Staff Turnover.*

### **2.9 Process of Selection & Recruitment**

- **Recruitment:**
  - The Process of Recruitment starts after **Estimating the Manpower Requirements** for Various Positions in the Organization Structure.
  - **It can be defined as the Process of Identifying the Sources for Prospective Candidates & to Stimulate them to Apply for the Jobs.**
  - In other words, **Recruitment** is the Process of Attracting Potential Employees to the Company.
  - The Management should have a Proper Plan of Recruiting the Number & Qualification of Personnel required & also the Time Frame when it is needed.
  - The Process of Recruitment & the Cost involved in it depends on the Size of the Enterprise & the Type of the Persons to be recruited.

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## **2.10 Sources of Recruitment**

- They can be both Internal & External.
- ***Internal Sources refer to Present Working Force of the Company.***
- Vacancies other than at the Lowest Level may be filled by selecting Competent Individuals from amongst the Existing Employees of the Organization.

***External Sources of Recruitment*** are as Follows:

- Re-Employing Former Employees.
- Friends & Relatives of Present Employees.
- Applicants at the Gate.
- Educational Institutions – Tech, Management & the Others.
- Employment Exchanges.
- Advertising for Vacancies in Leading Newspapers.
- **Re-Employing Former Employees:**

Those Employees who have been laid off or have left for Personal Reasons may be employed. Such Employees may require very Less Training compared to the New People to the Company.
- **Friends & Relatives of Present Employees:**

Some Companies encourage their Existing Employees to recommend their Friends & Relatives for appointment to fill the Existing Vacancies.
- **Applicants at the Gate:**

Unemployed Persons who call at the Gate of the Enterprise are considered, after Proper Selection Process, for filling up different Vacancies in the Organization.
- **Educational Institutions – Technical, Management & Others:**

Many Big Enterprises remain in touch with Leading Technical, Management, & Other Colleges & Young, Talented Candidates Are Recruited from Campus Selection Process.

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- **Employment Exchanges:**

They also serve as an Important Source of Recruitment for a Number of Business Enterprises.

- **Advertising for Vacancies in Leading News Papers:**

This is a Very Important Source for many of the Bigger Enterprises requiring the Services of Persons possessing Certain Special Skills & Qualifications. Small Enterprises generally resort to Advertising for Vacancies in Classified Columns in Leading Newspapers.

## **2.11 SELECTION**

- ***Under Recruitment***, the enterprise identifies the Sources for prospective candidates & encourages them to apply for Various Openings in the Organization Structure.
- ***Under Selection***, Candidates are evaluated with respect to their qualifications & the Job requirements & those who do not satisfy the requirements are Rejected.
- There are some Variations of the ***Specific Steps in the Selection Process***.
- For Eg : The Interview of a Candidate for a First Level Supervisory Position maybe relatively simple when compared with the Rigorous Interviews for Top Level Managers.
- ***Following Steps are indicative of the Typical Selection Process:***
  - **The Selection Criteria:**
    - They are usually established on the Basis of Current & Sometimes Future Job Requirements.
    - These Criteria include Educational Qualification, Knowledge, Skills & Experience.
  - **Application Form:**
    - Candidates are required to complete an Application Form.
    - In this form, the Applicant gives relevant Personal Data such as his Qualification, Specialization, Experience, Firms in which they have worked etc.
    - The Application Forms are carefully scrutinized to decide the suitable applicants to be called for Interview.
  - **Screening Interview:**
    - Those who are selected for Interview on the basis of particulars furnished in the application form are called for initial screening interview to identify the more promising candidates.
    - ***The Interview is the most important means of evaluating the poise or appearance of the Candidate.***
    - ***It is also used for obtaining additional information or clarification given in the***

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Application Form & also to Check References.

- **Employment Tests:**
  - For Further Assessment of Candidates Nature & Abilities, some Tests are conducted in the Selection Process.
  - The Primary aim of Testing is to obtain Data about Applicants that help predict their Probable Success as Managers.
  - Some of the Advantages from Testing include ***finding the Best Person for the Job, obtaining a High Degree of Job Satisfaction for the Applicant & reducing Staff Turnover.***
- The most Commonly used Tests can be classified as follows:
  - **Intelligence Tests:**
    - They are designed to measure Mental Capacity & to Test Memory, Speed of Thought, & Ability to see Relationships in Complex Problem Situations.
  - **Proficiency & Aptitude Tests:**
    - They are designed to Discover interests, Existing Skills & Potential for Acquiring Skills.
  - **Vocational Tests**
    - They are designed to show a Candidate's most suitable Occupation or the areas in which the Candidate's Interests match the interests of the People working in that Occupation.
  - **Personality Tests:**
    - They are designed to reveal Candidate's Personal Characteristics & the way Candidates may interact with others, thereby giving a measure of Leadership Potential.
  - **Group Discussion:**
    - Candidates found satisfactory in the Screening Interview & Employment Tests are further short listed for GD Test.
    - Many Companies conduct this test to assess the Candidates Communication & Presentation Skills, Interpersonal Skills, Leadership Qualities & ability to pull on in Team Work.
  - **Physical or Medical Examination:**
    - A Physical Examination of the Candidate is carried out to check the Physical Fitness of the Applicant for the Position/Job applied for.
  - **Final Interview:**
    - This is conducted for those who are ultimately selected for

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Employment.

- In this Interview, the selected candidates are given idea about their future prospects within the Organization.
- **Appointment Order:**
  - Appointment Orders are given to the finally Selected Candidates giving the Position Offered, Scale of Pay and, Terms & Conditions of Employment.



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## **MODULE – 2**

### **Unit-2 Directing and Controlling**

**Directing and Controlling:** Meaning and Requirements of Effective Direction, Motivation-Nature of Motivation, Motivation Theories (Maslow's Need-Hierarchy Theory and Herzberg's Two Factor Theory); Communication – Meaning, Importance and Purposes of Communication; Leadership-Meaning, Characteristics, Behavioral Approach of Leadership; Coordination-Meaning, Types, Techniques of Coordination; Controlling – Meaning, Need for Control System, Benefits of Control, Steps in Control Process.

#### **2.12 MEANING**

- Direction is a vital managerial function, performed by every manager. Whenever decision is taken, it must be converted into action by proper implementation. Otherwise, it is of no use.
- Effective implementation of a decision is made possible by directions.
- Planning, organizing and staffing are concerned only with the preparation for work performance and it is the direction which stimulates the organization and its staff to execute the plans.
- Hence, it is also called 'management-in-action'. Every manager gives direction to his subordinates as superior and receives directions as subordinate from his superior.
- Direction may be defined as a function of management which is related with instructing, guiding and inspiring human factor in the organization to achieve organizational mission and objectives.
- There are three elements of direction, namely communication leadership and motivation. According to Koonz and O'Donnel, **"Direction is a complex function that includes all those activities which are designed to encourage subordinates to work effectively and efficiently in both the short and long term"**.
- In the words of Theo Haimann, "Directing consists of the process and techniques utilized in issuing instructions and making certain that operations carried on of originally planned".
- The functions of direction involve two major activities:
  - (1) Giving orders to employees
  - (2) Leading and motivating them
- The order is a device employed by a line manager in directing his immediate subordinates to start an activity, stop it or to modify it. A staff executive does not issue orders. The orders should be clear and complete, compatible with the purpose of organization and with the personal interest of the organization.
- Motivation arises interest in the subordinates and leading channelize the efforts of the subordinates in the right direction.

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## **Requirements of Effective Direction**

### **1. Harmony of Objectives**

An organization functions best when the goals of its members are in complete harmony with and complementary to the goals of the organization. Manager must direct the subordinates in such a way that they perceive their personal goals to be in harmony with enterprise objectives.

### **2. Unity of command**

This principle implies that the subordinates should receive orders and instructions from one superior only. The violation of this principle may lead to conflicting orders, divided loyalties and decreased personal responsibilities for results.

### **3. Direct Supervision**

Every superior must maintain face to face contact with his subordinates. Direct supervision boosts the morale of employees, increases their loyalty and provides them with immediate feedback on how well they are doing.

### **4. Efficient communication**

Communication is an instrument of direction. It is through communication that the superior orders, allocates jobs, explains duties and ensure performance.

### **5. Follow-through**

Direction is not only telling subordinates what they do but also seeing that they do it in the desired way. The manager should, therefore, throughout the whole performance of his subordinates not merely to keep a check on their activities but to help them in their act.

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## **2.13 Leadership**

“The activity of leading a group of people or an organization or the ability to do this.”

- Leadership styles are the patterns of behaviour which a leader adopts in influencing the behaviour of his followers (subordinates in the organizational context).
- These patterns emerge in the leader as he begins to respond in the same fashion under similar conditions: he develops habits of actions that become somewhat predictable to those who work with him.

### **Characteristics of leadership:**

1. Leadership implies the existence of followers.
  2. Leadership involves a community of interest between the leader and his followers
  3. Leadership involves an unequal distribution of authority among leaders and group members
  4. leadership implies that leader can influence their followers or subordinates in addition to being able to their followers or subordinates legitimate directions and group members
- Various researchers have proposed different leadership styles. These styles are either based on either behavioural approach or situational approach as follows.
    - Autocratic or Authoritative Style
    - Democratic or Participative Style
    - Laissez-faire or Free-rein Style

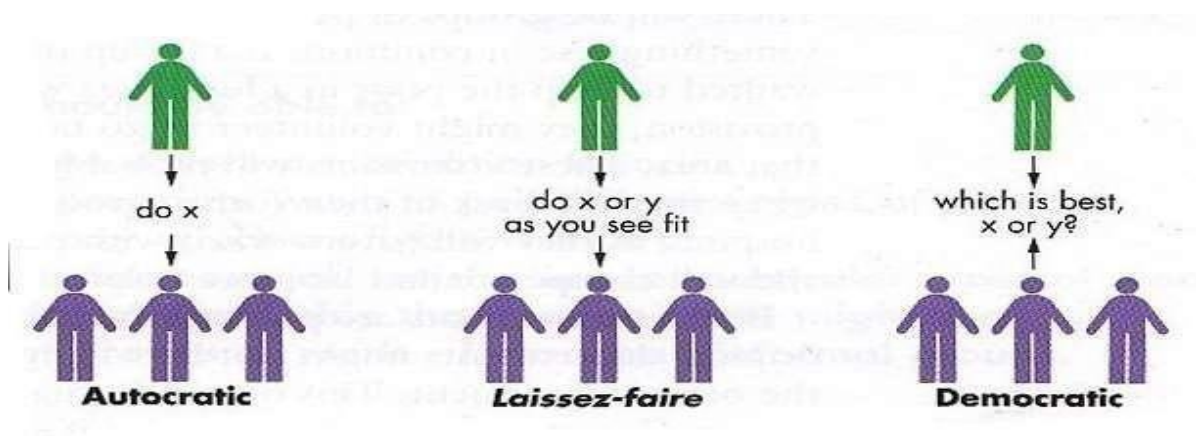


Fig.3: Leadership Styles

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### **Autocratic or Authoritative Style:**

“The authoritarian leadership style keeps main emphasis on the distinction of the authoritarian leader and their followers.”

- ☐ An autocratic leader is one who dominates and drives his subordinates through coercion, command and the instilling of fear in his followers.
- ☐ An autocratic leader alone determines policies, plans and makes decisions.
- ☐ He demands strict obedience. Such leaders love power and love to use it for promoting their own ends.
- ☐ They never like to delegate their power for they fear that they may lose their authority.

#### **Merits**

- It can increase efficiency
- Save time
- Get quick results under emergency conditions
- Chain of command and division of work are clear.

#### **Demerits:**

- People are treated machine-like cogs without human dignity
- One-way communication without feedback
- The leader receives little or no input from his subordinates for his decision-making which is dangerous in the current dynamic environment.

### **Democratic or Participative Style:**

“The democratic leadership style consists of the leader sharing the decision making abilities with group members by promoting the interests of the group members and by practicing social equality.”

- ☐ Also known as participative leadership.
- ☐ In this style, the entire group is involved in goal setting and achieving it.
- ☐ A democratic leader follows the majority opinion as expressed by his group.
- ☐ Subordinates have considerable freedom of action.
- ☐ The leader shows greater concern for his people's interest, is friendly and helpful to them.
- ☐ He is always ready to defend their subordinates individually and collectively.

#### **Merits:**

- leadership encourages people to develop and grow
- Receives information and ideas from his subordinates to make decisions

- 
- boosts the morale of employees.

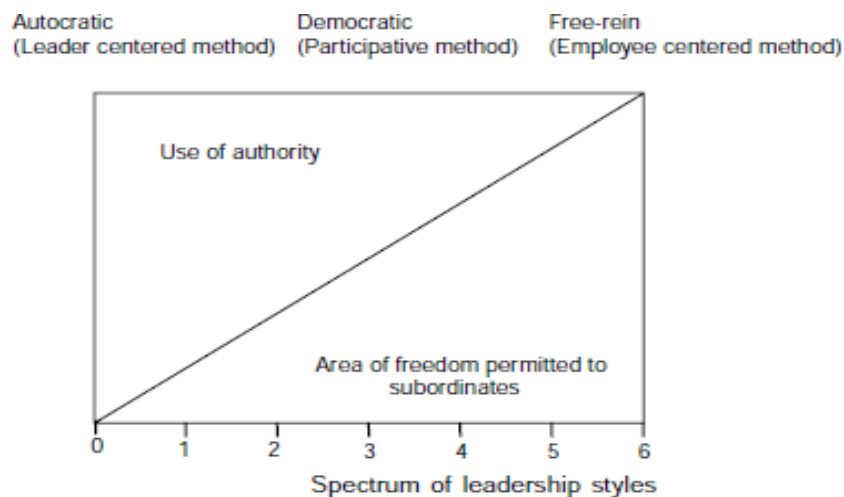
□ **Demerits**

- Some leaders may use this style as a way of avoiding responsibility
- Can take enormous amount of time for making decisions.

**Laissez-Faire or Free-Rein Style:**

“The laissez-faire leadership style is where all the rights and power to make decisions is fully given to the worker.”

- The leaders exercise absolutely no control.
- He only provides information, materials and facilities to his subordinates.
- Leadership is employee centred
- The subordinates are free to establish their own goals and chart out the course of action
- Leadership can be disaster if the leader does not know well the competence and integrity of his people and their ability to handle this kind of freedom.



**Importance of leadership**

- Leaders Guide & Inspire Subordinate
  - Leaders Build good work environment
  - Leaders Build confidence in followers
  - Leaders secure cooperation from the group
  - Leaders act as change agents
  - Leaders are representatives of the followers
  - Leaders develop great vision
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## **2.14 Motivation**

- Motivation is inspiring the subordinates to contribute with zeal and enthusiasm towards organizational goals.
- Performance of an employee depends on two factors, ability to work and willingness to work.
- Motivation is enhancing the willingness to work which improves the performance.


$$\text{Performance} = (\text{Ability} + \text{Knowledge}) * \text{Motivation}$$

### **Nature of Motivation:**



Fig.4: Nature of Motivation

1. Individuals differ in their motives: The goals to which individuals aspire differ and so do their motives. This means there is no single motive that determines how all workers will react to the same job and therefore, there can be no single strategy that will keep motivation high for everyone everywhere.
  2. Sometime the individual himself is unaware of his motive
  3. Motive change: Hierarchy of motives of each individual called structure is not fixed. It changes from time to time.
  4. Motives are expressed differently: The ways in which motives are eventually translated into actions also vary considerably between one individual and another.
  5. Motives are complex: it is difficult to explain and predict the behavior of workers.
  6. Multiple motives make the choice of goals difficult for an individual: motives do not exist one at a time. This is hardly the case. :The fact is that multiple motives operate simultaneously to influence an individual behavior.
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## **Theories of Human Motivation:**

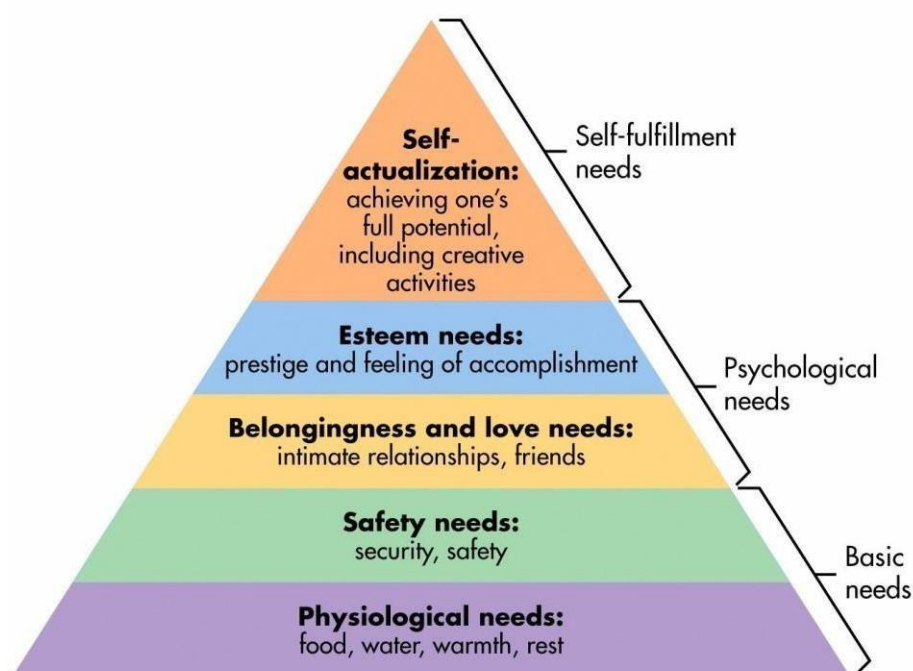
What can enhance the willingness to work are explained by a number of motivational theories as discussed below.

- ☐ Maslow's Hierarchy of Needs Theory
- ☐ Herzberg's Motivation – Hygiene Theory

### **Maslow's Hierarchy of Needs Theory**

- ☐ **Physiological needs:**

- These are the basic needs for sustaining human life itself, such as food, water, shelter and sleep. Maslow took the position that until these needs are satisfied to the reasonable degree necessary to maintain life, other needs will not motivate people.



- ☐ **Security or safety needs:**

- People want to be free of physical danger and of the fear of losing job, property or shelter.

- ☐ **Social needs:**

- Since people are social being, they need to belong, to be accepted by others.

- ☐ **Esteem needs:**

- Once people begin to satisfy their need to belonging, they tend to want to be held in esteem both by themselves and by others. This kind of need produces such satisfaction as power, prestige and status.

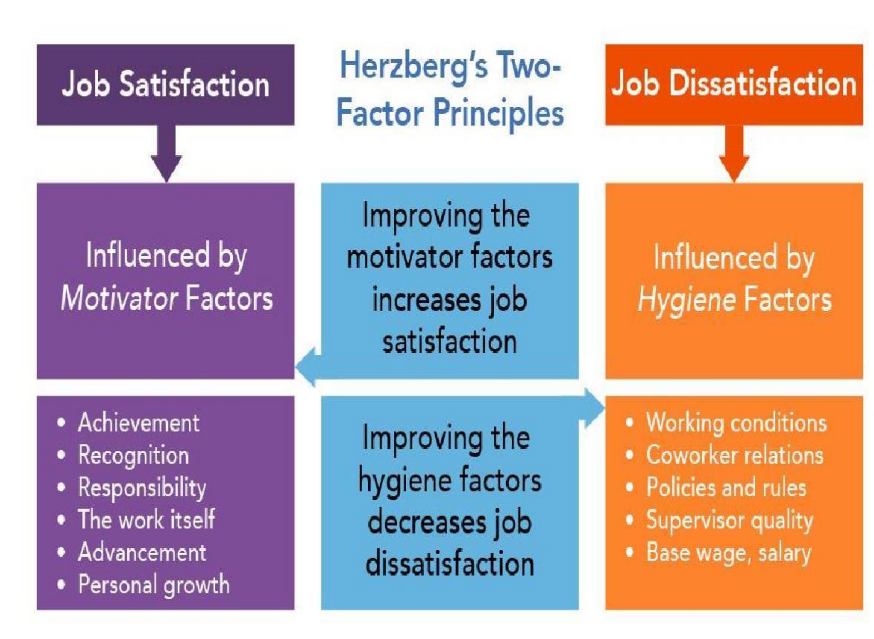
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□ **Self-actualization needs:**

- It is desire to become what one is capable of becoming to maximize one's potential and to accomplish something.
- According to Maslow, people attempt to satisfy their physical need first. As long as the needs are unsatisfied, they dominate behavior. As they become reasonably satisfied, they lose their motivational power and the next level i.e., security needs becomes the dominant motivational force. This process continues up the need hierarchy.

**Herzberg's Motivation – Hygiene Theory**

- In one group of needs are such things as company policy and administration, supervision, working conditions, interpersonal relations, salary, job security and personal life. These are called as dis-satisfiers and not motivators.
- The second group he listed certain satisfiers and therefore **motivators**, which are related to job content. They include achievement, recognition, challenging work, advancement and growth in the job.
- The first group of factors (the dis-satisfiers) will not motivate in the organization, yet they must be present otherwise dissatisfaction will arise.
- The second group or the job content factors are real motivators because they have the potential of yielding a sense of satisfaction.
- It means managers must give considerable attention to upgrading job content.





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## **2.15 COMMUNICATION**

- Communication means the process of passing information and understanding from one person to another.
- “The process of exchange of information, ideas and opinions which bring about integration of interests aims and efforts among the members of a group organized for achievement of predetermined goals”.

## **IMPORTANCE OF COMMUNICATION**

The communication is important because of the following:

- Every aspect of manager's job may it be planning, organizing, staffing, directing and controlling involves communication. Researches have shown that about 75 per cent of the manager's time is spent in communication.
- Nothing contributes so much to managerial effectiveness as effective communication. Managers do not deal with 'things' but with 'information about things'.
- The decision at the top are, they will serve no purpose unless the manager successfully communicate the implications of these decisions to the subordinates who are to implement them.
- Communication is the essence of organized activity. It is the basis of direction and leadership. The managers have to communicate to give instructions, orders, to assign jobs and to fix responsibility.
- Communication renders the complexity of business intelligible and workable.
- The better the communication, the more efficient the work performance. Good communication not only obtains manager's effectiveness but organizational effectiveness too.

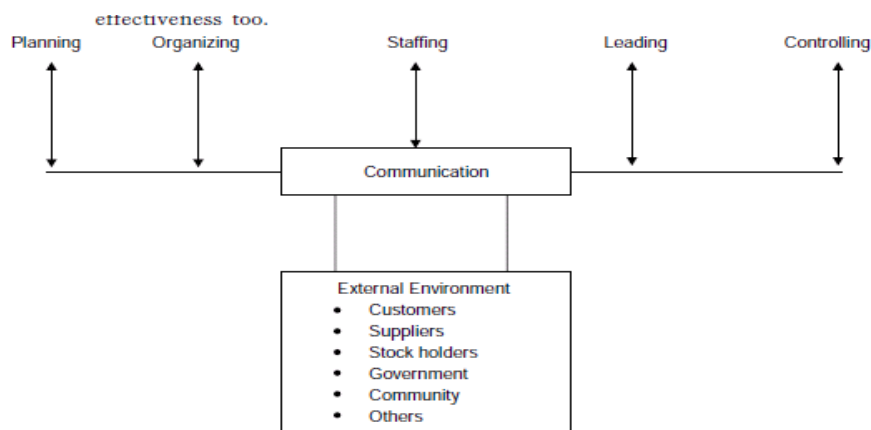


Fig. 5: The purpose of communication

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## **2.16 COORDINATION**

According to Terry, “Coordination deals with the task of blending efforts to ensure successful attainment of an objective. It is accomplished by means of planning, organizing directing and controlling.

Co-ordination refers to the orderly arrangement of individual and group efforts to ensure unity of action in the realization of common goals. – Mooney and Reiley

Co-ordination means, to unite and correlate all activities. – Henry Fayol

### **Types of coordination**

Coordination may be variously classified

1. Internal or External,
2. Vertical or Horizontal
3. Procedural or Substantive.

#### **1. Internal or External**

Coordination among the employees of the same department or section, among workers and managers at different levels, among branch offices, plants, departments and sections is called **internal coordination**.

Coordination with customers, suppliers, government and outsiders with whom the enterprise has business connections is called **external coordination**.

#### **2. Vertical or Horizontal**

**Vertical coordination** is what exists within a department where the departmental head is called upon to coordinate the activities of all those placed below him.

**horizontal coordination** takes place sideways. It exists between different departments such as production, sales, purchasing, finance, personnel, etc.

#### **3. Procedural or Substantive**

**Procedural coordination** is meant the specification of the organisation itself that is, the generalised description of the behaviours and relationships of the members of the organisation.

**Substantive coordination** is concerned with the content of the organisation's activities. In an automobiles factory, an organisation chart is an aspect of procedural coordination, while blueprints for the engine block of the car being manufactured are an aspect of substantive coordination.

### **Techniques of coordination (approaches to coordination)**

The following are some important techniques of coordination or approaches to coordination:

#### **A. Basic Coordinating Techniques**

- i. **Rules:** Procedures and Policies The specification of rules, procedures and policies is a very common device to coordinate sub-units in the performance of their repetitive activities. Standard policies, procedures and rules are laid down to cover all possible situations.
- ii. **Planning:** Planning ensures coordinated effort. Under planning, targets of each department dovetail with

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the targets of all other departments. Strategic planning does the task of relating the organisation to the environment so as to reduce uncertainty and the need for strict coordination.

- iii. **Hierarchy:** The oldest as well as the simplest device for achieving coordination is hierarchy or chain of command. By putting interdependent units under one boss, some coordination among their activities is ensured.

Coordination may become a major problem when an executive decides where to place miscellaneous activities called "orphan operations" such as telephone operators, receptionists, chauffeurs, etc. He can decide to assign such employees to the department that makes the most use of their work

## **B. Increasing Coordination Potential**

- i. **Direct Contact:** To prevent top executives from becoming overloaded with problems, as many problems as possible are resolved by the affected employees at lower levels by informal contacts. Strong cross-functional links at multiple levels may be established for this purpose.
- ii. **Task Force:** This is a temporary group made up of representatives from those departments which are facing a problem. It exists only as long as the problem lasts. When a solution is reached each participant returns to his normal tasks.
- iii. **Committees:** As certain decisions consistently arise the task forces become permanent. These groups are labelled committees. This device greatly eases the rigidity of the hierarchical structure, promotes effective communication and understanding of ideas, encourages the acceptance of the commitment to policies and makes their implementation more effective.
- iv. **Induction:** Inducting the new employee into the new social setting of his work is also a coordinating mechanism. The device familiarises the new employee with the organisation's rules and regulations, its dominant norms of behaviour, values and beliefs and integrates his personal goals with the organisational goals.
- v. **Indoctrination:** Indoctrinating organisational members with the goals and mission of the organisation a device used commonly in religious and military organisations is still another coordinating device. According to Gulick, the leader should develop in the minds of his followers the desire and will to work together for a purpose.
- vi. **Incentives:** Providing interdependent units with an incentive to collaborate, such as a profit-sharing plan, is another mechanism. It promotes team spirit and better cooperation between employers and workers, between superiors and subordinates and between workers and workers. Mutuality of interest reduces strife and ensures better coordination.
- vii. **Liaison Departments:** In some cases where there is a large volume of contact between two departments, a liaison department evolves to handle the transactions. This typically occurs between sales and production departments.
- viii. **Workflow:** A workflow is the sequence of steps by which the organisation acquires inputs and transforms them into outputs and exports these to the environment. It is largely shaped by technological, economic, and social considerations and helps in coordination.

## **C. Reducing Need for Coordination**

Some new forms of organisation structures such as autonomous work teams and matrix organisations reduce coordination needs.

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### **2.17 Controlling:**

- Control is checking current performance against predetermined standards contained in the plans, with the view to ensuring adequate progress and satisfactory performance.
- Controlling is determining what is being accomplished, that is, evaluating the performance and if necessary applying corrective measures so that the performance takes place according to plans.

### **Need for control system:**

A control system is needed for four purposes

1. Measuring Progress: The control process continually measures progress towards goals.
2. Uncovering Deviations: once a business organization is set into motion towards its specific objectives events occur that tend to pull it “off target”. Major events which tend to pull an organization :off targets”, are as follows
  - Change
  - Complexity
  - Mistakes
  - Delegation
3. Indicating Corrective action: controls are needed to indicate corrective actions. The goals need to be modified or there is need for reassignment or clarification of duties or for additional staffing or for conforming to the way the work should be done
4. Transmitting system corrective action to the operation: controls are needed to transmit corrective action to the operation while it is progressing so that the transformation subsystem modifies its inputs or its production plan to reduce any discrepancy or error and keeps the output on course.

### **BENEFITS OF CONTROL**

—A well developed control system

1. Increases productivity
2. Reduce defects and mistakes
3. Helps meet deadlines
4. Facilitates communication
5. Improve safety
6. Lower cost
7. Gives the workers control over their environment

## Steps in a Controlling

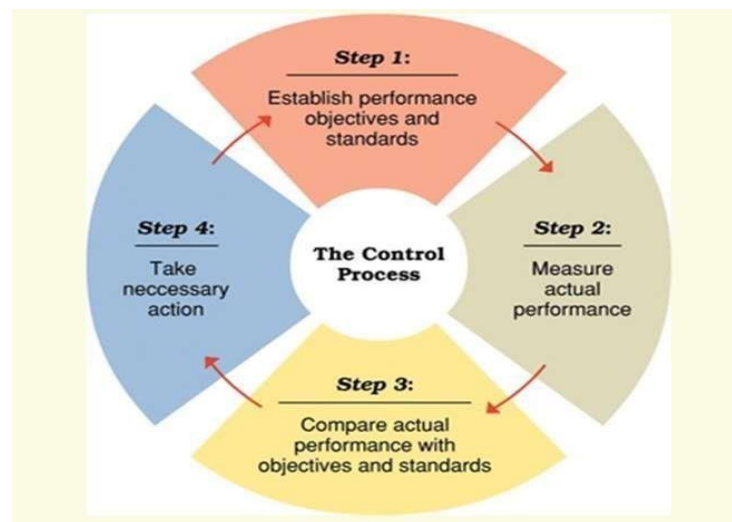


Fig.6: Steps in a Controlling

- **Step 1: Setting of standards:**

- Standards are the targets against which actual performance will be compared.
- Standards are the criteria of performance; they serve as benchmarks as they specify acceptable levels of performance.
- Quantitative standards: production level, labour hour, expense, profit
- Qualitative standards: employee morale, company image, industrial relations

- **Step 2: Measurement of performance:**

- **Completion:**

- The actual performance measurement has to be complete in all respects.
- All aspects of the job have to be measured and not just the ones that are more evident.

- **Objective:**

- Performance at work should be measured in an objective manner without fear, favor and bias.

- **Responsiveness:**

- The management of any performance should support the belief that support and performance lead to improvement, both from the personal and organizational point of view.

- **Step 3: Comparison of actual performance with standards:**

- The third step in control process is to compare the actual performances with established standards and ascertaining the causes of deviation.
- Deviations are thoroughly analyzed and properly presented.
- Statistical methods are usually adopted to look at deviation from a border perspective.

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□ **Step 4: Taking corrective measures:**

- The final step in control process consists of taking remedial actions so that deviation may not occur again in future.
- Corrective steps are initiated so that any defects in the actual performance may be rectified.

**Corrective actions may include the following activities:**

- Change in methods, rules, procedures, strategies etc.
- Introduce training programs.
- Job redesign or Replacement of personnel.
- Re-establishing budgets and standards.
- Better compensation packages to employees.
- Changing machinery and processes.
- Identifying recurring bottle necks and avoiding them