

Organization and Management.

Organization : Group of people trying to achieve a certain goal.

Types : Formal (Bank system)

Informal (football team)

O - Objectives

R - Resources

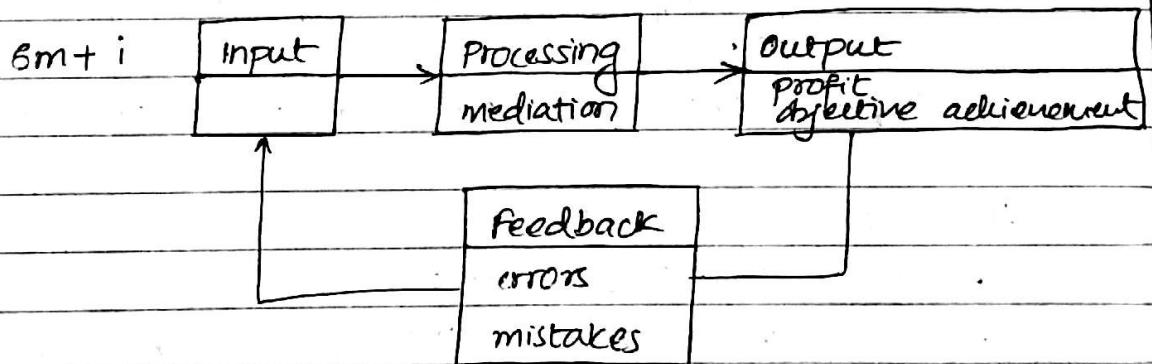
G - Goal / General / Globalit

A - Action

N - Network \Rightarrow organization solely cannot survive

I - Integration \Rightarrow combination of resources

S - System \Rightarrow Input \rightarrow processing \rightarrow output



A = allocation \rightarrow through

Equity

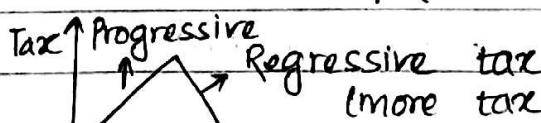
- should be

implemented in

Nepal

Equality

treat all equally applied in US



(more tax taken from unemployed one)

T = Transformation → input ≠ output
or output > input

I = Information

O = Ongoingness → We shouldnot think that organization will only run for a short period of time.

N= Negotiation → Interaction between members.

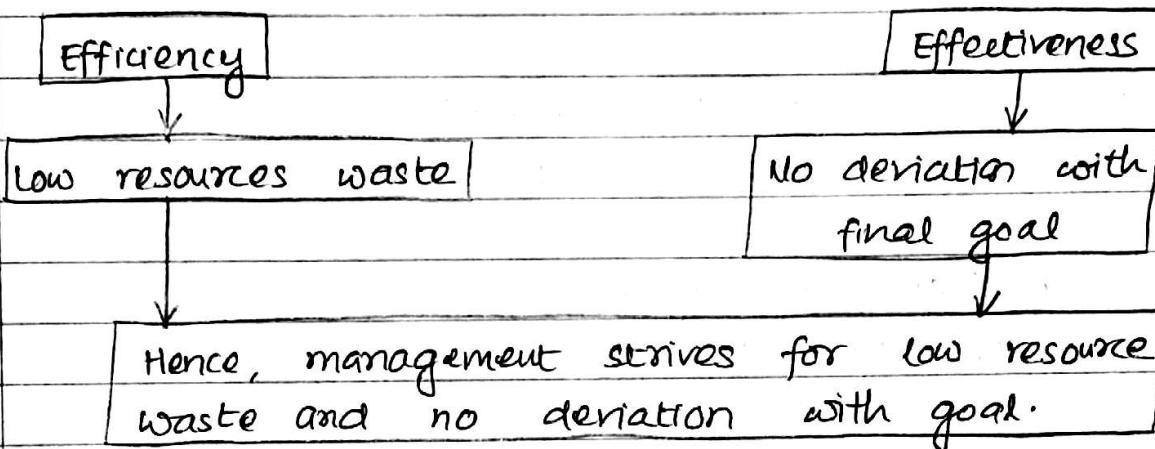
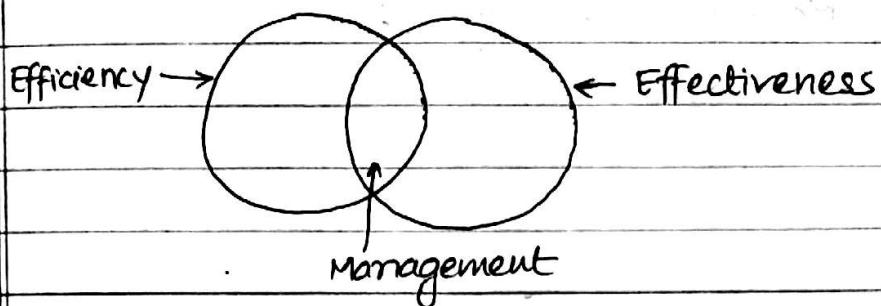
Features :

- Collection of people
- Operated in dynamic environment
- Subsystem of social system.
- Co-ordination
- Interaction, integration
- Application of resources
- Have specific goals.
- Planning, organizing, staffing, leading, controlling of resources.
- Implementation of rules, policies, procedures.

Management :

- focus on co-ordination
- It is invisible ⇒ felt but cannot be seen.
- science + art
- science << art
- SE ⇒ synergy effect ⇒ (Group work > Single work)
- Art of getting things done with and through people by efficient utilization of resources.

Management = Efficient + Effectiveness.



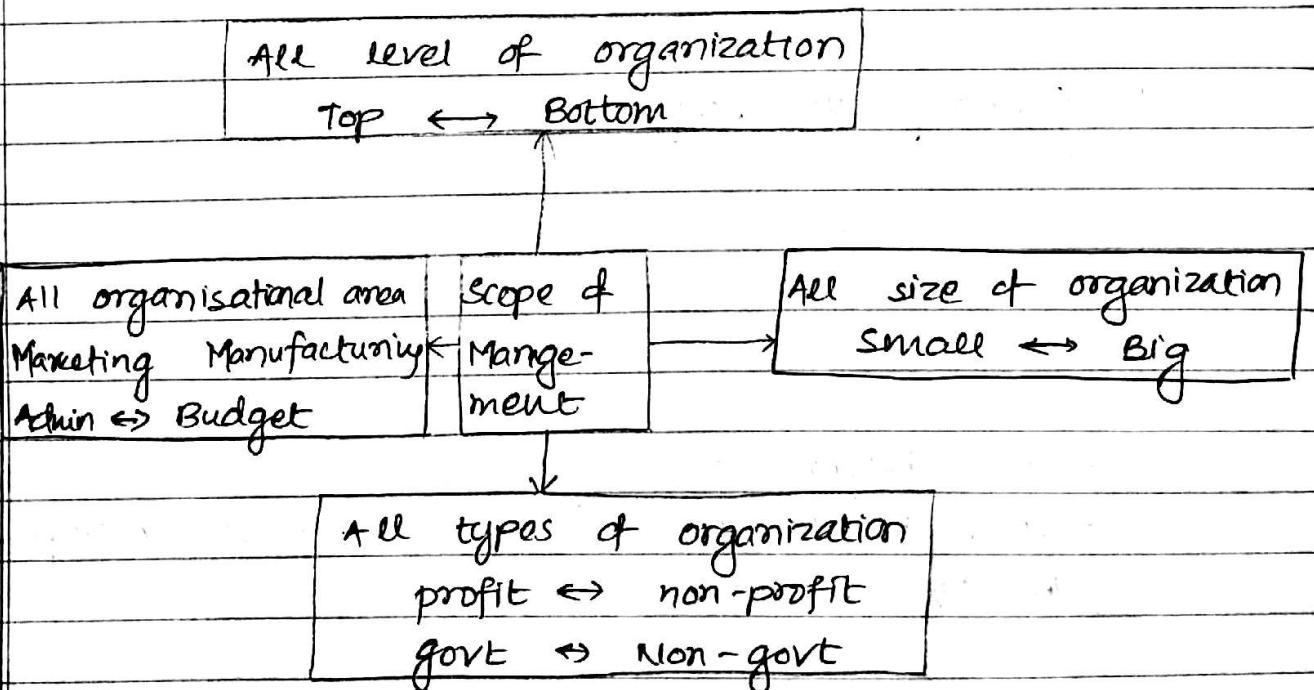
T = Transparency

A = Accountability (TAPP)

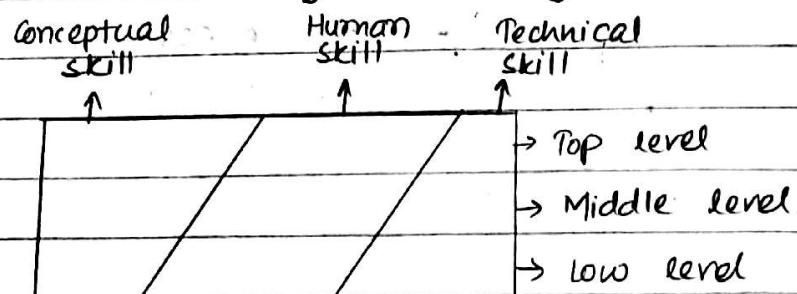
P = Predictability

P = Participation

Management is universal:

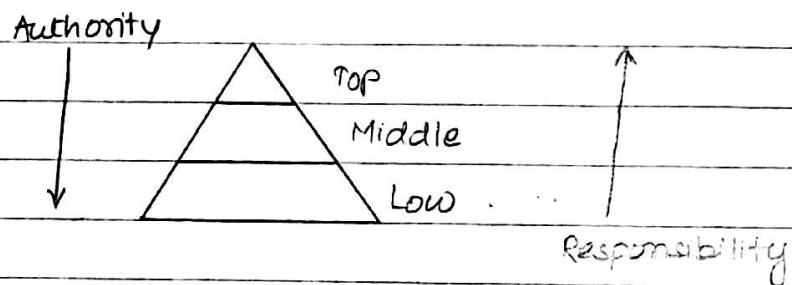


Skills of Manager (Ability) :

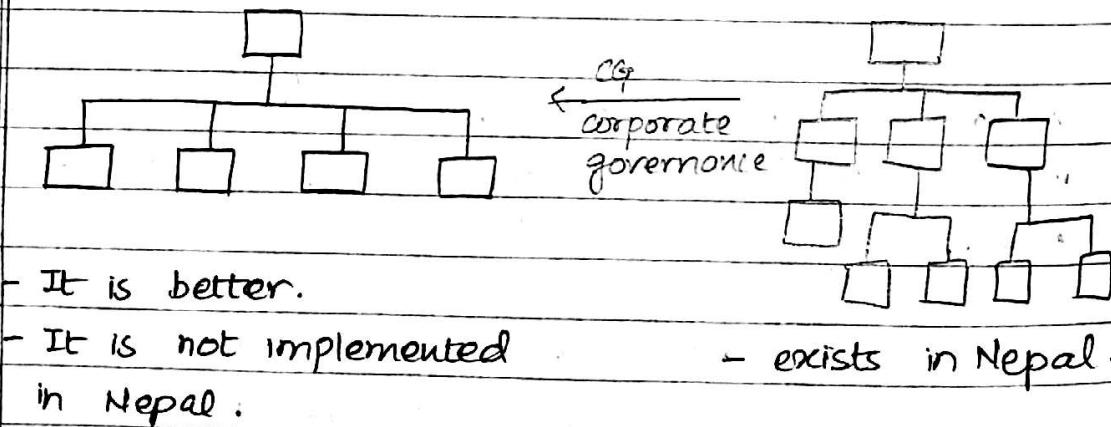


- Feb 8 Q. If a number is increased by 20%, then decreased by 20%, then the result is:
- equal to original
 - smaller to original
 - larger to 20%

Level of management :



Company Hierarchy :



functions of Management:

- 1) Planning : define goals
establish strategies and develop plans to co-ordinate activities.
- 2) Organising :
- determine what needs to be done, how it will be done and who is to do it.
- 3) Staffing :
- Manpower planning, recruiting, selecting, developing them by training and management development technologies.
- 4) Leading :
- Motivating, leading and any other actions involved within dealing with people.
- 5) Controlling :
- Monitoring activities to ensure that they are accomplished as planned.
- 6) Budgeting :
- Allocating money, material, manpower, method and machine to perform the task.
- 7) Communicating :
- Interaction to and with people inside and outside of the organization.

Characteristics of Management :

- Management is process, discipline, work-oriented, universal, group effort, profession, multidisciplinary, achieves goal, gets the job done, work with and through people, process, system and all pervasive.
- Dynamic in nature.
- Use professional approach to work.
- Intensive approach and heterogeneous.

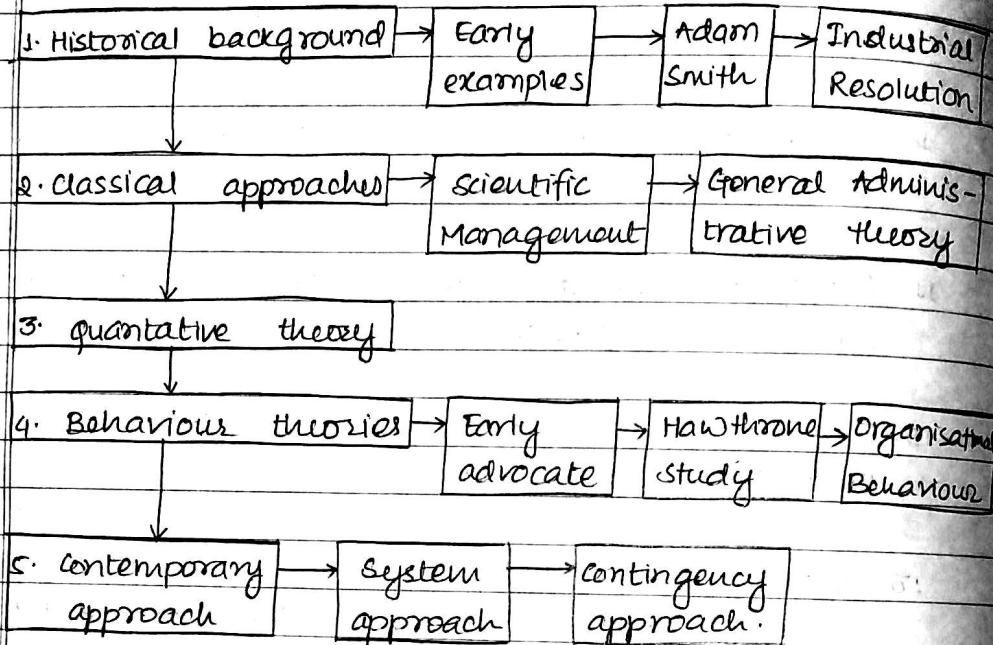
- Result oriented science and art but are greater than science.
- need not to be ownership.
- situational in nature.
- added not replaced by computer.

Principles of Management:

1. Division of labour : Specialization increases the output by making employee more efficient.
2. Authority : right to give order.
3. Discipline : employee must obey and respect rules that governs organization.
4. Unity of direction : all employee effort should be co-ordinated in same direction.
5. Unity of command : Every employee should receive every order from only one supervisor.
6. Sub-ordination of individual interest to general interest : Individuals and group interest should not take precedence over organizations interest as a whole.
7. Remuneration : Worker must be paid fair wage for their services.
8. Centralization : Degree to which subordinates are involved in decision making.

- greater
9. Scalar chain : Line of authority from top to bottom and line of responsibility from bottom to top.
 10. Order : Every resources should be in right place at right time.
 11. Equity : Manager should be kind and fair to their sub-ordinates.
 12. Stability and tenure of personal : People need time to learn.
 13. Initiatives : Employee who are allowed to originate and carry out plan will exert high level of effort.
 14. Esprit de corps : Harmonious effort among individuals is the key to organizational success.
 15. Carrier orientation : Manager are carrier professionals not the owners of the unit they manage.
 16. Formal selection : Technical qualification best selection.
 17. Formal rules and regulation : System of written rules and standard operating procedure.
 18. Impartiality : Uniform application of rules and control not according to personality.

Historical Development of Management :



1) Study of input (how??)

→ Egyptian pyramid, Great wall of China, Rome

→ Adam Smith - division of labour (salary)

→ Industrial Revolution - human power replaced by machine power (more efficient).

organization

- pictorial members

2) Classical approach.

SM - 14 principles

There is only one best way to do work.

GAT - for organisation efficiency, all divisions must be good.

Production Dept Manager

3) Quantitative theory :

The techniques and models used in military during World War are used in input.

4) Behavioural theories:

Research,

Belief, traditions, all people have different behaviour so, we must motivate them by different behaviour. Leader must be kept.

- "money is everything"
- people like to work in groups.
leadership, motivation.

5) Contemporary approach:

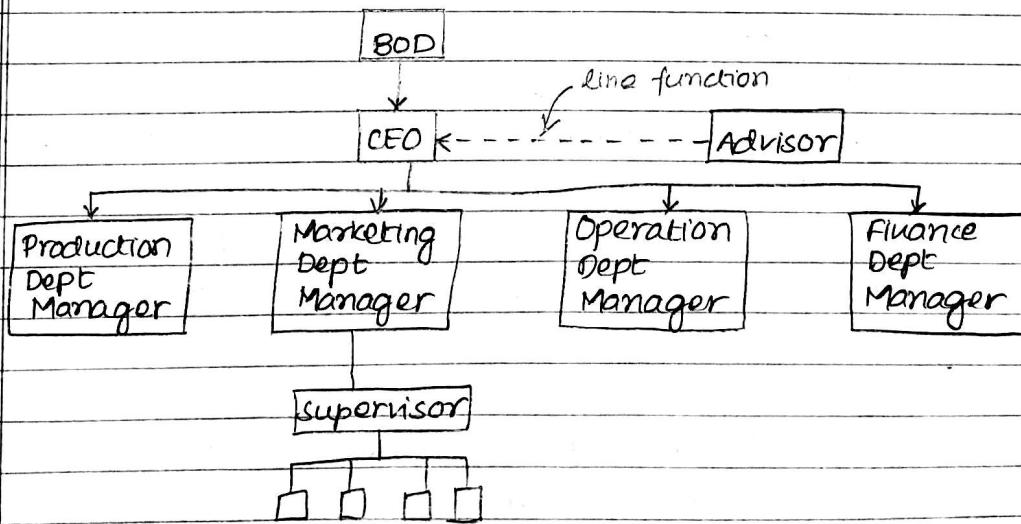
Present approach.

SA - Mgmt is also society
System takes input, processes, gives output
all in society.

CA - A mgmt is not applicable in all situations.

Organization chart:

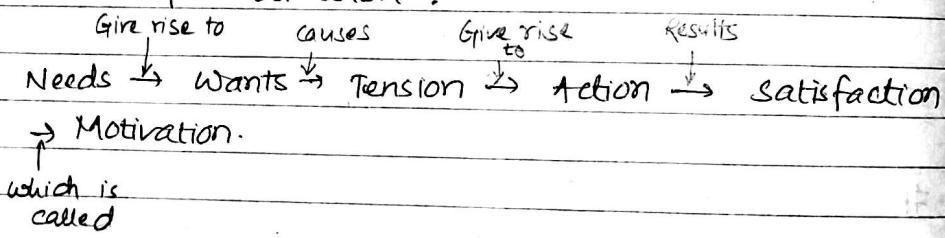
- pictorial representation of different roles of members in an organization.



3. Motivation and Leadership.

- Boost, encouragement, goad, stimulate, momentum, spur.
- It maximizes human potential as work. It cannot be seen but can be felt. Motivation provides up (praise, promotion, prestige and payment) to employee.
- Motivation is willingness to expend energy to achieve something (goal or reward).
- The process by which person's efforts are energized, and directed and sustained toward attaining the goal.

Process of motivation :



1)

Characteristics of Motivation :

- Continuous process
- Influences the behaviour
- Related to intrinsic aspect of human behavior
- Cannot be seen but feel
- Unsatisfied needs are motivators
- Monetary and non-monetary incentives are drivers.
- Situational in nature.
- Time factor based
- An investment for an organization
- Negative or positive
- Confidence building process
- Energy to perform the job, environmental effect

GURUKUL

Theories of Motivation :

Theories of M		
Early Theories		Contemporary theories
1. Maslow's Hierarchy of need theory 2. MC Gregor's theory of X and theory Y 3. Herzberg's theory of two factor 4. McClelland's three needs theory 5. ERG theory		1. Goal setting theory. 2. Reinforcement theory 3. Job design theory 4. Equity theory 5. Expectancy theory.

1) Maslow's Hierarchy of Need Theory:

- 5. Self-actualization needs
- 4. Esteem needs
- 3. Social needs
- 2. Safety needs
- 1. Psychological needs.

- Abraham H. Maslow was psychologist who proposed that within every person, there is hierarchy of 5 needs.

1) Psychological needs:

A person's needs for food, drinks and shelter.

2) Safety needs:

A person's need for security and protection from

physical and mental harm.

3) Social needs:

A person's need for affection, belongingness, acceptance and friendship.

4) Esteem needs:

Internal esteem - self respect autonomy achievement

External esteem - status, recognition, attention

5) Self actualization:

A person's need for what he is capable of becoming.

The needs 3, 4 and 5 are called higher order needs (social, esteem and self-actualization) and the needs 1 and 2 are lower order needs. Each level in the need hierarchy must be satisfied before the next level need become dominant.

- 2) McGregor's Theory X and Theory Y
- Douglas McGregor proposes two assumptions about human nature which is theory X and theory Y.
 - Theory X is negative view of people which assumes that people have little ambitions, dislike work, want to avoid responsibility, lazy etc.
 - Theory Y is a positive view of people which assumes that people enjoy work, seek out greater responsibility, they are self controlled and self directed.
 - In the modern context, Japanese professor Dr. William Ouchi developed theory Z by combining the both aspects of theory X & theory Y.

3) Herzberg
Two
i. Motivation
ii. Hygiene
i. No s
ii. Recor
iii. Achie
iv. The
v. Advan
vi. Grou

Job
from
motiv

Traditi

Herz
a. M
b. H

Hy
moti

GUR

3) Herzberg's theory of two factor:

Two factor:

i. Motivating

ii. Hygiene

Motivating

Hygiene.

i. No satisfaction

No dissatisfaction

ii. Recognition

company policy

iii. Achievement

Relationship with supervisor

iv. The work itself

Supervision

v. Advancement

salary

vi. Growth

Job security and personal

life

status

Working condition.

Job satisfaction and job dissatisfaction arise from two separate set of factors i.e. motivating factors and hygiene factors.

Traditional view:

Satisfaction \leftrightarrow Dissatisfaction

Herzberg's view:

a. Motivators - Satisfaction \leftrightarrow No satisfaction

b. Hygiene - No dissatisfaction \leftrightarrow Dissatisfaction

Hygiene factor prevent dissatisfaction but motivating factor motivates.

4) ERG theory.

- proposed by Clayton Alderfer.
- It does not assume that lower needs must be satisfied before higher level needs become activated. It assumes already satisfied lower level needs can be reactivated and influences the behaviour.

i) Existence need (E)

- Desire for psychological and material well-being.

ii) Relatedness need (R)

- Desire for satisfying inter-personal relationship

iii) Growth need (G)

- Desire for growth, advancement and development.

iii) nAch

Desir

wants

IS

aspir

Compa

Higher
Needs↓
lower
order
need

5) McClelland's three needs theory:

- proposed by David McClelland.
- This theory assumes that the three needs are present in human beings.

i) nAch (need for Achievement)

Desire to do something better to solve complex problem. (Thematic Apperception Test).

In TAT, it is indicated by someone in the story wanting to do something better.

ii) nPow (need for Power)

Desire to control and influence others. In TAT, it is indicated by someone in the story desired to make impact or impression on other.

Contemp

1. Goal
specific
goal
then

Goals

* speci

* diff

iii) n.Aff (need for affiliation)

Desire to establish and maintain friendly and warm relationship with other. In TAT, it is indicated by someone in the story wanting to be with other.

Comparison :

	Maslow	Alderfer	Herzberg	McClelland
Higher Order Needs	Self Actualization Esteem	Growth	Satisfier (motivation) factors	n.Ach
Lower order needs	Social Safety Psychological	Relatedness Existence	Hygiene factors	n.Pow n.Aff

Contemporary theories of motivation.

1. Goal setting theory

specific goal increases performance and difficult goal when accepted result in higher performance than do easy goals.

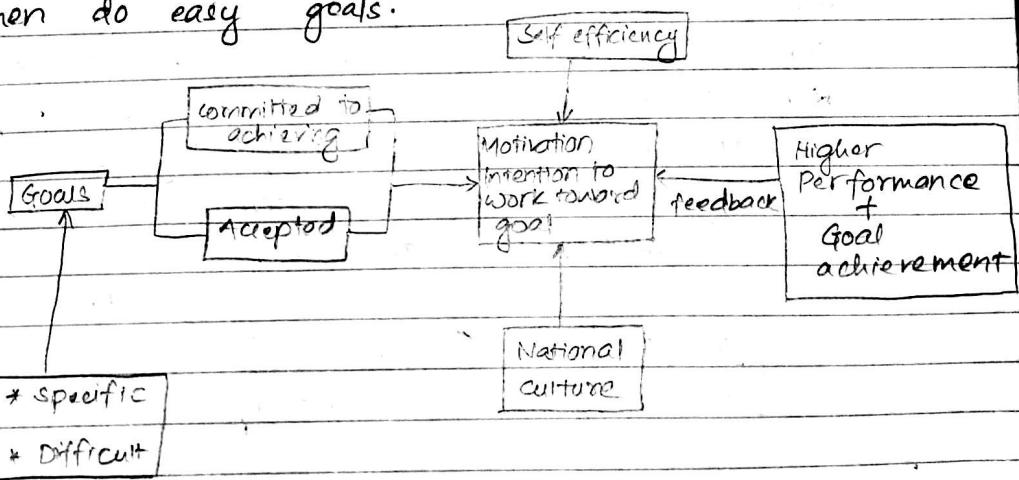


Fig:- Goal Setting theory.

2. Reinforcement theory:

This theory was proposed by B.F. Skinner.

According to this theory, behaviour is the function of consequences.

$$\text{Behaviour} = f(\text{consequences})$$

There are two types of behaviour i.e. rewarding behaviour and punishing behaviour. Rewarding behaviour have positive reinforcement which provide praise, promotion, prestige etc. which people want to repeat. Punishing behaviour have negative reinforcement which provide demotion, fine, penalties, scold, transfer etc. which people do not want to repeat.

3. Equity theory:

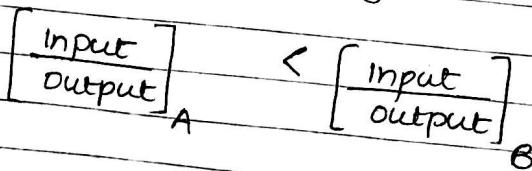
This theory was proposed by J.S. Adams,

R.A. Kosiar and R. Dalton. According to this

theory, employee compares their job input

input: output ratio with that of other relevant employees and then correct any

inequalities if exist. They try to perform equal job with equal efficiency and expect equal amount of payment.



Then A tries to correct

$$\text{finally } \left[\begin{array}{c} \text{Input} \\ \text{Output} \end{array} \right]_A = \left[\begin{array}{c} \text{Input} \\ \text{Output} \end{array} \right]_B$$

4. Expectancy theory :

This theory was proposed by Victor Vroom. According to this theory, individual tends to act in a certain way based on the expectation that the act will be followed by a given outcomes and on the attractiveness of that outcomes to the individual.

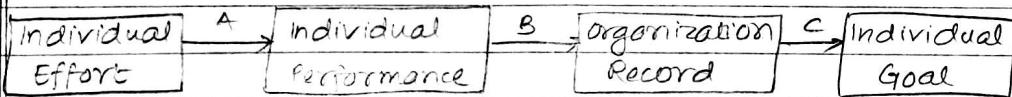
$$\text{Motivation (M)} = \text{Expectancy (E)} \times \text{Instrumentality (I)} \times \text{Valence (V)}$$

$$\text{i.e. } M = E \times I \times V$$

where Expectancy (E) = Person's beliefs that working hard will increase performance.

Instrumentality (I) = Person's beliefs that various outcomes will occur as a result of performance.

Valence (V) = value that a person assigns to his work.



A = Effort performance linkage = Expectancy

B = Performance - Reward linkage = Instrumentality (I)

C = Attractiveness of reward = V

IS → tells about people
what features the job holder should have.
JD → what to do? responsibility, authority
Date: _____
Page: _____

5. Job - design theory :

Job specification & Job description

process of developing a job.

2 parts : IS & JD.

Society :-

Design theory are following.

Crowd :-

Human behaviour unpredictable so not applicable
for all.

(In assignment)

leadership :

Global competition is facing the change in an aspect of our society. Customers are demanding more, so we have to change how we work and manage.

Old paradigm		New paradigm
go to work, do your job and come home	is shifting to	do your work and impose on how you do your work.

Therefore, the key issue is how to balance the doing and improving your work load. Leaders are those who help a group to move from one paradigm (old) to another paradigm (new).

Leader is someone who can influence others they are known by different designation in different organization.

That is in family = head or father

In army = commander

In sports = captain.

The great leaders do not tell us what to do but they show us how to do. Leadership is the function of leader (L), follower (F) and situational variables (S). Therefore, leadership is

$$L = F(L; F, S)$$

Hence, leadership is the process of influential relationship between two or more persons.

Management is doing things right. Leadership is doing the right things.

Theory of # leadership :

a) Early leadership theory :

- Early leaders theories focus on the leader and how the leader interacted with group members.

i) Traits theory :

- Leaders must have seven traits which distinguish them from non-leaders. They are :

- drive
- desire to lead
- honesty and integrity
- self-confidence
- intelligence
- job relevant knowledge
- extra version.

Leaders should have physical, personality and mental traits and fluency in speech.

ii) Behavioural Theory :

- This theory identifies the behaviour of leader which differentiate them from other.

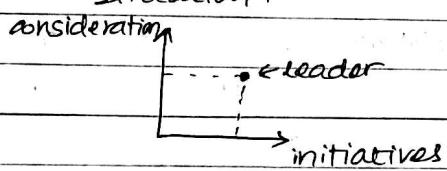
i. University of Iowa

Democratic style of leadership is most effective although autocratic and laissez-faire (स्ट्रॉट और लैजेज-फेर) style of leadership shows the mixed result.

ii. Our state of study

High consideration and high initiating structures achieve high

sub-ordinate performance and satisfaction but it is not always true in all situations.



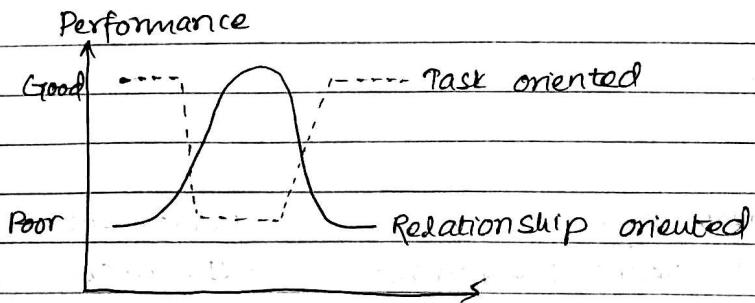
iii) University of Michigan Employee oriented leaders are associated with high group productivity and higher job satisfaction.

b) Contingency Theory:

- Focus on context or situation and the best style of leadership to use. They are:

i) Fiedler Contingency Theory:

Effective group performance depends on the proper match between leaders style and the degree to which the situation is allowed the leaders to control and influence.



situation favourability	High performance				Moderate				High unfavourable			
Category	I	II	III	IV	V	VI	VII	VIII				
leader-member relation	G	G	G	G	P	P	P	P				
task structure	H	H	L	L	H	H	L	L				
Position power	S	W	S	W	S	W	W	W				

G = Good H = High

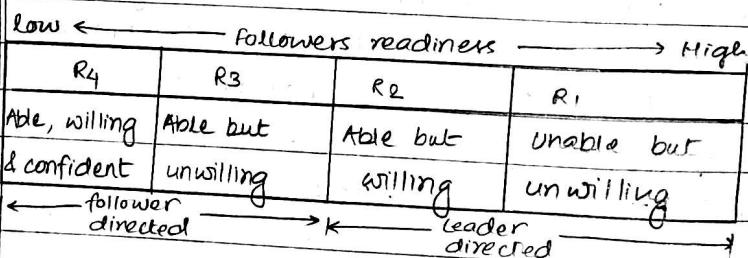
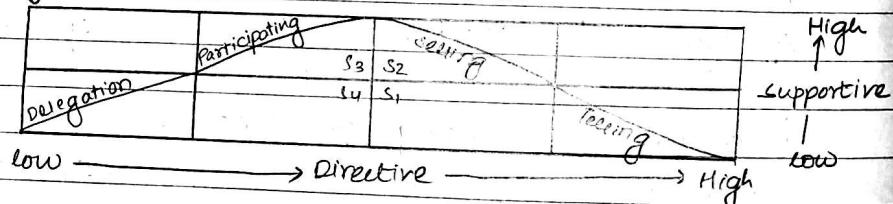
P = Poor L = Low

S = Strong

W = Weak

2) Hersey and Blanchards situation leadership theory:

- The leadership style must correspond to be employment development level.



Leaders style

S1: H Directive, L supportive
 S2: H D, HS
 S3: H D, HS
 S4: LD, LS

Employment Development Level
 R1: unable, unwilling
 R2: unable, willing
 R3: able, unwilling
 R4: able, willing and confident

High
unfavourable

VI	VII	VIII
P	P	P
L	L	
W	W	W

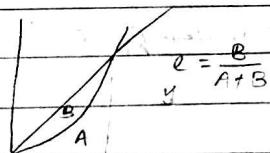
3. Path goal theory :

- A leadership theory that says the leaders job is to assist follower in attaining their goal by providing directional support needed to support ensure that their goal are compatible with the goal of group & or organization.

Environmental contingency factors	
* Task structure	
* formal authority system	
* work group	

Leader Behaviour	outcomes
* Achievement oriented	* Performance
* Directive	
* Supportive	* satisfactions
* Participative	

Sub-ordinate contingency factors
* locus of control
* Experience
* Perceived ability.



leader vs Manager

leadership is the most frequently observed and least understood phenomenon.

	leader	Manager
1.	Act as a coach	1. Boss
2.	Are transformational	2. Are transactional
3.	breaks the rule	3. makes the rule
4.	change creator	4. change reactor
5.	creates improvements	5. holds the game in
6.	create culture of integrity	6. create culture of efficiency
7.	develops	7. maintains
8.	do right things	8. do things right
9.	gives credit	9. takes credit
10.	have followers	10. have sub-ordinates
11.	motivate and inspire	11. control and solve the problem.
12.	innovative in nature	12. Administrative in nature.
13.	original	13. copy
14.	originate	14. imitate
15.	show direction	15. prepare plan & budget
16.	say "we"	16. say "I"
17.	take accountability.	17. take responsibility
18.	take risk	18. avoid risk
19.	take blame	19. give blame
20.	use conflicts	20. avoid conflicts
21.	moving between paradigm	21. working within paradigm

Learning Organization # Leadership in 21st century

An organization that has developed the capacity to continuously learn, adapt and change. In a learning organization; employee continuously acquire and share new knowledge and apply that knowledge in making decision of doing their work.

- In learning organization, employee throughout the entire organization across different functional specialities and even at different organization level must share information and collaborate on work activities which requires minimal structure and physical barrier.

TESCO is an example of a learning organization.

#

Chapter - 4 Human Resource Management (HRM)

Human Resource (HR) are the people who are ready willing and have ability to contribute to organizations. People become HR, they combine energy and physical strength with competencies.

Individual within an organization not the building equipment or brand name make a company successful therefore, HRM

- concern with people dimensional organization.
- manage people and their energies, competencies and strengths to achieve organizational goal.
- creates harmony between organizational and individual objectives

Therefore, HRM is process consisting of acquisition, development; motivation and maintenance of HR.

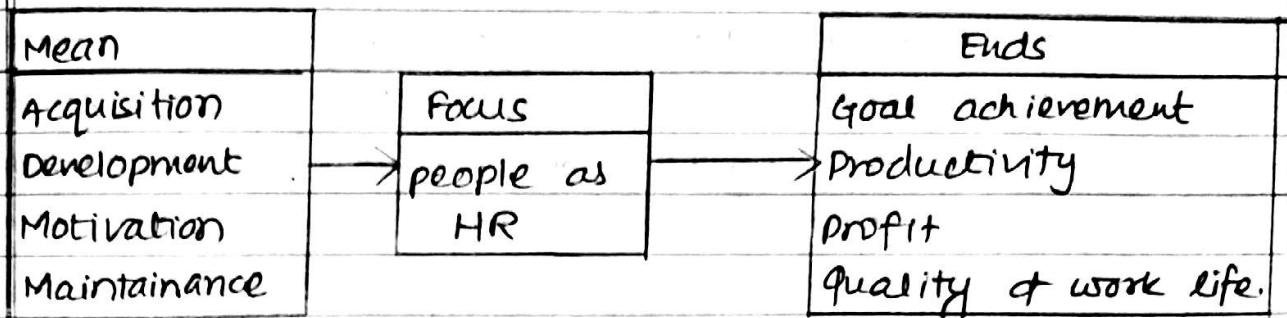
- From the classical point of view, it can be defined as R to R process i.e. Recruitment to Retirement
- In formula term, it is the ARM process of human resource i.e. A = attraction, B R = retain and M = Motivation of HR.
- In modern term, it is the pre-recruitment to post-retirement activities i.e. pre-R to post-R.

Characteristics of HRM :

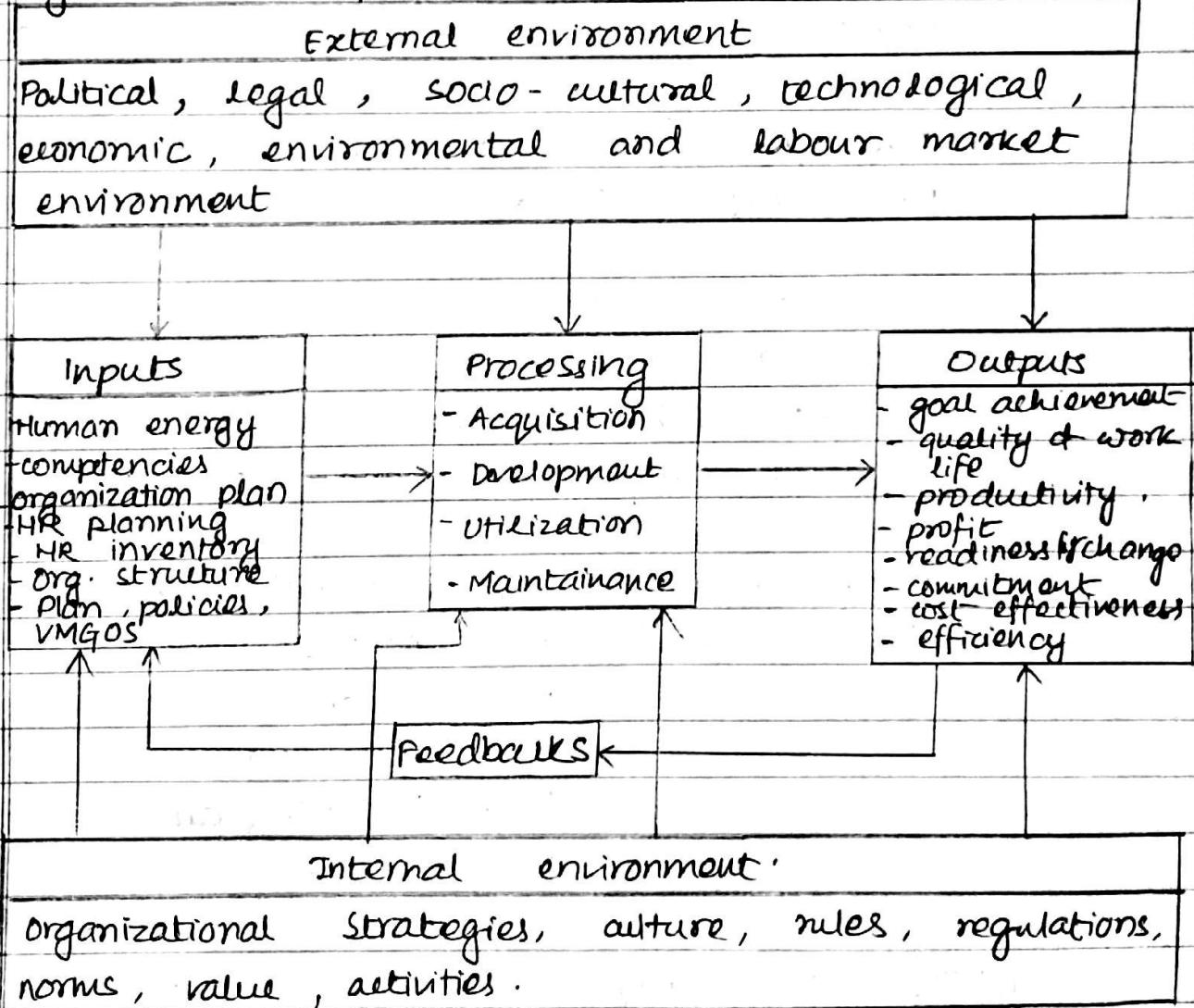
1. Nurture potentials into performance.
2. Pro-active rather than reactive
3. Treats HR as human capital rather than as variable cost.
4. Goal / strategy oriented rather than piecemeal solution
5. Based on commitment rather than compliances.
6. Helps employee and management to own each other
7. Social and dynamic process = adapt to changing environment.
8. System : consist of input, processing and output via acquisition, utilization, development motivation and maintenance of HR.
9. Human Focused : focus on people with energies and competencies and develop and utilize them.
10. Continuous process : not a one-time activity.
11. Pervasive function : concerned with all level of management.
12. Mutuality oriented between employee and employer

managers.

Model of HRM



System view of HRM :



Challenges of HRM / Problems :

Due to globalization, HR manager have found challenges in acquiring, maintaining developing and motivating the HR.

Managing HR has becomes more difficult because HR comes from different background since HRM operates in dynamic environment : The changing PESTEC force are providing changes to HRM.

1. Workforce Diversity :

- (i) Labour forces are multi-cultural and diverse in nature.
- (ii) Heterogeneity in terms of language, culture, religion, racial ethnicity.
- (iii) Diversity in terms of age, sex, value, attitude, norms, expectation etc.

2. Globalization of HR :

- (i) Worldwide movement of labour force
- (ii) 24 hour labour market
- (iii) World is being more and more flat.

3. Increasing influences of external environment .

(i) PEST factor : P - political

E - Economical

S - Socio-cultural

T - Technological

E - Environment

L - Legal

PESTEL

(ii) ILO rules, regulations and norms.

4. Regulatory measures in managing the HR:
- laws relating disabilities, women and minorities.
 - Immigration laws
 -

5. Complexities :

- Increasing size of organizations.
- Increasing influences of MNC's

6. Less attached employee:

- virtual offices.
- Online jobs, less and less loyal.

7.

- Increasing TQM concept.
- Restructuring and Re-engineering of organization.

8. Nature of work.

- Manufacturing jobs are decreasing and service jobs are increasing.
- Manufacturing jobs are shifting to another country.
- Companies are trying to produce more with less.
- More and more divided and co-ordinated work.

9. Technological change:

- More and more automated works.
- Geonomics
- Increasing place of technological innovation.
- Digitization of life style and work life.
- Old jobs are eliminating and new jobs are creating.
- Increasing application of computer, robotics and

technology.

10. other challenges:

- (i) Managing performance best pay system, knowledge.
- (ii) Managing change, team, group and performance.
- (iii) Linking, training with performance.
- (iv) Retention of talent
- (v) Doing smarter not harder.
- (vi) Accepting greater CSR (Corporate Social Responsibility)
- (vii) Increasing global mobility of people.
- (viii) Developing new code of conduct.
- (ix) Creating a culture of high performance.
- (x) Creating learning organization . . . , offshoring (shortage of labours) and mergers.
- (xi) Doing more with less.
- (xii) Growing mismatch between skill needed and skill available.
- (xiii) Balancing organization and employee interest.
- (xiv) More and more complex and interdependent work.
- (xv) Increase value and accountability.
- (xvi) Increasing interconnectivity of people, organization and society.
- (xvii) Grows trends of unionization in an organization
- (xviii) Growing hunting practices in organization.
- (xix) Making organization more flexible, agile and flat.

Recruitment : योग्य (आदेत पैसी प्रैसेस)

- It is the part of acquisition system of HRM. No any organisation can survive without HR. So, recruitment process finds the right people for right position at right time. It brings together the employers and employee. The quality of HR depends on the quality of recruits. Therefore, recruitment is the process of discovering the potential job candidates and it is also the process of finding quality people and encouraging them to apply for work. Hence, recruitment process consists of :

- 1) identifying the source of qualified candidate.
- 2) attracting them to apply for the job.

factors affecting recruitments :

- size of organization (directly proportional)
- employment of country : indirectly proportional
unemployment ↑ Recruitment ↑
- Turn over rate : (leaving current job)
directly proportional (DP)
- Nature of job : more suitable, more recruitment
- Image of organization : more reputation, more recruitment
- compensation policies : greater the compensation policies, more the no. of recruitment
- Labour union / trade union .

Recruitment policy of organization :

- Recruitment policies must be

- Based on organizational objective and policies.
- SMART

S = Specific

M = Measurable

A = Accountable

R = Realistic / Reliable

T = Time-based / Techno-based

- Definite clear and understandable
- Career offering not job offering
- fact-based
- Translatable into practices
- Permanency and adaptability to change.

Theories of recruitment :

1) Theories of competition :

- Only capable candidates are sent for recruitment.

2) Theories of equity :

- Equal opportunity for all.

3) Merit system : (First on merit list)

4) Spoil system : रास्तों देने वालों मालूम

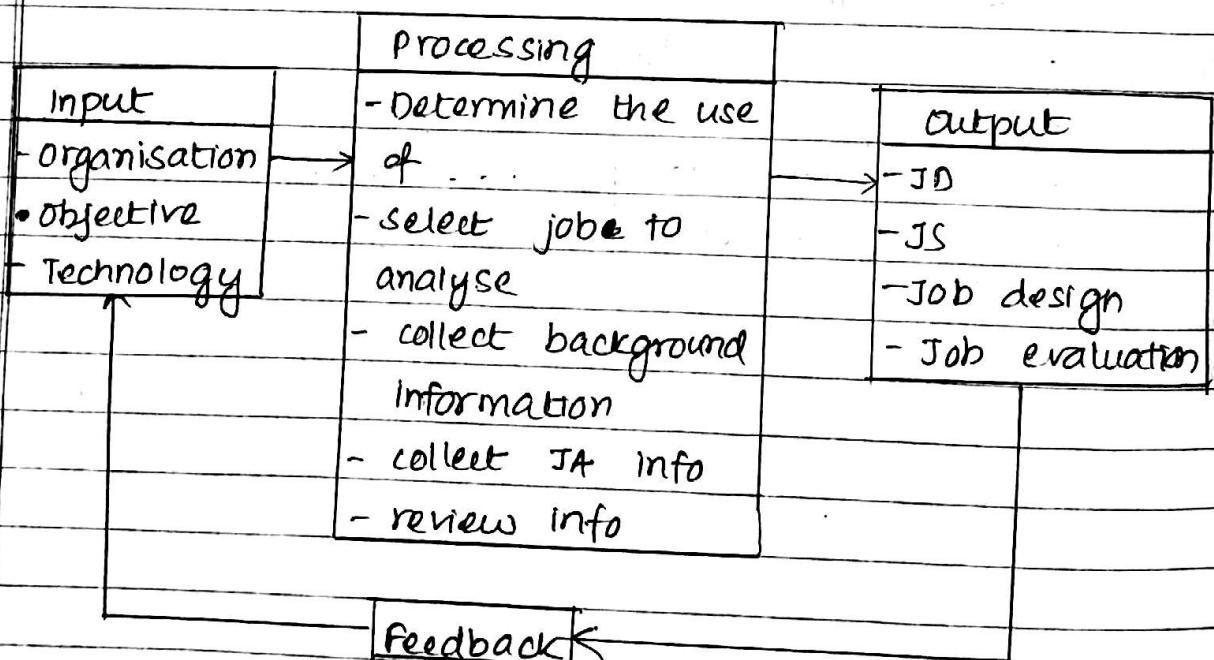
Source of recruitment

Internal	External	
<ul style="list-style-type: none"> • Promotion / Demotion • Transfer • Retire • Job rotation • Internal competition 		
Advantages		Disadvantages
<ul style="list-style-type: none"> • better selection • motivation • morale <small>मोरैल</small> • adaptability • commitment • social responsibility • stability • cost effectiveness • HR development 		<ul style="list-style-type: none"> • limited choice • seniority based • favouritism

JOB ANALYSIS

- The procedure for determining the duties and skill requirement of a job and the kind of person who should be hired for it is job analysis. It is the systematic exploration of job activities which is used to define duties, responsibilities and accountabilities of other. Therefore, job analysis is a formal study of job, systematic recording of activities within job. It defines task involved in a job and skill and qualification required to perform that job. JA describes job tasks, characteristics, task duties, behaviors skills and abilities for job. It is the technical procedure for describing job in terms of tasks, accountabilities and responsibilities.

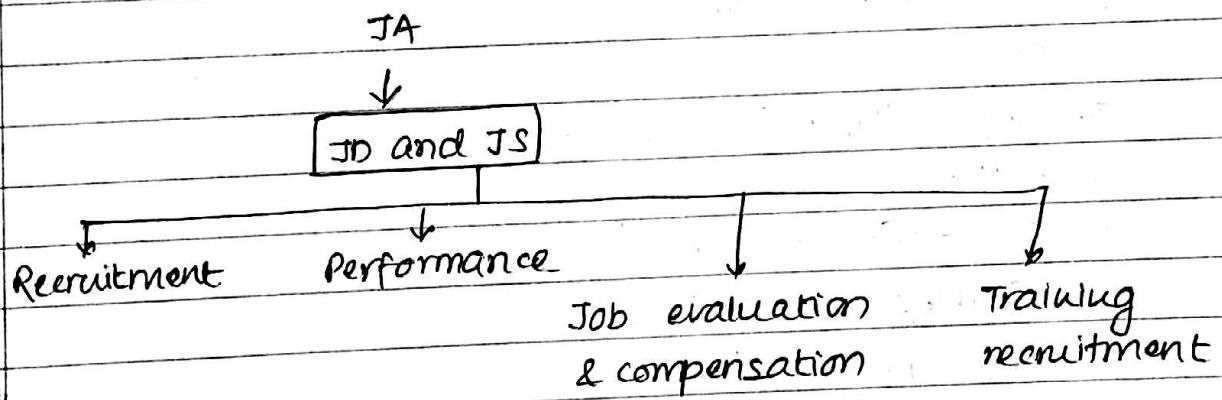
System view of JA



The following information can be collected from JA:

- (i) Work activities - cleaning, selling, teaching.
- (ii) Human behaviours - sensing, communicating, deciding attitude.
- (iii) Performance standards - quality and quantity of job in terms of output.
- (iv) Human requirement - education, training, personality interest.
- (v) Job content - physical working condition powers
- (vi) Machine, tools, equipment and aids - tools, material process, knowledge dealt, service rendered etc.

use of JA information



- * Job description - list of job duties, responsibilities, working condition etc.

It is the immediate outcome of JA.
(Job की वारेंटी बोल्ड)

- * Job specification - list of human requirement to perform that particular job.

Method of JA

Job focus Technique

- Functional Job Analysis (FJA)
- Management, position
- Description, questionnaire (MPDQ)
- The hay plan
- Method analysis

Person focus

- Position Analysis, questionnaire (PAQ)
- Physical Activity Analysis (PAA)
- critical incident method
- Guideline oriented JA.

* Job description : It is the written statement of what worker actually does , how she does it, what are the working conditions .

Steps of job description:

1. Job identification
2. Job summary
3. Responsibilities and duties.
4. Authority of participant
5. Standard of performance
6. Working conditions.
7. Job specifications.

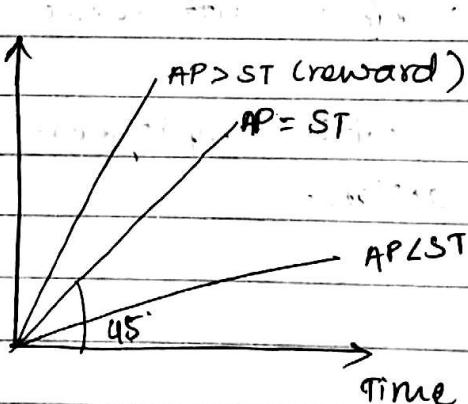
Performance Appraisal (PA)

Performance = to do something or produce something productivity measures in terms of efficiency and effectiveness.

Performance = Ability * motivation * efficiency
* effectiveness.

Appraisal = deciding the value / worth of workdone

Therefore, PA is the systematic and objective way of judging the relative strength and weakness of individual in performing the assigned task. It is also called performance rating, performance evaluation, employee assessment, personal appraisal, merit rating etc. It is the systematic description of job related strength and weakness of individual or group. So, PA is the basis or reward management system. It provides feedback to the employee and related across the relative work of each employee in an organisation. It helps the employee to know how where they are and where they should be.



where AP = Actual performance

ST = Standard (stated target)

If $AP > ST$, reward the employee ; promotion

If $AP = ST$, satisfactory (do nothing) ; motivation

If $AP < ST$, must train the employee (demotion)

Features of PA :

- Systematic process consists of series of steps.
- Objective measures of what employee does.
- Periodic i.e. ongoing process conducted periodically.
- Judgemental i.e. judge the employee's performance.
- Corrective i.e. try to minimize mistake and maximize productivity.
- Focus on job performance and potential for future development.

Process of PA :

PA consists of series of steps which are :

1. Set performance standards (PS)
2. Communicate PS to employee
3. Measure actual performance
4. Find deviation : find difference among AP and ST.
5. Discuss appraisal with employees.
6. Take corrective action.

Methods of PA :

A. Absolute standards :

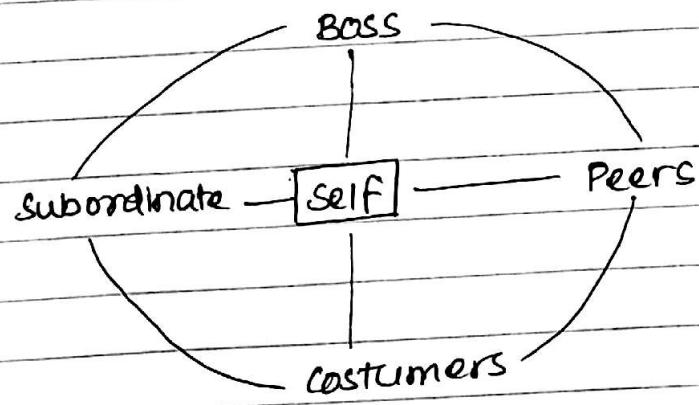
1. Essay / during appraisal
2. Critical incident method
3. Check list method
4. Graphics rating.
5. Force choice method
6. BARS : Behaviourally Anchored Rating Skill

B. Relative standards :

1. Individual ranking.
2. Paired comparison.
3. Group ordered ranking.

C. Comprehensive method :

1. Appraisal by MBO (Management by objective)
2. 360° appraisal.



Problems of PA in Nepal:

1. First impression effect
2. Halo error
3. Horn effect (मानदै हुये marks)
4. Excessive stiffness & lenience (avg-marks)
5. Personal biasness.
6. Spill overeffect (Judge future acc to past)
7. Regency effect (तारकालीन कामबाट साक प्रभावित)
8. Narrow use of PA
9. PA is not connected with reward
10. PA is not used for transfer purpose.
11. Post based reward. (imp put in 1st)
12. Lack of proper job description so measuring difficulty in performance.

Compensation Management:
(At last)

March 17

HRD

Human Resource Development

Training :

- It is investment in human capital. It is not cost but the long term profit for organisation.
- Training is the process of learning. It enhances capabilities required to improve the performance in the present job.
- It increases the three 'E' (Economize, Efficiency & Effectiveness) of employee on the job.
- Therefore, it is the act of increasing RSA for doing particular job
- It is experience learning process also.

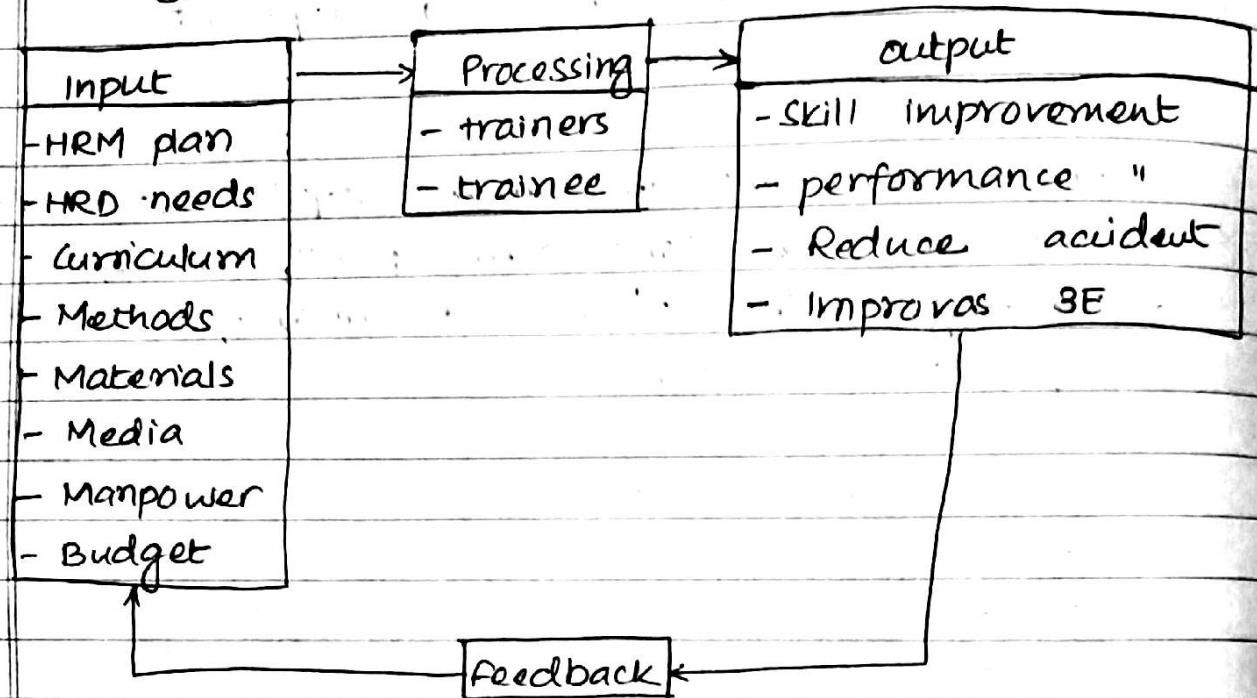
Characteristics of training :

1. Job focused
2. short term
3. Group effort
4. Skill transfer process
5. Management

Training process :

1. Determining training objectives.
2. Specify training objectives.
3. Determine curriculum / method.
4. Select trainees and trainers.
5. Develop training budget
6. Implement training program.
7. Evaluation and feedback.

Training in a system:



Job performance - Employee capabilities = Training needs

Methods of determining training needs.

1. Management audit
2. Task analysis
3. Performance analysis
4. Supervisory recommendation
5. Training needs survey.

Employee training methods:

Training methods for employee can be:

1. On the job training needs methods (OJT)
2. off the job " " (OFFJT)

1) OJT :

- These methods involve learning while working. Training takes place on the job. It places the employee in the context of real work situation. It is learning by doing under the supervisor of an experienced employee. The methods available for on the job trainings are:

- (i) Apprenticeship method
- (ii) Internship training
- (iii) Job instruction training

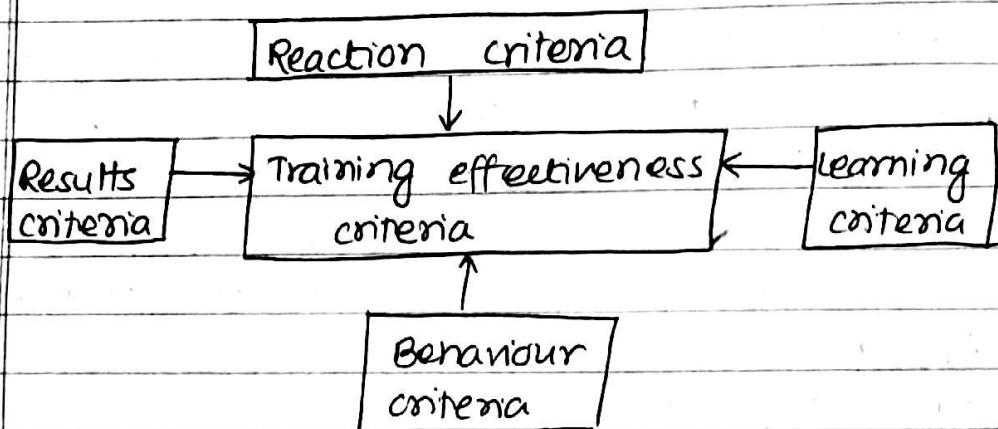
2) Off JT

- Lecturing method
- Conference "
- Simulation "
- Experimental learning
- Computer modeling
- Virtual reality.

Challenges of training :

1. To identify the trainees.
2. To make training as if it is training.
3. Cross-cultural issue : minimizing cross-cultural issue is also challenging.
4. Making training periodic.
5. To reform the legal status related to training.
6. Work-force diversity.

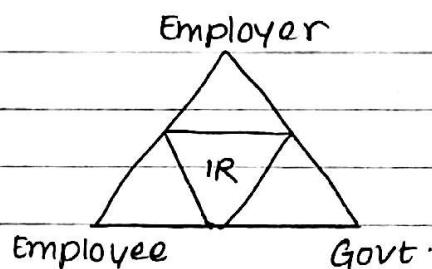
Evaluation of training program:



March 19 eh - 5

Industrial Relations:

* labour relations:



Generally, industry means productive unit which is devoted to produce more with less. In industry, there is ~~more~~ entrepreneur characteristics. It is that characteristics which directs the investment towards profitable sector.

There are two approaches to view the industry entrepreneurial.

1. Mechanical view / approach / aspect:

- According to mechanical approach, industry is the combination of machine where the role of human being is negligible. (almost zero).

2. Biological approach:

- According to biological approach, industry is the combination of people, their KSA, nature, culture, structure, strategies, policies etc.
- In the traditional stage, there is mechanical approach in viewing the industry but there is biological approach nowadays.

Hence, industrial relation can be defined in two ways:

(i) Classical approach: IR is the relationship between management and employee in an industry. They were looked upon as a fire fighting function to resolve labour dispute.

(ii) Modern approach: According to modern approach, IR is the relation and procedures between workers represented by trade unions, employers represented by employers association and society represented by government and pressure group.

In other words, IR is the multidimensional subject. It is affected by PESTEL force (political, economic, socio-cultural, technological, environmental, legal). The scope of industrial relation covers unionism, collective bargaining, resolution of individual dispute, labour legislation etc. IR is the complex interrelation among workers, managers and government. It tries to manage and harmonise diverging and conflicting interest or worker-employee govt. and society.

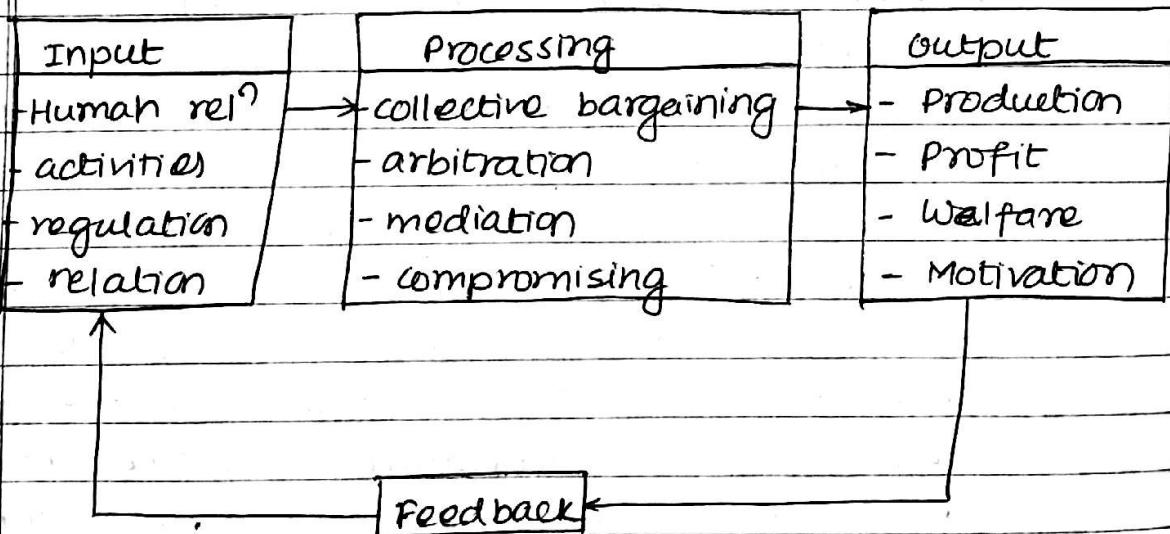
Theories of IR

1. Unitary theory:

→ According to this theory, industry is just a happy family, employee and managers all works for achieving common objective. Here, managers act as guardian and worker acts as resources. In such company, there is no trade union and if exists, it operates accordingly as management want.

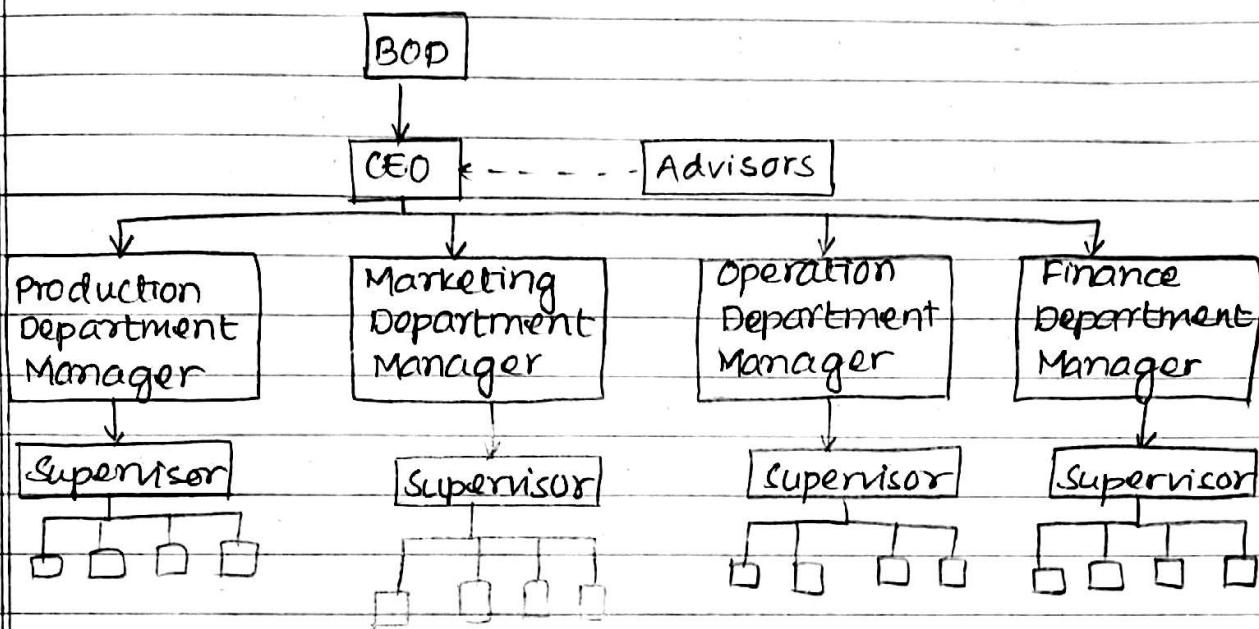
2. System theory.

→ This approach was developed by JT Dunlop. According to this approach, IR is the sub-system of social system.



Assignment - 1

Organizational Chart :



An organizational chart is the pictorial representation of different roles in an organization. It shows the structure of an organization and the relationships and relative ranks among its parts and position / jobs.

The above chart shows the relation of one official to another.

- At the top is the Board of Directors (BOD). Depending upon the type of organisation, a Board may be responsible for a number of tasks for example, hire and supervise the CEO, develop and approve budgets etc. Board meetings are kept closed, though written proceedings, reports and minutes may be made public.
- Next comes the Chief Executive officer (CEO). He/She is responsible for overall direction in which an organisation moves and the responsibility for managing day-to-day activities and to

implement the vision, mission and goals & report to CEO.

- The solid line in organizational chart indicates a formal, direct relationship and a dashed line indicates that one employee or department advises another (indirect relationship).
- The department managers are responsible for the day-to-day functioning, and implementing its programmes and projects of their respective department. They report to the CEO.
- The department managers are assisted by other staff members such as supervisors who help to complete tasks of the respective department.
- Again the supervisor are assisted by other staff members.

In this way, the given above hierarchical organisational chart provides a great deal of information and may help organisational members understand the overall structure of organisation and its strategy.

contd :-

3. Pluralist Theory.

- According to this theory, industry is made by two powerful sub-groups i.e. management and trade union. These two sub-groups have their own (conflicting) interest. So rule making is done by collective bargaining.
- so, /r

4. Marxist Theory :

- By this theory, labour relation is the study of market relation. Capitalistic are the buyers and workers are the sellers of the labour. Trade union are needed to keep up the wages.

Process of Labour Relation / I.R.

1. Unionization / s

Labour relation is the continuous process in which the three actors (

are present. The process of labour relation consist of :

1. Unionization :

It is the first step of industrial relation in which the union develops. It makes its common seal (logo) and receives legal validation.

2. Dispute situation :

It is the stage of having conflicting interest between management and worker in which labor demands more wage / salary / benefits and management wants to give less.

3. Collective Bargaining : ^{diff. HR dept} (union representative)
 In this stage, the workers and the management try to resolve the dispute by sitting on the same table.

4. Develop contract :

In this stage, the oral conversation's conclusion in collective bargaining stage will be converted to written act.

5. Implementation of contract :

It is the last stage of labour relation in which both parties try to implement the decisions of contract.

Characteristics of union.

1. Organization :

- A union is an organization having its own VMOs (vision, mission, goal, objectives, strategies) structures, technology etc.

2. It is collection of people.

3. Permanency :

- A union is relatively permanent organization. Its life is tied to the life of the organization in which it is located.

4. Common goal.

5. Collectivity. ^{highly social}

- Members of the union work collectively as a group. Individual interest are satisfied for the sake of group interest. ^{sacrificed}

6. Mutual interest : Members of the union seek to promote and protect their mutual interest. Such interest can be economic, cultural, social or political.

7. Collective bargaining :

A union operates through collective bargaining. Labour and management come to the bargaining table to negotiate and to reach a settlement.

Reason for joining union:

1. Security :

- People feel stronger.
- Have fewer self doubt.
- Problem division.
- More resistant to threat.
- Reduce insecurity of standing alone.
- Collective voice.
- Contribution for the development of members personality.

2. Status :

- Inclusion in the union / group is viewed as an important by other.

+ ~~eg~~

3. Self esteem :

- Union provides increased feeling of self-worth.

4. Affiliation :

- Group can fulfil social needs.

5. Power:

- What cannot be achieved by individual become possible by union.
- Goal achievement with collective effort integration, goal can be achieved.

6. Control:

Group more effectively control their members.

Collective Bargaining: सामूहिक संकरावाजी

- It is an important function of union. It refers to negotiation, administration and interpretation of time-bound ^{written} agreement between two parties. It is collective because the union represent the workers as a bargaining agent. Employer associations or managers represent employers.
- The collective bargaining agreement lays down specific terms the conditions of employment. It has two aspect:
 - (i) It defines employers - employee relationship on job through a collective agreement.
 - (ii) It interprets and administer the collective agreement.

Common provision in collective

CP & CB argument are related to-

1. Union recognition: Mgmt acceptance of a union.
2. Union security: Union security to maintain union members.
3. Wage rate: Amount of wages and wage tied to the cost of living.

Conditions of employment :

- Hours, terms and conditions of employment
Working practice, job security etc.

* Benefit :

- Insurance, pension . pay for time not worked.

* Strike and lockout

During the contract period

* Seniority clause :

Human resource decision related to transfer, promotion, job assignment to the based of seniority and layoff.

* Discipline :

Disciplinary actions inside union are necessary to make the contract successfully.

* Dispute settlement procedure :

How to resolve and settle down conflict.

* Management right :

Collective bargaining process :

1. Preparation for negotiation
2. Contract negotiation
3. Agreement
4. Contract administration
5. Union ratification
6. Feedback for next negotiation.

1) Preparation for negotiation :

- It is the homophase for both union and management in which informations are gathered from internal source (accident records, job performance report, transfer, turn over, performance promotion, placement, absenteeism) and external sources (economic forecast, cost of living, terms of recently negotiated contract in similar organization etc). Both parties formulate a strategy for negotiations by assessing others sides power.

2) Contract negotiation :

- Both parties meet at the bargaining ~~table~~ table. Union delivers a list of demand to mgmt. The negotiation continues formally but the real negotiation takes place behind the close door. A settlement is reached by both the parties based on compromise it results in an oral agreement.

3) Agreement :

- The oral agreement alone on the process of contract negotiation is written in a formal

on paper this is known as agreement.

5) Union ratification:

- The ^{union} negotiation submit the agreement for approval from members. If voted for acceptance, the agreement is converted to a contract.

6) Contract administration / implementation:

- The written contract now becomes legally accepted at. The contract is administered by information union members and management where the implementation & monitoring of the contract is done. Management is primarily responsible for contract administration and the HR manager plays crucial role in day to day administration of contract.

Labour dispute:

- Labour disputes are differences or conflicts between workers and the employers. It can be individual dispute or collective dispute which are related to right and interest of workers.
- Dispute can be between employers and workers, between employers and employees, between workers and workers, and between employers and government. In practice most dispute are between employers and workers. It is common where union exists.

Types of dispute :

1. Right dispute: (संघर्ष विवाद)
- It is concern with implementation and application of work standards.

2. Interest dispute :

- Dispute due to conflicts of interest related to pay, benefit, condition of work etc.

3. Cause of labour dispute :

(i) Economic cause :

- Salary demands : mgmt ↓ employers ↑
- Compensation demands
- Bonus
- Working condition
- Conditions of employment

(ii) Managerial cause of dispute :

- Non-recognition of labour union.
- Lack of consultation in recruitment & development.
- Disciplinary action
- Lack of communication.

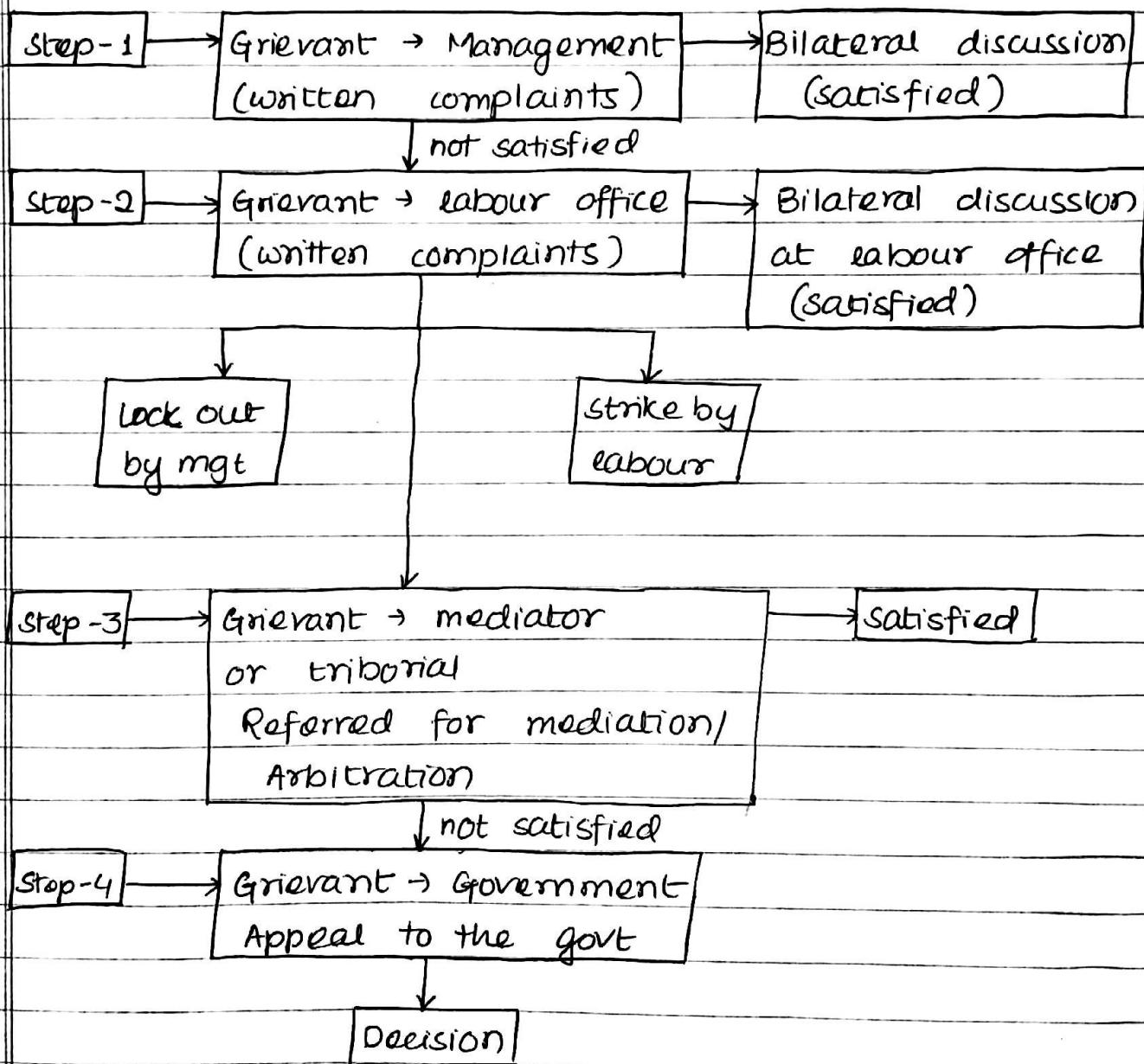
(iii) Political causes :

- Political interference
- Union rivaling
- collective bargaining
- Multiplicity of labour laws.

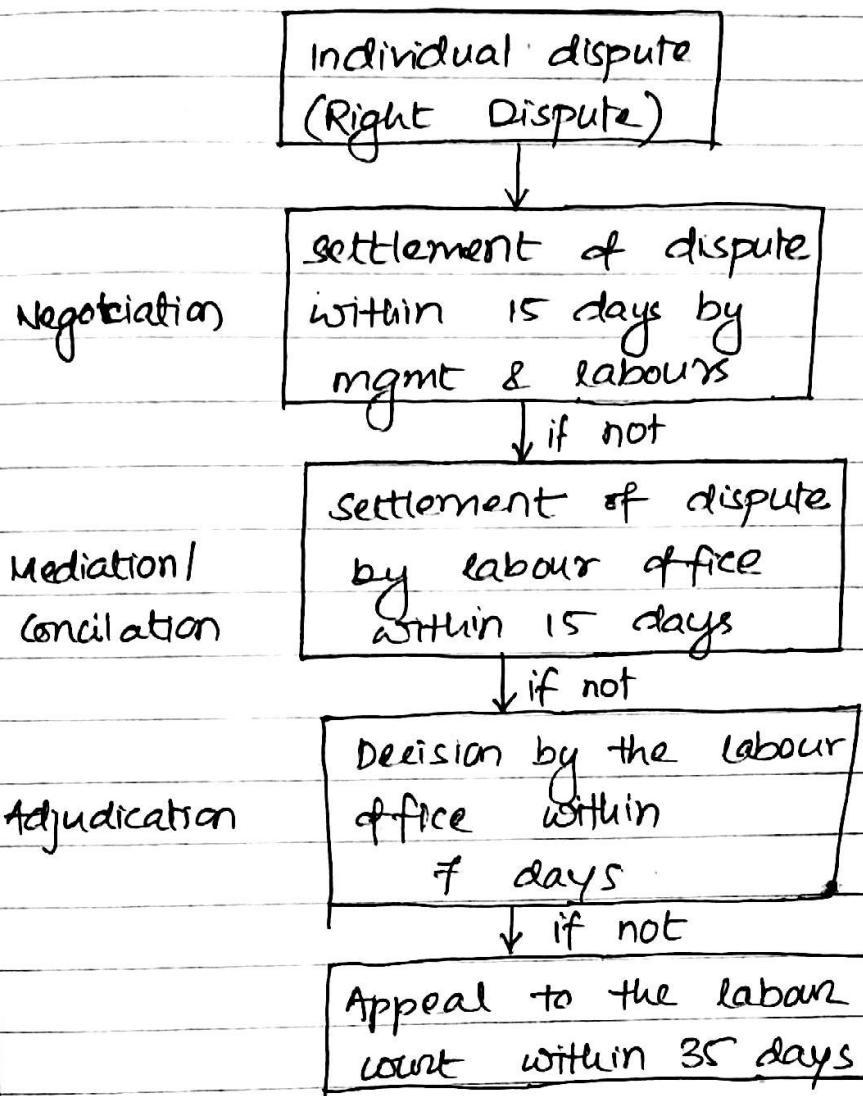
Settlement of dispute under nepalese legislation:

- Dispute settlement process in Nepal is concerned with collective dispute and individual dispute.

collective dispute - The labour act of Nepal makes the following provision for settlement of collective dispute b/w labour and management.



Individual dispute



→ word...

Conflict is POISON :

P = Perception issue

O = Outcome of behavioural interaction

I = Interpersonal

S = Situational based

O = Opposion

N = Negative as well as positive.

chapter - 6

Conflict Management.

- Disagreement between two or more individual is conflict. It is the perceive incompatible differences that result in interference or opposition.
- Conflict is not only destructive but also constructive.



* Three views of conflicts

(i) Traditional view :

- Conflict is negative so, it must be avoided.

(ii) Human relation view :

- Conflict is natural outcome in any group which is not always negative but it has potential to be positive.

(iii) Interactionist view :

- Conflict is not positive but some conflicts are absolutely necessary in any organisation / group.

* Types of conflict :

(i) Functional conflict

(ii) Dysfunctional conflict

(i) Functional conflict :

- It is related with task material method which supports goal achievement and improve the performance.

(ii) Disfunctional conflict:

- Prevents group from achieving its goal.

ABCDEF of conflict.

A = Act of opposition

B = Between two or more people, group, organisation

C = comes into play when the

D = difference in pursuing attitude, ideas, goal and objectives

E = Exist to

F = Find the best one.

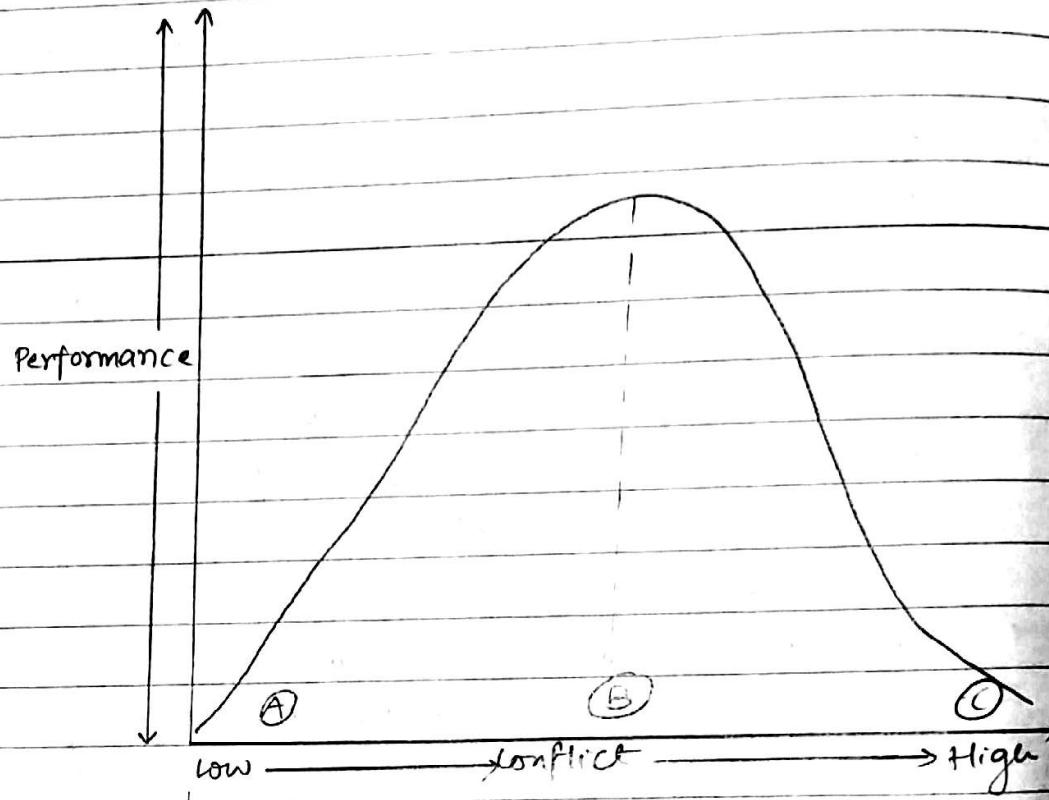
Conflict management techniques

	Forcing	collaborating
High	<p>computing = I win you lose</p> <p>Resolving conflict by satisfying ONE, own needs at the expense of another</p>	<p>Resolving conflict by seeking an advantage solution for both parties</p>

	compraising
Assertiveness	<p>We win we lose</p> <p>Both parties give up sth of value.</p>

	Avoiding	Accomodating
Co-operativeness	<p>I lose you lose</p> <p>Resolving conflict by withdrawing from or suppressing them</p>	<p>I lose you win</p> <p>Resolving conflict by placing another need & concern above your own</p>

Inp # Conflict and Group Performance :



situation	A	B	C
level of conflict	low	Moderate	High
Type of conflict	disfunctional	functional	disfunctional
Groups internal characteristics	unresponsive to self-critical & change & lack innovative	self-critical & innovative	disruptive & uncooperative
group performance	low	High	# Low

March 29.

Modes of conflict management :

1. Negotiation
2. facilitation
3. Mediation
4. Arbitration
5. Legal action

Types of conflict :

1. Intrapersonal conflict :

- It is the conflict inside the individual person.
- It arises due to frustration in work, goal conflict, role ambiguity.

2. Inter-personal conflict :

- It is the conflict between two or more people.
- It arises due to :

- (i) Personality differences
- (ii) Value norms and beliefs differences.
- (iii) Power and status
- (iv) Limitation and computation of available.
- (v) Unlimited expectation.
- (vi) Background ego
- (vii) Reciprocal computation
- (viii) In-equitable decision by management.

3. Inter-group conflict

- Conflict between two or more groups.
- It arises due to :

- (i) Work condition
- (ii) Task interdependent
- (iii) Task ambiguity.
- (iv) Differences in goal.

- (v) status struggle
- (vi) Reward.
- (vii) Organisation culture and climate.

4. Inter-organisation conflict.

Approach to conflict management:

- 1. Conflict stimulation
- 2. conflict resolution.

1) conflict stimulation :

- Use of communication
- Bringing in outsider
- Appointing a devil's advocate
- Restructuring the organisation
- other

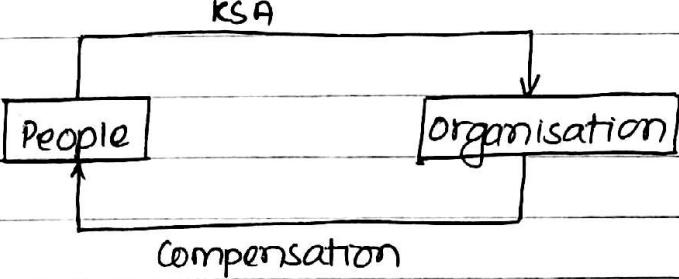
2) conflict resolution :

- Problem solving
- Super ordinate goal
- Expansion of resources.
- Avoidance technique
- Smoothing
- Compromise
- Altering human variable
- Third party resolution.
- Altering structural variable.

chapter - 4 contd... (March 15)

Compensation Management :

- Organisation are the collection of people to achieve specific objective. People use their KSA (Knowledge, skill, Attitude), energy, effort, and experience differently to achieve those objective of organisation so, what people expect from the organisation in return for using their KSA is called compensation.



Hence, compensation is the remuneration that employee receives in return for their service from organisation. It is all form of financial reward receive by employee.

Theories of compensation determination :

1) Traditional Theory :

- Market force demand and supply determines compensation.

$$D=S$$

2) Perfectly competitive market theory :

- Compensation = VMP (Value of marginal productivit)

3) Imperfect market theory :

- Compensation < VMP.

4. Efficiency wage theory.

- Efficiency = wage

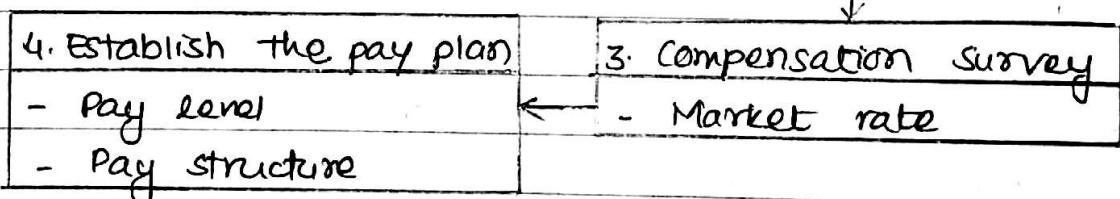
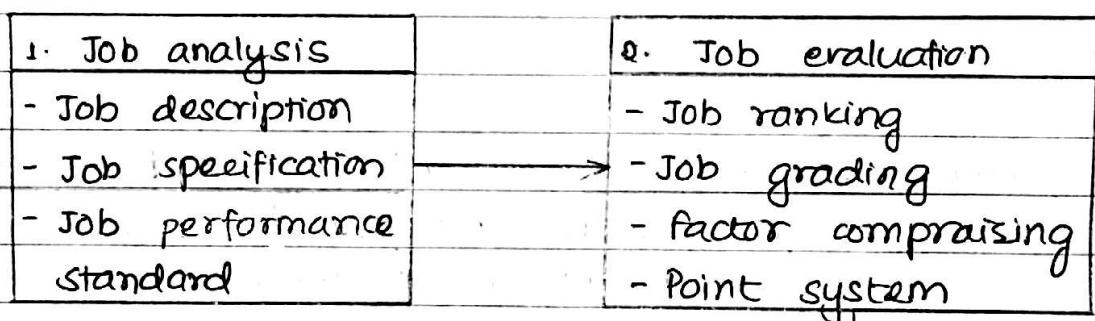
5. Subsistence theory. मासिकता Minimum जिवन निर्धारणीय गरि तल्लो बित्रौ

6. Work load theory.

7. Wage fund theory.

wage must be determined after subtracting cost from revenue.

Steps of establishing employee compensation



1. Job analysis

- Collect information about job and worker through survey, observation, decision etc.

2. Job evaluation.

- specified relative worth of each job and rank all job into hierarchy.

↳ Job ranking: Rank job from simplest to most

complex with the help of specialist.

↳ Job grading: skill effort and responsibility are used to ~~quali~~ classify the job according to grade.

↳ factor comprising & special factor are used.

↳ point system:

3. Compensation Survey:

- Provide information on prevailing market rate.

4. Establish pay plan:

- Price the job.

Types of compensation

Direct compensation	Indirect compensation
<ul style="list-style-type: none"> - incentive pay - stock option - bonus - based pay - merit pay 	<ul style="list-style-type: none"> - child care - clothings - cellular phones - flexible working schedule - old age care - insurance - laundry service - subsidized housing - paid leave - retire program.

Changing compensation strategies.

Yesterday	Today	Tomorrow
→ fixed salary	→ variable pay added to salary	→ low fixed salary & more variable pay
→ bonus for executive only	→ emerging variable pay	→ common variable pay
→ fixed benefit long tenure	→ flexible benefit	→ portable benefit
→ company based career	→ Industry based career	→ skill based career
→ Hierarchical organisation	→ flatter & team based organisation	→ Networked & virtual org ⁿ
→ cookie cutter pay plan	→ total compensation	→ customize integrated system.

A good compensation should be :

- 1) Simple to understand.
- 2) Equal pay for equal work and vice versa
- 3) Attract & retain people in organisation
- 4) Satisfy lower and higher order.
- 5) Maintain harmony between manager & employee
- 6) Consistent and comparable with what competitors are paying.
- 7) Consistent with cost of living.
- 8) Based on merit, competency, similarity, efficiency, equitable, team etc.
- 9) Flexibility and visibility in paying.

Now a days greater recognition of employee capability not just their job & budgetary responsibility should be considered.

March 30

Date: _____ Page: _____

Organisation structure and design :

- Organisation structure defines how job tasks are formally divided, grouped and co-ordinated.
- It is the formal arrangement of job within an organisation.

Purposes of organising :

1. Divide the work into specific jobs and department.
work = Σ Jobs
2. Assign task and responsibility with individual jobs.
3. Co-ordinate diverse organisational tasks.
4. Clustered job into units
 \hookrightarrow (all are same)
5. Establish relationship among individual, groups and department.
6. Establish formal lines of authority.
7. Allocate and deploy organisational resources.

The organizational structure can be shown visually as organisational chart. When manager create or change structure, they are engaged in organisational design (OD). OD is the ~~desig~~ decision about following six key elements:

1. Work specialization:

Degree to which task in an organisation are sub-divided. An entire work activity is not done by individual but broken down into pieces and completed by different person. Individual employee specialize in doing part of an activity rather than the entire activity to increase the output.

Earlier view	Drivers	Todays view
Never ending source of increasing productivity	Boredom , fatigue, stress, poor quality , absenteeism, turnover	only option but not a straight formula to increase productivity

2. Departmentalization :

It is the basis on which jobs are grouped together. The five common forms of departmentalization.

(i) functional departmentalization:

Groups job according to functions.

(ii) Geographical departmentalization:

Groups job according to geographical region.

(iii) Product departmentalization:

Groups job by product line.

(iv) Process departmentalization:

Groups job on the basis of process flow

(v) customer departmentalization:

Groups specific and unique customer who have common needs.

Earlier view	Drivers	Today's view
More inclined toward functional & geographical departmentalization	- Demanding the customer needs & specialized product	High focus on customer and process departmentalization

March 31

3. Chain of command:

- It is the line of authority extending from upper organisation level to lower organisation in which clarify who report to whom.

Earlier view	Driver
High and strong focus on chain of command	- High need of transparency and share info.
	Todays view
	- self monitoring & collective responsibility

4. Span of control

The no. of employee a manager can efficiently and effectively direct.

Earlier view	Drivers	Todays view
Narrow span of control	- Increase cost of supervision, IT and skilled subordinates	→ wider span of control.

Higher will be span of control, less requirement

of manager.

5. Centralization and Decentralization.

- It is the relative term not an absolute that is organisation is never completely centralized and decentralized.

Earlier view	EVOLUTION	Drivers
<ul style="list-style-type: none"> - more towards centralize 		<ul style="list-style-type: none"> - complexity - capability - openness - globalization
		Todays view more towards decentralize

6. Formalization:

It refers to

- How standardized an organisations jobs are
- Extended to which employee behaviours are guided by rules or procedure.

Earlier view	Driver	Todays view
High on formalization	Result oriented, need for flexibility, retention of talent	low on formalization.

8 Common Organisational Design.

A. Traditional Organisation Design.

1. Simple structure.
2. Functional structure
3. Divisional structure

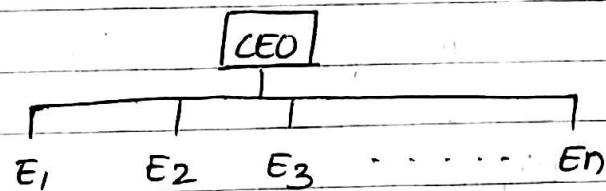
B. Contemporary organisation Design.

1. Team structure.
2. Matrix structure
3. Boundaryless structure

A) Traditional Organisation Design.

1) Simple structure:

- Most companies start as simple structure.
- It is organisational design with low departmentalization, wider span of control, highly centralized authorized structure and little formalization.
- A simple, simple structure can be seen in common schools, with one headmaster and other subject teachers.

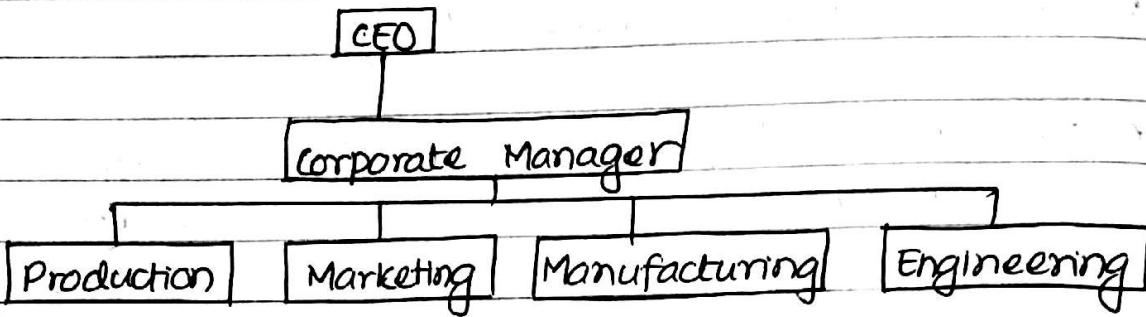


Strength: fast, flexible, inexpensive to maintain, clear accountability, quick decision making

Weakness: Reliance on only one person, not applicable when organisation grows, most risky.

2) Functional structure:

- It is an organisation design (OD) that groups similar or related occupational specialist together.



Strength :- cost saving advantage from specialization

- economies of scale
- minimum duplication of people and resource
- similar skilled employee grouped together

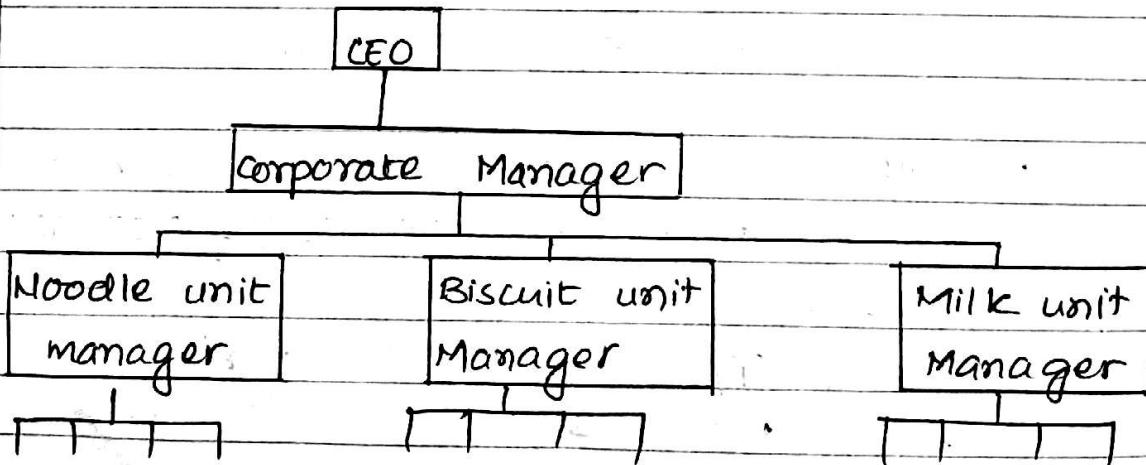
3) Divisional structure:

- An organisational structure made up of separate, semi-autonomous units or division.

It can be done on the basis of

(i) Product structure :

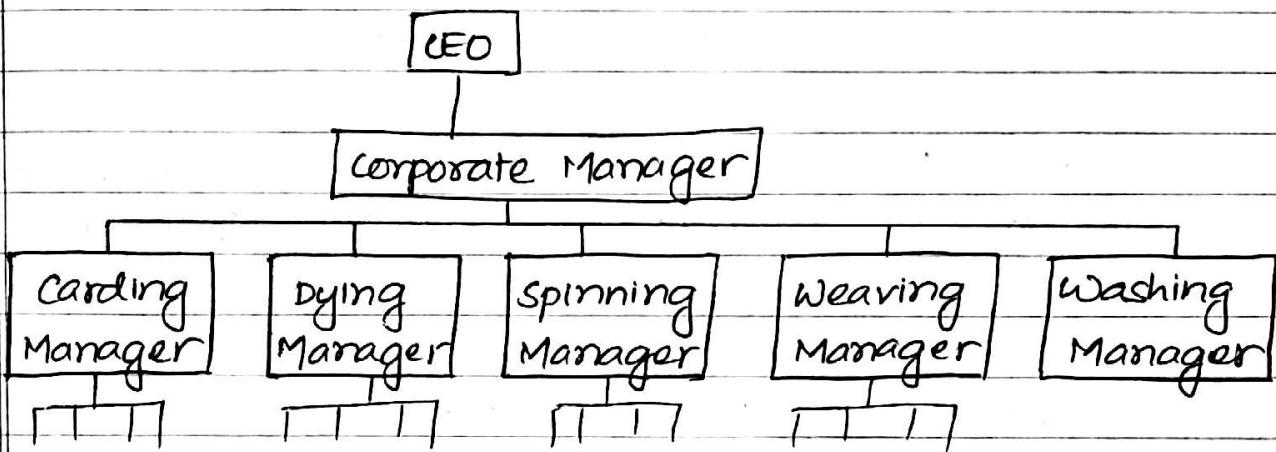
Groups job by product line.



if

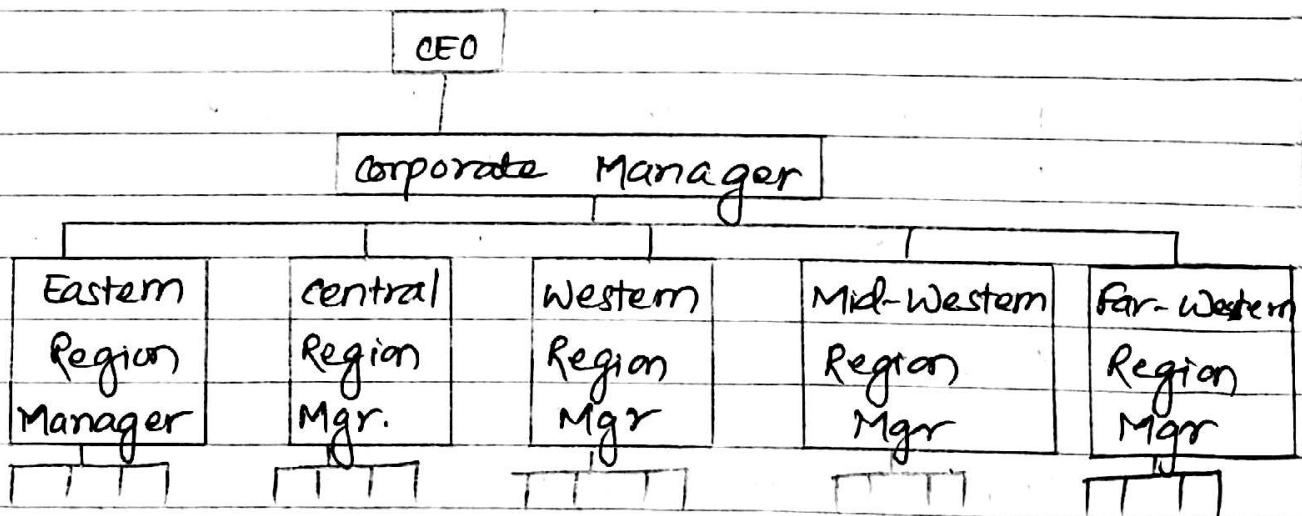
(ii) Process structure :

- Groups job on the basis of product or customer flow.
- A common example of process structure can be found in garbage industry which is shown below:



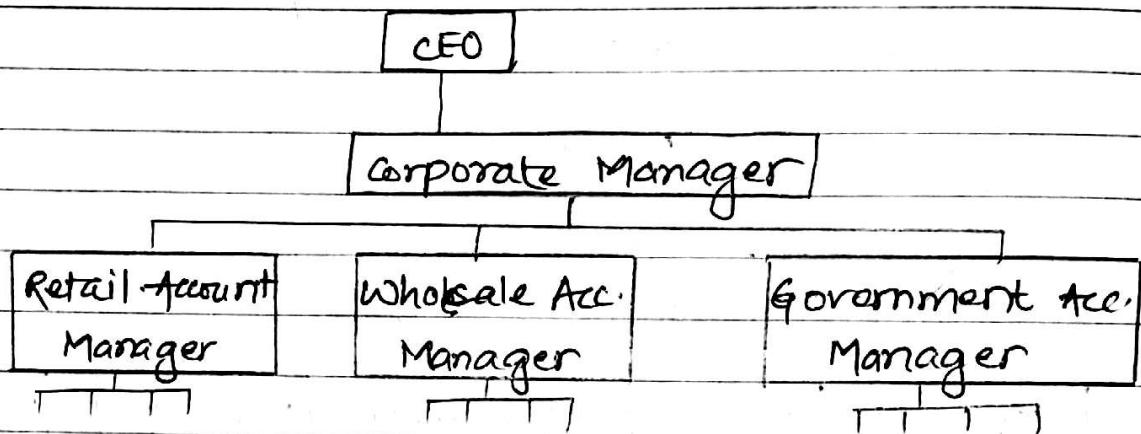
(iii) Geographical structure

- Groups job according to geographical region.



(iv) customer structure :

- Groups job on the basis of specific and unique customer who have common needs



Strengths of Divisional structure :

- Quick Decision
- Clear Responsibility
- Easy Monitoring & Evaluation
- Economical Skill
- Easy to fulfill local customer needs
- Environmental Adaptability.

Weakness of Divisional structure :

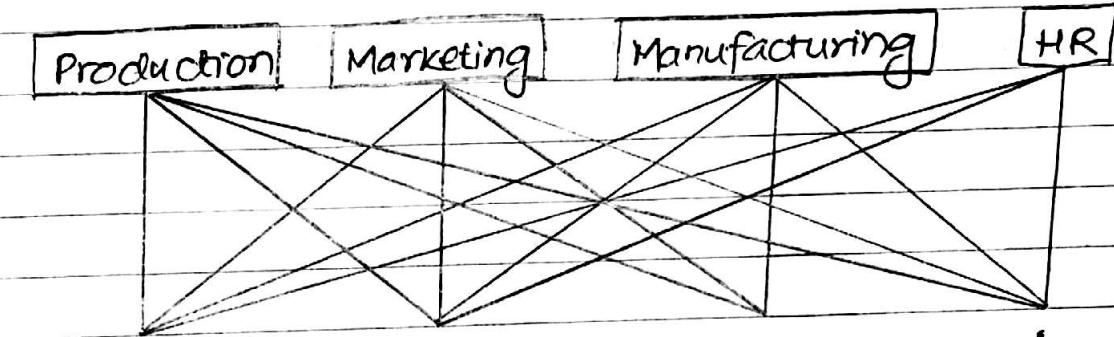
- High chance of conflict
- Resource Duplication
- Costly
- functional Duplication
- Lack of co-ordination
- Lack of inter-regional / inter-geographic coordination
- Difficult to control by top management

B) Contemporary organisational Design :

- For today's increasingly dynamic and complex environment, traditional OB are not appropriate, modern organisation need to be lean, flexible and innovative so that they need to be more organic.

1) Team structure :

- A structure in which the entire organisation is made up of the work group or teams.



- Manager (Team)
- Subordinates

Advantages :

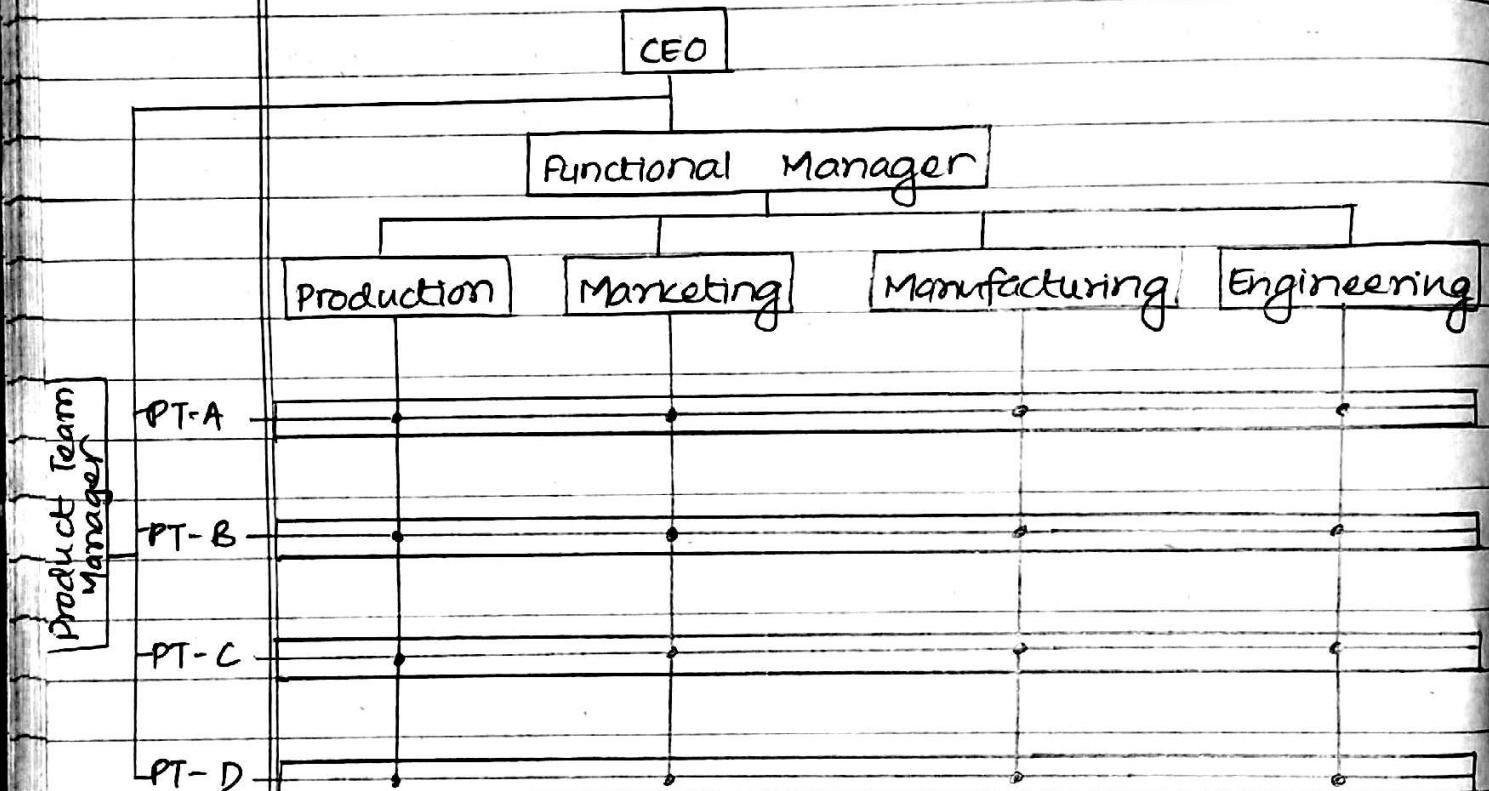
- Reduce barrier in functional area.
- More empowered employee
- Knowledge sharing

Disadvantages :

- No clear chain of command.
- Pressure on team
- Inter-team conflict

Q) Matrix structure :

- It is also called project structure, grid structure, multiple command structure. Here, both horizontal and vertical flow of authority and communication hence, it is called matrix structure.
- It is the most complex structure among all.



PT = Product team

• = Two boss employee

This structure assigns specialist from different functional area to work on project who return to their areas after completion of project. As one project completes, employees move to the next project. Generally, it is temporary in nature.

Advantages:

- fluid and flexible design.
- quick Decision Making.
- Environmental Adaptation
- Good learning environment
- Diverse specialist to solve the problem.
- Clear objectives
- Easy shutting down of the project
- functional resource are shared instead of duplication
- Employee can see direct result

Disadvantages:

- costly
- Co-ordination problem
- violation of unity of command i.e. conflicting orders from CEO and product team manager.

Boundaryless structure:

- An organisation whose design is not defined by or limited to the horizontal, vertical and external boundaries imposed by a predefined structure. It includes virtual and network type organisation where there is no chain of command and computer (internet) links the people.

Advantages:

- flexible
- responsive
- quick decision making
- utilized talent wherever found

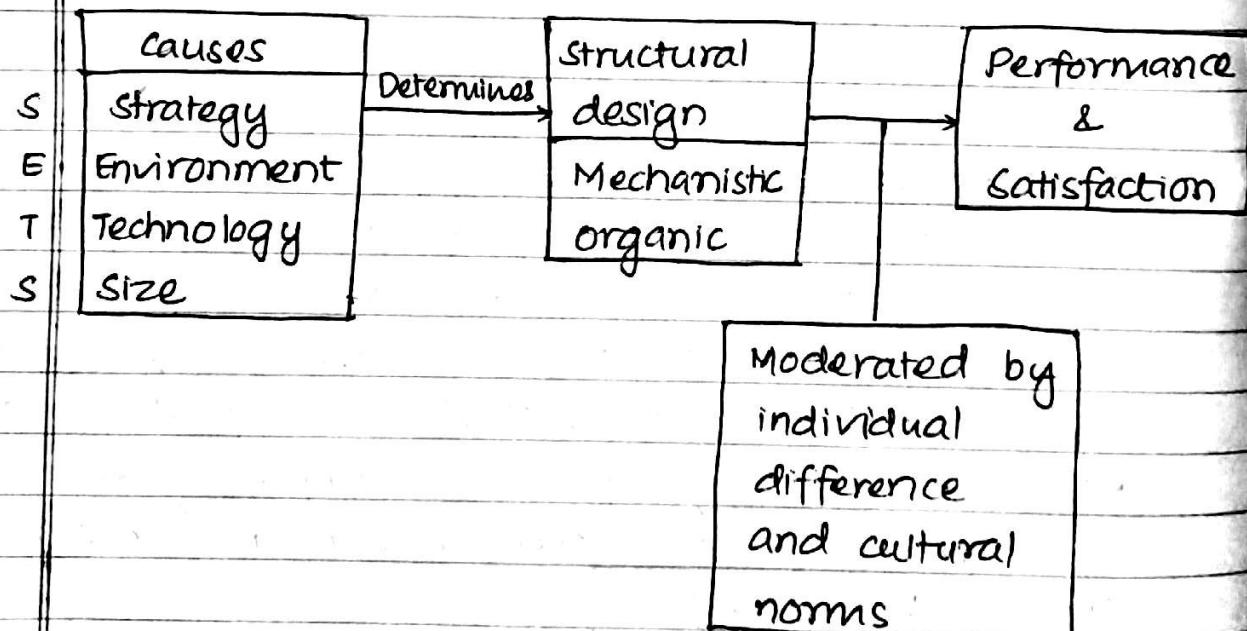
Disadvantages:

- Lack of control
- Gathering and meeting conduction problem
- Communication Problem.

Therefore, ~~whatever~~ whatever structure the manager chooses, the design should help employee to do their work in best and most efficient and effective way they can. The organisational structure is simply means to ends.

April 3

Why organisation structure differs?



1. Strategy of structure.

Certain structure design work best with different strategies i.e.

(i) Innovative strategies

- ↳ for organic

(ii) Cost minimization strategy

- ↳ for mechanistic mechanism.

(iii) Imitation strategy.

- ↳ for both.

2. Environment:

Simple and stable environment → mechanistic str.

Unstable, dynamic & uncertain environment → organic str.

3. Size and strategy :

Large organisation (More specialization, departmentalization, more vertical) → mechanistic str.

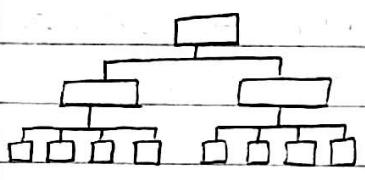
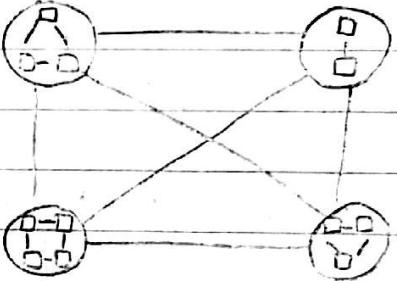
Small organisation (Less specialization, less departmentalization, flat)

4. Technology :

Every organisation use technology to convert input to output. The more routined the technology, more mechanistic structure will be.

	Unit Production	Mass production	Process production
Structural characteristics	Low vertical differentiation	Moderate vertical differentiation	High vertical differentiation
Stress	Low horizontal differentiation	High horizontal differentiation	Low horizontal differentiation
Best str	Low formalization organic	High formalization Mechanic	High formalization organic

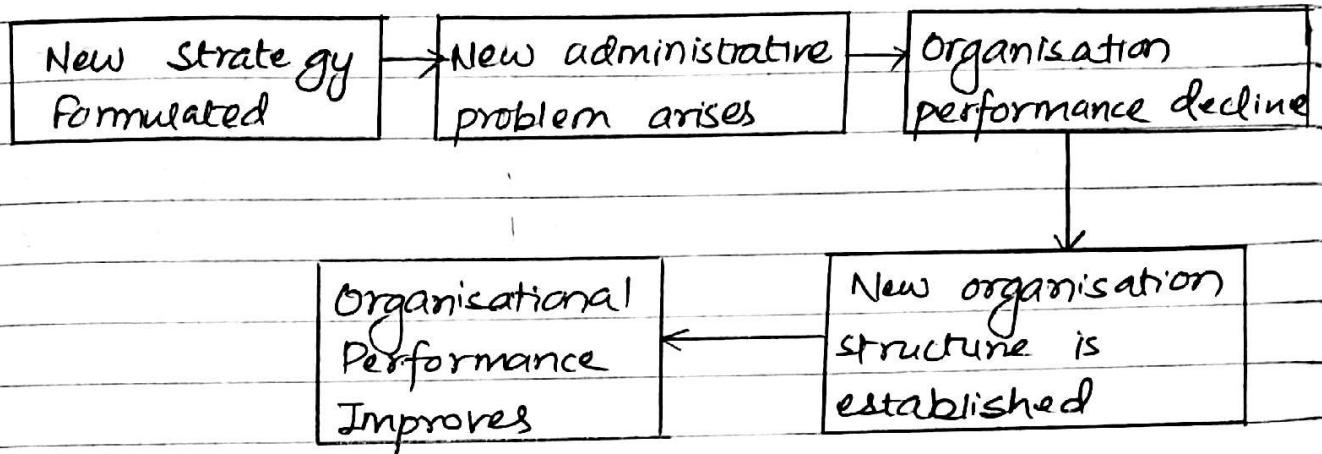
Mechanic vs organic Model.

Mechanic structure	Organic structure.
<ol style="list-style-type: none"> 1. High specialization, centralization and formalization. 2. Rigid departmentalization 3. Narrow span of control 4. Clear chain of command 	<ol style="list-style-type: none"> 1. cross functional team, decentralization and low formalization. 2. Cross hierarchical team 3. Wide span of control 4. Free flow of information. 

Earlier view	Drivers
More and more mechanistic	Lean, fast and flexible org global competition, product innovation, high quality product and quick delivery time.
Todays view. More and more organic	

April 6

Strategy Structure Relationship:



Organisational life and strategy structure relationship:

Stage	strategy	structure
Birth	concentration	Simple
growth	Integration	functional
Maturity	Diversification	Divisional
Decline	Retrenchment	Consolidation
Death	Liquidation	Dismemberment

Environment effect to organisation:

If env. is	stable	dynamic
1. Task	specialized	shared
2. Integrated role	Few	Many
3. Authority	Hierachial	Expertised
4. Rules and procedure	Many, written	Few, oral
5. communication	vertical	Horizontal

Chain of command	clear	free
Span of control	Narrow	Wide
Decision making	centralized	Decentralized
Formalization	High	Low
Objectives	Efficiency	Adaptability
Ideal structure	Mechanistic	Organic

Approaches to organisation :

1. Classical approach:

- Organisation is like a machine and employee are the part of that machine.

2. Behavioural approach :

- It is human focused approach whose notion is that human role behaviour status, norms, identity play the major role.

3. Contingency approach:

- Situational .