SCHOOL OF ELECTRICAL AND ELECTRONICS

DEPARTMENT OF ELECTRICAL AND ELECTRONICS ENGINEERING

UNIT II – PRINCIPLES OF MANAGEMENT AND PROFESSIONAL ETHICS – SBAA4002

UNIT – 2 PLANNING , DECISION MAKING AND ORGANISING

Nature and purpose of Planning, types of Planning, objectives, setting objectives, policies, Strategic Management, Planning Tools and Techniques, Decision making steps & processes. Nature and purpose of Organizing, formal and informal organization, organization structure, types, line and staff authority, departmentalization, delegation of authority, centralization and Decentralization, job design.

PLANNING

➕ Definition of planning

Planning is deciding in advance what to do and how to do. It is one of the basic managerial functions. Planning involves selecting missions and objectives and deciding on the actions to achieve them; it requires decision making, that is, choosing a course of action from among alternatives

Planning bridges the gap from where we are to where we want to go.

➕ Nature of Planning

1. Planning is goal-oriented:
Every plan must contribute in some positive way towards the accomplishment of group objectives. Planning has no meaning without being related to goals.

2. Primacy of Planning:
Planning is the first of the managerial functions. It precedes all other management functions.

3. Pervasiveness of Planning:
Planning is found at all levels of management. Top management looks after strategic planning. Middle management is in charge of administrative planning. Lower management has to concentrate on operational planning.

4. Efficiency, Economy and Accuracy:
Efficiency of plan is measured by its contribution to the objectives as economically as possible. Planning also focuses on accurate forecasts.

5. Co-ordination:
Planning co-ordinates the what, who, how, where and why of planning. Without co-ordination of all activities, we cannot have united efforts.

6. Limiting Factors:
A planner must recognize the limiting factors (money, manpower etc) and formulate plans in the light of these critical factors.

7. Flexibility:
The process of planning should be adaptable to changing environmental conditions.

8. Planning is an intellectual process:
The quality of planning will vary according to the quality of the mind of the manager.

➕ Purpose of Planning

As a managerial function planning is important due to the following reasons:-

1. **To manage by objectives:** All the activities of an organization are designed to achieve certain specified objectives. However, planning makes the objectives more concrete by focusing attention on them.

2. **To offset uncertainty and change:** Future is always full of uncertainties and changes. Planning foresees the future and makes the necessary provisions for it.

3. **To secure economy in operation:** Planning involves, the selection of most profitable course of action that would lead to the best result at the minimum costs.

4. **To help in co-ordination:** Co-ordination is, indeed, the essence of management, the planning is the base of it. Without planning it is not possible to co-ordinate the different activities of an organization.

5. **To make control effective:** The controlling function of management relates to the comparison of the planned performance with the actual performance. In the absence of plans, a management will have no standards for controlling other's performance.

6. **To increase organizational effectiveness:** Mere efficiency in the organization is not important; it should also lead to productivity and effectiveness. Planning enables the manager to measure the organizational effectiveness in the context of the stated objectives and take further actions in this direction.

🞣 PLANNING PROCESS

The various steps involved in planning are given below
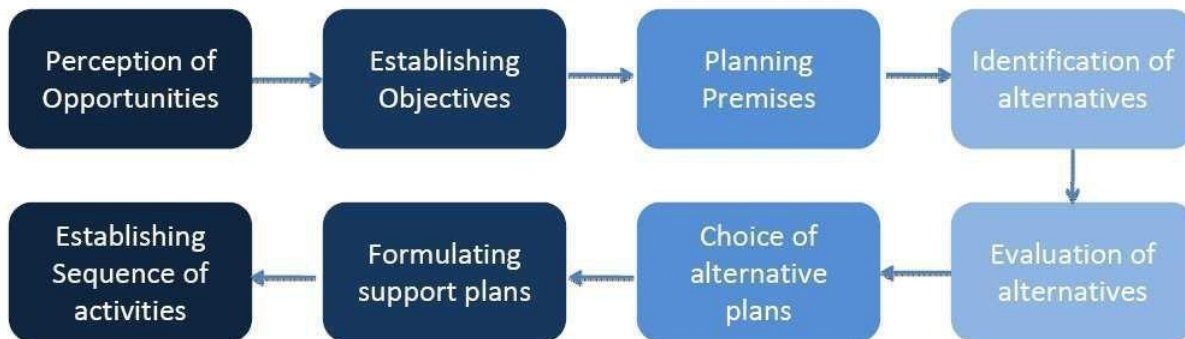
Planning Process

a) Perception of Opportunities:
Although preceding actual planning and therefore not strictly a part of the planning process, awareness of an opportunity is the real starting point for planning. It includes a preliminary look at possible future opportunities and the ability to see them clearly and completely, knowledge of where we stand in the light of our strengths and weaknesses, an understanding of why we wish to solve uncertainties, and a vision of what we expect to gain. Setting realistic objectives depends on this awareness. Planning requires realistic diagnosis of the opportunity situation.

b) Establishing Objectives:
The first step in planning itself is to establish objectives for the entire enterprise and then for each subordinate unit. Objectives specifying the results expected indicate the end points of what is to be done, where the primary emphasis is to be placed, and what is to be accomplished by the network of strategies, policies, procedures, rules, budgets and programs.

Enterprise objectives should give direction to the nature of all major plans which, by reflecting these objectives, define the objectives of major departments. Major department objectives, in turn, control the objectives of subordinate departments, and so on down the line. The objectives of lesser departments will be better framed, however, if subdivision managers understand the overall enterprise objectives and the implied derivative goals and if they are given an opportunity to contribute their ideas to them and to the setting of their own goals.

c) Considering the Planning Premises:

Another logical step in planning is to establish, obtain agreement to utilize and disseminate critical planning premises. These are forecast data of a factual nature, applicable basic policies, and existing company plans. Premises, then, are planning assumptions – in other words, the expected environment of plans in operation. This step leads to one of the major principles of planning. The more individuals charged with planning understand and agree to utilize consistent planning premises, the more coordinated enterprise planning will be. Planning premises include far more than the usual basic forecasts of population, prices, costs, production, markets, and similar matters. Because the future environment of plans is so complex, it would not be profitable or realistic to make assumptions about every detail of the future environment of a plan. Since agreement to utilize a given set of premises is important to coordinate planning, it becomes a major responsibility of managers, starting with those at the top, to make sure that subordinate managers understand the premises upon which they are expected to plan. It is not unusual for chief executives in well- managed companies to force top managers with differing views, through group deliberation, to arrive at a set of major premises that all can accept.

d) Identification of alternatives:

Once the organizational objectives have been clearly stated and the planning premises have been developed, the manager should list as many available alternatives as possible for reaching those objectives. The focus of this step is to search for and examine alternative courses of action, especially those not immediately apparent. There is seldom a plan for which reasonable alternatives do not exist, and quite often an alternative that is not obvious proves to be the best. The more common problem is not finding alternatives, but reducing the number of alternatives so that the most promising may be analyzed. Even with mathematical techniques and the computer, there is a limit to the number of alternatives that may be examined. It is therefore usually necessary for the planner to reduce by preliminary examination the number of alternatives to those promising the most fruitful possibilities or by mathematically eliminating, through the process of approximation, the least promising ones.

e) Evaluation of alternatives

Having sought out alternative courses and examined their strong and weak points, the following step is to evaluate them by weighing the various factors in the light of premises and goals. One course may appear to be the most profitable but require a large cash outlay and a slow payback; another may be less profitable but involve less risk; still another may better suit the company in long–range objectives. If the only objective were to examine profits in a certain business immediately, if the future were not uncertain, if cash position and capital availability were not worrisome, and if most factors could be reduced to definite data, this evaluation should be relatively easy. But typical planning is replete with uncertainties, problems of capital shortages, and intangible factors, and so evaluation is usually very difficult, even with relatively simple problems. A company may wish to enter a new product line primarily for purposes of prestige; the forecast of expected results may show a clear financial loss, but the question is still open as to whether the loss is worth the gain.

f) Choice of alternative plans

An evaluation of alternatives must include an evaluation of the premises on which the alternatives are based. A manager usually finds that some premises are unreasonable and can therefore be excluded from further consideration. This elimination process helps the manager determine which alternative would best accomplish organizational objectives.

g) Formulating of Supporting Plans

After decisions are made and plans are set, the final step to give them meaning is to numberize them by converting them to budgets. The overall budgets of an enterprise represent the sum total of income and expenses with resultant profit or surplus and budgets of major balance– sheet items such as cash and capital expenditures. Each department or program of a business or other enterprise can have its own budgets, usually of expenses and capital expenditures, which tie into the overall budget. If this process is done well, budgets become a means of adding together the various plans and also important standards against which planning progress can be measured.

h)Establishing sequence of activities

Once plans that furnish the organization with both long-range and short-range direction have been developed, they must be implemented. Obviously, the organization can not directly benefit from planning process until this step is performed

Types of planning
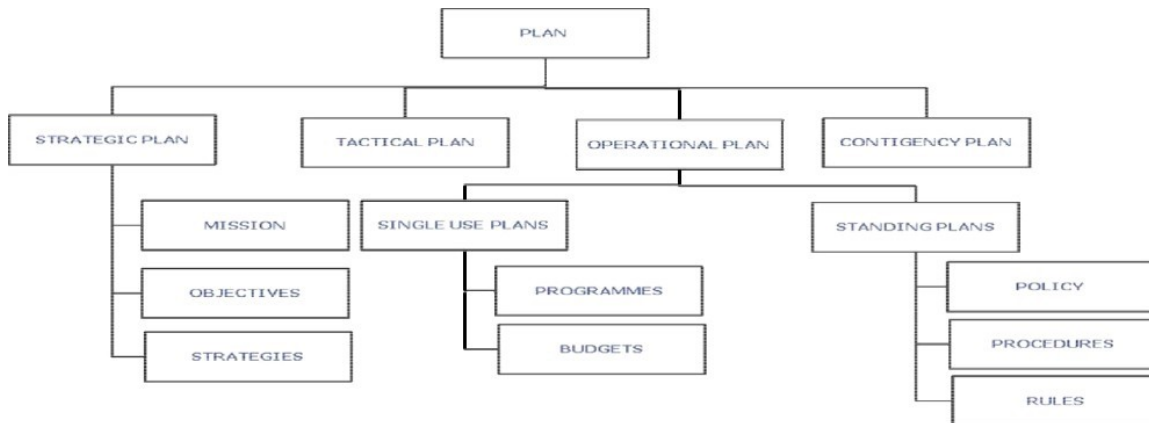
Plans can be broadly classified as
a) Strategic plans
b) Tactical plans
c) Operational plans

Operational plans lead to the achievement of tactical plans, which in turn lead to the attainment of strategic plans. In addition to these three types of plans, managers should also develop a contingency plan in case their original plans fail.

a) STRATEGIC PLANS:
A strategic plan is an outline of steps designed with the goals of the entire organization as a whole in mind, rather than with the goals of specific divisions or departments. It is further classified as
i) Mission:
The mission is a statement that reflects the basic purpose and focus of the organization which normally remain unchanged. The mission of the company is the answer of the question : why does the organization exists? Properly crafted mission statements serve as filters to separate what is important from what is not, clearly state which markets will be served and how, and communicate a sense of intended direction to the entire organization.
Mission of Ford: "we are a global, diverse family with a proud inheritance, providing exceptional products and services"

ii) Objectives or goals:

Both goal and objective can be defined as statements that reflect the end towards which the organization is aiming to achieve. However, there are significant differences between the two. A goal is an abstract and general umbrella statement, under which specific objectives can be clustered. Objectives are statements that describe—in precise, measurable, and obtainable terms which reflect the desired organization's outcomes.

iii) Strategies:

Strategy is the determination of the basic long term objectives of an organization and the adoption of action and collection of action and allocation of resources necessary to achieve these goals. Strategic planning begins with an organization's mission. Strategic plans look ahead over the next two, three, five, or even more years to move the organization from where it currently is to where it wants to be. Requiring multilevel involvement, these plans demand harmony among all levels of management within the organization. Top-level management develops the directional objectives for the entire organization, while lower levels of management develop compatible objectives and plans to achieve them. Top management's strategic plan for the entire organization becomes the framework and sets dimensions for the lower level planning.

b) TACTICAL PLANS:

A tactical plan is concerned with what the lower level units within each division must do, how they must do it, and who is in charge at each level. Tactics are the means needed to activate a strategy and make it work. Tactical plans are concerned with shorter time frames and narrower scopes than are strategic plans. These plans usually span one year or less because they are considered short-term goals. Long-term goals, on the other hand, can take several years or more to accomplish. Normally, it is the middle manager's responsibility to take the broad strategic plan and identify specific tactical actions.

c) OPERATIONAL PLANS

The specific results expected from departments, work groups, and individuals are the operational goals. These goals are precise and measurable. "Process 150 sales applications each week" or "Publish 20 books this quarter" are examples of operational goals. An operational plan is one that a manager uses to accomplish his or her job responsibilities. Supervisors, team leaders, and facilitators develop operational plans to support tactical plans . Operational plans can be a single-use plan or a standing plan.

i) Single-use plans apply to activities that do not recur or repeat. A one-time occurrence, such as a special sales program, is a single-use plan because it deals with the who, what, where, how, and how much of an activity.

¬ **Programme**: Programme consists of an ordered list of events to be followed to execute a project.

¬ **Budget**: A budget predicts sources and amounts of income and how much they are used for a specific project.

ii) Standing plans are usually made once and retain their value over a period of years while undergoing periodic revisions and updates. The following are examples of ongoing plans:

¬ **Policy**: A policy provides a broad guideline for managers to follow when dealing with important areas of decision making. Policies are general statements that explain how a manager should attempt to handle routine management responsibilities.

Typical human resources policies, for example, address such matters as employee hiring, terminations, performance appraisals, pay increases, and discipline.

¬ **Procedure**: A procedure is a set of step-by-step directions that explains how activities or tasks are to be carried out. Most organizations have procedures for purchasing supplies and equipment, for example. This procedure usually begins with a supervisor completing a purchasing requisition. The requisition is then sent to the next level of management for approval. The approved requisition is forwarded to the purchasing department. Depending on the amount of the request, the purchasing department may place an order, or they may need to secure quotations and/or bids for several vendors before placing the order. By defining the steps to be taken and the order in which they are to be done, procedures provide a standardized way of responding to a repetitive problem.

¬ **Rule**: A rule is an explicit statement that tells an employee what he or she can and cannot do. Rules are ―do‖ and ―don't‖ statements put into place to promote the safety of employees and the uniform treatment and behavior of employees. For example, rules about tardiness and absenteeism permit supervisors to make discipline decisions rapidly and with a high degree of fairness.

d) CONTINGENCY PLANS

Intelligent and successful management depends upon a constant pursuit of adaptation, flexibility, and mastery of changing conditions. Strong management requires a ―keeping all options open‖ approach at all times — that's where contingency planning comes in. Contingency planning involves identifying alternative courses of action that can be implemented if and when the original plan proves inadequate because of changing circumstances. Keep in mind that events beyond a manager's control may cause even the most carefully prepared alternative future scenarios to go awry. Unexpected problems and events frequently occur. When they do, managers may need to change their plans. Anticipating change during the planning process is best in case things don't go as expected. Management can then develop alternatives to the existing plan and ready them for use when and if circumstances make these alternatives appropriate.

✛ OBJECTIVES

Objectives may be defined as the goals which an organisation tries to achieve. Objectives are described as the end- points of planning. According to Koontz and O'Donnell, "an objective is a term commonly used to indicate the end point of a management programme." Objectives constitute the purpose of the enterprise and without them no intelligent planning can take place.

Objectives are, therefore, the ends towards which the activities of the enterprise are aimed. They are present not only the end-point of planning but also the end towards which organizing, directing and controlling are aimed. Objectives provide direction to various activities. They also serve as the benchmark of measuring the efficiency and effectiveness of the enterprise. Objectives make every human activity purposeful. Planning has no meaning if it is not related to certain objectives.

Features of Objectives
• The objectives must be predetermined.
• A clearly defined objective provides the clear direction for managerial effort.

• Objectives must be realistic.
• Objectives must be measurable.
• Objectives must have social sanction.
• All objectives are interconnected and mutually supportive.
• Objectives may be short-range, medium-range and long-range.
• Objectives may be constructed into a hierarchy.

Advantages of Objectives
• Clear definition of objectives encourages unified planning.
• Objectives provide motivation to people in the organization.
• When the work is goal-oriented, unproductive tasks can be avoided.

• Objectives provide standards which aid in the control of human efforts in an organization.
• Objectives serve to identify the organization and to link it to the groups upon which its existence depends.
• Objectives act as a sound basis for developing administrative controls.
• Objectives contribute to the management process: they influence the purpose of the organization, policies, personnel, leadership as well as managerial control

🔸 Process of Setting Objectives

Objectives are the keystone of management planning. It is the most important task of management. Objectives are required to be set in every area which directly and vitally effects the survival and prosperity of the business. In the setting of objectives, the following points should be borne in mind.
• Objectives are required to be set by management in every area which directly and vitally affects the survival and prosperity of the business.
• The objectives to be set in various areas have to be identified.
• While setting the objectives, the past performance must be reviewed, since past performance indicates what the organization will be able to accomplish in future.
• The objectives should be set in realistic terms i.e., the objectives to be set should be reasonable and capable of attainment.
• Objectives must be consistent with one and other.
• Objectives must be set in clear-cut terms.
• For the successful accomplishment of the objectives, there should be effective communication.

🔸 MANAGEMENT BY OBJECTIVES (MBO)

MBO was first popularized by Peter Drucker in 1954 in his book 'The practice of Management'. It is a process of agreeing within an organization so that management and employees buy into the objectives and understand what they are. It has a precise and written description objectives ahead, timelines for their motoring and achievement.

The employees and manager agree to what the employee will attempt to achieve in a period ahead and the employee will accept and buy into the objectives.

Definition

–MBO is a process whereby the superior and the mangers of an organization jointly identify its common goals, define each individual's major area of responsibility in terms of

results expected of him, and use these measures as guides for operating the unit and assessing the contribution of each of its members.‖

Features of MBO

1. MBO is concerned with goal setting and planning for individual managers and their units.

2. The essence of MBO is a process of joint goal setting between a supervisor and a subordinate.

3. Managers work with their subordinates to establish the performance goals that are consistent with their higher organizational objectives.

4. MBO focuses attention on appropriate goals and plans.

5. MBO facilitates control through the periodic development and subsequent evaluation of individual goals and plans.

Steps in MBO:
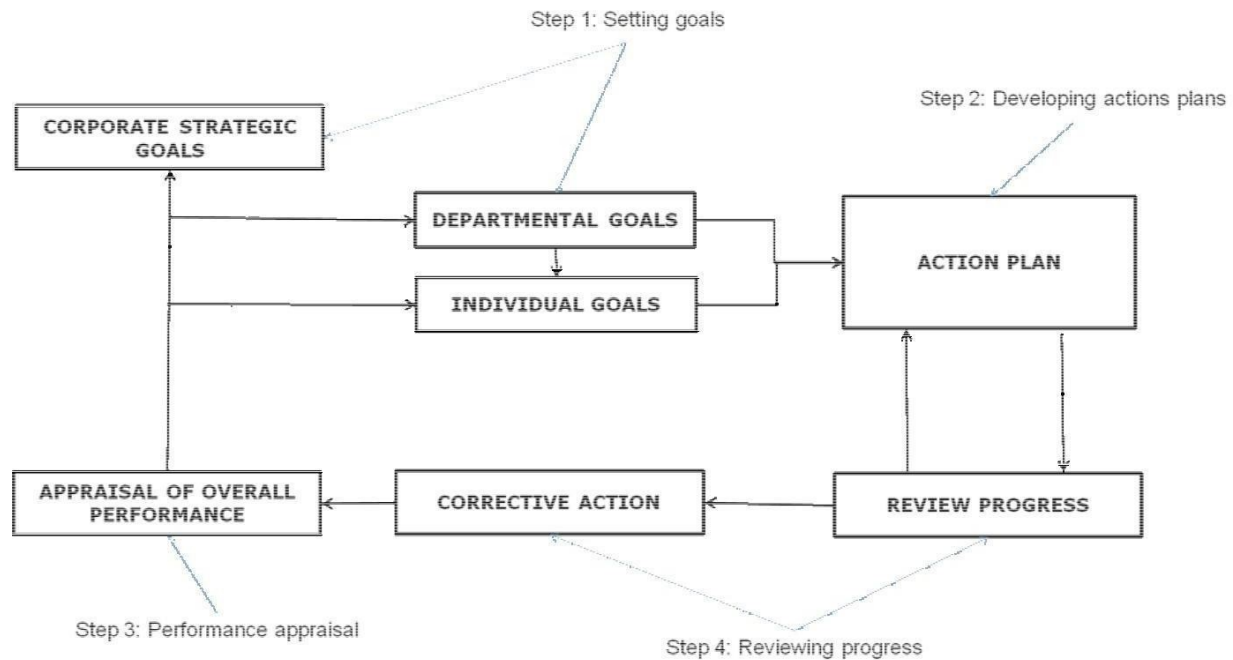
The typical MBO process consists of:

1)   Establishing a clear and precisely defined statement of objectives for the employee

2)   Developing an action plan indicating how these objectives are to be achieved

3)   Reviewing the performance of the employees

4)   Appraising performance based on objective achievement

1) Setting objectives:

For Management by Objectives (MBO) to be effective, individual managers must understand the specific objectives of their job and how those objectives fit in with the overall company objectives set by the board of directors.

The managers of the various units or sub-units, or sections of an organization should know not only the objectives of their unit but should also actively participate in setting these objectives and make responsibility for them.

Management by Objective (MBO) systems, objectives are written down for each level of the organization, and individuals are given specific aims and targets. Managers need to identify and set objectives both for themselves, their units, and their organizations.

2) Developing action plans

Actions plans specify the actions needed to address each of the top organizational issues and to reach each of the associated goals, who will complete each action and according to what timeline. An overall, top-level action plan that depicts how each strategic goal will be reached is developed by the top level management. The format of the action plan depends on the objective of the organization.

3) Reviewing Progress:

Performance is measured in terms of results. Job performance is the net effect of an employee's effort as modified by abilities, role perceptions and results produced. Effort refers to the amount of energy an employee uses in performing a job. Abilities are personal characteristics used in performing a job and usually do not fluctuate widely over short periods of time. Role perception refers to the direction in which employees believe they should channel their efforts on their jobs, and they are defined by the activities and behaviors they believe are necessary.

4) Performance appraisal:

Performance appraisals communicate to employees how they are performing their jobs, and they establish a plan for improvement. Performance appraisals are extremely important to both employee and employer, as they are often used to provide predictive information related to possible promotion. Appraisals can also provide input for determining both individual and organizational training and development needs. Performance appraisals encourage performance improvement. Feedback on behavior, attitude, skill or knowledge clarifies for employees the job expectations their managers hold for them. In order to be effective, performance appraisals must be supported by documentation and management commitment.

Advantages

Motivation – Involving employees in the whole process of goal setting and increasing employee empowerment. This increases employee job satisfaction and commitment.

- Better communication and Coordination – Frequent reviews and interactions between superiors and subordinates helps to maintain harmonious relationships within the organization and also to solve many problems.
- Clarity of goals

- Subordinates have a higher commitment to objectives they set themselves than those imposed on them by another person.

- Managers can ensure that objectives of the subordinates are linked to the organization's objectives.

Limitations

There are several limitations to the assumptive base underlying the impact of managing by objectives, including:

- It over-emphasizes the setting of goals over the working of a plan as a driver of outcomes.
- It underemphasizes the importance of the environment or context in which the goals are set. That context includes everything from the availability and quality of resources, to relative buy-in by leadership and stake-holders.
- Companies evaluated their employees by comparing them with the "ideal" employee. Trait appraisal only looks at what employees should be, not at what they should do.

When this approach is not properly set, agreed and managed by organizations, self-centered employees might be prone to distort results, falsely representing achievement of targets that were set in a short-term, narrow fashion. In this case, managing by objectives would be counterproductive.

STRATEGIES

The term 'Strategy' has been adapted from war and is being increasingly used in business to reflect broad overall objectives and policies of an enterprise. Literally speaking, the term 'Strategy' stands for the war-art of the military general, compelling the enemy to fight as per out chosen terms and conditions.

According to Koontz and O' Donnell, "Strategies must often denote a general programme of action and deployment of emphasis and resources to attain comprehensive objectives". Strategies are plans made in the light of the plans of the competitors because a modern business institution operates in a competitive environment. They are a useful framework for guiding enterprise thinking and action. A perfect strategy can be built only on perfect knowledge of the plans of others in the industry. This may be done by the management of a firm putting itself in the place of a rival firm and trying to estimate their plans.

Characteristics of Strategy

- It is the right combination of different factors.
- It relates the business organization to the environment.
- It is an action to meet a particular challenge, to solve particular problems or to attain desired objectives.
- Strategy is a means to an end and not an end in itself.
- It is formulated at the top management level.
- It involves assumption of certain calculated risks.

Strategic Planning Process / Strategic Formulation Process

1. **Input to the Organization**: Various Inputs (People, Capital, Management and Technical skills, others) including goals input of claimants (Employees, Consumers, Suppliers, Stockholders, Government, Community and others)need to be elaborated.

2. **Industry Analysis**: Formulation of strategy requires the evaluation of the attractiveness of an industry by analyzing the external environment. The focus should be on the kind of compaction within an industry, the possibility of new firms entering the market, the availability of substitute products or services, the bargaining positions of the suppliers, and buyers or customers.

3. **Enterprise Profile**: Enterprise profile is usually the starting point for determining where the company is and where it should go. Top managers determine the basic purpose of the enterprise and clarify the firm's geographic orientation.

4. **Orientation, Values, and Vision of Executives**: The enterprise profile is shaped by people, especially executives, and their orientation and values are important for formulation the strategy. They set the organizational climate, and they determine the direction of the firm though their vision. Consequently, their values, their preferences, and their attitudes toward risk have to be carefully examined because they have an impact on the strategy.

5. **Mission (Purpose), Major Objectives, and Strategic Intent**: Mission or Purpose is the answer to the question: What is our business? The major Objectives are the end points towards which the activates of the enterprise are directed. Strategic intent is the commitment (obsession) to win in the competitive environment, not only at the top-level but also throughout the organization.

6. **Present and Future External Environment**: The present and future external environment must be assessed in terms of threats and opportunities.

7. **Internal Environment**: Internal Environment should be audited and evaluated with respect to its resources and its weaknesses, and strengths in research and development,

production, operation, procurement, marketing and products and services. Other internal factors include, human resources and financial resources as well as the company image, the organization structure and climate, the planning and control system, and relations with customers.

8. **Development of Alternative Strategies**: Strategic alternatives are developed on the basis of an analysis of the external and internal environment. Strategies may be specialize or concentrate. Alternatively, a firm may diversify, extending the operation into new and profitable markets. Other examples of possible strategies are joint ventures, and strategic alliances which may be an appropriate strategy for some firms.

9. **Evaluation and Choice of Strategies**: Strategic choices must be considered in the light of the risk involved in a particular decision. Some profitable opportunities may not be pursued because a failure in a risky venture could result in bankruptcy of the firm. Another critical element in choosing a strategy is timing. Even the best product may fail if it is introduced to the market at an inappropriate time.

10. **Medium/Short Range Planning, Implementation through Reengineering the Organization Structure, Leadership and Control**: Implementation of the Strategy often requires reengineering the organization, staffing the organization structure and providing leadership. Controls must also be installed monitoring performance against plans.

11. **Consistency Testing and Contingency Planning**: The last key aspect of the strategic planning process is the testing for consistency and preparing for contingency plans.

TYPES OF STRATEGIES

According to Michel Porter, the strategies can be classified into three types. They are

a) Cost leadership strategy
b) Differentiation strategy
c) Focus strategy

The following table illustrates Porter's generic strategies:
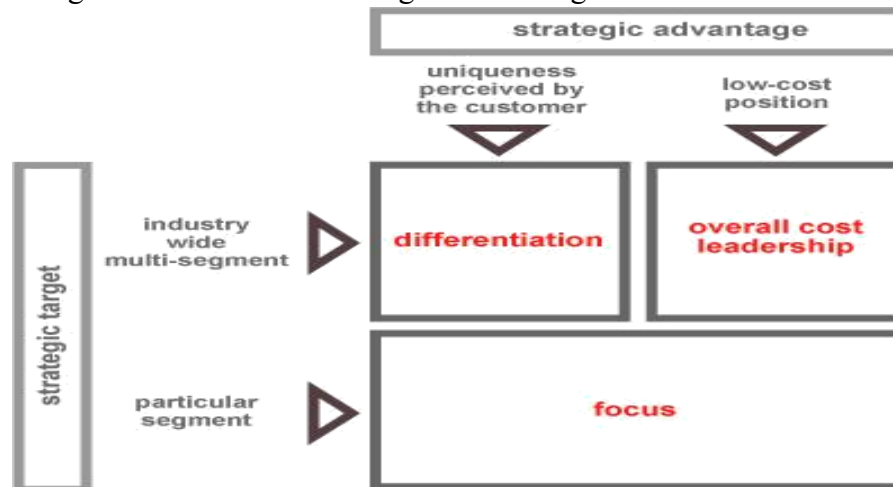
a) Cost Leadership Strategy

This generic strategy calls for being the low cost producer in an industry for a given level of quality. The firm sells its products either at average industry prices to earn a profit higher than that of rivals, or below the average industry prices to gain market share. In the event of a price war, the firm can maintain some profitability while the competition suffers losses. Even without a price war, as the industry matures and prices decline, the firms that can produce more cheaply will remain profitable for a longer period of time. The cost leadership strategy usually targets a broad

market.

Some of the ways that firms acquire cost advantages are by improving process efficiencies, gaining unique access to a large source of lower cost materials, making optimal outsourcing and vertical integration decisions, or avoiding some costs altogether. If competing firms are unable to lower their costs by a similar amount, the firm may be able to sustain a competitive advantage based on cost leadership.

Firms that succeed in cost leadership often have the following internal strengths:

- Access to the capital required to make a significant investment in production assets; this investment represents a barrier to entry that many firms may not overcome.
- Skill in designing products for efficient manufacturing, for example, having a small component count to shorten the assembly process.
- High level of expertise in manufacturing process engineering.
- Efficient distribution channels.

Each generic strategy has its risks, including the low-cost strategy. For example, other firms may be able to lower their costs as well. As technology improves, the competition may be able to leapfrog the production capabilities, thus eliminating the competitive advantage. Additionally, several firms following a focus strategy and targeting various narrow markets may be able to achieve an even lower cost within their segments and as a group gain significant market share.

b) Differentiation Strategy

A differentiation strategy calls for the development of a product or service that offers unique attributes that are valued by customers and that customers perceive to be better than or different from the products of the competition. The value added by the uniqueness of the product may allow the firm to charge a premium price for it. The firm hopes that the higher price will more than cover the extra costs incurred in offering the unique product. Because of the product's unique attributes, if suppliers increase their prices the firm may be able to pass along the costs to its customers who cannot find substitute products easily.

Firms that succeed in a differentiation strategy often have the following internal strengths:

- Access to leading scientific research.
- Highly skilled and creative product development team.
- Strong sales team with the ability to successfully communicate the perceived strengths of the product.
- Corporate reputation for quality and innovation.

The risks associated with a differentiation strategy include imitation by competitors and changes in customer tastes. Additionally, various firms pursuing focus strategies may be able to achieve even greater differentiation in their market segments.

c) Focus Strategy

The focus strategy concentrates on a narrow segment and within that segment attempts to achieve either a cost advantage or differentiation. The premise is that the needs of the group can be better serviced by focusing entirely on it. A firm using a focus strategy often enjoys a high degree of customer loyalty, and this entrenched loyalty discourages other firms from competing directly. Because of their narrow market focus, firms pursuing a focus strategy have lower volumes and therefore less bargaining power with their suppliers. However, firms pursuing a differentiation-focused strategy may be able to pass higher costs on to customers since close substitute products do not exist.

Firms that succeed in a focus strategy are able to tailor a broad range of product development strengths to a relatively narrow market segment that they know very well. Some risks of focus strategies include imitation and changes in the target segments. Furthermore, it may be fairly easy for a broad-market cost leader to adapt its product in order to compete directly. Finally, other focusers may be able to carve out sub-segments that they can serve even better.

A Combination of Generic Strategies

These generic strategies are not necessarily compatible with one another. If a firm attempts to achieve an advantage on all fronts, in this attempt it may achieve no advantage at all. For example, if a firm differentiates itself by supplying very high quality products, it risks undermining that quality if it seeks to become a cost leader. Even if the quality did not suffer, the firm would risk projecting a confusing image. For this reason, Michael Porter argued that to be successful over the long-term, a firm must select only one of these three generic strategies. Otherwise, with more than one single generic strategy the firm will be "stuck in the middle" and will not achieve a competitive advantage.

Porter argued that firms that are able to succeed at multiple strategies often do so by creating separate business units for each strategy. By separating the strategies into different units having different policies and even different cultures, a corporation is less likely to become "stuck in the middle."

However, there exists a viewpoint that a single generic strategy is not always best because within the same product customers often seek multi-dimensional satisfactions such as a combination of quality, style, convenience, and price. There have been cases in which high quality producers faithfully followed a single strategy and then suffered greatly when another firm entered the market with a lower-quality product that better met the overall needs of the customers.

POLICIES

Policies are general statements or understandings that guide managers' thinking in decision making. They usually do not require action but are intended to guide managers in their commitment to the decision they ultimately make.

The first step in the process of policy formulation, as shown in the diagram below, is to capture the values or principles that will guide the rest of the process and form the basis on which to produce a statement of issues. The statement of issues involves identifying the opportunities and constraints affecting the local housing market, and is to be produced by thoroughly analyzing the
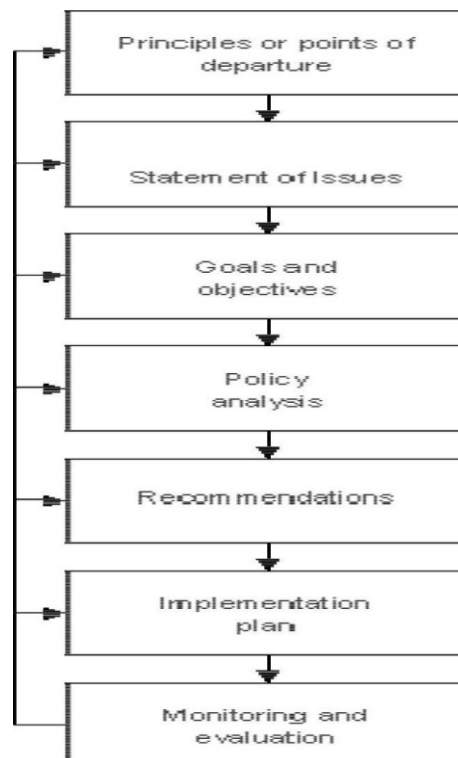
housing market. The kit provides the user with access to a housing data base to facilitate this analysis.

The statement of issues will provide the basis for the formulation of a set of housing goals and objectives, designed to address the problems identified and to exploit the opportunities which present themselves.

The next step is to identify and analyze the various policy options which can be applied to achieve the set of goals and objectives. The options available to each local government will depend on local circumstances as much as the broader context and each local authority will have to develop its own unique approach to addressing the housing needs of its residents.

An implementation program for realizing the policy recommendations must then be prepared, addressing budgetary and programming requirements, and allocating roles and responsibilities. Finally, the implementation of the housing strategy needs to be systematically monitored and evaluated against the stated goals and objectives, and the various components of the strategy modified or strengthened, as required.

At each step of the way, each component of the strategy needs to be discussed and debated, and a public consultation process engaged in. The extent of consultation and the participants involved will vary with each step.

Essentials of Policy Formulation

The essentials of policy formation may be listed as below:
- A policy should be definite, positive and clear. It should be understood by everyone in the organization.
- A policy should be translatable into the practices.
- A policy should be flexible and at the same time have a high degree of permanency.
- A policy should be formulated to cover all reasonable anticipatable conditions.
- A policy should be founded upon facts and sound judgment.
- A policy should conform to economic principles, statutes and regulations.
- A policy should be a general statement of the established rule.

Importance of Policies

Policies are useful for the following reasons:
- They provide guides to thinking and action and provide support to the subordinates.
- They delimit the area within which a decision is to be made.
- They save time and effort by pre-deciding problems and
- They permit delegation of authority to mangers at the lower levels.

✦ DECISION MAKING

The word decision has been derived from the Latin word "decidere" which means "cutting off". Thus, decision involves cutting off of alternatives between those that are desirable and those that are not desirable.

In the words of George R. Terry, "Decision-making is the selection based on some criteria from two or more possible alternatives".

Characteristics of Decision Making

- Decision making implies that there are various alternatives and the most desirable alternative is chosen to solve the problem or to arrive at expected results.
- The decision-maker has freedom to choose an alternative.
- Decision-making may not be completely rational but may be judgemental and emotional.
- Decision-making is goal-oriented.

- Decision-making is a mental or intellectual process because the final decision is made by the decision-maker.
- A decision may be expressed in words or may be implied from behaviour.
- Choosing from among the alternative courses of operation implies uncertainty about the final result of each possible course of operation.
- Decision making is rational. It is taken only after a thorough analysis and reasoning and weighing the consequences of the various alternatives.

TYPES OF DECISIONS
a) Programmed and Non-Programmed Decisions: Herbert Simon has grouped organizational decisions into two categories based on the procedure followed. They are:

i) **Programmed decisions:** Programmed decisions are routine and repetitive and are made within the framework of organizational policies and rules. These policies and rules are established well in advance to solve recurring problems in the organization. Programmed decisions have short-run impact. They are, generally, taken at the lower level of management.

ii) **Non-Programmed Decisions:** Non-programmed decisions are decisions taken to meet non-repetitive problems. Non-programmed decisions are relevant for solving unique/ unusual problems in which various alternatives cannot be decided in advance. A common feature of non-programmed decisions is that they are novel and non-recurring and therefore, readymade solutions are not available. Since these decisions are of high importance and have long-term consequences, they are made by top level management.

b) Strategic and Tactical Decisions: Organizational decisions may also be classified as strategic or tactical.

i) **Strategic Decisions:** Basic decisions or strategic decisions are decisions which are of crucial importance. Strategic decisions a major choice of actions concerning allocation of resources and contribution to the achievement of organizational objectives. Decisions like plant location, product diversification, entering into new markets, selection of channels of distribution, capital expenditure etc are examples of basic or strategic decisions.
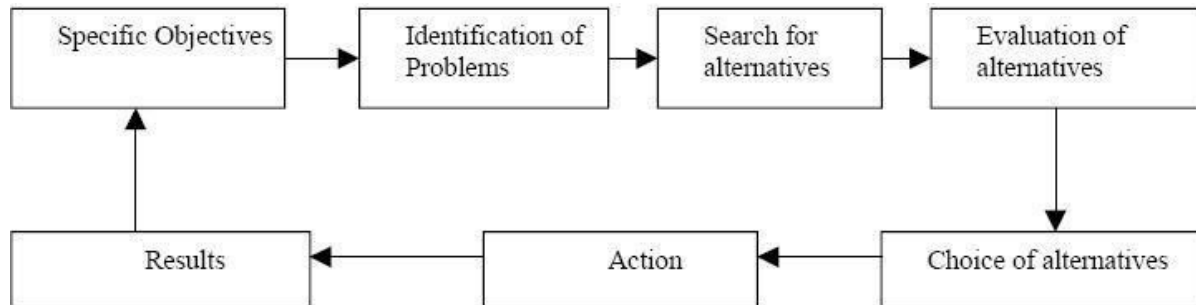
ii) **Tactical Decisions:** Routine decisions or tactical decisions are decisions which are routine and repetitive. They are derived out of strategic decisions. The various features of a tactical decision are as follows:

- Tactical decision relates to day-to-day operation of the organization and has to be taken very frequently.
- Tactical decision is mostly a programmed one. Therefore, the decision can be made within the context of these variables.
- The outcome of tactical decision is of short-term nature and affects a narrow part of the organization.
- The authority for making tactical decisions can be delegated to lower level managers because: first, the impact of tactical decision is narrow and of short- term nature and Second, by delegating authority for such decisions to lower-level

managers, higher level managers are free to devote more time on strategic decisions.

DECISION MAKING PROCESS

The decision-making process is presented in the figure below:

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┌──────────────────┐    ┌──────────────────┐    ┌──────────────────┐    ┌──────────────────┐
│ Specific Objectives│──▶│ Identification of│──▶│ Search for       │──▶│ Evaluation of    │
│                  │    │ Problems         │    │ alternatives     │    │ alternatives     │
└──────────────────┘    └──────────────────┘    └──────────────────┘    └──────────────────┘
         ▲                                                                        │
         │                                                                        ▼
┌──────────────────┐    ┌──────────────────┐    ┌──────────────────┐
│ Results          │◀───│ Action           │◀───│ Choice of alternatives│
└──────────────────┘    └──────────────────┘    └──────────────────┘
```

1. Specific Objective: The need for decision making arises in order to achieve certain specific objectives. The starting point in any analysis of decision making involves the determination of whether a decision needs to be made.

2. Problem Identification: A problem is a felt need, a question which needs a solution. In the words of Joseph L Massie "A good decision is dependent upon the recognition of the right problem". The objective of problem identification is that if the problem is precisely and specifically identifies, it will provide a clue in finding a possible solution. A problem can be identified clearly, if managers go through diagnosis and analysis of the problem.

> **Diagnosis:** Diagnosis is the process of identifying a problem from its signs and symptoms. A symptom is a condition or set of conditions that indicates the existence of a problem. Diagnosing the real problem implies knowing the gap between what is and what ought to be, identifying the reasons for the gap and understanding the problem in relation to higher objectives of the organization.

> **Analysis:** Diagnosis gives rise to analysis. Analysis of a problem requires:

> • Who would make decision?

> • What information would be needed?

> • From where the information is available?

> Analysis helps managers to gain an insight into the problem.

3. Search for Alternatives: A problem can be solved in several ways; however, all the ways cannot be equally satisfying. Therefore, the decision maker must try to find out the various alternatives available in order to get the most satisfactory result of a decision. A decision maker can use several sources for identifying alternatives:

• His own past experiences

- Practices followed by others and

- Using creative techniques.

4. Evaluation of Alternatives: After the various alternatives are identified, the next step is to evaluate them and select the one that will meet the choice criteria. /the decision maker must check proposed alternatives against limits, and if an alternative does not meet them, he can discard it. Having narrowed down the alternatives which require serious consideration, the decision maker will go for evaluating how each alternative may contribute towards the objective supposed to be achieved by implementing the decision.

5. Choice of Alternative: The evaluation of various alternatives presents a clear picture as to how each one of them contribute to the objectives under question. A comparison is made among the likely outcomes of various alternatives and the best one is chosen.

6. Action: Once the alternative is selected, it is put into action. The actual process of decision-**making** ends with the choice of an alternative through which the objectives can be achieved.

7. Results: When the decision is put into action, it brings certain results. These results must correspond with objectives, the starting point of decision process, if good decision has been made and implemented properly. Thus, results provide indication whether decision making and its implementation is proper.
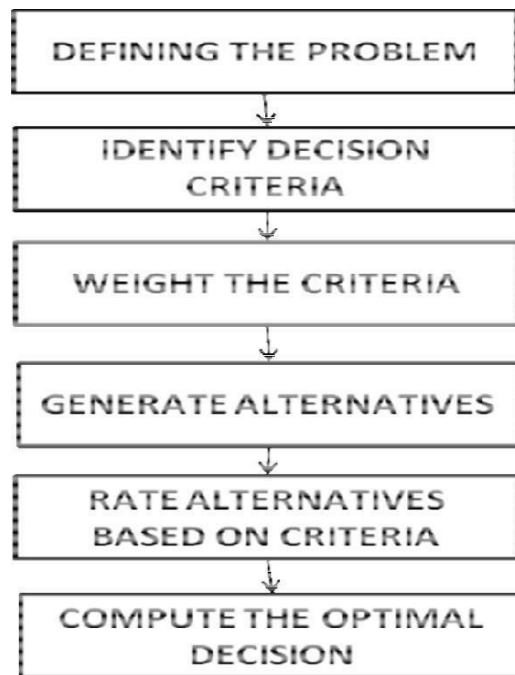
Characteristics of Effective Decisions

An effective decision is one which should contain three aspects. These aspects are given below:

- **Action Orientation:** Decisions are action-oriented and are directed towards relevant and controllable aspects of the environment. Decisions should ultimately find their utility in implementation.

- **Goal Direction:** Decision making should be goal-directed to enable the organization to meet its objectives.

- **Effective in Implementation:** Decision making should take into account all the possible factors not only in terms of external context but also in internal context so that a decision can be implemented properly.

RATIONAL DECISION-MAKING MODEL

The Rational Decision-Making Model is a model which emerges from Organizational Behavior. The process is one that is logical and follows the orderly path from problem identification through solution. It provides a structured and sequenced approach to decision making. Using such an approach can help to ensure discipline and consistency is built into your decision-making process.

The Six-Step Rational Decision-Making Model

DEFINING THE PROBLEM

IDENTIFY DECISION CRITERIA

WEIGHT THE CRITERIA

GENERATE ALTERNATIVES

RATE ALTERNATIVES BASED ON CRITERIA

COMPUTE THE OPTIMAL DECISION

1) Defining the problem

This is the initial step of the rational decision-making process. First the problem is identified and then defined to get a clear view of the situation.

2) Identify decision criteria

Once a decision maker has defined the problem, he or she needs to identify the decision criteria that will be important in solving the problem. In this step, the decision maker is determining what's relevant in making the decision. This step brings the decision maker's interests, values, and personal preferences into the process. Identifying criteria is important because what one-person thinks is relevant, another may not. Also keep in mind that any factors not identified in this step are considered as irrelevant to the decision maker.

3) Weight the criteria

The decision-maker weights the previously identified criteria in order to give them correct priority in the decision.

4) Generate alternatives

The decision maker generates possible alternatives that could succeed in resolving the problem. No attempt is made in this step to appraise these alternatives, only to list them.

5) Rate each alternative on each criterion

The decision maker must critically analyze and evaluate each one. The strengths and weakness of each alternative become evident as they compared with the criteria and weights established in second and third steps.

6) Compute the optimal decision

Evaluating each alternative against the weighted criteria and selecting the alternative with the highest total score.

DECISION MAKING UNDER VARIOUS CONDITIONS

The conditions for making decisions can be divided into three types. Namely
a) Certainty,
b) Uncertainty and
c) Risk

Virtually all decisions are made in an environment to at least some uncertainty However; the degree will vary from relative certainty to great uncertainty. There are certain risks involved in making decisions.

a) Certainty:

In a situation involving certainty, people are reasonably sure about what will happen when they make a decision. The information is available and is considered to be reliable, and the cause and effect relationships are known.

b) Uncertainty

In a situation of uncertainty, on the other hand, people have only a meager database, they do not know whether or not the data are reliable, and they are very unsure about whether or not the situation may change. Moreover, they cannot evaluate the interactions of the different variables. For example, a corporation that decides to expand its Operation to an unfamiliar country may know little about the country, culture, laws, economic environment, and politics. The political situation may be volatile that even experts cannot predict a possible change in government.

c) Risk

In a situation with risks, factual information may exist, but it may be incomplete. 1o improve decision making One may estimate the objective probability of an outcome by using, for example, mathematical models on the other hand, subjective probability, based on judgment and experience may be used. All intelligent decision makers dealing with uncertainty like to know the degree and nature of the risk they are taking in choosing a course of action. One of the deficiencies in using the traditional approaches of operations research for problem solving is that many of the data used in model are merely estimates and others are based on probabilities. The ordinary practice is to have staff specialist's conic up with best estimates.

Virtually every decision is based on the interaction of a number of important variables, many of which has e an element of uncertainty but, perhaps, a fairly high degree of probability. Thus, the wisdom of launching a new product might depend on a number of critical variables: the cost of introducing the product, the cost of producing it, the capital investment that will he required, the price that can be set for the product, the size of the potential market, and the share of the total market that it will represent.

ORGANISING

+ DEFINITION

Organising is the process of defining and grouping activities and establishing authority relationships among them to attain organizational objectives.

"Organization involves the grouping of activities necessary to accomplish goals and plans, the assignment of these activities to appropriate departments and the provision of authority, delegation and co-ordination."

NATURE OR CHARACTERISTICS OF ORGANIZING

From the study of the various definitions given by different management experts we get the following information about the characteristics or nature of organization,

(1) Division of Work: Division of work is the basis of an organization. In other words, there can be no organization without division of work. Under division of work the entire work of business is divided into many departments. The work of every department is further sub-divided into sub-works. In this way each individual has to do the saran work repeatedly which gradually makes that person an expert.

(2) Coordination: Under organizing different persons are assigned different works but the aim of all these persons happens to be the some - the attainment of the objectives of the enterprise. Organization ensures that the work of all the persons depends on each other's work even though it happens to be different. The work of one person starts from where the work of another person ends. The non-completion of the work of one person affects the work of everybody. Therefore, everybody completes his work in time and does not hinder the work of others. It is thus, clear that it is in the nature of an organization to establish coordination among different works, departments and posts in the enterprise.

(3) Plurality of Persons: Organization is a group of many persons who assemble to fulfill a common purpose. A single individual cannot create an organization.

(4) Common Objectives: There are various parts of an organization with different functions to perform but all move in the direction of achieving a general objective.

(5) Well-defined Authority and Responsibility: Under organization a chain is established between different posts right from the top to the bottom. It is clearly specified as to what will be the authority and responsibility of every post. In other words, every individual working in the organization is given some authority for the efficient work performance and it is also decided simultaneously as to what will be the responsibility of that individual in case of unsatisfactory work performance.

(6) Organization is a Structure of Relationship: Relationship between persons working on different posts in the organization is decided. In other words, it is decided as to who will be the superior and who will be the subordinate. Leaving the top level post and the lowest level post everybody is somebody's superior and somebody's subordinate. The person working on the top level post has no superior and the person working on the lowest level post has no subordinate.

(7) Organization is a Machine of Management: Organization is considered to be a machine of management because the efficiency of all the functions depends on an effective organization. In the absence of organization, no function can be performed in a planned manner. It is appropriate to call organization a machine of management from another point of view. It is that machine in which no part can afford tube ill-fitting or non-functional. In other words, if the division of work

is not done properly or posts are not created correctly the whole system of management collapses.
(8) Organization is a Universal Process: Organization is needed both in business and non-business organizations. Not only this, organization will be needed where two or mom than two people work jointly. Therefore, organization has the quality of universality. (9) Organization is a Dynamic Process: Organization is related to people and the knowledge and experience of the people undergo a change. The impact of this change affects the various functions of the organizations. Thus, organization is not a process that can be decided for all times to come but it undergoes changes according to the needs. The example in this case can be the creation or abolition of a new post according to the need.

IMPORTANCE OR ADVANTAGES OF ORGANIZING

Organization is an instrument that defines relations among different people which helps them to understand as in who happens to be their superior and who is their subordinate. This information helps in fixing responsibility and developing coordination. In such circumstances the objectives of the organization can be easily achieved. That is why, it is said that Organization Is a mechanism of management. In addition to that it helps in the other functions of management like planning, staffing, leading, controlling, etc. The importance of organization or its merits becomes clear from the following facts,

(1) Increase in Managerial Efficiency: A good and balanced organization helps the managers to increase their efficiency. Managers, through the medium of organization, make a proper distribution of the whole work among different people according to their ability.

(2) Proper Utilization of Resources: Through the medium of organization optimum utilization of all the available human and material resources of an enterprise becomes possible. Work is allotted to every individual according to his ability and capacity and conditions ant created to enable him to utilize his ability to the maximum extent. For example, if an employee possesses the knowledge of modem machinery but the modem machinery is not available in the organization, in that case, efforts are made to make available the modem machinery.

(3) Sound Communication Possible: Communication is essential for taking the right decision at the right time. However, the establishment of a good communication system is possible only through an organization. In an organization the time of communication is decided so that all the useful information reaches the officers concerned which. in turn, helps the decision-making.
(4) Facilitates Coordination: In order to attain successfully the objectives of the organization, coordination among various activities in the organization is essential. Organization is the only medium which makes coordination possible. Under organization the division of work is made in such a manner as to make all the activities complementary to each other increasing their inter-dependence. Inter-dependence gives rise to the establishment of relations which, in turn, increases coordination.

(5) Increase in Specialization: Under organization the whole work is divided into different parts. Competent persons are appointed to handle all the sub-works and by handling a particular work repeatedly they become specialists. This enables them to have maximum work performance in the minimum time while the organization gets the benefit of specialization.

(6) Helpful in Expansion: A good organization helps the enterprise in facing competition. When an enterprise starts making available good quality product at cheap rates, it increases the demand

for its products. In order to meet the increasing demand for its products an organization has to expand its business. On the other hand, a good organization has an element of flexibility which far from impeding the expansion work encourages it.

ORGANIZING PROCESS

Determination of Objectives:

It is the first step in building up an organization. Organization is always related to certain objectives. Therefore, it is essential for the management to identify the objectives before starting any activity. Organization structure is built on the basis of the objectives of the enterprise. That means, the structure of the organization can be determined by the management only after knowing the objectives to be accomplished through the organization. This step helps the management not only in framing the organization structure but also in achieving the enterprise objectives with minimum cost and efforts. Determination of objectives will consist in deciding as to why the proposed organization is to be set up and, therefore, what will be the nature of the work to be accomplished through the organization.

a) Enumeration of Objectives:

If the members of the group are to pool their efforts effectively, there must be proper division of the major activities. The first step in organizing group effort is the division of the total job into essential activities. Each job should be properly classified and grouped. This will enable the people to know what is expected of them as members of the group and will help in avoiding duplication of efforts. For example, the work of an industrial concern may be divided into the following major functions – production, financing, personnel, sales, purchase, etc.

b) Classification of Activities:

The next step will be to classify activities according to similarities and common purposes and functions and taking the human and material resources into account. Then, closely related and similar activities are grouped into divisions and departments and the departmental activities are further divided into sections.

c) Assignment of Duties:

Here, specific job assignments are made to different subordinates for ensuring a certainty

of work performance. Each individual should be given a specific job to do according to his ability and made responsible for that. He should also be given the adequate authority to do the job assigned to him. In the words of Kimball and Kimball - "Organization embraces the duties of designating the departments and the personnel that are to carry on the work, defining their functions and specifying the relations that are to exist between department and individuals."

d) Delegation of Authority:

Since so many individuals work in the same organization, it is the responsibility of management to lay down structure of relationship in the organization. Authority without responsibility is a dangerous thing and similarly responsibility without authority is an empty vessel. Everybody should clearly know to whom he is accountable; corresponding to the responsibility authority is delegated to the subordinates for enabling them to show work performance. This will help in the smooth working of the enterprise by facilitating delegation of responsibility and authority.

ORGANIZATION STRUCTURE

An organization structure is a framework that allots a particular space for a particular department or an individual and shows its relationship to the other. An organization structure shows the authority and responsibility relationships between the various positions in the organization by showing who reports to whom. It is an established pattern of relationship among the components of the organization.

March and Simon have stated that-"Organization structure consists simply of those aspects of pattern of behaviour in the organization that are relatively stable and change only slowly." The structure of an organization is generally shown on an organization chart. It shows the authority and responsibility relationships between various positions in the organization while designing the organization structure, due attention should be given to the principles of sound organization.

Significance of Organization Structure

- Properly designed organization can help improve teamwork and productivity by providing a framework within which the people can work together most effectively.
- Organization structure determines the location of decision-making in the organization.
- Sound organization structure stimulates creative thinking and initiative among organizational members by providing well defined patterns of authority.
- A sound organization structure facilitates growth of enterprise by increasing its capacity to handle increased level of authority.
- Organization structure provides the pattern of communication and coordination.
- The organization structure helps a member to know what his role is and how it relates to other roles.

PRINCIPLES OF ORGANIZATION STRUCTURE

Modern organizational structures have evolved from several organizational theories, which have identified certain principles as basic to any organization structure.

a) Line and Staff Relationships:

Line authority refers to the scalar chain, or to the superior-subordinate linkages, that extend throughout the hierarchy (Koontz, O'Donnell and Weihrich). Line employees are responsible for achieving the basic or strategic objectives of the organization, while staff plays a supporting role to line employees and provides services. The relationship between line and staff

is crucial in organizational structure, design and efficiency. It is also an important aid to information processing and coordination.

b) Departmentalization:

Departmentalization is a process of horizontal clustering of different types of functions and activities on any one level of the hierarchy. Departmentalization is conventionally based on purpose, product, process, function, personal things and place.

c) Span of Control:

This refers to the number of specialized activities or individuals supervised by one person. Deciding the span of control is important for coordinating different types of activities effectively.

d) De-centralization and Centralization:

De-centralization refers to decision making at lower levels in the hierarchy of authority. In contrast, decision making in a centralized type of organizational structure is at higher levels. The degree of centralization and de-centralization depends on the number of levels of hierarchy, degree of coordination, specialization and span of control. Every organizational structure contains both centralization and de-centralization, but to varying degrees. The extent of this can be determined by identifying how much of the decision making is concentrated at the top and how much is delegated to lower levels. Modern organizational structures show a strong tendency towards de-centralization.

FORMAL AND INFORMAL ORGANIZATION

The formal organization refers to the structure of jobs and positions with clearly defined functions and relationships as prescribed by the top management. This type of organization is built by the management to realize objectives of an enterprise and is bound by rules, systems and procedures. Everybody is assigned a certain responsibility for the performance of the given task and given the required amount of authority for carrying it out. Informal organization, which does not appear on the organization chart, supplements the formal organization in achieving organizational goals effectively and efficiently. The working of informal groups and leaders is not as simple as it may appear to be. Therefore, it is obligatory for every manager to study thoroughly the working pattern of informal relationships in the organization and to use them for achieving organizational objectives.

FORMAL ORGANIZATION

Chester I Bernard defines formal organization as -"a system of consciously coordinated activities or forces of two or more persons. It refers to the structure of well-defined jobs, each bearing a definite measure of authority, responsibility and accountability." The essence of formal

organization is conscious common purpose and comes into being when persons–

(i) Are able to communicate with each other
(ii) Are willing to act and
(iii) Share a purpose.

The formal organization is built around four key pillars. They are:

- Division of labour
- Scalar and functional processes
- Structure and
- Span of control

Thus, a formal organization is one resulting from planning where the pattern of structure has already been determined by the top management.

Characteristic Features of formal organization

- Formal organization structure is laid down by the top management to achieve organizational goals.
- Formal organization prescribes the relationships amongst the people working in the organization.
- The organization structures is consciously designed to enable the people of the organization to work together for accomplishing the common objectives of the enterprise
- Organization structure concentrates on the jobs to be performed and not the individuals who are to perform jobs.
- In a formal organization, individuals are fitted into jobs and positions and work as per the managerial decisions. Thus, the formal relations in the organization arise from the pattern of responsibilities that are created by the management.
- A formal organization is bound by rules, regulations and procedures.
- In a formal organization, the position, authority, responsibility and accountability of each level are clearly defined.
- Organization structure is based on division of labour and specialization to achieve efficiency in operations.
- A formal organization is deliberately impersonal. The organization does not take into consideration the sentiments of organizational members.
- The authority and responsibility relationships created by the organization structure are to be honoured by everyone.
- In a formal organization, coordination proceeds according to the prescribed pattern.

Advantages of formal organization

- The formal organization structure concentrates on the jobs to be performed. It, therefore, makes everybody responsible for a given task.
- A formal organization is bound by rules, regulations and procedures. It thus ensures law and order in the organization.
- The organization structure enables the people of the organization to work together for accomplishing the common objectives of the enterprise

Disadvantages or criticisms of formal organization

- The formal organization does not take into consideration the sentiments of organizational members.
- The formal organization does not consider the goals of the individuals. It is designed to

achieve the goals of the organization only.
- The formal organization is bound by rigid rules, regulations and procedures. This makes the achievement of goals difficult.

INFORMAL ORGANIZATION

Informal organization refers to the relationship between people in the organization based on personal attitudes, emotions, prejudices, likes, dislikes etc. an informal organization is an organization which is not established by any formal authority, but arises from the personal and social relations of the people. These relations are not developed according to procedures and regulations laid down in the formal organization structure; generally large formal groups give rise to small informal or social groups. These groups may be based on same taste, language, culture or some other factor. These groups are not pre-planned, but they develop automatically within the organization according to its environment.

Characteristics features of informal organization

- Informal organization is not established by any formal authority. It is unplanned and arises spontaneously.
- Informal organizations reflect human relationships. It arises from the personal and social relations amongst the people working in the organization.
- Formation of informal organizations is a natural process. It is not based on rules, regulations and procedures.
- The inter-relations amongst the people in an informal organization cannot be shown in an organization chart.
- In the case of informal organization, the people cut across formal channels of communications and communicate amongst themselves.
- The membership of informal organizations is voluntary. It arises spontaneously and not by deliberate or conscious efforts.
- Membership of informal groups can be overlapping as a person may be member of a number of informal groups.
- Informal organizations are based on common taste, problem, language, religion, culture, etc. it is influenced by the personal attitudes, emotions, whims, likes and dislikes etc. of the people in the organization.

Benefits of Informal organization

- It blends with the formal organization to make it more effective.
- Many things which cannot be achieved through formal organization can be achieved through informal organization.
- The presence of informal organization in an enterprise makes the managers plan and act more carefully.
- Informal organization acts as a means by which the workers achieve a sense of security and belonging. It provides social satisfaction to group members.
- An informal organization has a powerful influence on productivity and job satisfaction.
- The informal leader lightens the burden of the formal manager and tries to fill in the gaps in the manager's ability.
- Informal organization helps the group members to attain specific personal objectives.

- Informal organization is the best means of employee communication. It is very fast.Informal organization gives psychological satisfaction to the members. It acts as a safety valve for the emotional problems and frustrations of the workers of the organization because they get a platform to express their feelings.
- It serves as an agency for social control of human behavior.

DIFFERENCES BETWEEN FORMAL AND INFORMAL ORGANIZATION

Formal Organization	Informal Organization
1. Formal organization is established with the explicit aim of achieving well-defined goals.	1. Informal organization springs on its own. Its goals are ill defined and intangible.
2. Formal organization is bound together by authority relationships among members. A hierarchical structure is created, constituting top management, middle management and supervisory management.	2.Informal organization is characterized by a generalized sort of power relationships. Power in informal organization has bases other than rational legal right.
3.Formal organization recognizes certain tasks which are to be carried out to achieve its goals.	3.Informal organization does not have any well-defined tasks.
4.The roles and relationships of people in formal organization are impersonally defined	4.In informal organization the relationships among people are interpersonal.
5.In formal organization, much emphasis is placed on efficiency, discipline, conformity, consistency and control.	5. Informal organization is characterized by relative freedom, spontaneity, by relative freedom, spontaneity, homeliness and warmth.
6. In formal organization, the social and psychological needs and interests of members of the organization get little attention.	6. In informal organization the sociopsychological needs, interests and aspirations of members get priority.
7. The communication system in formal organization follows certain pre-determined patterns and paths.	7.In informal organization, the communication Pattern is haphazard, intricate and natural.
8.Formal organization is relatively slow to respond and adapt to changing situations and realities.	8.Informal organization is dynamic and very vigilant. It is sensitive to its surroundings.

LINE AND STAFF AUTHORITY

In an organization, the line authority flows from top to bottom and the staff authority is exercised by the specialists over the line managers who advise them on important matters. These specialists stand ready with their specialty to serve line mangers as and when their services are called for, to collect information and to give help which will enable the line officials to carry out their activities better. The staff officers do not have any power of command in the organization as they are employed to provide expert advice to the line officers. The 'line' maintains discipline and stability; the 'staff' provides expert information. The line gets out the production, the staffs carries on the research, planning, scheduling, establishing of standards and recording of performance. The authority by which the staff performs these functions is delegated by the line and the performance must be acceptable to the line before action is taken. The following figure depicts the line and staff authority:
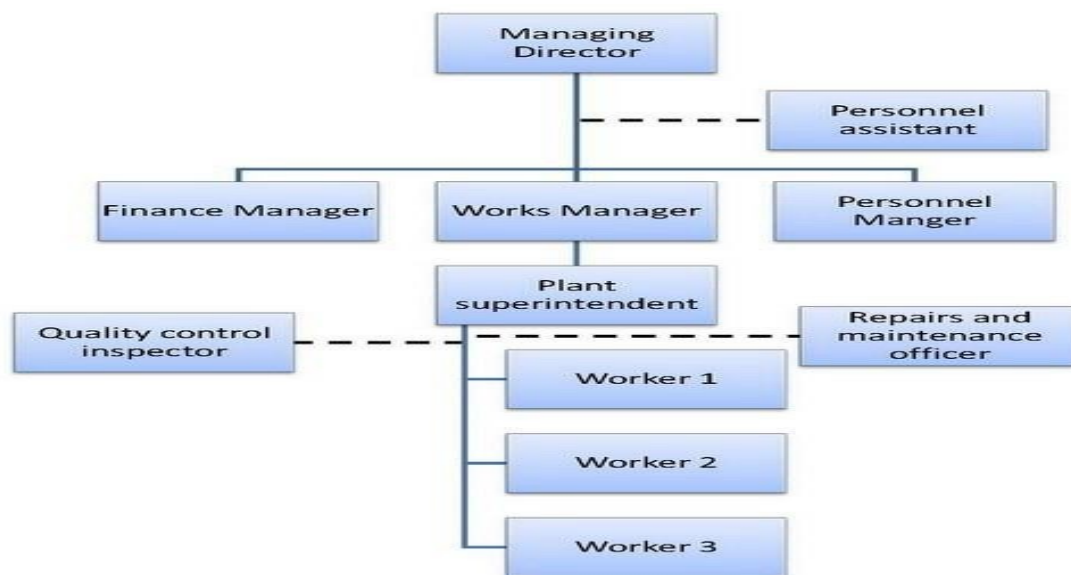
Types of Staff

The staff position established as a measure of support for the line managers may take the following forms:

1. Personal Staff: Here the staff official is attached as a personal assistant or adviser to the line manager. For example, Assistant to managing director.
2. Specialized Staff: Such staff acts as the fountainhead of expertise in specialized areas like R & D, personnel, accounting etc.
3. General Staff: This category of staff consists of a set of experts in different areas who are meant to advise and assist the top management on matters called for expertise. For example, Financial advisor, technical advisor etc.

Features of line and staff organization

- Under this system, there are line officers who have authority and command over the subordinates and are accountable for the tasks entrusted to them. The staff officers are specialists who offer expert advice to the line officers to perform their tasks efficiently.

- Under this system, the staff officers prepare the plans and give advice to the line officers and the line officers execute the plan with the help of workers.
- The line and staff organization is based on the principle of specialization.

Advantages

- It brings expert knowledge to bear upon management and operating problems. Thus, the line managers get the benefit of specialized knowledge of staff specialists at various levels.
- The expert advice and guidance given by the staff officers to the line officers benefit the entire organization.
- As the staff officers look after the detailed analysis of each important managerial activity, it relieves the line managers of botheration of concentrating on specialized functions.
- Staff specialists help the line managers in taking better decisions by providing expert advice. Therefore, there will be sound managerial decisions under this system.
- It makes possible the principle of undivided responsibility and authority, and at the same time permits staff specialization. Thus, the organization takes advantage of functional organization while maintaining the unity of command.
- It is based upon planned specialization.
- Line and staff organization has greater flexibility, in the sense that new specialized activities can be added to the line activities without disturbing the line procedure.

Disadvantages

- Unless the duties and responsibilities of the staff members are clearly indicated by charts and manuals, there may be considerable confusion throughout the organization as to the functions and positions of staff members with relation to the line supervisors.
- There is generally a conflict between the line and staff executives. The line managers feel that staff specialists do not always give right type of advice, and staff officials generally complain that their advice is not properly attended to.
- Line managers sometimes may resent the activities of staff members, feeling that prestige and influence of line managers suffer from the presence of the specialists.
- The staff experts may be ineffective because they do not get the authority to implement their recommendations.
- This type of organization requires the appointment of large number of staff officers or experts in addition to the line officers. As a result, this system becomes quite expensive.
- Although expert information and advice are available, they reach the workers through the officers and thus run the risk of misunderstanding and misinterpretation.
- Since staff managers are not accountable for the results, they may not be performing their duties well.
- Line mangers deal with problems in a more practical manner. But staff officials who are specialists in their fields tend to be more theoretical. This may hamper coordination in the organization.
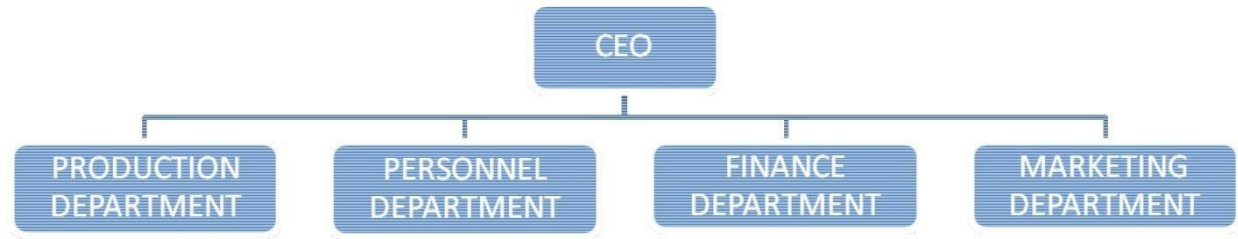
✤ DEPARTMENTATION BY DIFFERENT STRATEGIES

DEPARTMENTATION refers to the process of grouping activities into departments. Departmentation is the process of grouping of work activities into departments, divisions, and other homogenous units.

Key Factors in Departmentation

- It should facilitate control.
- It should ensure proper coordination.
- It should take into consideration the benefits of specialization.
- It should not result in excess cost.
- It should give due consideration to Human Aspects.

Departmentation takes place in various patterns like departmentation by functions, products, customers, geographic location, process, and its combinations.

a) FUNCTIONAL DEPARTMENTATION

Functional departmentation is the process of grouping activities by functions performed. Activities can be grouped according to function (work being done) to pursue economies of scale by placing employees with shared skills and knowledge into departments for example human resources, finance, production, and marketing. Functional departmentation can be used in all types of organizations.

Advantages:

- Advantage of specialization
- Easy control over functions
- Pinpointing training needs of manager
- It is very simple process of grouping activities.

Disadvantages:

- Lack of responsibility for the end result
- Overspecialization or lack of general management
- It leads to increase conflicts and coordination problems among departments.

b) PRODUCT DEPARTMENTATION

Product departmentation is the process of grouping activities by product line. Tasks can also be grouped according to a specific product or service, thus placing all activities related to the product or the service under one manager. Each major product area in the corporation is under the

authority of a senior manager who is specialist in, and is responsible for, everything related to the product line. Dabur India Limited is the India's largest Ayurvedic medicine manufacturer is an example of company that uses product departmentation. Its structure is based on its varied product lines which include Home care, Health care, Personal care and Foods.

Advantages

- It ensures better customer service
- Unprofitable products may be easily determined
- It assists in development of all around managerial talent
- Makes control effective
- It is flexible and new product line can be added easily.

Disadvantages

- It is expensive as duplication of service functions occurs in various product divisions
- Customers and dealers have to deal with different persons for complaint and information of different products.

c) CUSTOMER DEPARTMENTATION
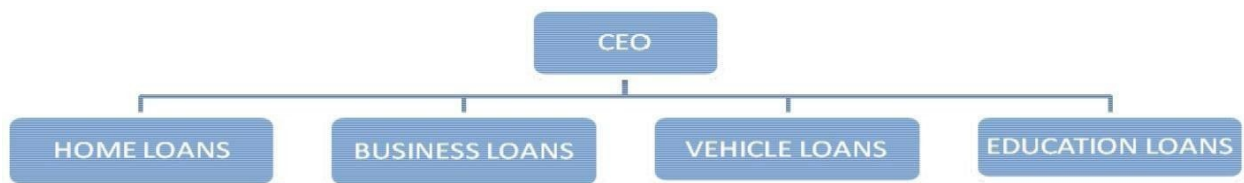
Customer departmentation is the process of grouping activities on the basis of common customers or types of customers. Jobs may be grouped according to the type of customer served by the organization. The assumption is that customers in each department have a common set of problems and needs that can best be met by specialists. UCO is the one of the largest commercial banks of India is an example of company that uses customer departmentation. Its structure is based on various services which includes Home loans, Business loans, Vehicle loans and Educational loans.

Advantages

- It focused on customers who are ultimate suppliers of money
- Better service to customer having different needs and tastes
- Development in general managerial skills

Disadvantages

- Sales being the exclusive field of its application, co-ordination may appear difficult between sales function and other enterprise functions.
- Specialized sales staff may become idle with the downward movement of sales to any specified group of customers.

d) GEOGRAPHIC DEPARTMENTATION
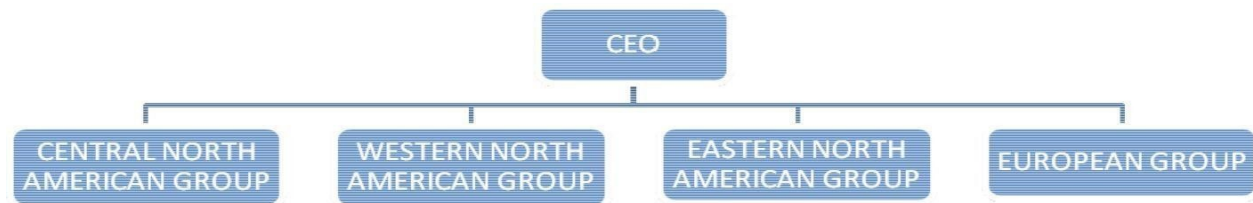
Geographic departmentation is the process of grouping activities on the basis of territory. If an organization's customers are geographically dispersed, it can group jobs based on geography. For example, the organization structure of Coca-Cola Ltd has reflected the company's operation in various geographic areas such as Central North American group, Western North American group, Eastern North American group and European group

Advantages

- Help to cater to the needs of local people more satisfactorily.
- It facilitates effective control
- Assists in development of all-round managerial skills

Disadvantages

- Communication problem between head office and regional office due to lack of means of communication at some location
- Coordination between various divisions may become difficult.
- Distance between policy framers and executors
- It leads to duplication of activities which may cost higher.

e) PROCESS DEPARTMENTATION
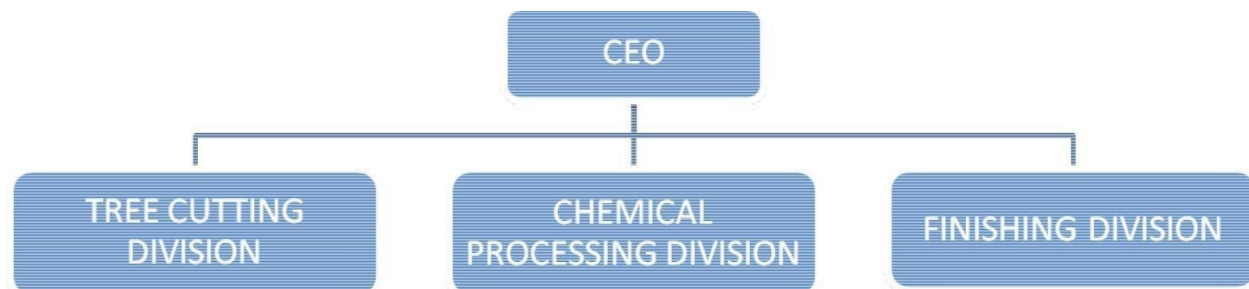
Geographic departmentation is the process of grouping activities on the basis of product or service or customer flow. Because each process requires different skills, process departmentation allows homogenous activities to be categorized. For example, Bowater Thunder Bay, a Canadian company that harvests trees and processes wood into newsprint and pulp. Bowater has three divisions namely tree cutting, chemical processing, and finishing (which makes newsprint).
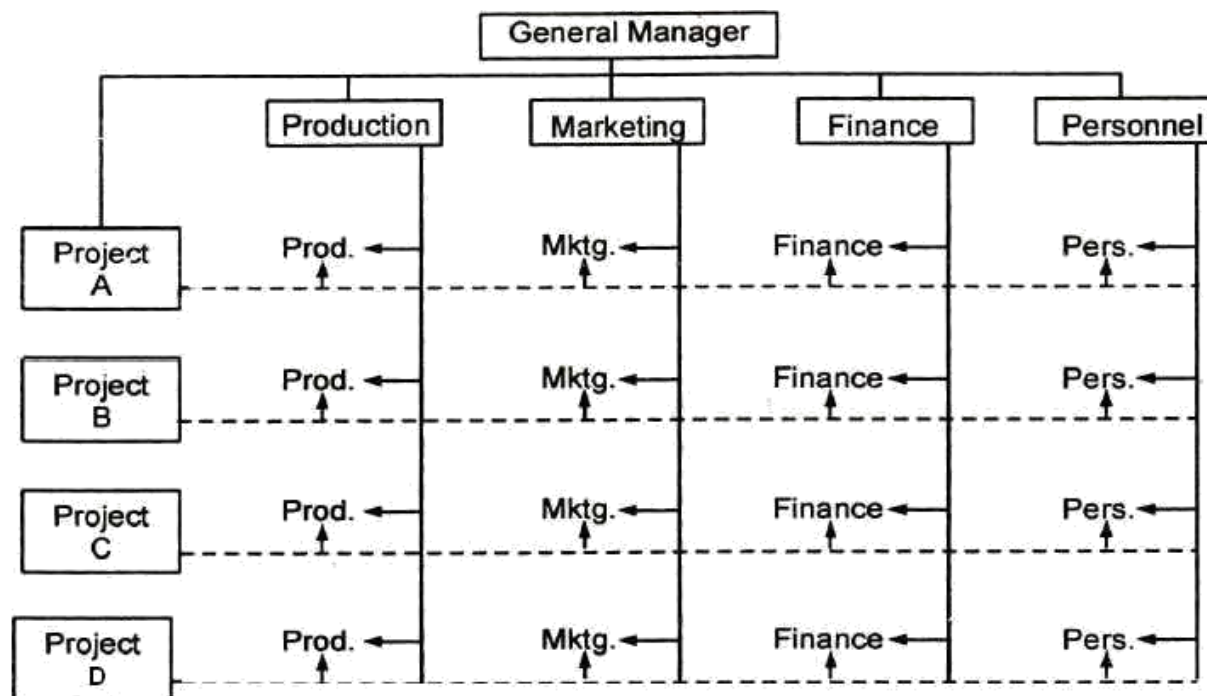
Departmentation by process: -

Advantages

- Oriented towards end result.
- Professional identification is maintained.

• Pinpoints product-profit responsibility.

Disadvantage

- • Conflict in organization authority exists.
- • Possibility of disunity of command.
- • Requires managers effective in human relation

MARTIX DEPARTMENTATION

In actual practice, no single pattern of grouping activities is applied in the organization structure with all its levels. Different bases are used in different segments of the enterprise. Composite or hybrid method forms the common basis for classifying activities rather than one particular method, one of the mixed forms of organization is referred to as matrix or grid organization's According to the situations, the patterns of Organizing varies from case to case. The form of structure must reflect the tasks, goals and technology if the originations the type of people employed and the environmental conditions that it faces. It is not unusual to see firms that utilize the function and project organization combination. The same is true for process and project as well as other combinations. For instance, a large hospital could have an accounting department, surgery department, marketing department, and a satellite center project team that make up its organizational structure.

Advantages

- • Efficiently manage large, complex tasks
- • Effectively carry out large, complex tasks

Disadvantages

- Requires high levels of coordination
- Conflict between bosses
- Requires high levels of management skills

✦ SPAN OF CONTROL

Span of Control means the number of subordinates that can be managed efficiently and effectively by a superior in an organization. It suggests how the relations are designed between a superior and a subordinate in an organization.

Factors Affecting Span of control:

a)   **Capacity of Superior**: Different ability and capacity of leadership, communication affect management of subordinates.

b)   **Capacity of Subordinates**: Efficient and trained subordinates affect the degree of span of management.

c)   **Nature of Work:** Different types of work require different patterns of management.

d)   **Degree of Centralization or Decentralization**: Degree of centralization or decentralization affects the span of management by affecting the degree of involvement of the superior in decision making.

e)   **Degree of Planning**: Plans which can provide rules, procedures in doing the work higher would be the degree of span of management.

f)   **Communication Techniques**: Pattern of communication, its means, and media affect the time requirement in managing subordinates and consequently span of management.

g)   **Use of Staff Assistance**: Use of Staff assistance in reducing the work load of managers enables them to manage more number of subordinates.

h)   **Supervision of others**: If subordinate receives supervision form several other personnel besides his direct supervisor. In such a case, the work load of direct superior is reduced and he can supervise more number of persons.

Span of control is of two types:

1. Narrow span of control: Narrow Span of control means a single manager or supervisor oversees few subordinates. This gives rise to a tall organizational structure.
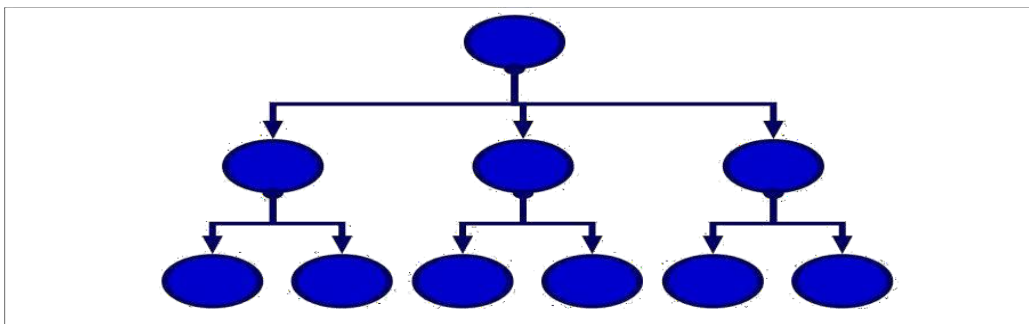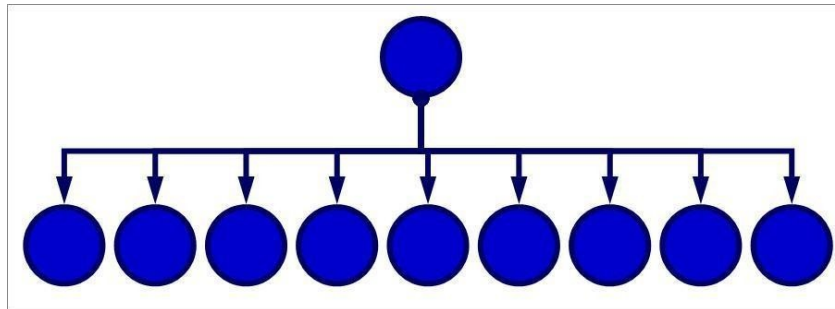

Advantages:
- Close supervision
- Close control of subordinates
- Fast communication

Disadvantages:

- Too much control
- Many levels of management
- High costs
- Excessive distance between lowest level and highest level

2. Wide span of control: Wide span of control means a single manager or supervisor oversees a large number of subordinates. This gives rise to a flat organizational structure.

Advantages:

- More Delegation of Authority
- Development of Managers
- Clear policies

Disadvantages:

- Overloaded supervisors
- Danger of superiors loss of control
- Requirement of highly trained managerial personnel
- Block in decision making

CENTRALIZATION AND DECENTRALIZATION

Centralization:

It is the process of transferring and assigning decision-making authority to higher levels of an organizational hierarchy. The span of control of top managers is relatively broad, and there are relatively many tiers in the organization.

Characteristics

- Philosophy / emphasis on: top-down control, leadership, vision, strategy.
- Decision-making: strong, authoritarian, visionary, charismatic.
- Organizational change: shaped by top, vision of leader.
- Execution: decisive, fast, coordinated. Able to respond quickly to major issues and changes.
- Uniformity. Low risk of dissent or conflicts between parts of the organization.

Advantages of Centralization

- Provide Power and prestige for manager
- Promote uniformity of policies, practices and decisions
- Minimal extensive controlling procedures and practices
- Minimize duplication of function

Disadvantages of Centralization

- Neglected functions for mid. Level, and less motivated beside personnel.
- Nursing supervisor functions as a link officer between nursing director and first-line management.

Decentralization:

It is the process of transferring and assigning decision-making authority to lower levels of an organizational hierarchy. The span of control of top managers is relatively small, and there are relatively few tears in the organization, because there is more autonomy in the lower ranks.

Characteristics

- Philosophy / emphasis on: bottom-up, political, cultural and learning dynamics.
- Decision-making: democratic, participative, detailed.
- Organizational change: emerging from interactions, organizational dynamics.
- Execution: evolutionary, emergent. Flexible to adapt to minor issues and changes.
- Participation, accountability. Low risk of not-invented-here behavior.

Three Forms of decentralization

- **De-concentration**. The weakest form of decentralization. Decision making authority is redistributed to lower or regional levels of the same central organization.
- **Delegation**. A more extensive form of decentralization. Through delegation the responsibility for decision-making are transferred to semi-autonomous organizations not wholly controlled by the central organization, but ultimately accountable to it.
- **Devolution**. A third type of decentralization is devolution. The authority for decision-making is transferred completely to autonomous organizational units.

Advantages of Decentralization

- Raise morale and promote interpersonal relationships

- Relieve from the daily administration

- Bring decision-making close to action

- Develop Second-line managers

- Promote employee's enthusiasm and coordination

- Facilitate actions by lower-level managers

Disadvantages of Decentralization

- Top-level administration may feel it would decrease their status
- Managers may not permit full and maximum utilization of highly qualified personnel
- Increased costs. It requires more managers and large staff
- It may lead to overlapping and duplication of effort

Centralization and Decentralization are two opposite ways to transfer decision-making power and to change the organizational structure of organizations accordingly. There must be a good balance between centralization and decentralization of authority and power. Extreme centralization and decentralization must be avoided.

DELEGATION OF AUTHORITY

A manager alone cannot perform all the tasks assigned to him. In order to meet the targets, the manager should delegate authority. Delegation of Authority means division of authority and powers downwards to the subordinate. Delegation is about entrusting someone else to do parts of your job. Delegation of authority can be defined as subdivision and sub-allocation of powers to the subordinates in order to achieve effective results.

Elements of Delegation

1. **Authority** - in context of a business organization, authority can be defined as the power and right of a person to use and allocate the resources efficiently, to take decisions and to give orders so as to achieve the organizational objectives. Authority must be well- defined. All people who have the authority should know what is the scope of their authority is and they shouldn't misutilize it. Authority is the right to give commands, orders and get the things done. The top level management has greatest authority. Authority always flows from top to bottom. It explains how a superior gets work done from his subordinate by clearly explaining what is expected of him and how he should go about it. Authority should be accompanied with an equal amount of responsibility. Delegating the authority to someone else doesn't imply escaping from accountability. Accountability still rest with the person having the utmost authority.

2. **Responsibility** - is the duty of the person to complete the task assigned to him. A person who is given the responsibility should ensure that he accomplishes the tasks assigned to him. If the tasks for which he was held responsible are not completed, then he should not give explanations or excuses. Responsibility without adequate authority leads to discontent and dissatisfaction among the person. Responsibility flows from bottom to top. The middle level and lower level management holds more responsibility. The person held responsible for a job is answerable for it. If he performs the tasks assigned as expected, he is bound for praises. While if he doesn't accomplish tasks assigned as expected, then also he is answerable for that.

3. **Accountability** - means giving explanations for any variance in the actual performance from the expectations set. Accountability cannot be delegated. For example, if 'A' is given a task with sufficient authority, and 'A' delegates this task to B and asks him to ensure that task is done well, responsibility rest with 'B', but accountability still rest with 'A'. The top level management is most accountable. Being accountable means being innovative as the

person will think beyond his scope of job. Accountability ,in short, means being answerable for the end result. Accountability can't be escaped. It arises from responsibility.

DELEGATION PROCESS

The steps involved in delegation are given below

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┌─────────────────────────────────────────┐
│         ALLOCATION OF DUTIES              │
└─────────────────────────────────────────┘
                    ↓
┌─────────────────────────────────────────┐
│         GRANTING  OF AUTHORITY            │
└─────────────────────────────────────────┘
                    ↓
┌─────────────────────────────────────────┐
│      ASSIGNMENT OF RESPONSIBILITY         │
└─────────────────────────────────────────┘
                    ↓
┌─────────────────────────────────────────┐
│       CREATION OF ACCOUNTABILITY          │
└─────────────────────────────────────────┘
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1. **Allocation of duties** – The delegator first tries to define the task and duties to the subordinate. He also has to define the result expected from the subordinates. Clarity of duty as well as result expected has to be the first step in delegation.
2. **Granting of authority** – Subdivision of authority takes place when a superior divides and shares his authority with the subordinate. It is for this reason; every subordinate should be given enough independence to carry the task given to him by his superiors. The managers at all levels delegate authority and power which is attached to their job positions. The subdivision of powers is very important to get effective results.
3. **Assigning of Responsibility and Accountability** – The delegation process does not end once powers are granted to the subordinates. They at the same time have to be obligatory towards the duties assigned to them. Responsibility is said to be the factor or obligation of an individual to carry out his duties in best of his ability as per the directions of superior. Therefore, it is that which gives effectiveness to authority. At the same time, responsibility is absolute and cannot be shifted.
4. **Creation of accountability** – Accountability, on the others hand, is the obligation of the individual to carry out his duties as per the standards of performance. Therefore, it is said that authority is delegated, responsibility is created and accountability is imposed. Accountability arises out of responsibility and responsibility arises out of authority. Therefore, it becomes important that with every authority position an equal and opposite responsibility should be attached.

Therefore every manager, i.e., the delegator has to follow a system to finish up the delegation process. Equally important is the delegate's role which means his responsibility and accountability is attached with the authority over to here.

Job design

The structure of an organization is characterised by the task and authority relationships. Jobs are the foundation of this task authority structure .The job design process lay emphasis on the design or redesign of jobs to incorporate factors which lead to the achievement of both employee and organizational objectives. Ineffectually designed jobs often bring about boredom and consequently increased turnover, reduced motivation, low levels of job satisfaction, diminished productivity, and an increase in organizational costs. Many of these negative consequences could be avoided or minimized through effective job design or proper detection of major job com

MEANING OF JOB, OCCUPATION AND CAREER

One of the most frequent questions people often ask one another when they first meet is "What are you doing?" Instead of saying, "I teach in a college" or "I treat patients", a person often says, "I am a teacher" or "I am a doctor"like this. This exhibits the occupation of a person. Occupation provides aperson his identity. It talks a great deal about ones social position. of occupation also implies a set of social relationships (Hughes, 1945). For instance, the occupation as a professor implies that students , other professors, and publishers' representatives are part of the set of their social relationships. Finally, occupations are by and large linked to the work of adults (Roe, 1956). The work carried out by teenagers is not often considered as an occupation, because it does not frame a major part of their identities as individuals. Taking into account all of these considerations, occupation is defined as "the social role performed by adult members of society that directly and/or indirectly yields social and financial consequences and that constitutes a major focus in the life of an adult" (Hall, 1975). A job is a person's occupation at one point in time. A career is the unfolding sequences of jobs that a person has over the life course.

MEANING OF JOB DESIGN

The term 'job design' refers to the way the tasks are combined to form a complete job. It can be defined as building the specifications of the position, contents, method and relationships of the job so as to meet with various technological and organizational requirements as well as meet the personal needs job holders. According to Bowditch and Buono, job design refers to " any set of activities that involve the alteration of specific jobs or interdependent systems of jobs with the intent of improving the quality of employee job experience and their on- the-job productivity." While designing a job, the following points are to be borne in mind: Job redesign is an essential allegiance to quality improvement of the individual, and the organization. It should be performed from either the bottom up, or top down, depending upon the hierarchy and responsibility of the position and its relationships

within the organization. Job design is a process which integrates work content (tasks, functions, relationships), the reward (extrinsic and intrinsic), and the qualifications required (skills, knowledge, abilities) for each job in a way that meet the needs of employees and the organization. Some jobs are routine because the tasks are consistent and repetitive; other are non-routine. Some require a large number of varied and diverse skills; other are narrow in scope. Some jobs constrict employees by requiring them to follow very clear-cut procedures; others allow employees considerable autonomy in how they do their work. Some jobs are most effectively accomplished by groups of employees working as a team; whereas other jobs are best done by individuals acting essentially independently. Thus jobs differ in the way their tasks are combined, and different combinations produce a variety of job designs in the organization.

PURPOSE OF JOB DESIGN

There are three objectives of jobs design which are as follows: to meet the organizational requirements such as higher productivity, operational efficiency, quality of product/service, etc.; to satisfy the needs of the individual employees like interest, challenge, achievement or accomplishment, etc.; and to integrate the needs of the individual with the organizational required.

FACTORS INFLUENCING EFFECTIVE JOB DESIGN

While designing a job, the following factors are taken into consideration
. i. The volume of work - it will determine by and large the number of jobs.

ii. The complexity of the work - to be carried out, both in terms of its variety or breadth and its technical difficulty or depth.

iii. The work processes involved -It might be desirable for one person to be involved in an entire process, or the work flows may be such that the work process has to be divide between several different people.

iv. The nature of the people currently employed in the organization-The extent to which jobs can be redesigned depend largely on the kind of people employed

v. The sequence of flows in the process- the succession of events and their timings affect how the work can be organized. Where activities are carried out over a longer period, this is likely to be the cause of greater complexity.

vi. The timescales - where immediate responses are required, specific jobs may have to be earmarked to provide such responses. Work requiring longer planning horizons is likely to be more complex and needs therefore to be done at a higher level.

vii. The geographical scattering of the organization's activities.

viii. The involvement of other parts of the organization in the overall process- there may be a need for extensive communication and coordination and the design of jobs should take account of the way this is to be achieved. ix. The effect of information technology (Cushway and Lodge, 2001)

APPROACHES TO JOB DESIGN

Basically there are two approaches to job designs which are based upon two different postulations about people. The first approach entails fitting people to jobs. It is based upon the assumption that people can be adapted to any work situation. Thus employee attitudes towards the job are ignored and jobs are designed to produce maximum economic and technological efficiency. This approach uses the principles of scientific management and work simplification. In contrast , the second approach entails fitting jobs to people. Is based upon the assumption that people are underutilized at the work and they desire more challenges and responsibility. Techniques such as job rotation, job enlargement etc. are used while designing jobs according to the second alternative.

The First Approach

Developed by F.W. Taylor, scientific management relied on research and experimentation to determine the most efficient way to perform jobs. Jobs are highly standardised and specialised. Taylor advocates vertical job specialization so that detailed procedures and work practices are developed by engineers , enforced by supervisors, and executed by employees. He also applied horizontal job specialization such as narrowing the supervisor's role to such a degree that one person manages operational efficiency, another manages inspection, and another is disciplinarian

Advantages:

Job specialization increases:

 Work efficiency; and

 Employees productivity.

Disadvantages:

It increases work efficiency, but it doesn't necessarily improve job performance as it ignores the effects of job content on employees.

It costs more in terms of higher turnover, absenteeism, and mental health problems.

Employees are concerned only with a small part of the process, so they can't be identified with the customer's needs.

It ignores the motivational potential of jobs. It doesn't apply to professional "knowledge workers".

The Second Approach

   During and immediately after the second world war American writers, particularly, were questioning the association between job and organization design and productivity. It was being understood that problems occur in the selection of personnel if only those able to tolerate and work well in simple, highly repetitive jobs are to be recruited. As early as 1950 in the USA, job rotation and job enlargement were being both encouraged and tasted as means for overcoming boredom at work with all its associated problems. In an early case example IBM introduced changes to machine operators' jobs to include machine setting and inspection. Besides they introduced other wide-ranging changes in both the production system and the role of foremen and supervisors. The concepts of both job rotation and enlargement do not have their basis in any psychological theory. However, the next generation of attempts to redesign jobs emerging from the USA developed from the researches of Frederick Herzberg. During the 1950's and 1960's, Herzberg developed his 'Two Factor' theory of motivation.

Thus five most commonly used approaches to job design in the second category are shown in Figure 1. The vertical axis indicates the impact dimension, which means the degree to which a job design approach is linked to factors beyond the immediate job, such as reward systems, performance appraisal methods, leadership practices of managers, customer needs, organization structure, physical working conditions, and team composition and norms-as well as its likely effect on changes in effectiveness and quality. The Complexity dimension, on the horizontal axis, is the degree to which a job design approach requires

 (1) changes in many factors,

(2) the involvement of individuals with

diverse competencies at various organizational levels; and

 (3) a high level of decision-making competency of successful implementation.

I. Job Rotation

Job design involves periodic assignment of an employee to completely different sets of job activities. As traditionally used, job rotation is low in both impact and complexity because it typically moves employees from one routine job to another.

Advantages:

 It is an effective way to develop multiple skills in employees, which benefits the organization while creating greater job interest and career options for the employee.

Job rotation may be of considerable benefit if it is part of a larger redesign effort and/or it is used as a training and development approach to develop various employee competencies and prepare employees for advancement. At times, it may be used to control the problem of repetitive stress injuries by moving people among jobs that require different physical movements.

II. Job Engineering

Frederick W. Taylor established the basis for modern industrial engineering late in the nineteenth century. Job engineering focuses on the tasks to be performed, methods to be used, workflows among employees, layout of the workplace, performance standards, and interdependencies between people and machines. Job design factors are to be examined by means of time-and-motion studies, determining the time required to do each task and the movements needed to perform it efficiently.

A keystone of job engineering is specialisation of labor with the goal of achieving greater efficiency. High levels of specialisation are intended to :

allow employees to learn a task rapidly;

permit short work cycles so that performance can be almost automatic and involve little or no mental effort;

make hiring easier because low-skilled people can be easily trained and paid relatively low wages; and reduce the need for supervision, owing to simplified jobs and standardization.

Advantages:

It is an imperative job design approach because the resulting cost savings can be measured immediately and easily.

It is concerned with appropriate levels of automation, that is, looking for ways to replace workers with machines to perform the most physically demanding and repetitive tasks.

The job engineering approach often continues to be successfully used, especially when it is combined with a concern for the social context in which the jobs are performed. One expert who advocates the job engineering approach while involving employees in decisions about their jobs prescribes the following "golden rules of work design".

Ensure that the end product/output of the work is clearly defined, unambiguous, and fully understood by the employees.

Ensure that the steps/tasks to be performed to achieve the required and product/output are clearly defined in the appropriate sequence and are fully understood by the employees.

Ensure that the employees know and understand where their responsibility starts and finished in the work process.

Ensure that the tools, facilities, and information needed to perform the work are readily available to and fully understood by the employees.

Ensure that there is a process whereby the employees can suggest possible improvements in the work design and exercise initiative in implementing them.

Ensure that the employees are involved in the work design process (Bentley,1999).

III. Job Enlargement

Job enlargement combines into one job with two or more tasks which are to be performed. Sometimes it is called " horizontal loading" as all tasks involve the same level of responsibility .The job enlargement approach often has positive effects on employee effectiveness. However, some employees view job enlargement as just adding more routine, repetitive tasks to their already boring job. Other employees regard it as eliminating their ability to perform their jobs almost automatically.

Advantages:

Job enlargement and job rotation approaches are useful in many work settings.

One of their biggest advantages is that :

They offer a form of training.

They allow workers to learn more than one task, thus increasing their value to the employer.

As they allow workers to perform many tasks, they can be used more flexibly as circumstances require.

IV. Job Enrichment

Frederick Herzberg, the advocate of two-factor theory, cautioned that jobs designed according to rules of simplification, enlargement, and rotation can't be expected to be highly motivational for the workers. He instead suggested a clear and distinct job design alternative called "job enrichment".

Job enrichment seeks to add profundity to a job by giving workers more control, responsibility, and freedom of choice over how their job is performed. It occurs when the work itself is more challenging, when achievement is encouraged, when there is prospect for growth, and when responsibility,

feedback, and recognition are provided. Nonetheless, employees are the final judges of what enriches their jobs.

Herzberg developed the following set of principles for the enrichment of jobs:

removing some controls while retaining accountability;

increasing personal accountability

assigning each worker a complete unit work with a clear start and end point;

granting additional authority and freedom to workers;

making periodic reports directly available to workers rather than to supervisors only;

the introduction for new and more difficult tasks into the job;

encouraging the development of expertise by assigning individuals to specialized tasks.

Difference Between Job Enlargement and Job Enrichment

The difference between enlargement and enrichment is illustrated in Figure below. The Figure reveals that job enrichment focuses on satisfying higher-order needs, whereas job enlargement concentrates on adding additional tasks to the worker's job for greater variety.Adopting a new technology typically requires changes in the way jobs are designed. Often the way the task is redefined fits people to the demands of the technology to maximize the technology's operation. But this often fails to maximise total productivity, because it ignores the human part of the equation. The social relationships and human aspects of the task may suffer, lowering overall productivity The sociotechnical systems approach to work redesign specifically addresses this problem.
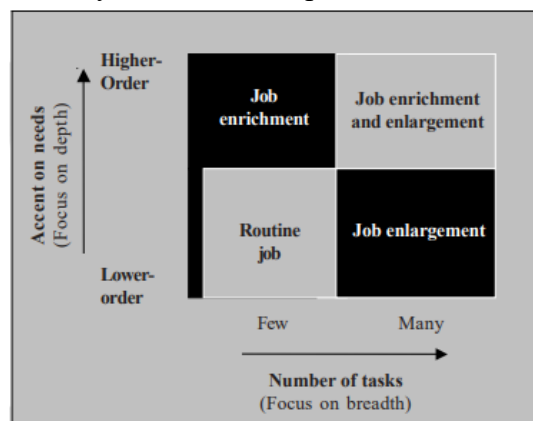
Socio-technical System Approach

At the same time that job redesign techniques were being developed and implemented in the U.S.A. progress was being made, particularly in Europe and Scandinavia, on the development of the socio-technical systems approach. The term socio-technical systems is largely associated with experiments that emerged under the auspices of the Tavistock Institute in Great Britain or have stemmed from the Tavistock approach. The focal point is the working group and the aim is to develop a match between the needs of the group and the organization in relation to the technology.

Under the socio-technical system approach, jobs are designed by taking a "holistic" or "systems" view of the entire job situation, including its physical and social environment. The socio-technical approach is situational because few jobs involve identical technical requirements and social surroundings. Specifically, the socio-technical approach requires that the job designer should cautiously be concerned about the role of employee in the socio-technical system, the nature of the tasks performed, and the autonomy of the work-group. The essential elements of the socio-technical system approach are as under:

A job need to be reasonably demanding for the individual in terms other than sheer endurance and yet provide some variety (not necessarily novelty).

Employees need to be able to learn on the job and to go on learning.

Employees need some minimum area of decision-making that they can call their own.

Employees need some minimal degree of social support and recognition at the workplace.

Employees need to be able to relate what they do and what they produce to their social

IMPACT OF HIGH TECHNOLOGY ON JOB DESIGN

DESIGN

In recent years, as computers and high technology become more and more ingrained in the modern workplace, the basic problem arises how to successfully fit technological advancements into job design.

Automation

Highly simplified jobs often cause problems because they offer little intrinsic motivation for the worker. The tasks have been defined so narrowly that they lack challenge and cause boredom when someone repeats them over and over again. Given the high technology available today, one way to deal with this problem is by complete automation-allowing a machine to do the work previously accomplished through human effort. This approach increasingly involves the use of robots, which are becoming more and more useful and reliable.

Flexible Manufacturing

Flexible manufacturing cells, teams of workers using special technology, exploit adaptive and integrated job designs to shift work among alternative products. This approach is gradually more widespread. Under this system, a cellular manufacturing system hold a number of automated production machines that cut, shape, drill, and fasten together various metal components. Each machine is attached to the others by convertible conveyor grids that allow quick change from manufacturing one product to another-such as from air-conditioner compressors to engine crankshafts. Workers in the cells perform very few routine assembly-line tasks. As an alternative, they dedicate most time to make certain that operations are carried out correctly and to handling changeovers from one product configuration to another. Above and beyond, to keep production flowing slickly, each worker needs to improve expertise across a wide range of tasks. In this way flexible manufacturing cells comprise jobs that are often enriched on the core characteristics.

Electronic Offices

Electronic office technology was the key when U.S. Healthcare, a large, private-practice based health maintenance organization (HMO), became interested in improving the quality of its health-care services. The company installed large electronic bulletin boards that monitored progress toward a range of performance goals. It also installed an electronic main (e-main) system, used robots to dispense paper mail, and installed a computerized telephone answering machine. Fundamentally, the company tried to automate as many tasks as possible to free employees for more challenging work. Continuing development in these electronic offices present many new job opportunities for those with the necessary abilities and interests, but they can be stressful and difficult for those who lack the necessary education or skills. Clearly, today's high technologies must be carefully integrated with the human factor, and continuing education and training are still needed to equip people to deal with emerging workplace technologies.

Work-Flow and Process Reengineering

One of the most recent approaches for upgrading job designs and organizational performance is based on the concept of process reengineering. Process engineering means the analysis, reshuffling, and reconfiguration of actions and tasks required to reach a work goal. This approach methodically breaks work processes down into their specific components and subtasks, analyses each for relevance and simplicity, and then does everything possible to reconfigure the process to eliminate wasted time, effort, and resources. Job redesign through process reengineering focus on every step in the process, from the seeking out for items and vendors, to the obtaining of bids, to the completion of necessary forms, to the securing of required signatures and approvals, to the actual placing of the order, and so on to the point at which the new computer actually arrives, is checked in, is placed into an equipment inventory, and is finally delivered to the workplace.

IMPEDIMENTS IN JOB DESIGN

Inspite of the possible benefits, job design is not easy to implement. The major difficulties are as follows:

i. Complexity in measuring the core job characteristics accurately. Objectively measuring job content is very costly and tough. Therefore the most prevalent tool for measuring job content is to ask employees to portray their perceived job characteristics However it is supposed that these perceptions are very often biased. Until an accurate and cost effective way to measure job content is found, job design experts would not be able to point at which jobs entail changing and how well job design strategies are working.

ii. The contemporary knowledge about job design is restricted by its focus on individual jobs. Especially, the literature tends to overlook job design characteristics that apply to team settings. Furthermore, many work settings require team-based job redesign because the technology is fixed or the work is too complicated for one person to finish alone.

iii. Job design interventions over and over again face resistance to change. Some supervisors don't like job redesign interventions because they change their roles and may threaten job security. Trade union leaders have been hostile antagonists of job specialization and scientific management, yet they complain that job enrichment programs are management ploys to get more work out of employees for less money. Unskilled employees may lack the confidence or growth need strength to learn more challenging tasks. Skilled employees are known to resist job redesign because they believe the intervention will undercut their power base and compel them to perform lower-status work.