

PME ONESHORT (UPDATED)

PME UNIT - 1 Notes (Introduction to Management - Concise with Full Forms)

1. Management: An Overview

● Introduction / Importance: [PYQ]

- Significance Increased.
- Economic growth: Key element.
- All organizations: Essential.
- Dynamic, Life-giving element.
- Core of activities.

● Definition:

- Universal definition?: Difficult.
- Follett: Art of getting things done Through people.
- Weakness: Art only?, Functions unclear?.
- **Terry (best definition):** Process (Planning, Organising, Actuating, Controlling), using People and Resources to achieve Objectives.
- Process = Systematic way.
- Planning = Advance thinking.
- Organising = Coordinating resources.
- Actuating = Motivating.
- Controlling = Ensuring no deviation.

● Role:

- Combine, Coordinate resources.
- Lead, Guide, Direct efforts.
- Adapt to, Shape environment.

● Functions (Process of Management): [PYQ]

- Classifications: Vary.
- Fayol: Planning, Organising, Commanding, Coordinating, Controlling.
- Gulick: POSDCORB (Planning, Organising, Staffing, Directing, Coordinating, Reporting, Budgeting).
- **Text:**

1. **Planning:** Deciding What-to-do.
2. **Organising:** Designing Structure, Arranging Resources, including Staffing.
3. **Directing:** Moving towards objectives (Communication, Leadership, Motivation).
4. **Controlling:** Ensuring Conformity-to-plans (Setting Standards, Measuring, Correcting).
 - **Dale's Additional Functions:**
5. **Innovating:** Developing New ideas.

6. **Representing:** Interacting with External stakeholders.

- Circular process (Figure 1.1).

● **Levels (of Management):** [PYQ]

- Emphasis, Scope, Skills: Vary by level.
- **1. Top Level Management:** Chief Executive Officer (CEO), Board.
 - Who: Coordinate all, Make Policies.
 - Functions: Administrative > Managerial, Strategy, Policy, Unstructured problems, Scan environment, Accountable, Resource mobilization, Vision.
 - Skills: Conceptual skill Increased, Human relations skill Increased, Technical skill Decreased.
- **2. Middle Level Management:** Department heads.
 - Who: Link Top and First-line.
 - Functions: Balance Administrative/Managerial, Translate top plans, Departmental planning, Allocate resources, Coordinate, Monitor, Implement policies, Motivate first-line.
 - Skills: Balanced mix, Human relations skill crucial.
- **3. First-line Level Management (Supervisory):** Supervisors.
 - Who: Oversee non-managerial employees.
 - Functions: Managerial > Administrative, Supervise, Assign tasks, Discipline, Short-term planning, Operational resources, Feedback, Motivate operatives.
 - Skills: Technical skill Increased, Human relations skill Increased, Conceptual skill Decreased.

● **Organizational/Business Functions:** [PYQ]

- Distinct from management levels. Core management functions performed at all levels (Figure 1.2).

● **Roles (Mintzberg's Managerial Roles):**

- **Interpersonal Roles:** Figurehead, Leader, Liaison.
- **Informational Roles:** Monitor, Disseminator, Spokesman.
- **Decisional Roles:** Entrepreneur, Disturbance-handler, Resource-allocator, Negotiator.

● **Skills & Hierarchy (Managerial Skills):**

- **Skill:** Ability to perform.
- **Major 3 Skills:**
 - **Conceptual Skill:** Broad view, Abstract thinking. Importance Increases going up hierarchy.
 - **Technical Skill:** Job-nature knowledge. Importance Increases going down hierarchy.
 - **Human Relations Skill:** Interact effectively. Always important at all levels.
- **Skill-Mix:** Varies by management level (Figure 1.3).

● **Managerial Effectiveness:**

- Drucker's concepts:
 - **Efficiency:** Doing things Correctly (Minimizing Cost).
 - **Effectiveness:** Doing Correct things (Achieving Value).
- Effectiveness is Critical.

- **Management & Administration:**

- **View 1 (Sheldon, et al.):** Administration = Thinking (Top Level), Management = Doing (Lower Level). (Figure 1.4).
- **View 2 (Brecht):** Management = Includes Administration. Administration = Branch (Planning, Controlling).
- **View 3 (Drucker):** Difference in Field-of-use (Non-business institutions vs. Business enterprises).

- **Science or Art? (Management as):** [PYQ]

- **Science:** Systematic body of knowledge, Empirical, Cumulative. Yes.
- Behavioural Science (Inexact).
- **Culture-bound Principles?:** Principles are universal, Practice varies by culture.
- **Art:** How-to apply knowledge, Application skill. Yes.
- **Conclusion:** Both (Science = Knowledge base, Art = Skillful application).

- **Profession? (Management as a):** [PYQ]

- McFarland's characteristics of a profession.
- Not all characteristics possessed by management. No, not fully.
- Trends: Towards Professionalization.
- Drucker: Achievement more important than Degree.

- **Professional vs Family Management:**

- Antithesis? Not totally. Family firms can be dynamic.

2. Social & Ethical Responsibilities (of Management) [PYQ]

- **Meaning (Social Responsibility):** [PYQ]

- Nebulous concept.
- Berle: Public consensus responsiveness.
- Davis: Socio-economic obligation, Socio-human obligation.
- Part of total System, Trustee for stakeholders.

- **Origin & Growth (of Social Responsibility):**

- Evolution of Welfare state.
- Industrialization → Democratic values.
- Public Demands Increased.
- Business image: Changed over time.

- **Views (on Social Responsibility):**

- **Communist View:** State imposes responsibilities. Business is Evil.
- **Capitalist View:** Profit maximization only. Legal compliance only. (Friedman).
- **Pragmatic View:** Profit + Social good. Voluntary action beyond legal minimum.
- **Trusteeship View:** Community welfare focus. (Gandhi).

- **Responsibilities (towards Stakeholders):** [PYQ]

- **Consumer/Community:** Quality, Price, Innovation, Conservation, Social Audit, Honesty, No

monopolies, Service, Hygiene, Public Relations (PR), Support.

- ▶ **Employees/Workers:** Fair wage, Just selection/promotion, Social security, Good Human Relations (HR), Freedom, Productivity Increased.
- ▶ **Shareholders/Businesses:** Good Governance, Fairness.
- ▶ **State:** No political partisanship, Obey laws.

● **Arguments FOR Corporate Social Responsibility (CSR):** [PYQ]

1. Reputation Increased.
2. Morale Increased.
3. Sustainability Increased.
4. Stakeholder Expectations met, Trust Increased.
5. Risk Decreased, Problem Prevention.
6. Ethical imperative.

● **Arguments AGAINST Corporate Social Responsibility (CSR):** [PYQ]

1. Profit maximization is Goal.
2. Costs passed to Consumers.
3. No expertise/Accountability in social areas.
4. Dilution of business purpose.
5. Potential for "Greenwashing".
6. Risk of "Neofeudalism" (Levitt).

● **Social Performance (Business in India):**

- ▶ Progressive organizations.
- ▶ Business-centric activities, Philanthropic activities.
- ▶ Awards, Surveys.

● **Social Audit:**

- ▶ **Definition:** Evaluating social performance.
- ▶ **Benefits:** Data, Social Awareness, Comparison, Cost information.
- ▶ **Limitations:** Process audit (not results), Hard to measure, Not universal.
- ▶ Desirable (Shows Effort).
- ▶ Tata Iron and Steel Company (TISCO) (1979).

● **Business Ethics:** [PYQ]

- ▶ **Definition:** Moral principles applied to business problems. Beyond legality.
- ▶ Issues: Harassment, Discrimination, Privacy.
- ▶ Factors: Legislation, Business Codes, Pressure groups, Personal Values.

- **Corporate Governance:**

- **Definition:** Open, Honest manner, Stakeholder interest.
- Elements: Transparency, Accountability, Code of conduct.
- Cadbury Committee recommendations.
- **Benefits:** Confidence, Share Price Increased, Integrity, Security, Strategic thinking Increased.
- Whistle-Blower Protection Act: Need for.

3. Management's Context (The External Environment & Organizational Culture)

- **Manager: Omnipotent or Symbolic?:** [PYQ]

- **Omnipotent View:** Managers Responsible (for Success/Failure).
- **Symbolic View:** External forces primarily determine outcomes. Managers Symbolize control.
- **Reality:** Neither fully. Managers Constrained by factors. (Exhibit 2-1).

- **External Environment:** [PYQ]

- **Definition:** Outside factors affecting organizational performance.
- **Components:** (Exhibit 2-2) Economic [PYQ], Demographic, Political/Legal [PYQ], Sociocultural [PYQ], Technological, Global [PYQ].
- Affects Managers:

1. **Jobs/Employment:** Constraint, Recession impact, New skills needed.
2. **Environmental Uncertainty:** Degree of Change, Complexity. (Matrix: Exhibit 2-3).
3. **Stakeholders:** Need to Manage relationships. (Exhibit 2-4).

- **Organizational Culture:** [PYQ]

- **What:** Influences actions and interactions.
- **Definition:** Shared values, Principles, Traditions, Ways of doing things.
- Implies: Perception, Descriptive, Shared.
- **Dimensions:** (7 dimensions) Innovation, Attention to Detail, Outcome Orientation, People Orientation, Team Orientation, Aggressiveness, Stability. (Exhibit 2-5, 2-6).
- **Strong Cultures:** Intensely held, Widely shared values. (Exhibit 2-7).
- Importance: Loyalty Increased, Performance Increased. Drawback: Potential inflexibility.
- **Origin & Continuance:** (Exhibit 2-8) Founders' vision → Selection Criteria → Top Management actions & Socialization → Organizational Culture.
- Maintaining: Selection, Top management actions, Socialization.
- **Learning Culture:** Stories, Rituals, Material Artifacts and Symbols, Language.
- **Affects Managers:** Constrains what they can do. (Exhibit 2-9).

- **Current Issues (in Organizational Culture):**

- **Innovative Culture:** Supportive environment needed. (Ekvall's characteristics).
- **Customer-Responsive Culture:** Employee type, Work Environment, Role Clarity. (Exhibit 2-10).
- **Workplace Spirituality:** Sense of Purpose, Meaning, Connection.

- **Global Business Environment:** [PYQ]

- **International Management (Intl. Mgt):** Cross-border transfer of resources/activities.

- ▶ **International Manager (Intl. Mgr.) Skills:** Conceptual, Human Relations, Technical, Host Country Risk Evaluation, Country Risk Management, Home Government Pressure, Obtaining Legitimacy, Knowledge of Legal Environment, Familiarity with Host Country Culture, International Monetary/Accounting Systems, Human Capital knowledge.
 - ▶ **Global Attitudes:** Ethnocentric, Polycentric, Geocentric.
 - ▶ **Understanding Global Environment:**
 - **Regional Trading Alliances:** European Union (EU) (Exhibit 3-1), North American Free Trade Agreement (NAFTA), Association of Southeast Asian Nations (ASEAN) (Exhibit 3-2), Others.
 - **Global Trade Mechanisms:** World Trade Organization (WTO), International Monetary Fund (IMF), World Bank Group, Organisation for Economic Co-operation and Development (OECD).
 - ▶ **Going International (Methods):** (Exhibit 3-3) [PYQ]
 - **Types of International Organizations:** Multinational Corporation (MNC), Multidomestic, Global, Transnational.
 - **Techniques:** Global Sourcing, Exporting/Importing, Licensing, Franchising, Strategic Alliance, Joint Venture (JV), Foreign Subsidiary.
 - ▶ **Managing Global Environment:** Political/Legal, Economic, Cultural factors. (Exhibit 3-4).
-

PME UNIT - 2 Notes (Planning, Decision Making, Forecasting, Directing & Leadership - Concise with Full Forms)

1. Planning

- **Nature (of Planning):** [PYQ]
 - ▶ **Definition:** Beginning of management, Primacy of planning.
 - ▶ **Intellectual process:** Thinking first before acting.
 - ▶ **Integral part:** Decision-making is core.
 - ▶ **Continuous process:** Monitor progress, Adapt to Change, Flexible plans needed. [PYQ]
 - ▶ **Pervasive function:** Important for All managers at all levels. [PYQ]
- **Purpose / Importance (of Planning):** [PYQ]
 - ▶ Risk Decreased, Success Increased, Goal focus, Control facilitated, Trains executives.
- **Types (of Plans):** [PYQ]
 - ▶ **Hierarchy of Plans:** (Figure 4.1) Vision → Mission → Objectives → Strategies → Operational Plans.
 - **Vision:** The dream, future direction.
 - **Mission:** Unique Aim, Scope of operations.
 - **Objectives:** Specific Goals to achieve. (Consider Stakeholders, Characteristics, Requirements, Advantages).
 - **Strategies:** Competitive response, SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis. [PYQ] (Modes: Planning, Entrepreneurial, Adaptive).
 - **Operational Plans:** Implementing strategy.
 - **Standing Plans:** For Recurring situations. (Includes Policies [PYQ], Procedures, Methods, Rules).
 - **Single-use Plans:** For Specific end or project. (Includes Programmes, Budgets).

- **Steps (in Planning Process):** [PYQ]

1. Establish Goals.
2. Establish Premises.
3. Decide Planning Period.
4. Find Alternatives.
5. Evaluate/Select best alternative.
6. Develop Derivative plans.
7. Formulate Action plans.
8. Measure and Control progress.

- **Limitations (of Planning):** [PYQ]

- Costly, Restricts initiative, Causes Delays, Limited scope in dynamic situations, Can be Inflexible, Based on Inaccurate premises, Faces Resistance to change.

- **Making Planning Effective:** [PYQ]

- Overcome limitations, Guidelines (Coordination, Communication, Participation, Proper Climate).

- **Skills (for Planning):**

- Think ahead, Define objectives, Forecast environment, Frame strategies, Monitor implementation.

- **Strategic Planning (in India):**

- Importance Increased, SWOT analysis focus.

- **Competitor Intelligence (CI):**

- Ethical information gathering about Competitors.
- Purpose: Anticipate moves, Identify opportunities/threats, Inform strategy, Understand industry.

- **Benchmarking:**

- Measure performance against Best practices/leaders.
- Purpose: Identify Gaps, Learn from others, Set Targets, Drive Innovation.
- Types: Internal, Competitive, Functional, Generic.

2. Decision-Making

- **Meaning (of a Decision):**

- **Definition:** Choice between alternatives.
- **Implies:** Choosing, Alternatives available, Purpose in mind.

- **Types (of Decisions):**

- **Programmed/Non-Programmed:** Routine/Novel. (Gresham's Law).
- **Major/Minor:** Based on Futurity, Impact.
- **Routine/Strategic:** Tactical/Central to operations.
- **Individual/Group:** Simple/Important. (Techniques, Advantages, Disadvantages).
- **Simple/Complex:** Based on Certainty (Mechanistic, Judgemental, Analytical, Adaptive decisions).

- **Steps (in Rational Decision-Making):**

1. Identify Problem/Priorities.
2. Diagnose problem.
3. Develop Alternatives (involves Creativity).
4. Evaluate Consequences.
5. Convert to Action.
6. Follow-up.

- **Simon's Stages (of Decision-Making):** Intelligence, Design, Choice, Review.

- **Rationality Models (in Decision-Making):**

- **Economic Man:** Perfectly Rational, Maximizes utility.
- **Administrative Man (Simon):** Bounded Rationality, Satisfices.
- **Social Man:** Influenced by Emotions, Social pressures.

- **Environment (of Decision-Making):**

- **Certainty:** Known outcomes.
- **Risk:** Known probability of outcomes. (Expected Value, Decision Tree - Figure 5.3).
- **Uncertainty:** Unknown probability of outcomes. (Maximin, Maximax, Minimax Regret criteria - Table 5.3).

- **Difficulties (in Decision-Making):**

- Non-actionable Information, Unsupportive Environment, Non-Acceptance by subordinates, Ineffective Communication, Incorrect Timing.

3. Forecasting

- **Meaning (of Forecasting):**

- **Definition:** Predicting future conditions (based on Past/Present data).
- **Purpose:** Anticipating trends for planning.
- **Linkage:** Input for Planning, Decision-making.

- **Objectives (of Forecasting):**

- Uncertainty Decreased, Support planning, Allocate resources, Identify Risks/Opportunities, Coordinate departments.

- **Classification (of Forecasting):**

- **Time Horizon:** Short-term, Medium-term, Long-term.
- **Function/Purpose:** Sales forecast, Financial forecast, Technological forecast, Economic forecast.
- **Method:** Qualitative methods, Quantitative methods.

- **Methods/Techniques (of Forecasting):**

- **Qualitative:** Expert opinion, Market Research/Surveys, Delphi technique, Historical Analogy.
- **Quantitative:** Time-Series analysis (Moving Average, Exponential Smoothing), Trend projection, Regression analysis, Econometric models.

- **Importance (of Forecasting):** Enables Proactive actions, Improves Accuracy in planning, Minimizes Risks, Strengthens Competitive position, Optimizes Resources.

- **Limitations (of Forecasting):** Based on Assumptions, Cannot eliminate Uncertainty, Depends on Data quality, Affected by External factors.

- **Choosing Method (for Forecasting):** Depends on Data availability, Uncertainty level, Timeframe, Accuracy needed, Cost.

4. Directing

- **Definition:** Guide, Instruct, Motivate, Supervise employees; Lead, Influence subordinates. (Heart of management).
- **Scope:** Influencing Behavior, Communication, Motivation, Leadership, Supervision.
- **Human Factors:** MARS Model.
- **Creativity/Innovation:** Impact of Directing style, Fostering innovation. [PYQ]
- **Harmonizing Objectives:** Align individual and organizational goals.
- **Leadership:** Key aspect.
- **Types of Directing Techniques:** (Figure 13.1) Democratic, Autocratic, Laissez-faire.
- **Characteristics (of Directing):** Top-down, Command function, Pervasive, Continuous, Influences behavior, Delegated function.
- **Process (of Directing):** Initiate, Manage, Complete. (Involves various Activities).
- **Principles (of Effective Directing):** (Figure 13.2) Harmony of objectives, Direct supervision, Unity of command, etc.
- **Elements (of Directing):** (Figure 13.2) Motivation [PYQ], Communication, Leadership, Supervision. (Supervision: Definition, Characteristics, Types, Approaches, Challenges, Effective Supervisor Characteristics).

5. Leadership

- **Definition:** Influencing people for goals.
- **Characteristics:** Goal-based, Power-based, Pervasive, Persuasive, Interactive, etc. [PYQ]
- **vs. Management:** Working On the system / Working In the system. [PYQ]
- **Process (Conger's Leadership Process):** Develop Vision → Communicate vision → Build Trust → Show Means.
- **Theories (of Leadership):** [PYQ]
 - ▶ **Trait Theories:** Leaders are Born, Possess certain Traits (Exhibit 16-1). [PYQ]
 - ▶ **Behavioural Theories:** Leaders are Made, Exhibit certain Behaviours. (Lewin's styles, Ohio State studies (Figure 15.2), University of Michigan studies, Managerial Grid (Figure 15.3) [PYQ]).
 - ▶ **Contingency/Situational Theories:** Leadership Style depends on Situation. [PYQ] (Fiedler's model (Exhibit 16-3), Hersey-Blanchard SLT, Tannenbaum-Schmidt continuum, Path–Goal theory (Figure 15.4), Vroom-Jago model).
 - ▶ **Other Approaches:** Vertical Dyad Linkage (VDL), Transactional/Transformational Leadership [PYQ].
 - ▶ **Organizational Life Cycle & Leadership.**
- **Contemporary Views (of Leadership):** Leader-Member Exchange (LMX), Transactional/Transformational, Charismatic, Authentic, Ethical, Servant, Team, Cross-Cultural. [PYQ]
- **Recent Trends (in Leadership):** Ethical leadership, Strategic leadership, Cross-cultural leadership.
- **Implications (for Contemporary Leadership):** No single best style, Self-awareness needed, Focus on Relationships, Ethics crucial, Empowerment, Vision important, Understand Followers, Adaptability, Leadership as a Process, Training key. [PYQ]
- **Succession Planning.**
- **Issues (21st Century Leadership):** Managing Power, Credibility/Trust, Leading Virtual Teams, Leadership Training.
- **When Leadership is Not Important:** Substitutes for leadership, Neutralizers of leadership.

PME UNIT - 3 Notes (Organisation Structure and Staffing - Concise with Full Forms)

1. Organisation? (What is an Organisation?) [PYQ]

- Deliberate human grouping, for Specific goals.
- Rational coordination of activities, via Division of labor.
- Process of Identifying/Grouping work, Establishing Relationships.
- Pattern of relating large numbers of people.
- Examples: Corporations, Armies. Not: Tribes, families.

Characteristics (of an Organisation): [PYQ]

- Purpose/Goal(s) (from Planning).
- Clear concept of Major duties/activities.
- Classification of Activities into jobs.
- Establishment of Relationships for coordination (Division of Labor, Delegation).
- Organisational Configuration (common characteristics profile).

Typology (of Organisations):

- Unique characteristic combinations, Hard to classify.
- Blau & Scott criterion: *Cui bono* (Who benefits).

1. Benefit Owners (Business organizations).
2. Benefit Members (Unions, cooperatives).
3. Benefit Clients (Insurance, schools).
4. Benefit Whole Society (Government departments).

2. PROCESS OF ORGANISING: [PYQ]

- Designing the organisation structure.
- Involves Differentiation (departmentalization) & Integration (unity of effort).
- Seven-step procedure:

1. Consideration of Objectives ("structure follows strategy").
2. Deciding Organisational Boundaries (make vs. buy).
3. Grouping Activities into Departments.
4. Deciding Key Departments (essential activities).
5. Determining Decision-Making Levels (centralization/decentralization).
6. Determining the Span of Management.
7. Setting up a Coordination Mechanism.
 - Other features: Power, Informal organisation, Organisational politics.

3. PRINCIPLES OF ORGANISING: [PYQ]

- For Sound, Efficient structure (E.F.L. Brech).
- Objectives, Specialisation, Span of Control, Management by Exception, Scalar Principle (Chain of

Command), Unity of Command, Delegation, Responsibility, Authority, Efficiency, Simplicity, Flexibility, Balance, Unity of Direction, Personal Ability.

4. SPAN OF MANAGEMENT (Span of Control):

- Meaning: Number of Subordinates reporting directly.
- Importance: Manager utilisation, Subordinate performance, Organisation structure (Tall vs. Flat - Figure 7.1).
- Appropriate Span?: No standard number. (Urwick-small, Worthy-large).
- Graicunas: Limiting factor is Number of relationships.
- Factors Governing Span (Contingency Approach): Manager Ability, Employee Ability, Work Type, Authority definition, Location, Information System, Management Level, Economic considerations.

5. Departmentalisation: [PYQ]

- Horizontal differentiation into segments/departments.
- Based on Process (Internal) & Purpose (External).

PROCESS Departmentalisation (Internally oriented):

- Business/Organisational Functions: Production, Finance, Marketing (Advantages: Simple; Drawbacks: Sub-goal conflicts).
- Technology: Discrete stages/technologies (Advantages: Equipment use; Drawbacks: Less worker responsibility).

PURPOSE Departmentalisation (Externally oriented): [PYQ]

- Products: Separate department for each major product (Advantages: Product focus; Drawbacks: Duplication).
- Customers: Group by customer types (Advantages: Customer focus; Drawbacks: Underutilisation).
- Regions/Territory/Location: Group by geographical location (Advantages: Local adaptation; Drawbacks: Duplication).
- Time: Group by timing of performance (e.g., shifts).
- Combined Base: Different bases at different levels (Figure 7.2).
- Matrix Organisation: (Figure 7.3) Functional + Product simultaneously (Advantages: Flexibility; Drawbacks: Two bosses; Suggestions: Career system).

6. Organisation Structure: [PYQ]

- Arrangement of horizontal (departments) and vertical (levels) parts.
- Enables: Undertaking activities, Coordinating, Defining boundaries.
- Organisation Chart: (Figure 7.1-Circular example) Depicts formal structure (Authority, Responsibility, Communication, Hierarchy). (Advantages: Shows makeup; Drawbacks: Infers status).
- Organisation Manuals: Job descriptions, policies.

7. Mechanistic & Organic Structures:

- Two types (Burns & Stalker) based on complexity, formalisation, centralisation.
- Mechanistic/Classical: Pyramid-shaped (Figure 7.4). Centralised authority, Hierarchy, Narrow span. (Merits: Clear setting; Demerits: Alienation).

- Organic/Behavioural: Wider span, Fewer layers ("flat" form, Figure 7.5). Decentralised, Less specialisation. (Merits: Flexible; Demerits: Role uncertainty).

8. BEST STRUCTURE? (Contingency View):

- No single best structure. Depends on situation.
- Situational factors: Environment, Culture, Task, Technology, Strategy, Size, Span of Control, Form, Finance, Managerial Characteristics, Employee Characteristics.
- Collateral Organisations: *Ad hoc* mode for non-routine problems, operates *in tandem* with formal structure.

9. EMERGING ORGANISATION STRUCTURES:

- Network Organisations: Modular, comprises vendors, customers, alliances. (Advantages: Volatile environment response; Disadvantages: Accountability issues).
- Virtual Organisations: Enabled by electronic communication, outsources infrastructure. (Attributes: Technology, Opportunism; Benefits: Cost savings; Limitations: Email overload).

10. Authority Delegation & Decentralisation: [PYQ]

- Underlying concept of management.
- Formal Authority: Right of superior to command (Fayol).
- Functions of Authority (Simon): Enforces obedience, Secures expertise, Permits centralisation/coordination.
- Source of Formal Authority: Classical View (Top-down) vs. Human Relations View (Acceptance by subordinate).

11. POWER:

- Ability to influence behavior/attitude.
- Five types (French & Raven): Reward, Coercive, Referent, Expert, Legitimate.
- Legitimate power = Authority.
- Effective manager needs appropriate type of power.

12. LINE, STAFF AND FUNCTIONAL AUTHORITY:

- Three types of authority.
- Line Authority: Direct command over subordinate (Chain of command).
- Staff Authority: Merely advisory ("authority of ideas"). (Levels: Figure 8.1).
- Functional Authority: Direct orders to people *outside* formal chain (Violates unity of command; Figure 8.2).

13. Line and Staff Conflict:

- Common issue.
- Line complaints about Staff: Encroachment, Unhelpful advice.
- Staff complaints about Line: Ignorance, Resistance, Lack of authority.
- Reducing Conflict: Better understanding, Reduce status symbols.

14. DELEGATION OF AUTHORITY: [PYQ]

- Meaning: Assigning work to subordinates + giving necessary authority. Manager retains overall authority.
- Advantages: Relieves manager workload, Better decisions, Trains subordinates, Builds morale.
- Barriers: Manager's side (Fear of loss), Subordinate's side (Fear of criticism).
- Guidelines: Delegate non-priority tasks, Clear task/scope, Proportionate authority, Clear limits, Trust.

15. DECENTRALISATION OF AUTHORITY: [PYQ]

- Meaning: How much decision-making authority distributed to lower levels.
- Dale's criteria: Extent of decentralisation.
- Fayol: Increased subordinate role = decentralization.
- Distinction (Delegation vs. Decentralisation): Process/Individual vs. End-result/Systematic policy.

[PYQ]

- Trade-offs (Centralisation vs. Decentralisation): Advantages of one are limitations of other (e.g., Quicker decisions in decentralisation vs. Better coordination in centralisation). [PYQ]
- How Much Decentralisation? (Contingency View): Depends on situational factors (Size, History, Top Management Philosophy, Abilities, Strategy).

16. Informal Organisation:

- Natural/spontaneous structure from social interaction.
- Distinction (Formal vs. Informal Organisation): Prescribed/Conscious vs. Natural/Social tendency.
- Benefits (to Members): Sense of Belonging, Safety Valve, Aid on Job, Innovation, Communication (Grapevine), Social Control.
- Benefits (to Management): Team Work, Self-policing, Highlights Deficiencies, Manager Feedback.

17. Staffing: [PYQ]

- Involves Manpower Planning, Recruitment, Selection.

Manpower Planning (Human Resource Inventory - HRI): [PYQ]

- Right Number of people, Right Place/Time.
- Process:
 - Decisions on *Right Kind* of People: Job Analysis, Job Descriptions, Job Specifications.
 - Decisions on *Right Number* of People: Short-term Manpower Planning (<2 years), Long-term Manpower Planning (2-5 years).
 - Forecasting demand/supply → Compare → Action Plans (Figure 11.1).

18. RECRUITMENT:

- Identifying/stimulating prospective candidates.
- Sources: Internal (present employees), External (former employees, ads, colleges).
- Evaluation of Alternative Sources: Cost, Flexibility, Quality.
- Internal vs. External Sources: Qualified internal staff vs. Need for new ideas.
- Advantages/Disadvantages (Internal Recruitment): Loyalty vs. Inbreeding.
- Advantages/Disadvantages (External Recruitment): New blood vs. Morale decreased.

19. SELECTION:

- Comparing candidate qualifications vs. job requirements; eliminating unsuitable ones.
 - Importance: Best suited employees → Job satisfaction, Max wages, Reduced turnover, Increased efficiency.
-

PME UNIT - 4 Notes (Controlling System - Concise with Full Forms)

1. Introduction to Controlling System:

- Management Function: Monitoring activities, Correcting deviations.

2. Key Points (of Controlling):

- 2.1. **Definition:** Process of Measuring actual performance, Comparing with planned goals, Taking corrective action.
- 2.2. **Importance:** Ensures Alignment with plans, Helps Achieve goals, Minimizes errors, Encourages better performance. [PYQ]
- 2.3. **Steps (in Controlling Process):** Setting standards, Measuring performance, Comparing performance, Analyzing deviations, Taking corrective actions. [PYQ]
- 2.4. **Features:** Continuous process, Forward-looking, Applied at All levels, Closely linked with planning.

3. Planning-Control Link:

- Interdependence: Often called "Twin functions of management."
- 3.1. **Control is Based on Plans:** Planning sets Goals and Standards as benchmarks.
- 3.2. **Control Measures Performance Against Plans:** Compares actual performance with planned objectives.
- 3.3. **Control Helps Improve Future Planning:** Feedback from controlling improves future planning.
- 3.4. **Cyclical Relationship:** Planning → Actions → Control monitors outcomes → Feedback improves future plans.
- 3.5. **Mutual Reinforcement:** Good planning makes control effective; effective control ensures plan implementation.

4. Summary Statement (on Planning & Control):

- Planning = looking ahead; Controlling = looking back; Both essential.
- Control = guiding and improving performance.

5. Process of Control: [PYQ]

- 5.1. **Setting Performance Standards:** Criteria (Quantitative or Qualitative) for measurement.
- 5.2. **Measuring Actual Performance:** Collecting Data on actual Outcomes (Timely and Accurate).
- 5.3. **Comparing Actual Performance with Standards:** Identifying Deviations (positive or negative).
- 5.4. **Analyzing Deviations:** Understanding Causes of Critical Deviations.
- 5.5. **Taking Corrective Action:** Retraining, Revising processes/standards, Realigning efforts.
- Continuous cycle, emphasizes Feedback loop.

6. Requirements of Effective Control:

- 6.1. **Accuracy:** Precise and Reliable information.
- 6.2. **Timeliness:** Information Available at the right time.
- 6.3. **Flexibility:** System Adapts to changes.
- 6.4. **Suitability:** Controls Appropriate to activity/level.
- 6.5. **Economy:** Benefits exceed Cost.
- 6.6. **Simplicity:** Easy to Understand and operate.
- 6.7. **Objectivity:** Based on Facts and data.
- 6.8. **Forward-looking:** Anticipates potential problems.

7. Problems of Control System:

- 7.1. **Difficulty in Setting Standards:** Especially for Qualitative areas.
- 7.2. **Resistance from Employees:** Due to distrust or micromanagement.
- 7.3. **Cost of Control:** Can be Expensive.
- 7.4. **Delay in Feedback:** Making timely action difficult.
- 7.5. **Overemphasis on Quantitative Aspects:** Ignoring qualitative factors.
- 7.6. **Rigidity of Control:** Preventing flexibility or innovation.
- 7.7. **Inaccurate or Incomplete Information:** Leading to flawed decisions.
- 7.8. **Control for the Sake of Control:** Creating Bureaucracy, reducing efficiency.
- Conclusion: System should be Flexible, Economical, Participative, Focused on strategic priorities.

8. NEED FOR CONTROL SYSTEM:

- For four purposes:

1. to measure Progress;
2. to uncover Deviations;
3. to indicate Corrective action; and
4. to transmit Corrective action to operation.

- 8.1. **To Measure Progress:** Verifying Conformity with plans.
- 8.2. **To Uncover Deviations:** Caused by Change, Complexity, Mistakes, Delegations.
- 8.3. **To Indicate Corrective Action:** If plans need Redrawing, Goals modifying.
- 8.4. **To Transmit Corrective Action:** Keeping output "On-course."

9. BENEFITS OF CONTROL: [PYQ]

- Productivity Increased, Defects Decreased, Helps meet Deadlines, Facilitates Communication, Improves Safety, Lowers Cost, Gives workers Empowerment.

10. Control techniques (Classified by Timing):

- 10.1. **Past-Oriented Control Techniques (Feedback Control):**
 - Applied After the task is completed, Evaluates past performance.
 - **Key Features:** Focuses on Historical data, Useful for Assessing success/failure, Helps Correcting future actions.
 - **Examples:** Financial Statements, Audits, Statistical Quality Control (SQC), Performance Appraisals.

- **10.2. Future-Oriented Control Techniques (Feedforward and Concurrent Control):**

- ▶ Proactive techniques, Identify and Prevent problems before/as they occur.
- ▶ **Key Features:** Based on Forecasting and planning, Helps Preventing deviations, More effective in Dynamic environments.
- ▶ **Examples:** Budgetary Control, Break-even Analysis, Network Techniques (PERT/CPM), Standard Costing, Forecasting Techniques.

11. Types of Organizational Control: [PYQ]

- **11.1. Market Control:**

- ▶ **Definition:** Uses External market mechanisms (price, competition) to regulate.
- ▶ **Features:** Based on Economic forces, Output clearly Measured, Common in Decentralized units.
- ▶ **Examples:** Comparing Division profits, Competitive Bidding.
- ▶ **Advantages:** Encourages Cost-effectiveness, Motivates performance.
- ▶ **Limitations:** Not for Not-easily-quantifiable performance or where market data is unavailable.

- **11.2. Bureaucratic Control:**

- ▶ **Definition:** Relies on Formal rules, Policies, Procedures, Authority hierarchies.
- ▶ **Features:** Emphasizes Compliance, Standardization, Based on Formal authority.
- ▶ **Examples:** Standard Operating Procedures (SOPs), Rule-based Performance appraisals, Internal Audits.
- ▶ **Advantages:** Ensures Discipline, Works well in Stable environments.
- ▶ **Limitations:** Can be Rigid, Slow, Reduce employee Initiative.

- **11.3. Clan Control:**

- ▶ **Definition:** Uses Shared values, Culture, Traditions, Beliefs to influence.
- ▶ **Features:** Works through Social norms, Trust, Employees are Self-regulated.
- ▶ **Examples:** Organizational Culture emphasis, Mentorship, Strong Corporate identity.
- ▶ **Advantages:** Encourages Commitment, Adaptability, Creativity.
- ▶ **Limitations:** Takes time to Develop strong culture, Difficult to measure directly.

- Modern business may use a Mix of all three types.

12. OLD CONTROL TECHNIQUES:

- **12.1. Budgeting:** Important old control technique; Quantifies resources, Compares actual performance. [PYQ]

- ▶ **a) Budgeting as a Control Technique:** [PYQ]

- **Definition:** Setting financial/operational Targets, Using targets as a Benchmark.
- **Key Features of Budgeting:** Setting Targets, Comparison of Actual vs. Planned, Resource Allocation, Control over Expenditures, Facilitates Planning.
- **Types of Budgets:** Fixed Budgets, Flexible Budgets, Master Budget, Cash Flow Budget.
- **Advantages of Budgeting:** Cost control, Performance evaluation, Resource optimization, Motivation, Future planning. [PYQ]

- **Limitations of Budgeting:** Rigidity, Time-consuming, Potential for Misuse (budgetary slack), Short-term focus. [PYQ]

- **12.2. Financial Statements & Ratio Analysis:**

- **1. Financial Statements:**

- **Definition:** Formal Records of financial activities, For Analyzing profitability/stability.

- **Key Statements:** Income Statement (Profit & Loss), Balance Sheet, Cash Flow Statement, Statement of Changes in Equity.

- **2. Ratio Analysis:**

- **Definition:** Evaluating financial performance by Comparing Relationships between financial figures.

- **Common Ratios:** Liquidity Ratios, Debt Ratios, Profitability Ratios, Operating Ratios.

- **Return on Investment (ROI).**

- **Break-even Analysis.**

- **Importance of Ratio Analysis:** Performance Evaluation, Decision Making, Investor Confidence, Trend Analysis.

13. NEW CONTROL TECHNIQUES:

- **13.1. Program Evaluation and Review Technique (PERT) & Critical Path Method (CPM):** Project management tools.

- **1. Program Evaluation and Review Technique (PERT):**

- **Purpose:** For projects with Uncertainty in activity times.

- **Key Features:** Probabilistic Nature (Optimistic, Pessimistic, Most Likely time estimates).

- **2. Critical Path Method (CPM):**

- **Purpose:** For projects with Predictable activity times; Optimizes duration/resources.

- **Key Features:** Deterministic Nature (fixed duration), Critical Path determination, Time and Cost optimization.

- **Comparison (PERT vs. CPM):** Focus, Activity Duration, Usage, Analysis, Time Estimation, Nature of Project, Critical Path emphasis.

- **13.2. DETERMINATION OF CRITICAL PATH:**

- Divide project into Operations, Draw Project Graph, Identify Slack time.

14. Organizational performance: [PYQ]

- Measure of how well an organization achieves goals through Efficient and Effective resource use.

- **14.1. Definition:**

- How Efficiently and Effectively managers use resources to satisfy customers and achieve goals.

- Efficiency = Doing things right; Effectiveness = Doing the right things.

- **14.2. Components of Performance (Robbins & Coulter):** Productivity, Goal attainment.

- **14.3. Managerial Role:** Driving performance by Setting goals, Allocating resources, Leading, Monitoring.

- **14.4. Relevance in Management:** High performance means Efficient resource use, Effective stakeholder satisfaction.

15. Key Tools for Measuring Organizational Performance:

- 15.1. Organizational Productivity Ratios.
- 15.2. Organizational Effectiveness (Goal-based evaluation).
- 15.3. Financial Tools (Profit, Return on Investment - ROI).
- 15.4. Balanced Scorecard (Financial, Customer, Internal Processes, Learning & Growth perspectives).
- 15.5. Benchmarking.
- 15.6. Total Quality Management (TQM) Tools.
- No single tool is sufficient; use a combination.

16. Contemporary Issues in Control:

- 16.1. **Cross-Cultural Differences:** Adapt control systems globally.
- 16.2. **Workplace Privacy:** Balance control needs with employee privacy.
- 16.3. **Employee Theft:** Implement strong internal controls, build trust.
- 16.4. **Workplace Violence:** Create safe environments, clear reporting.
- 16.5. **Controlling Customer Interactions:** Monitor service quality for satisfaction.
- Need to go Beyond traditional financial controls; consider Ethical, Cultural aspects; need Flexibility.

17. Control of overall performance: [PYQ]

- Monitoring and Evaluating organization's Total functioning for strategic goal achievement.
- **Example:** Establishing Standards (profit, quality) → Measuring Performance → Comparing → Taking Corrective Action.
- Links strategy to actual results.

18. Information Technology's (IT) Role in Control: [PYQ]

- 18.1. **Enhancing Data Collection and Monitoring:** Real-time data, Track performance indicators.
- 18.2. **Improving Decision-Making:** Management Information Systems (MIS), Dashboards, Informed decisions.
- 18.3. **Supporting Corrective Action:** Identify problem areas quickly, Simulate impact.
- 18.4. **Enabling Decentralized Control:** Cloud systems, Mobile access, Empowered decision-making.
- 18.5. **Facilitating Communication and Coordination:** Email, Collaboration platforms, Timely communication.
- Effective control in modern organizations is virtually impossible without Information Technology (IT).

19. Information Technology (IT) in Control (Opportunities & Challenges):

- 19.1. **Opportunities Created by IT:**
 - 1. Real-Time Monitoring and Feedback: Instant tracking, Quick response.
 - 2. Improved Decision-Making: Decision Support Systems (DSS), Fact-based management.
 - 3. Greater Transparency and Accountability: Automated records, Audit trails.
 - 4. Enhanced Communication and Coordination: Fast communication, Synchronized efforts.
 - 5. Cost Efficiency: Automation, Integrated platforms (Enterprise Resource Planning - ERP).

- **19.2. Challenges Created by IT:**

- ▶ 1. Information Overload: Difficulty focusing on what truly matters ("paralysis by analysis").
- ▶ 2. Security and Privacy Risks: Data breaches, Cyber threats; need robust IT security.
- ▶ 3. Dependence on Technology: Reduced critical thinking, Risk of system failures.
- ▶ 4. Resistance to Change: Due to lack of understanding or fear of monitoring; requires training.
- ▶ 5. Ethical Concerns: Employee surveillance, Trust; maintain morale.
- Information Technology (IT) enhances control but must be used Wisely, Ethically, and Strategically.