Unit: 2 PMOB

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Syllabus (Unit 2)

- **Planning:** Meaning, Purpose & process, **Decision making:** Concept & process, **Organizing:** Process, Departmentation, Authority & Responsibility relationships, Decentralization.

- **Staffing:** Concept, nature & importance of staffing and Directing

Meaning (What is planning?)

'Planning involves defining the organization's goals, establishing an overall strategy for achieving those goals, and developing a comprehensive set of plans to integrate and coordinate organizational work'. – (Robbins & Coulter)

'Planning is deciding in advance what to do, how to do and who is to do it. Planning bridges the gap where we are to where we want to go. It makes it possible for things to happen' - (Koontz & O'Donnell).

Meaning (What is planning?)

It's concerned with both ends (what's to be done) and means (how it's to be done).

Planning involves two important elements: goals and plans.

Goals are desired outcomes for individuals, groups, and entire organizations. They provide the direction for all management decisions and form the criterion against which actual work accomplishments can be measured.

Meaning (What is planning?)

Plans are documents that outline how goals are going to be met and that typically describe resource allocations, schedules, and other necessary actions to accomplish the goals.

As managers plan, they're developing both goals and plans.

Purposes of Planning

1) Planning gives direction-

- Planning establishes coordinated effort. It gives direction to managers and nonmanagers alike.

- When employees know where the organization or work unit is going and what they must contribute to reach goals, they can coordinate their activities, cooperate with each other, and do what it takes to accomplish those goals.

- Without planning, departments and individuals might be working at cross purposes, preventing the organization from moving efficiently toward its goals.

Purposes of Planning

2) It reduces impact of change-

- Planning also reduces uncertainty by forcing managers to look ahead, anticipate change, consider the impact of change, and develop appropriate responses.

- It also clarifies the consequences of actions managers might take in response to change.

- Even though planning can't eliminate change, managers plan in order to anticipate changes and develop the most effective response to them.

Purposes of Planning

3) It minimizes waste and redundancy-

- In addition, planning reduces overlapping and wasteful activities. When work activities are coordinated around established plans, wasted time and resources and redundancy can be minimized.

- Furthermore, when means and ends are made clear through planning, inefficiencies become obvious and can be corrected or eliminated.

Purposes of Planning

4) planning establishes goals or standards that are used in controlling-

- If we're unsure of what we're trying to accomplish, how can we determine whether we have actually achieved it? In planning, we develop the goals and the plans.

- Then, through controlling, we compare actual performance against the goals, identify any significant deviations, and take any necessary corrective action. Without planning, there would be no way to control.

Planning process

1) Being aware of opportunities and problems

2) Establishing goals/objectives

3) Developing premises (assumptions)

4) Determining alternatives courses

Planning process

5) Evaluating alternatives courses

6) Selecting a course of action

7) Formulating derivative plans (secondary/supportive plans)

8) Numberizing plans by making budgets

Types of Plans

1) On the basis of breadth (strategic versus operational)

2) On the basis of time frame (short term versus long term)

3) On the basis of specificity (directional versus specific)

4) On the basis of frequency of use (single-use versus standing)

Criticisms of Planning

1) Planning may create rigidity

2) Plans can't be developed for a dynamic environment

3) Formal plans can't replace intuition and creativity

4) Planning focuses managers' attention on today's competition not on tomorrow's survival

5) Formal planning reinforces success, which may lead to failure
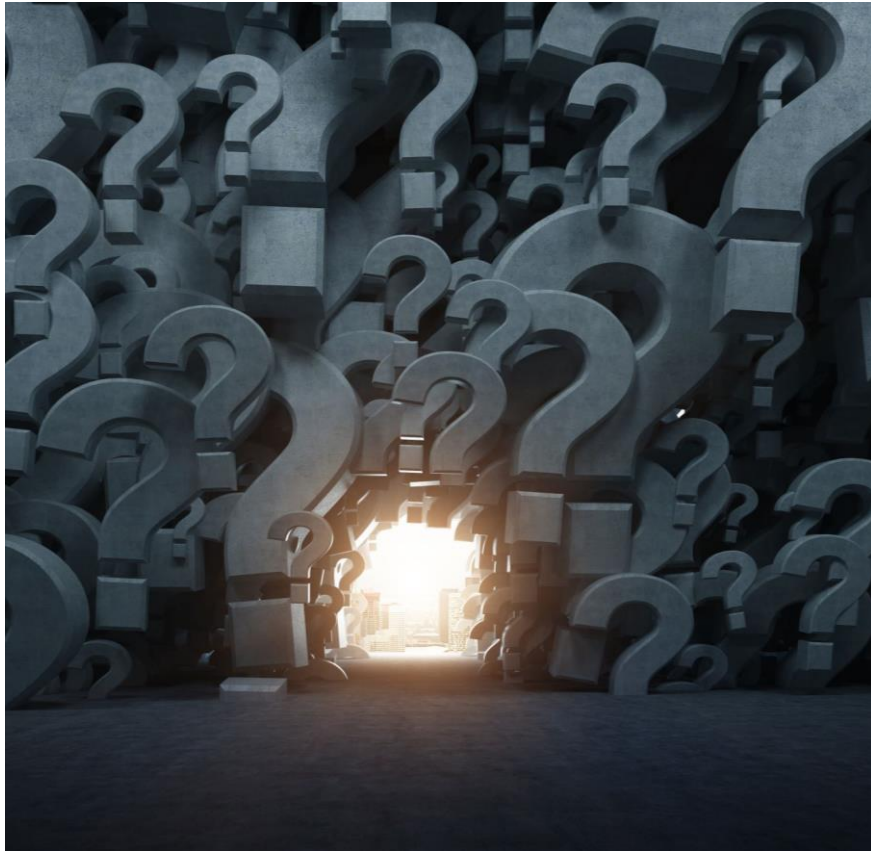
Topic- Decision Making

Concept of decision making

Decision- a choice from two or more alternatives

We all make decisions. But how do we make these decisions?

Decision making- choosing among alternatives.

This view is too simplistic. Why? Because decision making is a comprehensive process not just a simple act of choosing among alternatives.

Process of decision making

Identifying a problem

Decision criteria

Allocating weights to those criteria

Developing alternatives

Analysing alternatives

Selecting an alternative that can resolve the problem

Implements the alternative

Evaluating the decision's effectiveness

Making Decisions: Rationality, Bounded Rationality, and Intuition

Managerial decision making is assumed to be rational. By that we mean that managers make consistent, value-maximizing choices within specified constraints.

What are the underlying assumptions of rationality, and how valid are those assumptions?

Problem is clear	A single well defined goal is to be achieved	All alternatives and consequences are known	Preferences are clear	Preferences are constant and stable	No time or cost constraint	Final choice will maximize payoff

Bounded Rationality

Managers tend to operate under assumptions of bounded rationality; that is, they behave rationally within the parameters of a simplified decision-making process that is limited (or bounded) by an individual's ability to process information.

Because they can't possibly analyze all information on all alternatives, managers satisfice rather than maximize.

That is, they accept solutions that are "good enough." They are being rational within the limits (bounds) of their information processing ability.

Role of Intuition

What role does intuition play in managerial decision making? Managers regularly use their intuition and it may actually help improve their decision making.

What is intuitive decision making? It's a subconscious process of making decisions on the basis of experience and accumulated judgment.

Decision-Making Conditions

- Decision making under certainty

- Decision making under Risk

- Decision making under Uncertainty

Decision-Making Style

1) Directive style

- People using the directive style have low tolerance for ambiguity and are rational in their way of thinking.

- They're efficient and logical.

- Directive types make fast decisions and focus on the short run.

- Their efficiency and speed in making decisions often result in their making decisions with minimal information and assessing few alternatives.

Decision-Making Style

2) Analytic style

- Decision makers with an analytic style have much greater tolerance for ambiguity than do directive types.

- They want more information before making a decision and consider more alternatives than a directive-style decision maker does.

- Analytic decision makers are best characterized as careful decision makers with the ability to adapt or cope with unique situations.

Decision-Making Style

3) Conceptual style

- Individuals with a conceptual style tend to be very broad in their outlook and will look at many alternatives.

- They focus on the long run and are very good at finding creative solutions to problems

Decision-Making Style

4) Behavioral style

- Decision makers with a behavioral style work well with others.
- They're concerned about the achievements of subordinates and are receptive to suggestions from others.
- They often use meetings to communicate, although they try to avoid conflict.
- Acceptance by others is important to this decision-making style.

Organizing: Process, Departmentation, Authority & Responsibility relationships, Decentralization

Organising:

- Organising is a process of integrating, coordinating and mobilising the activities of members of a group for seeking common goals.

- It implies establishment of working relationships, which is done by assigning activities and delegating authority.

Organising:

- "Organising involves the
  - establishment of an internal structure of roles, by identifying and listing the activities required to achieve the purpose of a enterprise,
  - the grouping of these activities, the assignment of such group of activities to manager,
  - the delegation of authority to carry out and provision for coordination of authority relationship horizontally and vertically in the organisation structure."-**Koontz and O"Donnell**

Organising:

- The term organisation has been used as a process and as a structure. Organising a process involves many stages. When the stages are completed, a formal structure comes into existence, known as organizational structure.

Organising process:

1) **Identification of Activities:** At the first stage of organising, the manager recognises those activities, which are indispensable for reaching common goals. The common goals of organisation provide the basis for determining and identifying the activities.

2) **Division of Activities:** Once the events have been acknowledged, they are divided and subdivided into jobs and small tasks known as elements of activities.

Organising process:

3) Grouping of Activities: After division into small elements known as tasks, the closely linked ones having similarity may be grouped to form a department.

4) Assignment of Group Activities: Once activities are classified into groups, they are allocated to the particular department or an individual.

Organising process:

5) Granting Necessary Authority: Groups of activities are assigned to various departments and individual employees' demands to grant adequate authority to them are considered.

6) Coordinating the Functioning of Various Departments: In the process of organising, attempts are made to coordinate each small element or task with departmental activities. Further, the functioning of each department is coordinated to achieve common goals.

Departmentation:

- Once jobs have been divided up through work specialization, they have to be grouped back together so that common tasks can be coordinated.

- The basis by which jobs are grouped together is called departmentalization.

- Every organization will have its own specific way of classifying and grouping work activities.

Basis of departmentation

- Functional departmentalization groups jobs by functions performed. This approach can be used in all types of organizations, although the functions change to reflect the organization's objectives and work activities.

- Product departmentalization groups jobs by product line. In this approach, each major product area is placed under the authority of a manager who's a specialist in, and is responsible for, everything having to do with that product line.

- Geographical departmentalization groups jobs on the basis of territory or geography such as southern, western, or northwestern regions for an organization operating only in India; or for a global company, maybe U.S., European, Canadian, and Asian-Pacific regions.

Basis of departmentation

- Process departmentalization groups jobs on the basis of product or customer flow. In this approach, work activities follow a natural processing flow of products or even of customers.

- Finally, customer departmentalization groups jobs on the basis of common customers who have common needs or problems that can best be met by having specialists for each.

Basis of departmentation

- Large organizations often combine most or all of these forms of departmentalization.

- For example, a major electronics firm organizes each of its divisions along functional lines, its manufacturing units around processes, its sales units around seven geographic regions, and its sales regions into four customer groupings

Current trends in departmentation

- Two trends are currently popular regarding departmentalization.
- First, customer departmentalization is increasingly being used as an approach to better monitor customers' needs and to be better able to respond to changes in those needs. This arrangement allowed the company to better understand its customers and to respond faster to their needs.
- Second, managers are using cross-functional teams, groups of individuals who are experts in various specialties and who work together.

Authority and responsibility

- Authority refers to the rights inherent in a managerial position to tell people what to do and to expect them to do it.

- To facilitate decision making and coordination, an organization's managers are part of the chain of command and are granted a certain degree of authority to meet their responsibilities.

- As managers coordinate and integrate the work of employees, those employees assume an obligation to perform any assigned duties. This obligation or expectation to perform is known as responsibility.

Centralization and Decentralization

- Centralization describes the degree to which decision making is concentrated at a single point in the organization. If top managers make the organization's key decisions with little or no input from below, then the organization is centralized.

- In contrast, the more that lower-level employees provide input or actually make decisions, the more decentralization there is.

- Keep in mind that the concept of centralization-decentralization is a relative, not an absolute, one. What we mean is that an organization is never completely centralized or decentralized.

- Few organizations could function effectively if all decisions were made by only a select group of top managers; nor could they function if all decisions were delegated to employees at the lowest levels

Staffing: Concept, nature & importance of staffing and Directing

Concept of staffing

- It is a process by which managers ensure that they have the right number and kinds of people in the right places at the right times, people who are capable of effectively and efficiently completing those tasks that will help the organization achieve its overall goals.

- Employment planning not only guides current staffing needs but also projects future employee needs and availability.

Nature of Staffing

- People are most important asset in an organization.

- The quality of an organization is, to a large degree, merely the summation of the quality of people it hires and keeps.

- Getting and keeping competent employees are critical to the success of every organization, whether the organization is just starting or has been in business for years.

- Therefore, part of every manager's job in the staffing function is human resource management

- If an organization doesn't take its staffing responsibilities seriously, work performance and goal accomplishment may suffer.

Nature of staffing

- Job analysis: An assessment that defines jobs and the behaviors necessary to perform them

- A job description is a written statement that describes the job—what a job holder does, how it's done, and why it's done. It typically portrays job content, environment, and conditions of employment.

- The job specification states the minimum qualifications that a person must possess to perform a given job successfully. It focuses on the person and identifies the knowledge, skills, and attitudes needed to do the job effectively

Importance of staffing

- Various studies have concluded that an organization's human resources can be a significant source of competitive advantage.

- Assessing both current capabilities and future needs, managers can estimate shortages—both in number and in kind—and highlight areas in which the organization is overstaffed.

Process of staffing

- Once managers know their current staffing levels—understaffed or overstaffed—they can begin to do something about it.

- If vacancies exist, they can use the information gathered through job analysis to guide them in recruitment—that is, the process of locating, identifying, and attracting capable applicants.

- On the other hand, if employment planning indicates a surplus, managers may want to reduce the labor supply within the organization and initiate downsizing or restructuring activities.

Process

1) Recruitment- Developing a pool of applications by locating, identifying, and attracting capable applicants.

2) Selection- Screening job applicants to ensure that the most appropriate candidates are hired.

3) Orientation- Introducing a new employee to the job and the organization

4) Training- Employee training is a learning experience that seeks a relatively permanent change in employees by improving their ability to perform on the job. Thus, training involves changing skills, knowledge, attitudes, or behavior. This change may involve what employees know, how they work, or their attitudes toward their jobs, coworkers, managers, and the organization

Process

- On the job training methods
  - Job rotation- Lateral transfers allowing employees to work at different jobs. Provides good exposure to a variety of tasks.
  - Understudy assignments- Working with a seasoned veteran, coach, or mentor. Provides support and encouragement from an experienced worker. In the trades industry, this may also be an apprenticeship.

Process

- Off the job training methods:
  - Classroom lectures- Lectures designed to convey specific technical, interpersonal, or problem-solving skills.
  - Films and videos- Using media to explicitly demonstrate technical skills that are not easily presented by other training methods.
  - Simulation exercises- Learning a job by actually performing the work (or its simulation). May include case analyses, experiential exercises, role-playing, and group interaction.
  - Vestibule training- Learning tasks on the same equipment that one actually will use on the job but in a simulated work environment.

Process

5) Performance management system

A system that establishes performance standards that are used to evaluate employee performance.

- Written essay- Simple to use; More a measure of evaluator's writing ability than of employee's actual performance.

- Critical incidents- Rich examples; behaviorally based; Time-consuming; lack quantification.

- Graphic rating scales- Provide quantitative data; less time-consuming than others; Do not provide depth of job behavior assessed.

- BARS- Focus on specific and measurable job behaviors; Time-consuming; difficult to develop measures.

- MBO- Focuses on end goals; results oriented; Time-consuming.

- 360° appraisal- More thorough; Time-consuming.

Process

6) Compensation and benefits

- The process of determining a cost-effective pay structure that will attract and retain employees, provide an incentive for them to work hard, and ensure that pay levels will be perceived as fair.

Thank you