UNIT 1- INTRODUCTION TO MANGEMENT

Management is a vital aspect of the economic life of man, which is an organised group activity. A central directing and controlling agency is indispensable for a business concern. The productive resources - material, labour, capital etc. are entrusted to the organising skill, administrative ability and enterprising initiative of the management. Thus, management provides leadership to a business enterprise. Without able managers and effective managerial leadership the resources of production remain merely resources and never become production. Under competitive economy and ever-changing environment the quality and performance of managers determine both the survival as well as success of any business enterprise. Management occupies such an important place in the modern world that the welfare of the people and the destiny of the country are very much influenced by it.

Nature of Management

An analysis of the various definitions of management indicates that management has certain characteristics. The following are the salient characteristics of management.

1. ***Management aims at reaping rich results in economic terms:*** Manager's primary task is tosecure the productive performance through planning, direction and control. It is expected of the management to bring into being the desired results. Rational utilisation of available resources to maximise the profit is the economic function of a manager. Professional manager can prove his administrative talent only by economising the resources and enhancing profit. According to Kimball, "management is the art of applying the economic principles that underlie the control of men and materials in the enterprise under consideration".

2. ***Management also implies skill and experience in getting things done through people:*** Management involves doing the job through people. The economic function of earning profitable return cannot be performed without enlisting co-operation and securing positive response from "people". Getting the suitable type of people to execute the operations is the significant aspect of management. In the words of Koontz and O'Donnell, "Management is the art of getting things done through people in formally organised groups".

3. ***Management is a process:*** Management is a process, function or activity. This processcontinues till the objectives set by administration are actually achieved. "Management is a social process involving co-ordination of human and material resources through the functions of planning, organising, staffing, leading and controlling in order to accomplish stated objectives".

4. ***Management is a universal activity:***Management is not applicable to business undertakingsonly. It is applicable to political, social, religious and educational institutions also. Management is necessary when group effort is required.

5. ***Management is a science as well as an art:***Management is an art because there are definiteprinciples of management. It is also a science because by the application of these principles predetermined objectives can be achieved.

6. ***Management is a profession:*** Management is gradually becoming a profession becausethere are established principles of management which are being applied in practice, and it involves specialised training and is governed by ethical code arising out of its social obligations.

7. ***Management is an endeavour to achieve pre-determined objectives:*** Management isconcerned with directing and controlling of the various activities of the organisation to attain the pre-determined objectives. Every managerial activity has certain objectives. In fact, management deals particularly with the actual directing of human efforts.

8. ***Management is a group activity:*** Management comes into existence only when there is angroup activity towards a common objective. Management is always concerned with group efforts and not individual efforts. To achieve the goals of an organisation management plans, organises, co-ordinates, directs and controls the group effort.

9. ***Management is a system of authority:*** Authority means power to make others act in apredetermined manner. Management formalises a standard set of rules and procedure to be followed by the subordinates and ensures their compliance with the rules and regulations. Since management is a process of directing men to perform a task, authority to extract the work from others is implied in the very concept of management.

10. ***Management involves decision-making:*** Management implies making decisions regardingthe organisation and operation of business in its different dimensions. The success or failure of an organisation can be judged by the quality of decisions taken by the managers. Therefore, decisions are the key to the performance of a manager.

11. ***Management implies good leadership:***A manager must have the ability to lead and get thedesired course of action from the subordinates. According to R. C. Davis, "management is the function of executive leadership everywhere". Management of the high order implies the capacity of managers to influence the behaviour of their subordinates.

12. ***Management is dynamic and not static:*** The principles of management are dynamic and not static. It has to adopt itself according to social changes.

13. ***Management draws ideas and concepts from various disciplines:*** Management is an interdisciplinary study. It draws ideas and concepts from various disciplines like economics, statistics, mathematics, psychology, sociology, anthropology etc.

14. ***Management is goal oriented:*** Management is a purposeful activity. It is concerned with the achievement of pre-determined objectives of an organization.

Scope of management

The scope of management is too wide to be covered in a few pages. Herbison and Myres have yet tried to restrict it under three broad groups, viz.

Economic Resource

System of Authority

Class or Elite

Economic Resource: Business Economics classifies the factors of production into four basic inputs, viz. land, labour, capital and entrepreneur. By the use of all these four, basic production can be done. But to turn that into a profitable venture, an effective utilization of man, money, material, machinery and methods of production has to be ensured. This is guaranteed by application of management fundamentals and practices. The better is the management of an enterprise, the higher is its growth rate

in terms of profit, sales, production and distribution. Thus management itself serves as an economic resource.

System of Authority: As already discussed, management is a system of authority. It formalises a standard set of rules and procedure to be followed by the subordinates and ensures their compliance with the rules and regulations. Since management is a process of directing men to perform a task, authority to extract the work from others is implied in the very concept of management.

Class or Elite: Management is considered to be a distinct class that has its own value system. Managerial class, often referred to as a collective group of those individuals that perform managerial activities is essential component of each organisation. The importance the class has become so huge that the entire group of mangers is known as "management" in every organisation.

Purpose of Management

The purpose of management can be understood as following:

- Reducing ambiguity in methods of working,
- Keeping costs down, and motivating others to do the same.
- Taking calculated risks
- Managing prospective risk
- Exercise good judgement

Functions of management:

Planning: Planning is the process of making decisions about future. It is the process of determining enterprise objectives and selecting future courses of actions necessary for their accomplishment. It is the process of deciding in advance what is to be done, when and where it is to be done, how it is to be done and by whom. Planning provides direction to enterprise activities. It helps managers cope with change. It enables managers to measure progress toward the objectives so that corrective action can be taken if progress is not satisfactory. Planning is a fundamental function of management and all other functions of management are influenced by the planning process.

Organising: Organising is concerned with the arrangement of an organisation's resources - people, materials, technology and finance in order to achieve enterprise objectives. It involves decisions about the division of work, allocation of authority and responsibility and the coordination of tasks. The function increases in importance as a firm grows. A structure is created to cope with problems created by growth. Through this formal structure, the various work activities are defined, classified, arranged and coordinated. Thus, organising refers to certain dynamic aspects: What tasks are to be done? Who is to do them? How the tasks are to be grouped? Who is to report to whom? Where the decisions have to be made?

Staffing: Staffing is the function of employing suitable persons for the enterprise. It may be defined as an activity where people are recruited, selected, trained, developed, motivated and compensated for manning various positions. It includes not only the movement of individuals into an organisation, but also their movement through (promotion, job rotation transfer) and out (termination, retirement) of the organisation.

Directing: The function of guiding and supervising the activities of the subordinates is known as directing. Acquiring physical and human assets and suitably placing them on jobs does not suffice; what is more important is that people must be directed towards organisational goals. This work involves four important elements:

Leadership: Leadership is the process of influencing the actions of a person or a group to attain desired objectives. A manager has to get the work done with and through people. The success of an organisation depends upon the quality of leadership shown by its managers.

Motivation: Motivation is the work a manager performs to inspire, encourage and impel people to take required action. It is the process of stimulating people to take desired courses of action. In order to motivate employees, manager must provide a congenial working atmosphere coupled with attractive incentives.

Communication: Communication is the transfer of information and understanding from one person to another. It is a way of reaching others with ideas, facts, and thoughts. Significantly, communication always involves two people: a sender and a receiver. Effective communication is important in organisations because managers can accomplish very little without it.

Supervision: In getting the work done it is not enough for managers to tell the subordinates what they are required to do. They have also to watch and control the activities of the subordinates. Supervision is seeing that subordinates do their work and do it as directed. It involves overseeing employees at work.

Controlling: The objective of controlling is to ensure that actions contribute to goal accomplishment. It helps in keeping the organisational activities on the right path and aligned with plans and goals. In controlling, performances are observed, measured and compared with what had been planned. If the measured performance is found wanting, the manager must find reasons and take corrective actions. If the performance is not found wanting, some planning decisions must be made, altering the original plans. If the controlling function is to be effective, it must be preceded by proper planning. Thus, controlling includes four things:

➢ Setting standards of performance

➢ Measuring actual performance

➢ Comparing actual performance against the standard and

➢ Taking corrective actions to ensure goal accomplishment.

Evolution of Management Thought

Introduction

The origin of management can be traced back to the days when man started living in groups. One can argue that management took the form of leadership which was essential to coordinate the efforts of the group members in order to arrange the necessities of life. History reveals that strong men organised the masses into groups according to their intelligence, physical and mental capabilities. According to Egyptian literature of 1300 B.C., the art of management was being practiced in different forms by different people. The literature clearly indicates the recognition of the importance of organisation and administration in the bureaucratic set up.

Classical Theory

The classical theory signifies the beginning of the systematic study of management organisation. It is often called the traditional theory. It can be traced historically to the 19th century prototype industrial and military organisations. Several writers contributed to the classical thought in the early years of the 20th century. They include Taylor, Fayol, Weber, Luther Gulick, Urwick, Mooney and Reiley and may others.

The classical theory incorporates three viewpoints: (1) Taylor's Scientific Management (2) Fayol's Administrative Management; and (3) Weber's Ideal Bureaucracy (an organisation based on rules and regulations, formal relations, specialization, etc.). All the three concentrated on the structure of organisation for greater efficiency. Several other trailblazers have also contributed to the classical theory. For instance, Mooney and Reiley published 'Onward Industry' in 1931 in which they attempted to find organisational universals. Subsequently, notable contributions came from Gullick, Oliver Sheldon, Urwick and many others. All these theorists were concerned with the structure of organisations and that is why their approach is also sometimes labelled as 'structural theory of organisation'. Salient features of classical approach are as follows:

1. The classical theory laid emphasis on division of labour and specialization, structure, scalar and functional processes and span of control. Thus, they concentrated on the anatomy of formal organisation.

2. The classical theorists emphasis organisation structure for co-ordination of various activities. They ignored the role of human element.

3. The classical theory ignored the impact of external environment on the working of the organisation. Thus, it treated organisations as closed systems.

4. The efficiency of the organisation can be increased by making each individual efficient.

5. The integration of the organisation is achieved through the authority and control of the central mechanism. Thus, it is based on centralization of authority.

6. There is no conflict between the individuals and the organisation. In case of any conflict, the interests of the organisation should prevail.

7. The people at work could be motivated by the economic rewards as they were supposed to be 'rational economic persons'.

Scientific Management Approach

The impetus for the scientific management approach came from the first industrial revolution. Because it brought about such an extraordinary mechanization of industry, this revolution necessitated the development of new management principles and practices. The main contributors to scientific management were Frederick W. Taylor, Henry L. Gantt, Frank Gilbreth, Lillian Gilbreth and Harrington Emerson.

F.W. Taylor (1865-1915) was the first person who insisted on the introduction of scientific methods in management. He launched a new movement during the last decade of 19th century which is known as 'Scientific Management'. That is why, Taylor is regarded as the father of scientific management. Taylor was an American engineer who responded to the challenges of management around the turn of the century. During that period, productivity was very low, labour became extremely dissatisfied and industries had to face frequent strikes and lockouts. Taylor's contribution was a system based on science whereby lower labour cost could be achieved simultaneously with higher wages. He suggested the change in the mental attitudes of the workers and the management to bring harmony in the industry.

Scientific management means application of scientific methods to the problems of management. Taylor advocated scientific task setting based on time and motion study, standardization of materials, tools and working conditions, scientific selection and training of workers and so on. It is to be noted that Taylor's thinking was confined to management at the shop level. However, he demonstrated the possibility and significance of the scientific analysis of the various aspects of management. To sum up, he laid emphasis on the following principles:

1. Science, not rule of thumb.
2. Harmony in group action, rather than discord.
3. Maximum output in place of restricted output.
4. Scientific selection, training and placement of the workers.
5. Almost equal division of work and responsibility between workers and managers.

Taylor suggested that management should try to find the best methods of doing various jobs and introduce standardized materials, tools and equipment so that wastages are reduced. The management should select right types of people and give them adequate training so as to increase the quantity and quality of production. It must create congenial working conditions for optimum efficiency of the workers. It should perform the decision-making function and should always try to give maximum cooperation to the workers to ensure that work is done according to the scientific techniques.

The workers should also revise their attitude towards the management. They should not be work-shirkers. They should be disciplined, loyal and sincere in fulfilling the tasks assigned to them. They should not indulge in wastage of resources. Both the management and the workers should trust each other and cooperate in achieving maximum production.

Thus, Taylor stood for creating a mental revolution on the part of management and workers. It is to be noted that Taylor's thinking was confined to management at the shop level. However, he demonstrated the possibility and significance of the scientific analysis of the various aspects of management. To put the philosophy of scientific management into practice, Taylor and his associates suggested the following techniques:

- Scientific task setting to determine a fair days; work.
- Work study to simplify work and increase efficiency. This involves methods study, time study and motion study.
- Standardization of materials, tools equipment, costing system, etc.
- Scientific selection and training of workers.
- Differential piece-wage plan to reward the highly efficient workers.
- Specialization in planning and operations through 'functional foremanship'. Foremen in the planning department include: route clerk, instruction card clear, time and cost clerk and shop disciplinarian and those in the operations department include: gang boss, speed boss, repair boss and inspector.
- Elimination of wastes and rationalization of system of control.

Criticism of Scientific Management

Taylor's scientific management was criticized not only by the workers and managers but also by the psychologists and the general public. The main grounds of criticism are given below:

The use of the word 'Scientific' before 'Management' was objected because what is actually meant by scientific management is nothing but a scientific approach to management.

Taylor advocated the concept of functional foremanship to bring about specialization in the organisation. But this is not feasible in practice as a worker can't carry out instructions from eight foremen.

Scientific management is production-centered as it concentrates too much on the technical aspects of work and undermines the human factor in industry.

Scientific Management ignores social and psychological needs of workers as it treats them as extension of machines devoid of any feelings and emotions.

Trade unionists regarded the principles of scientific management as the means to exploit labour because the wages of the workers were not increased in direct proportion to productivity increases.

Many of the above objections were later remedied by the other contributors to scientific management like Henri L. Gantt, Frank Gilbreth, Lillian Gilbreth and Harrington Emerson. Many of the recommendations of Taylor are still being applied by the modern business undertakings. In short, it can be said that Taylor was the pioneer in introducing scientific reasoning to the discipline of management.

Management Process or Administrative Management Approach

The advocates of this school perceive management as a process involving certain functions such as planning, organising, directing and controlling. That is why, it is also called the **'functional' approach. Henri Fayol is regarded as the father of this school.** Henri Fayol defined management in terms of certain functions and then laid down fourteen principles of management which according to him have universal applicability.

Principles of Management (Contribution of Henry Fayol)

Concept of Management: Henry Fayol is considered the father of modern theory of general and industrial management. He divided general and industrial management into six groups:

Technical activities: Production, manufacture, adaptation.

Commercial activities: Buying, selling and exchange.

Financial activities: Search for and optimum use of capital.

Security activities: Protection of property and persons.

Accounting activities: Stock-taking, balance sheet, cost, and statistics.

Managerial activities: Planning, organisation, command, co- ordination and control.

These six functions had to be performed to operate successfully any kind of business. He, however, pointed out that the last function i.e., ability to manage, was the most important for upper levels of managers.

The process of management as an ongoing managerial cycle involving planning, organising, directing, co-ordination, and controlling, is actually based on the analysis of general management by Fayol. Hence, it is said that Fayol established the pattern of management thought and practice. Even today, management process has general recognition.

Fayol's Principles of Management: The principles of management are given below:

Division of work: Division of work or specialization alone can give maximum productivity and efficiency. Both technical and managerial activities can be performed in the best manner only through division of labour and specialization.

Authority and Responsibility: The right to give order is called authority. The obligation to accomplish is called responsibility. Authority and Responsibility are the two sides of the management coin. They exist together. They are complementary and mutually interdependent.

Discipline: The objectives, rules and regulations, the policies and procedures must be honoured by each member of an organisation. There must be clear and fair agreement on the rules and objectives, on the policies and procedures. There must be penalties (punishment) for non-obedience or indiscipline. No organisation can work smoothly without discipline - preferably voluntary discipline.

Unity of Command: In order to avoid any possible confusion and conflict, each member of anorganisation must received orders and instructions only from one superior (boss).

Unity of Direction: All members of an organisation must work together to accomplish common objectives.

Emphasis on Subordination of Personal Interest to General or Common Interest: This is also called principle of co-operation. Each shall work for all and all for each. General or common interest must be supreme in any joint enterprise.

Remuneration: Fair pay with non-financial rewards can act as the best incentive or motivator for good performance. Exploitation of employees in any manner must be eliminated. Sound scheme of remuneration includes adequate financial and non-financial incentives.

Centralization: There must be a good balance between centralization and decentralization of authority and power. Extreme centralization and decentralization must be avoided.

Scalar Chain: The unity of command brings about a chain or hierarchy of command

linking all members of the organisation from the top to the bottom. Scalar de steps.

Order: Fayol suggested that there is a place for everything. Order or system alone can create a sound organisation and efficient management.

Equity: An organisation consists of a group of people involved in joint effort. Hence, equity (i.e., justice) must be there. Without equity, we cannot have sustained and adequate joint collaboration.

Stability of Tenure: A person needs time to adjust himself with the new work and demonstrate efficiency in due course. Hence, employees and managers must have job security. Security of income and employment is a pre-requisite of sound organisation and management.

Esprit of Co-operation: Esprit de corps is the foundation of a sound organisation. Union is strength. But unity demands co-operation. Pride, loyalty and sense of belonging are responsible for good performance.

Initiative: Creative thinking and capacity to take initiative can give us sound managerial planning and execution of predetermined plans.

Criticism of Process of Functional Approach

Though the proponents of management process approach have made significant contribution to the development of thought, their work suffers from the following limitations:

There is no single classification of managerial functions acceptable to all the functional

theorists. There is also lack of unanimity about the various terms such as management and administration, commanding and directing, etc

The functionalists considered their principles to be universal in nature. But many of the principles have failed to deliver the desired results in certain situations.

The functional theorists did not consider the external environment of business.

Fayol overemphasized the intellectual side of management. He felt that management should be formally taught, but he did not elaborate the nature and contents of management education.

Human Relations Approach

The classical writers including Weber, Taylor and Fayol neglected the human relations aspect. The neo-classicists focussed on the human aspect of industry. They modified the classical theory by emphasizing the fact that organisation is a social system and the human factor is the most important element within it. They conducted some experiments (known as Hawthorne Experiments) and investigated informal groupings, informal relationships, patterns of communication, patterns of informal leadership, etc. This led to the development of human relations approach. Elton Mayo is generally recognized as the father of the Human Relations School. Other prominent contributors to these schools include Roethlisberger, Dickson, Dewey, Lewin, etc.

The human relations approach is concerned with recognition of the importance of human element in organisations. It revealed the importance of social and psychological factors in determining workers' productivity and satisfaction. It was instrumental in creating a new image of man and the

work place The neo-classical or human relations approach put stress on inter-personal relations and informal groups at the work-place.

The human relationists argued that achievement of organisational objectives is impossible without the willing cooperation of people and such cooperation cannot be automatically secured or ordered. It has to be consciously achieved. The neo-classical approach advocated people-oriented organisation structure which will integrate both informal and formal organisations.

The basic tenets of neo-classical theory or human relations approach are as under:

1. The business organisation is a social system.

2. Thebehaviour of an individual is dominated by the informal group of which he is a member.

3. An individual employee cannot be motivated by economic incentives alone. His social and psychological needs must be satisfied to improve the level of motivation.

4. In an organisation, it is ultimately cooperative attitude and not the more command which yields result.

5. Management must aim at developing social and leadership skills in addition to technical skills. It must take interest in the welfare of workers.

6. Morale and productivity go hand in hand in an organisation.

Criticism of Human Relations Approach

The human relations approach has been criticized on the following grounds:

Lack of Scientific Validity: The human relationists drew conclusions from Hawthornestudies. These conclusions are based on clinical insight rather than on scientific evidence.

Over-emphasis on Group: The human relations approach over-emphasises the group andgroup decision-making.

Over-stretching of Human Relations: It is assumed that all organisational problems areamenable to solutions through human relations.

Limited Focus on Work: The human relations approach lacks adequate focus on work.

Over-stress on Socio-psychological Factors: The human relations approach underminesthe role of economic incentives in motivation and gives excessive stress on social and psychological factors.

Conflict between Organisational and Individual Goals: It view conflict between the goal of the organisation and those of individuals as destructive.

Behavioural Science Approach

Under behavioural science approach, the knowledge drawn from behavioural science, namely, psychology, sociology and anthropology, is applied to explain and predict human behaviour. It focuses on human behaviour in organisations and seeks to promote verifiable propositions for scientific understanding of human behaviour in organisations. It lays emphasis on the study of motivation, leadership, communication, group dynamics, participative management, etc.

The essential characteristics of behavioural science approach are as under:

Data must be objectively collected and analyzed.

Findings must be presented so that the distinction between cause and effect, as opposed to chance occurrences, is clear.

Facts must be systematically related to one another within a systematic framework. Data collection alone does not constitute a science.

The findings of a study must always be open to further examination and question.

The distinguishing feature of the behavioural sciences approach is the methodology employed in developing the research in the management discipline. The crux of the methodology lies in the collection and analysis of the relevant data. It is in this sense that this approach differs from the human relations approach. Further, the behavioural scientists made the following propositions:

An organisation is a socio-technical system.

Individuals differ with regard to attitudes, perceptions and value systems. As a result, they behave differently to different stimuli under different conditions.

People working in the organisation have their needs and goals which may differ from the organisational goals. Attempts should be made to achieve fusion between organisational goals and human needs.

A wide range of factors influence inter-personal and group behaviour of people in organisations.

The behaviour school has drawn heavily on the work of Maslow. His development of need hierarchy to explain human behaviour and the dynamics of motivation process is an important contribution. Douglas McGregor built on Maslow's work in explaining his 'Theory X' and 'Theory Y'. Frederick Herzberg developed a two-factor theory of motivation. He made a distinction between the factors which either cause or prevent job dissatisfaction (hygienic factors), and those factors which actually lead to motivation (motivational factors).

In the area of leadership, Robert Blak and Jane Mouton developed and popularized the 'Managerial Grid'. RensisLikert has identified and extensively researched four Management Systems ranging from System 1: Exploitive-Authoritative to System 4 :Group Participative. Each system characterizes and organisational climate by employing several key dimensions of effectiveness such as communication, motivation, leadership and others.

Quantitative Approach

This approach is also called 'Mathematical' , 'Operations Research' or 'Management Science' approach. The basic feature of the quantitative management thought is the use of mixed teams of scientists from several disciplines. This school used scientific tools for providing a quantitative base for managerial decisions. The techniques commonly used for managerial decision-making include Linear Programming, Critical Path Method (CPM), Programme Evaluation Review Technique (PERT), Games Theory, Queuing Theory and Break-Even Analysis

The quantitative approach uses mathematical formulate for finding solutions to the problems that were previously unsolved. The abiding belief of the quantitative approach is that if management is a logical process, it may be expressed in terms of mathematical symbols and relationships. The basic approach is the construction of a quantitative model because it is though this device that the problem is expressed in its basic relationships and in terms of selected objectives. The construction of the model expresses the effectiveness of the system under study as a function of a set of variables at least one of which is subject control. The general form of operations research model is $E = f(x_1, y_1)$, where E represents the effectiveness of the system (profit, cost and the like) x_1 the variables of the system which are subjected to control and y_1

those which are not subject to control.

The quantitative approach to management has its root in the scientific management movement. Since Taylor advocated a logical sequence of problem formulation, fact finding, modelling, a tentative solution, testing, etc., his scientific approach could be classified as an early form of quantitative approach to management. A natural extension of the scientific management is the operations research.

The approach was updated so as to include development of mathematical models to represent a system under study. I may be noted that the development of models required the skills of money disciplines such as engineering, mathematics, economic, statistics, physical science, behavioural sciences and cost accountancy. The mathematical formulation enabled the managers to discover significant relationships that they could control.

Another important development alongwith the growth in the number of quantitative techniques was the introduction of high speed digital computers. Starting in about 1970, the quantitative approach to management turned away from emphasis on narrow operations research techniques to the boarder perspective of decision techniques and models building. It also incorporated computerised information systems and operations management. The latest emphasis of the quantitative approach marked a move towards a more broad-based management.

Systems Approach

In the 1960s, a new approach to management appeared which attempted to unify the earlier schools of thought. This approach is commonly referred to as 'Systems Approach'. Basically, it took up where the functional process management school let off to try to unify management theory. "A system viewpoint may provide the impetus to unify management theory. By definition, it could treat the various approaches, such as the process, quantitative and behavioural ones, as subsystems in an overall theory of management. Thus, the systems approach may succeed where the process approach has failed to lead management out of the theory jungle".

The systems approach is based on the generalization that an organisation is a system and its components are inter-related and inter-dependent. "A system is composed of related and dependent elements which, when in interactions, form a unitary whole. It is simply an assemblage or combination of things or parts, forming a complex whole. Its important feature is that it is composed of hierarchy of sub-systems. The world as a whole can be considered to be a systems in which various national economies are sub-system. In turn, each national economy is composed of its various industries, each industry is composed of firms, and of course, a firm can be considered a system composed of sub-systems such as production, marketing, finance, accounting and so on". Thus, each system may comprise several sub-systems and in turn, each sub-system be further composed of sub-systems.

Features of Systems Approach

The systems approach is far more superior to classical and neo-classical approach because of the following features:

Interdependent Sub-systems: An organisation is a system consisting of several sub-systems.For example, in a business enterprise, production, sales and other departments and sub-systems. All

these sub-systems are functionally interacting and interdependent. They are used together into an organic whole through goals, authority flows, resources flows and so on.

Whole Organisation: The system approach provides a unified focus to organisationalefforts. It gives managers a way of looking at the organisation as a whole that is greater than the sum of its parts. The stress is laid on integration of various sub-systems of the organisation to ensure overall effectiveness of the system.

Synergy: The output of a system is always more than the combined output of its parts. Thisis called the law if synergy. The parts of system become more productive when they interact with each other than when they act in isolation.

Multi-disciplinary: Modern theory of management is enriched by contributions fromvarious disciplines like psychology, sociology, economics, anthropology, mathematics, operations research and so on.

Contingency Approach

A review of the earlier schools of management helps us to place the current approach to management in perspective. The performance results of the management process school's universalist assumptions were generally disappointing. The behavioural approach to management was incomplete. Certain quantitative techniques worked in some situations and not in others. The quantitative people could not solve behavioural problems and behavioural people could not overcome operations problems adaptable to quantitative solutions. Many authors believe that systems based theory could solve this dilemma. But this approach is also as yet incomplete. The latest approach to management which integrates the various approaches to management is known as 'contingency' or 'situational' approach.

The contingency approach is not new. Pigors and Myers propagated this approach in the area of personnel management as early as in 1950. However, the work of Joan Woodward in the 1950s marked the beginning of the contingency approach to organisation and management. Other contributors include Tom Burns, G.W. Stalker, Paul Lawrence, Jay Lorsch, and James Thompson. They analyzed the relationship between the structure of the organisation and the environment. Thus, contingency approach incorporates external environment and attempts to bridge the theory-practice gap. It does so in the systems framework. In other words, contingency approach as regards organisation as an open and dynamic system which has continuous interaction with environment.

The contingency theory stresses that there is no one best style of leadership which will suit every situation. The effectiveness of a particular leadership style will vary from situation to situation. For instance, participative leadership may be more effective in an organisation employing professional personnel in a high technology operation in an atmosphere of non-materialistic orientation and free expression. On the other hand, authoritarian leadership would be more effective in an organisation which employs unskilled personnel on routine tasks in social values oriented towards materialism and obedience to authority.

Operational Approach

Koontz, O'Donnell and Weihrich have advocated the operational approach to management. This approach recognizes that there is a central core of knowledge about managing which exists in management such as line and staff, patterns of departmentation, span of management, managerial appraisal and various managerial control techniques.

Operational approach to management regards management as a universally applicable body of knowledge that can be brought to bear at all levels of managing and in all types of enterprises. At the same time, the approach recognizes that the actual problems managers face and the environments in which they operate may vary between enterprises and levels. It also recognizes that application of science by perceptive practitioner must take this into account in designing practical problem solutions.

The operational approach to management is based largely on the following fundamental beliefs that:

- Management is an operational process initially best dissected by analyzing the management functions.

- If the knowledge of management is to be presented effectively, clear concepts are necessary.

- Experience with managing in a variety of situations can furnish grounds for distillation of basic truths-theory and principles-which have a clarifying and predictive value in understanding and improving practice.

- . Principles of management can become the focal points for useful research both to ascertaintheir validity and to improve their applicability.

- Managing is an art (like medicine and engineering). It should rely on underlying science-concepts, theory and principles   and techniques.

- While the total culture and the physical and biological universe variously affect the manger's environment, as they do in every other field of science and art, management science and theory need not encompass all knowledge in order to serve as a useful foundation of management practice.

UNIT-II MANAGEMENT PLANNING PROCESS

Introduction

The necessity for planning arises because of the fact that business organisations have to operate, survive and progress in a highly dynamic economy where change is the rule, not the exception. The change may be sudden and extensive, or it may be slow and almost imperceptible. Some of the important forces of change may be: changes in technology, changes in population and income distribution, changes in the tastes of consumers, changes in competition, changes in government policies etc. These changes often give rise to innumerable problems and throw countless challenges. Most of these changes are thrust on managers thus, managers are forced to adjust their activities in order to take full advantage of faourable developments or to minimize the adverse effects of unfavourable ones. Successful managers try to visualise the problemsbefore they turn into emergencies. As pointed out by Terry, "successful managers deal with foreseen problems, and unsuccessful managers struggle with unforeseen problems. The difference lies in planning." Managers charged with the responsibility of achieving definite targets, do notwait for future. They make the future. They introduce original action by removing presentdifficulties, anticipating future problems, changing the goals to suit the internal and externalchanges, experiment with creative ideas and take the initiative, attempting to shape the future and create a more desirable environment.

Steps in the Planning Process

Planning is a vital managerial function. It is intellectually demanding. It requires a lot of time and effort on the part of planners. They must adopt a systematic approach so as to avoid pitfalls, errors and costly mistakes which may upset the whole business later on. Such a systematic approach may consist of the following steps:

Establishing objectives: The first step in the planning process is to identify the goals of theorganisation. The internal as well as external conditions affecting the organisation must be thoroughly examined before setting objectives. The objectives so derived must clearly indicate what is to be achieved, where action should take place, who is to perform it, how it is to be undertaken and when is it to be accomplished. In other words, managers must provide clear guidelines for organisational efforts, so that activities can be kept on the right track.

Developing premises: After setting objectives, it is necessary to outline planning premises.remises are assumptions about the environment in which plans are made and implemented. Thus, assumptions about the likely impact of important environmental factors such as market demand for goods, cost of raw materials, technology to be used, population growth, government policy, etc. on the future plans are made. The demand for fuel efficient vehicles in the late 1980s has compelled virtually all automobile manufacturers in India to go in search of collaborative agreements with foreign manufacturers from Japan, Germany, USA, etc. Plans should be formulated by the management, keeping the constraints imposed by internal as well as external conditions in mind.

Evaluating alternatives and selection: After establishing the objectives and planningpremises, the alternative courses of action have to be considered. Liberalisation of imports and the use of

high technology in recent times has encouraged manufacturers to produce colour television sets, electronic sets, electronic equipments, videos, computers, fuel-efficient vehicles, etc. Thus, changes in government policy, technology, competition, etc. pose several alternatives before manufacturers, from time to time, regarding the product they should manufacture. Such alternatives have to be carefully evaluated against factors like costs, associated risks involved, benefits likely to arise, availability of spare capacity,

Formulating derivative plans:

After selecting the best course of action, the managementhas to formulate the secondary plans tosupport the basic plan. The plans derived for various departments, units, activities, etc., in a detailed manner are known as 'derivative plans'. For example, the basic production plan requires a number of things such as availability of plant and machinery, training of employees, provision of adequate finance, etc. To ensure the success of a basic plan, the derivative plans must indicatethe time schedule and sequence of performing various tasks.

Securing cooperation and participation:

The successful implementation of a plan depends,to a large extent,on thewhole-hearted cooperation of the employees. In view of this, management should involve operations people in the planning activities. Suggestions, complaints and criticisms from operating personnel help management rectify the defects in plans and set things right in the beginning itself. Involvement of subordinates in planning has the unique advantage of getting a practical view of those closer to the scene of operations According to Koontz, 'plans have to be set in an atmosphere of close participation and a high degree of concurrence'. Participation enables employees to give their best to plans. They are also motivated to carry out the plan to the best of their ability.

Providing for follow-up:

Plans have to be reviewed continually to ensure their relevance and effectiveness. In the course of implementing plans, certain facts may come to light that were not even thought of earlier. In the light of these changed conditions, plans have to be revised. Without such a regular follow-up, plans may become out-of-date and useless. Moreover, such a step ensures the implementation plans along right lines. Management can notice shortcomings in time and initiate suitable remedial steps. A continuous evaluation of plans also helps to develop sound plans in future, avoiding mistakes that have surfaced while implementing the previous plans.

Characteristics of Planning

Planning has a number of characteristics:

Planning is goal-oriented: All plans arise from objectives. Objectives provide the basic guidelines for planning activities. Planning has no meaning unless it contributes in some positive manner to the achievement of predetermined goals.

Planning is a primary function: Planning is the foundation of management. It is a parentexercise in management process. It is a preface to business activities.

*Planning is all-pervasive:*Planning is a function of all managers. It is needed and practisedat all managerial levels. Planning is inherent in everything a manager does. Managers have to plan before launching a new business.

- ***Planning is a mental exercise:*** Planning is a mental process involving imagination, foresightand sound judgment. Planning compels managers to abandon guesswork and wishful thinking.

- ***Planning is a continuous process:*** Planning is continuous. It is a never-ending activity.Once plans for a specific period are prepared, they are translated into action.

- ***Planning involves choice:*** Planning essentially involves choice among various alternativecourses of action.

- ***Planning is forward looking:*** Planning means looking ahead and preparing for the future.It means peeping into the future, analysing it and preparing for it.

- ***Planning is flexible:*** Planning is based on a forecast of future events. Since future is uncertain,plans should be reasonably flexible.

- ***Planning is an integrated process:*** Plans are structured in a logical way wherein everylower-level plan serves as a means to accomplish higher level plans. They are highly interdependent and mutually supportive.

- ***Planning includes efficiency and effectiveness dimensions:*** Plans aim at deploying resourceseconomically and efficiently. They also try to accomplish what has been actually targeted. The effectiveness of plans is usually dependent on how much it can contribute to the predetermined objectives.

Techniques of Forecasting

Many scholars have proposed a variety of ways to categorize forecasting methodologies. The following classification is a modification of the classification developed by Gordon over two decades ago:

Genius forecasting: This method is based on a combination of intuition, insight, and luck.Psychics and crystal ball readers are the most extreme case of genius forecasting. Their forecasts are based exclusively on intuition. Science fiction writers have sometimes described new technologies with uncanny accuracy.

Trend extrapolation: These methods examine trends and cycles in historical data, and thenuse mathematical techniques to extrapolate to the future. The assumption of all these techniques is that the forces responsible for creating the past, will continue to operate in the future. This is often a valid assumption when forecasting short term horizons, but it falls short when creating medium and long term forecasts. The further out we attempt to forecast, the less certain we become of the forecast.

Consensus methods: Forecasting complex systems often involves seeking expert opinions from more than one person. Each is an expert in his own discipline, and it is through the synthesis of these opinions that a final forecast is obtained.

Simulation methods: Simulation methods involve using analogs to model complex systems. These analogs can take on several forms. A mechanical analog might be a wind tunnel for modeling aircraft performance. An equation to predict an economic measure would be a mathematical analog. A metaphorical analog could involve using the growth of a bacteria colony to describe human population growth. Game analogs are used where the interactions of the players are symbolic of social interactions.

Cross-impact matrix method: Relationships often exist between events and developments that are not revealed by univariate forecasting techniques. The cross-impact matrix method recognizes that the occurrence of an event can, in turn, affect the likelihoods of other events.

Scenario: The scenario is a narrative forecast that describes a potential course of events.Like the cross-impact matrix method, it recognizes the interrelationships of system components. The scenario describes the impact on the other components and the system as a whole. It is a "script" for defining the particulars of an uncertain future.

Decision trees: Decision trees originally evolved as graphical devices to help illustrate thestructural relationships between alternative choices. These trees were originally presented as a series of yes/no (dichotomous) choices. As our understanding of feedback loops improved, decision trees became more complex.

UNIT-III

Organization and staffing

Organising:

Organising as a function of management involves division of work among people whose efforts must be co-ordinated to achieve specific objectives and to implement pre-determined strategies. Organisation is the foundation upon which the whole structure of management is built. It is the backbone of management. After the objectives of an enterprise are determined and the plan is prepared, the next step in the management process is to organise the activities of the enterprise to execute the plan and to attain the objectives of the enterprise. The term organisation is given a variety of interpretations. In any case, there are two broad ways in which the term is used.

In the first sense, organisation is understood as a dynamic process and a managerial activity which is necessary for bringing people together and tying them together in the pursuit of common objectives.

When used in the other sense, organisation refers to the structure of relationships among positions and jobs which is built up for the realisation of common objectives.

Organising – The Process

Organisation is the process of establishing relationship among the members of the enterprise. The relationships are created in terms of authority and responsibility. To organise is to harmonise, coordinate or arrange in a logical and orderly manner. Each member in the organisation is assigned a specific responsibility or duty to perform and is granted the corresponding authority to perform his duty. The managerial function of organising consists in making a rational division of work into groups of activities and tying together the positions representing grouping of activities so as to achieve a rational, well coordinated and orderly structure for the accomplishment of work. According to Louis A Allen, "Organising involves identification and grouping the activities to be performed and dividing them among the individuals and creating authority and responsibility relationships among them for the accomplishment of organisational objectives." The various steps involved in this process are:

- ✓ *__Determination of Objectives__:* It is the first step in building up an organisation. Organisationis always related to certain objectives. Therefore, it is essential for the management to identify the objectives before starting any activity. Organisation structure is built on the basis of the objectives of the enterprise. That means, the structure of the organisation can be determined by the management only after knowing the objectives to be accomplished through the organisation. This step helps the management not only in framing the organisation 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 organisation is to be set up and, therefore, what will be the nature of the work to be accomplished through the organisation.

- ✓ *__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 organising 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.

- ✓ *__Classification of Activities:__* The next step will be to classify activities according tosimilarities 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.

- ✓ *__Assignment of Duties:__* Here, specific job assignments are made to different subordinatesfor 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, "Organisation 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."

- ✓ *__Delegation of Authority:__* Since so many individuals work in the same organisation, it isthe responsibility of management to lay down structure of relationship in the organisation. 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.

Organisation Structure

An organisation structure shows the authority and responsibility relationships between the various positions in the organisation by showing who reports to whom. Organisation involves establishing an appropriate structure for the goal seeking activities. It is an established pattern of relationship among the components of the organisation. March and Simon have stated that- "Organisation structure consists simply of those aspects of pattern of behaviour in the organisation that are relatively stable and change only slowly." The structure of an organisation is generally shown on an organisation chart. It shows the authority and responsibility relationships between various positions in the organisation while designing the organisation structure, due attention should be given to the principles of sound organisation.

Importance of Organisation Structure

- ✓ Properly designed organisation can help improve teamwork and productivity by providing a framework within which the people can work together most effectively.

- ✓ Organisation structure determines the location of decision-making in the organisation.

- ✓ Sound organisation structure stimulates creative thinking and initiative among organisational members by providing well defined patterns of authority.

- ✓ A sound organisation structure facilitates growth of enterprise by increasing its capacity to handle increased level of authority.

- ✓ Organisation structure provides the pattern of communication and coordination.

- ✓ The organisation structure helps a member to know what his role is and how it relates to other roles.

Principles of Organisational Structure

The following are the main principles that a manager has to keep in mind while formulating an

organisational structure.

1. *Consideration of unity of objectives:* The objective of the undertaking influences the organisation structure. There must be unity of objective so that all efforts can be concentrated on the set goals.

2. *Specialisation:* Effective organisation must include specialisation. Precise division of work facilitatesspecialisation.

3. *Co-ordination:* Organisation involves division of work among people whose efforts must be co-ordinated to achieve common goals. Co-ordination is the orderly arrangement of group effort to provide unity of action in the pursuit of common purpose.

4. *Clear unbroken line of Authority:* It points out the scalar principle or the chain of command. The line of authority flows from the highest executive to the lowest managerial level and the chain of command should not be broken

5. *Responsibility:* Authority should be equal to responsibility i.e., each manager should have enough authority to accomplish the task.

6. *Efficiency:* The organisation structure should enable the enterprise to attain objectives with the lowest possible cost.

7. *Delegation:* Decisions should be made at the lowest competent level. Authority and responsibility should be delegated as far down in the organisation as possible.

8. *Unity of Command:* Each person should be accountable to a single superior. If an individual has to report to only one supervisor there is a sense of personal responsibility to one person for results.

9. *Span of Management:* No superior at a higher level should have more than six immediatesubordinates. The average human brain can effectively direct three to six brains (i.e., subordinates).

10. *Communication:*A good communication sub-system is essential for smooth flow ofinformation and understanding and for effective business performance.

11. *Flexibility:*The organization is expected to provide built in devices to facilitate growthand expansion without dislocation. It should not be rigid or inelastic.

1   Formal and Informal Organisation

The formal organisation refers to the structure of jobs and positions with clearly defined functions and relationships as prescribed by the top management. This type of organisation is built by the management to realise 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 organisation, which does not appear on the organisation chart, supplements the formal organisation in achieving organisational 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 organisation and to use them for achieving organisational objectives.

Formal Organisation: Chester I Bernard defines formal organisation as -"a system ofconsciously 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 organisation is conscious common purpose and comes into being when persons:

- o Are able to communicate with each other
- o Are willing to act, and
- o Share a purpose.

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

1. Division of labour
2. Scalar and functional processes
3. Structure, and
4. Span of control

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

Characteristic of Formal Organisation

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

Advantages of Formal Organisation

- The formal organisation structure concentrates on the jobs to be performed. It, therefore, makes everybody responsible for a given task.

- A formal organisation is bound by rules, regulations and procedures. It thus ensures law and order in the organisation.
- The organisation structure enables the people of the organisation to work together for accomplishing the common objectives of the enterprise.

Disadvantages or Criticisms of Formal Organisation

- The formal organisation does not take into consideration the sentiments of organisational members.
- The formal organisation does not consider the goals of the individuals. It is designed to achieve the goals of the organisation only.
- The formal organisation is bound by rigid rules, regulations and procedures. This makes the achievement of goals difficult.

*Informal Organisation:*Informal organisation refers to the relationship between peoplein the organisation based on personal attitudes, emotions, prejudices, likes, dislikes etc. an informal organisation is an organisation 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 organisationstructure; 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 organisation according to its environment.

Characteristics of Informal Organisation

- ❖ Informal organisation is not established by any formal authority. It is unplanned and arises spontaneously.
- ❖ Informal organisations reflect human relationships. It arises from the personal and social relations amongst the people working in the organisation.
- ❖ Formation of informal organisations is a natural process. It is not based on rules, regulations and procedures.
- ❖ The inter-relations amongst the people in an informal organisation cannot be shown in an organisation chart.
- ❖ In the case of informal organisation, the people cut across formal channels of communications and communicate amongst themselves.
- ❖ The membership of informal organisations 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 organisations 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 organisation.

- ❖ It blends with the formal organisation to make it more effective.
- ❖ Many things which cannot be achieved through formal organisation can be achieved through informal organisation.
- ❖ The presence of informal organisation in an enterprise makes the managers plan and act more carefully.
- ❖ Informal organisation acts as a means by which the workers achieve a sense of security and belonging. It provides social satisfaction to group members.
- ❖ An informal organisation 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 organisation helps the group members to attain specific personal objectives.
- ❖ Informal organisation is the best means of employee communication. It is very fast.
- ❖ Informal organisation gives psychological satisfaction to the members. It acts as a safety valve for the emotional problems and frustrations of the workers of the organisation because they get a platform to express their feelings.
- ❖ It serves as an agency for social control of human behaviour

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Forms of Organisation

Organisation requires the creation of structural relationship among different departments and the individuals working there for the accomplishment of desired goals. Organisation structure is primarily concerned with the allocation of tasks and delegation of authority. The establishment of formal relationships among the individuals working in the organisation is very important to make clear the lines of authority in the organisation and to coordinate the efforts of different individuals in an efficient manner. According to the different practices of distributing authority and responsibility among the members of the enterprise, several types of organisation structure have been evolved. They are:

> Line organisation
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> Line and staff organisation
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> Functional organisation
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> Committee organisation

Line Organisation

This is the simplest and the earliest form of organisation. It is also known as "Military", "traditional", "Scalar" or "Hierarchical" form of organisation. The line organisation represents the structure in a direct vertical relationship through which authority flows. Under this, the line of authority flows vertically downward from top to bottom throughout the organisation. The quantum of authority is highest at the top and reduces at each successive level down the hierarchy. All major decisions and orders are made by the executives at the top and are handed down to their immediate subordinates who in turn break up the orders into specific instructions for the purpose of their execution by

another set of subordinates. A direct relationship of authority and responsibility is thus established between the superior and subordinate. The superior exercises a direct authority over his subordinates who become entirely responsible for their performance to their commanding superior. Thus, in the line organisation, the line of authority consists of an uninterrupted series of authority steps and forms a hierarchical arrangement. The line of authority not only becomes the avenue of command to operating personnel, but also provides the channel of communication, coordination and accountability in the organisation.

Prof. Florence enunciates three principles which are necessary to realise the advantages of this system and the non-observance of which would involve inefficiency.

Commands should be given to subordinates through the immediate superior; there should be no skipping of links in the chain of command.

There should be only one chain. That is, command should be received from only one immediate superior.

The number of subordinates whose work is directly commanded by the superior should be limited.

The following Figure depicts the line organisation:

Figure: Line Organisation

Line Organisation Structure
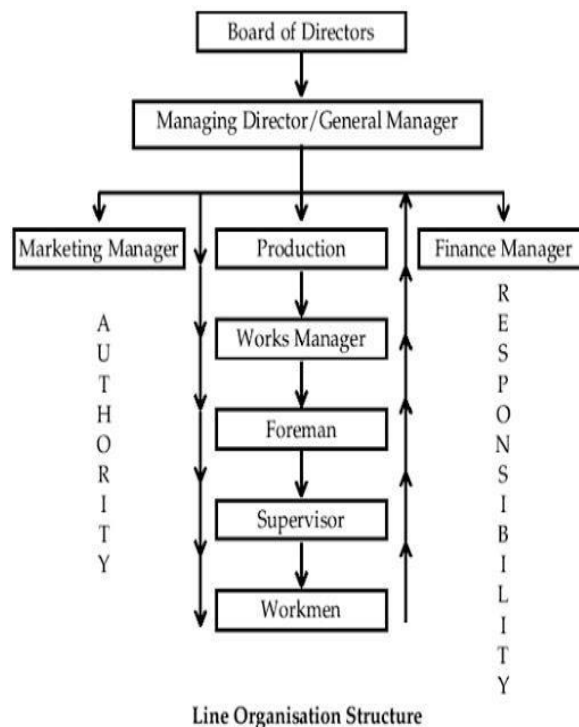
Advantages or Merits of Line Organisation

- It is the easiest to establish and simplest to explain to the employers.

- It fixes responsibility for the performance of tasks in a definite manner upon certain individuals.

- There is clear-cut identification of authority and responsibility relationship. Employees are fully aware of the boundaries of their job.

- It is most economical and effective.

- It makes for unity of control thus conforming to the scalar principle of organisation.

- It ensures excellent discipline in the enterprise because every individual knows to whom he is responsible. The subordinates are also aware of the necessity of satisfying their superior in their own interests.

- It facilitates prompt decision-making because there is definite authority at every level.

- As all the activities relating to one department or division are managed by one executive, there can be effective coordination of activities.

- This system is flexible or elastic, in the sense that, as each executive has sole responsibility in his own position and sphere of work, he can easily adjust the organisation to changing conditions.

- Under this system, responsibility and authority are clearly defined. Every member of the organisation knows his exact position, to whom he is responsible and who are responsible to him. Because of the clear fixation of responsibility, no person can escape from his liability.

Disadvantages or Demerits of Line Organisation

- With growth, the line organisation makes the superiors too overloaded with work. Since all work is done according to the wishes of one person alone, the efficiency of the whole department will come to depend upon the qualities of management displayed by the head of that department. If therefore, something happens to an efficient manager, the future of the department and of the concern as a whole would be in jeopardy.

- Being an autocratic system, it may be operated on an arbitrary, opinionated and dictatorial basis.

- Under this system, the subordinates should follow the orders of their superior withoutexpression their opinion on the orders. That means there is limited communication.

- There may be a good deal of nepotism and favouritism. This may result in efficient people being left behind and inefficient people getting the higher and better posts.

- The line organisation suffers from lack of specialised skill of experts. Modern business is so complex that it is extremely difficult for one person to carry in his head all the necessary details about his work in this department.

- Line organisation is not suitable to big organisations because it does not provide specialists in the structure. Many jobs require specialised knowledge to perform them.

- If superiors take a wrong decision, it would be carried out without anybody having the courage to point out its deficiencies.

- The organisation is rigid and inflexible.

Line and Staff Organisation

In line and staff organisation, the line authority remains the same as it does in the line organisation. Authority flows from top to bottom. The main difference is that specialists are attached to line managers to advise them on important matters. These specialists stand ready with their speciality 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 organisation as they are employed to provide expert advice to the line officers. The combination of line organisation with this expert staff constitutes the type of organisation known as line and staff organisation. 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 organisation:

Figure: Line and Staff Organisation
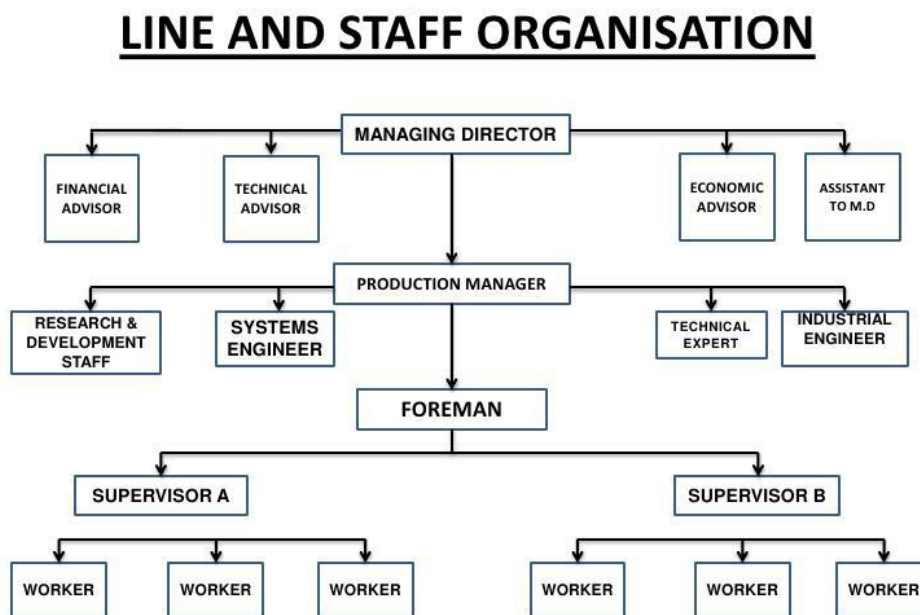
Types of Staff

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

Personal Staff: Here the staff official is attached as a personal assistant or adviser to theline manager. For example, Assistant to managing director.

Specialised Staff: Such staff acts as the fountainhead of expertise in specialised areas likeR&D, personnel, accounting etc. For example, R&D Staff.

General Staff: This category of staff consists of a set of experts in different areas who aremeant to advise and assist the top management on matters called for expertise. For example: Financial advisor, technical advisor etc.

Features of Line and Staff Organisation

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 organisation is based on the principle of specialisation.

Advantages or Merits of Line and Staff Organisation

- It brings expert knowledge to bear upon management and operating problems. Thus, the line managers get the benefit of specialised knowledge of staff specialists at various levels.

- The expert advice and guidance given by the staff officers to the line officers benefit the entire organisation.

- As the staff officers look after the detailed analysis of each important managerial activity, it relieves the line managers of the botheration of concentrating on specialised 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 specialisation. Thus, the organisation takes advantage of functional organisation while maintaining the unity of command.

- It is based upon planned specialisation.

- Line and staff organisation has greater flexibility, in the sense that new specialised activities can be added to the line activities without disturbing the line procedure.

Disadvantages or Demerits of Line and Staff Organisation

Unless the duties and responsibilities of the staff members are clearly indicated by charts and manuals, there may be considerable confusion throughout the organisation 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 organisation 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 organisation.

Functional Organisation

The difficulty of the line organisation in securing suitable chief executive was overcome by F.W. Taylor who formulated the Functional type of organisation. As the name implies, the whole task of management and direction of subordinates should be divided according to the type of work involved. As far as the workman was concerned, instead of coming in contact with the management at one point only, he was to receive his daily orders and help directly from eight different bosses; four of these were located in the planning room and four in the shop.

The four specialists or bosses in the planning room are:

Route Clerk: To lay down the sequence of operations and instruct the workers concerned about it.

Instruction Card Clerk: To prepare detailed instructions regarding different aspects of work.

Time and Cost Clerk: To send all information relating to their pay to the workers and to secure proper returns of work from them.

Shop Disciplinarian: To deal with cases of breach of discipline and absenteeism.

The four specialists or bosses at the shop level are:

Gang Boss: To assemble and set up tools and machines and to teach the workers to make all their personal motions in the quickest and best way.

Speed Boss: To ensure that machines are run at their best speeds and proper tools are used by the workers.

Repair Boss: To ensure that each worker keeps his machine in good order and maintains cleanliness around him and his machines.

Inspector: To show to the worker how to do the work.

Figure: Chart showing Functional Foremanship
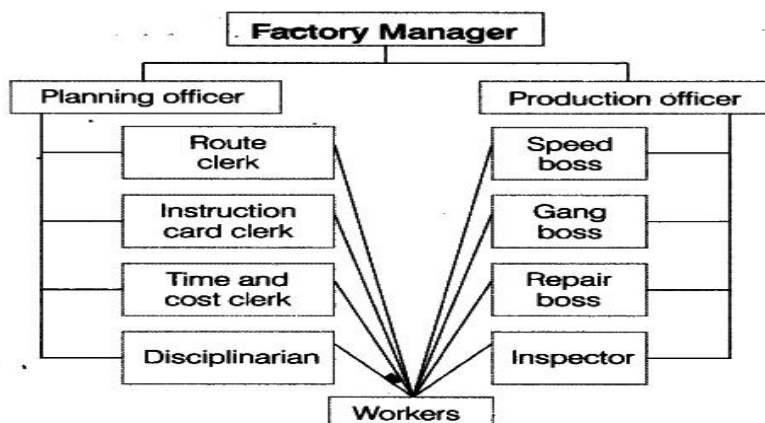
It was F.W. Taylor who evolved functional organisation for planning and controlling manufacturing operations on the basis of specialisation. But in practice, functionalisation is restricted to the top of the organisation as recommended by Taylor.

Features of Functional Organisation

The features of functional organisation are as follows:

- The work of the enterprise is divided into different functional departments and the different functional departments are placed under different specialists.
- The functional specialist has the authority or right to give orders regarding his function whosesoever that function is performed in the enterprise.
- Under this system, the workers have to receive instructions from different specialists.
- If anybody in the enterprise has to take any decision relating to a particular function, it has to be in consultation with the functional specialist.
- Under this system, the workers have to perform a limited number of functions.

Advantages of Functional Organisation

- Functional organisation is based on expert knowledge. Every functionary in charge is an expert in his area and can help the subordinates in better performance in his area.
- Division of labour is planned not incidental.
- As there is not scope for one-man control in this form of organisation, this system ensure co-operation and teamwork among the workers.
- This system ensures the separation of mental functions from manual functions.
- It helps mass production by standardization and specialization.
- This system ensures maximum use of the principle of specialisation at every work point.
- As there is joint supervision in the organisation, functional organisation reduces the burden on the top executives.

Disadvantages or Demerits of Functional Organisation

- It is unstable because it weakens the disciplinary controls, by making the workers work under several different bosses. Thus, functional organisation violates the principle of unity of command.
- Under this type of organisation, there are many foremen of equal rank. This may lead to conflicts among them.
- The co-ordinating influence needed to ensure a smoothly functioning organisation may involve heavy overhead expenses.
- The inability to locate and fix responsibility may seriously affect the discipline and morale of the workers through apparent or actual contradiction of the orders.
- This system is very costly as a large number of specialists are required to be appointed.

- A functional manager tends to create boundaries around himself and think only in term of his own department rather than of the whole enterprise. This results in loss of overall perspective in dealing with business problems.
- It is difficult for the management to fix responsibility for unsatisfactory results.

Committee Organisation

Committee organisation as a method of managerial control has very little practical importance, because it is managed by a senior member of the committee only. But the committee organisations are widely used for the purpose of discharging advisory functions of the management. Committees are usually relatively formal bodies with a definite structure. They have their own organisation. To them are entrusted definite responsibility and authority.

According to Hicks, "A committee is a group of people who meet by plan to discuss or make a decision for a particular subject."

According to Louis A Allen, "A committee is a body of persons appointed or elected to meet on an organised basis for the consideration of matters brought before it."

A committee may formulate plans, make policy decisions or review the performance of certain units. In some cases, it may only have the power to make recommendations to a designated official. Whatever may be the scope of their activities, committees have come to be recognised as an important instrument in the modern business as well as non-business organisations.

Objectives of Committees

- Committees are constituted to achieve one or more of the following objectives:
- To have consultations with various persons to secure their view-points
- To give participation to various groups of people
- To secure cooperation of different departments
- To coordinate the functioning of different departments and individuals by bringing about unity of directions.

Types of Committees

- *Line committee:* If a committee is vested with the authority and responsibility to decide and whose decisions are implemented, it is known as line committee.
- *Staff committee:* If a committee is appointed merely to counsel and advise, it is known asa staff committee.
- *Formal committee:* When a committee is constituted as a part of the organisation structure and has clear-cut jurisdiction, it is a formal committee.
- *Informal committee:* An informal committee is formed to advice on certain complicatedmatters. It does not form part of the organisation structure.
- *Coordinating committee:* It is constituted to coordinate the functioning of different departments.
- *Executive committee:* It is a committee which has power to administer the affairs of the business.
- *Standing committee:* are formal committees that are of permanent character.
- *Ad hoc committee:* They are temporary bodies. It is appointed to deal with some special problem and stops functioning after its job are over.

Advantages or Merits of Committee

- A committee is an effective method of bringing the collective knowledge and experience of a number of persons. Therefore, many multi-dimensional and complex problems of modern enterprises, which cannot be solved satisfactorily by individual managers, can be solved by committees.
- Committees offer scope for group deliberations and group judgment. Results obtained by group deliberation and group judgment are likely to be better than those obtained by individual judgment.
- When it is necessary to integrate varying points of view, which cannot conveniently be coordinated by individuals, the committee may be used to bring about coordination.
- The management can give representation to the employees in various committees. This will motivate the employees for better performance as they feel that they have a say in the affairs of the organisation.
- A committee form of organisation facilitates pooling of authority of individual managers for making some type of decisions of an inter-departmental nature.
- A committee form of organisation tends to promote organisational cohesiveness. Group endeavour, team spirit and collective responsibility are control to the philosophy of committees.

Disadvantages of Committee

- If a manager has an opportunity to carry a problem to a committee, he may take it as a means of avoiding decision-making or to escape the consequences of an unpopular decision.
- Sometimes, a committee may not be able to take the needed decision because of the conflicting views of the members.
- Committees take more time in procedural matters before any decision is taken. In some cases, slowness seriously handicaps the administration of the organisation.
- Committees are an expensive device both in terms of cost and time.

- When the committee findings represent a compromise of different viewpoints, they may be found to be weak and indecisive.

- No member of a committee can be individually held responsible for the wrong decision taken by the committee.

- It is very difficult to maintain secrecy regarding the deliberations and the decisions taken by a committee, especially when there are many members in the committee.

Concept of Delegation

Many companies fail in their specific businesses because of their lack of effective delegation.

Delegation is not just telling an employee to answer a call or to fill out some paperwork for a manager or make him do such easy task; rather, it is about assigning challenging jobs. The reason why most companies find it hard to delegate difficult tasks is the lack of confidence in their employees. Delegation is very important for a business to prosper. Effective delegation allows you to trim down your tasks so that you can concentrate on the major areas of your business.

Meaning of Delegation

Delegation is the process by which the manager assigns a portion of his total workload to others. Effective delegation permits managers to tackle higher-priority duties while helping to train and develop lower-level managers. Thus delegation is a process whereby a superior passes to a subordinate part of his or her own authority to make decisions.

Delegation is necessary because:

1. Managers have limited workload capacity.
2. Managers need to be free for higher-level tasks.
3. Delegation can enhance employee satisfaction, flexibility, responsiveness to customers.

Features of Delegation

A manager alone cannot perform all the tasks assigned to him. In order to meet the targets, the manager should delegate some tasks or duties to subordinates, since management means getting work done through others. 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 Some of the important features of delegation may be listed thus:

- *A co-operative relationship:* Delegation is a co-operative relationship. It is a demanding function; it requires sacrifices from both, the delegator and the one to whom the responsibitlity/task has been delegated to.

- *Act of mutual reliance:* Delegation is an act of mutual reliance, an expression of dependence and trust on another person's abilities. This also involves an assumption on the part of the one who is delegating the authority that the individual to whom duties have been delegated possesses the necessary skill and strength to be able to discharge those tasks or duties.

- *Freedom of thought and action:* Delegation means freedom of action sufficient to get the tasks accomplished. It means freedom to make decisions, permission to make mistakes and freedom to use one's full capacities. This does not mean that the manager leaves the subordinate on his own to sink or swim. It simply means that the one who has delegated the authority guides the one to whom the delegation has been done, so as to let the latter learn the nuances and succeed by trial and error method.

- *A courageous act:* Delegation of authority or responsibilities is quite a challenging act. The fear of being ultimately responsible compels many managers to indulge in under-delegation.

- *Forward-thinking principle:* Delegation, from a behavioural point of view, is the 'mostforward-thinking principle'. It opens a new chapter in superior subordinate relationships. The granting of freedom to act by the superior is evidence of confidence in the subordinate. The subordinate responds by developing a constructive sense of responsibility. He is cognizant of the fact that he is an end in himself, and not simply a means towards the ends of his superior. The acceptance of responsibility by the subordinate means changed responsibilities for the superior, and each finds himself playing a new dynamic role.

Principles of Delegation

The principles of delegation are as follows:

Principle of result expected: Suggests that every manager before delegating the powers to the subordinate should be able to clearly define the goals as well as results expected from them.

Principle of parity of authority and responsibility: According to this principle, the managers should keep a balance between authority and responsibility. Both of them should go hand in hand.

Principle of absolute responsibility: This says that the authority can be delegated but responsibility cannot be delegated by managers to his subordinates which means responsibility is fixed.

Principle of authority level: This principle suggests that a manager should exercise his authority within the jurisdiction/framework given.

Authority

If I have authority over you, I can expect that when I make a decision you will go along with that decision, even if I don't take the time to explain it to you and persuade you that it is indeed right. In turn, your acceptance of me as an authority implies that you have already agreed to be persuaded, implicitly, and won't demand explicit explanations and reasons.

Once I begin to explain my reasoning process and get you to agree that my conclusion was the proper one, then you have reached your own decision. When you act, it won't be because of me enforcing my will over you, nor will it have anything to do with the legitimacy of my power. Instead, it will simply be you exercising your will for your own reasons.

Example: Suppose a manager is the sole authority of an organisation. This manager hasthe legitimate power to see that his vision and plans are enforced in the matter desired by him. His work will be done because his staff have implicitly accepted that the manager does not need to patiently reason with each one of them in turn in order to get them to independently agree to the decisions in question.

Why doesn't the manager explain everything? There can be many reasons – perhaps members of the organisation lack the sophisticated training necessary in order to understand them, or maybe there just isn't enough time. What's important is that the manager could explain things, but doesn't – authority means not having to explain everything but being able to wield legitimate power anyway.

Meaning of Authority

Authority is the right to take action, utiliseorganisational resources and exact obedience from subordinates. It has some important features as:

- Authority enables a position holder to regulate the behaviour of his subordinates in a legitimate manner.

- Authority allows the position holder to make and enforce decisions. He can obtain information, use resources and put people on various tasks and get results through them.

- Authority gives the right to order and the power to exact obedience.

- Authority represents the relationship between the senior and the sub ordinate.

Types of Authority

Various analysts have given various theories to categorise authority. A few of the classifications are as under:

Traditional authority: Traditional authority is legitimated by the sanctity of tradition.The ability and right to rule is passed down, often through heredity. It does not change overtime, does not facilitate social change, tends to be irrational and inconsistent, and perpetuates the status quo.

Charismatic authority: Charismatic authority is found in a leader whose mission andvision inspire others. It is based upon the perceived extraordinary characteristics of an individual.

Legal-rational authority: Legal-rational authority is empowered by a formalistic beliefin the content of the law (legal) or natural law (rationality). Obedience is not given to a specific individual leader – whether traditional or charismatic – but a set of uniform principles.

Technical Authority: Technical Authority is entrusted upon a person to establish, monitorand approve technical products and policy. Technical authority increases the responsibility and sets accountability.

External Authority: External authority authority comes from sources outside theorganisation. An organisation operates legitimately because it is part of the government, operating in accordance with the laws passed by the Parliament, which, in turn, is elected by people, who are the ultimate source of all authority.

Advantage
- Authority fits with a superior's needs.

- Work is processed in an orderly and consistent manner, throughout the organisation.

- Authority might bring out discipline among people working at various levels.

- Authority might be used to get things done quickly, especially when work is not progressing as per expectations.

Disadvantages
- Authority implies resistance if not exercised properly.

- Authority may not be used in a right way. It might be used to suit personal needs.

- Authority alone may not get results. Much depends on the competence of the person exercising authority.

- Indiscriminate use of authority might prove to be disastrous for the entire organisation.

- When authority is used as a 'whip', people tend to ignore/discount/depreciate the person using the same.

Responsibility
Responsibility is the obligation of a subordinate to properly perform the assigned duty. When a superior assigns a job to his subordinate it becomes the responsibility of the subordinate to complete the job.

Features :-
- Responsibility can be assigned to some other person
- The essence of responsibility is to be dutiful
- It gets originated because of superior-subordinate relationship.

Basic of Distinction	Authority	Responsibility
Meaning	The power or right of a superior to give order to others	It is an obligation to perform the assigned duty or order
Sources of Origin	It emerges from a formal position in the organisation	It emerges from superior subordinate relationship
Direction of Flow	It flows downwards i.e. from top to bottom level	It flows upward i.e. from bottom level to top level
Purpose	Its purpose is to make decisions and get the decisions executed	Its purpose is to execute the duties assigned by the superior

Process of Delegation of Authority
- Assigning responsibility
- Granting Authority
- Fixing Accountability

Importance of Delegation of Authority :
- Effective Management
- Employee Development
- Motivation of Employees
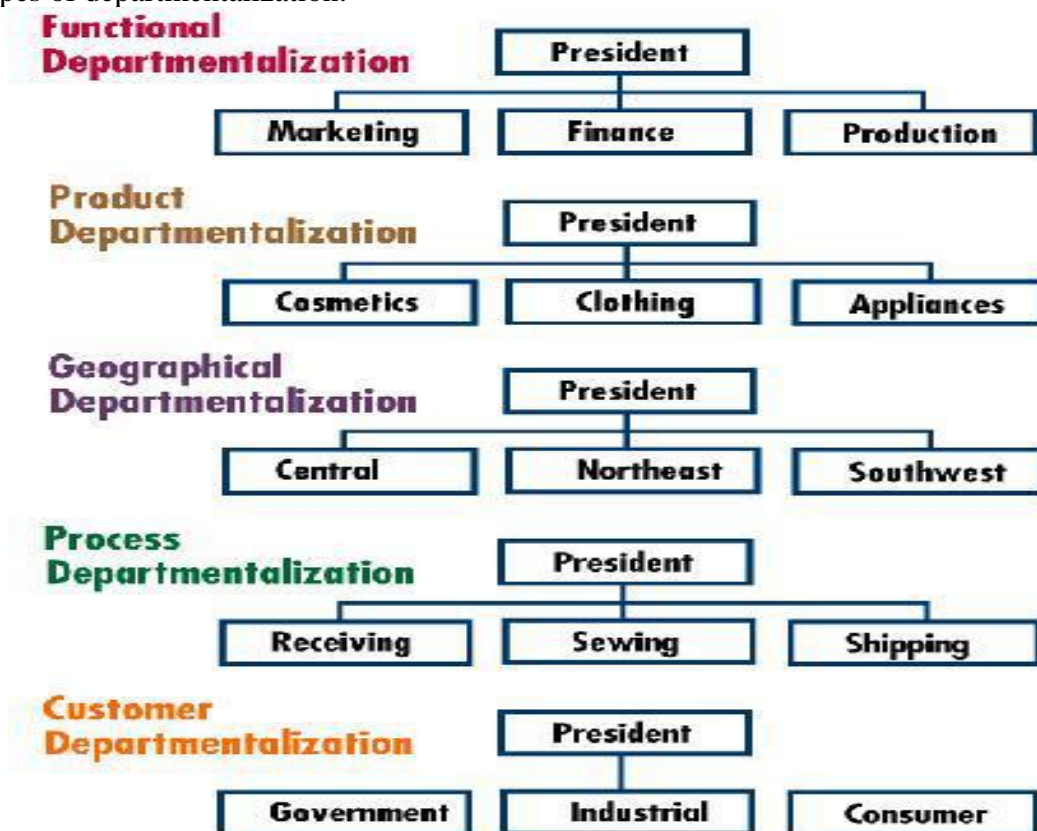- Facilitation of Growth
- Better Coordination

Departmentalization

Departmentalization is defined as the process of grouping individual jobs into departments.It involves grouping of activities and employees into departments so as to achieve the organisational objectives.The grouping into departments of work activities that are SIMILAR and LOGICALLY connected.

Importance

- ✓ specialization
- ✓ Expansion
- ✓ Autonomy
- ✓ Fixation of responsibility
- ✓ Appraisal
- ✓ Management development
- ✓ Administrative control

Types of departmentalization:

Functional Departmentalization

President
- Marketing
- Finance
- Production

Product Departmentalization

President
- Cosmetics
- Clothing
- Appliances

Geographical Departmentalization

President
- Central
- Northeast
- Southwest

Process Departmentalization

President
- Receiving
- Sewing
- Shipping

Customer Departmentalization

President
- Government
- Industrial
- Consumer

1. Functional departmentalization

A form of departmentalization in which individuals engaged in one functional activity,such as marketing or finance, are grouped into one unit.
Under functional departmentalization each major function is organised as a separate department.
For example: production, sales, financing and personnel are basic functions in a manufacturing enterprise .on the other hand in a retail store buying , selling and finance are the major function.

<u>**Advantages**</u>

- ✓ makes supervision easier
- ✓ efficient use of resources
- ✓ Occupational specialization
- ✓ Optimum utilisation of manpower
- ✓ Increases managerial efficiency
- ✓ Facilitates delegation of authority
- ✓ Eliminates duplication of efforts
- ✓ Lower cost
- ✓ Promotes control and coordination within a department

Disadvantages
- ✓ difficult to get quick decision
- ✓ harder to determine accountability
- ✓ Too much emphasis on specialization
- ✓ May lead to **conflicts**
- ✓ Coordination problem
- ✓ Delay in decision making

2. Territorial /geographical departmentation

Territorial Organization is especially attractive to large scale firms or rather enterprises whose activities are physically or geographically dispersed.

All the activities of given area of operation are grouped into zone ,division ,branches

This structure is suitable for large scale organization or whose activities are physically or geographically spread.

This structure is most often used in sales & in production

Advantages
- ✓ Place emphasis on local market & problem
- ✓ Take advantage of economic of local operations
- ✓ Place responsibility at lower level
- ✓ Better face to face communication with local interest
- ✓ Improve coordination in a region
- ✓ Serve local needs better

Disadvantages
- ✓ Require more person with general manager abilities .
- ✓ Increases problem of top management control
- ✓ Require good caliber managers
- ✓ Increase problems of control

3. Departmentation by customer

Customer based departmentation is basically market –oriented in which department are created around the market served or around marketing channel

CUSTOMERS ARE THE KEY TO THE WAY ACTIVITIES ARE GROUPED.

Advantage
- • It fulfils the expectation & needs of customer
- • Better service to customer
- • Fully focus on customer

Disadvantages
- • There may be duplication of activities

- Co-ordination is difficult
- Conflict

Choosing a basis for departmentation

1.Specialisation:
The activity of an organization should be grouped in such a way that it leads to the specialization of work. It helps to improve efficiency and economy of operations.

2.Coordination:
Coordination in the performance of different activities is necessary so that they contribute maximum towards the organizational goals.

3.Control:
The departmentation should ensure that effective control helps to achieve organizational goals efficiently & economically.

4.Attention:
The various activities should be given adequate attention so that each necessary activity is performed & there is no unnecessary duplication of activities.

Span of control

The term 'span of management' is also known as 'span of control', 'span of supervision' and 'span of authority'. It represents a numerical limit of 'subordinates to be supervised and controlled by a manager. It is an important principle of sound organisation. This principle is based on the theory of relationships propounded by V.A. Graicunas, a French management consultant. Graicunas analyzed superior-subordinate relationship and developed a mathematical formula based on the geometric increase in complexities of managing as the number of subordinates increases.

Span of control refers to the number of subordinates an executive can supervise.The concept is central to the classical theory of organisation. Proper span of control is considered a necessity for effective coordination. The view in the traditional theory has been that a small span is better than a large one because an executive must have intimate and direct contact with his subordinates. The ideal ratio was considered to be 15 to 25 subordinates for first level supervision and 5 to 8 subordinates in executive spans.

Impact of Span of Management

The number of persons an executive supervises has an important influence on the nature of organisation structure. If the span is large, it means that fewer levels are needed in the organisation. The structure would tend to be flat and wide. Presumably the possibility of communication blockages would be minimized because more people report directly to the top executive. If the span is small, the structure would be narrow and deep. There would be more levels in the organisation. More people will have to communicate to the top manager through intervening layer of executives. The possibility of communication blockages and distortions would increase.

Factors Determining Span of Management

The span of control varies from individual to individual, time to time and place to place. The factors which determine the span of control are discussed below:

Ability of the Managers: Individuals differ in various qualities like leadership, decisionmaking and communication. The span may be wider if the manager possesses these skills in greater degree as compared to others

Time available for Supervision: The span should be narrow at the higher levels becausetop managers have less time available for supervision. They have to devote the major portion of their time to planning, organising, directing and controlling. Each top manager will delegate the task of supervision to his subordinates who have to devote comparatively less time on the important functions of management.

Nature of Work: When the spans are narrowed, the levels in the organisation increase.This involves delegation of authority and responsibility. If the work is of a routine and repetitive nature, it can easily be delegated to the subordinates.

Capacity of Subordinates: If the subordinates are skilled, efficient and knowledgeable,they will require less supervision. In such a case, the superior may go in for a wider span.

Degree of Decentralization: Under decentralization, the power to make decisions isdelegated to the lower levels. The span of management will be narrow in such cases so as to exercise more and more control.

Effectiveness of Communication: An effective system of communication in the organisationfavours large number of levels because there will be no difficulty in transmission of information in spite of a large number of intervening layers.

Control Mechanism: The span of control also depends upon the control mechanism beingfollowed. Control may be followed either through personal supervision or through reporting. The former favours narrow span and the latter favours a wide span.

To sum up, it can be said that an executive should be expected to supervise a reasonable number of subordinates. What is reasonable depends on a variety of factors like individual differences in executives, number and capacity of subordinates, the nature of work, availability of time, ease of communication, internal checks and controls and degree of delegation in the organisation. If the span of control is narrow, there will be more organisational levels, which in turn may impede communication. If the number of levels is reduced and the span of control is widened, the supervisory load may become too heavy. Sound management requires a proper balance between supervisory load and organisation levels.

Centralization and Decentralization

Centralisation, or centralization (see spelling differences), is the process by which the activities of an organisation, particularly those regarding decision-making, become concentrated within a particular location and/or group.

Decentralisation is an extension of the concept of delegation and cannot exist unless authority is delegated. In decentralisation, a great deal of authority is delegated and more decisions are made at lower levels. It gives added responsibility to managers at all levels below the top.

According to Fayol 'everything which goes to increase the subordinate's role is decentralisation, everything which goes to reduce it is centralisation'.

Centralisation

By centralisation, we mean the concentration of a formal authority at the top levels of a business organisation. It is a tendency aimed at centralised performance. Hence, it is the opposite of dispersal and delegation of authority. It has an important bearing on the processes of policy formulation and decision-making.

The two major areas of management or administration are reserved with the top management in a centralized organisation. Hence, the lower levels of the organisational hierarchy have to look upwards for direction, advice, clarification, interpretation, etc.

Under centralization, even the agencies of the parent organisation do not enjoy any authority of decision-making and hence are fully dependent on the central authority. The agencies are required to implement the decisions in accordance with the pre-determined guidelines as handed down to them by the headquarters operating as the central authority.

Centralisation acquires its acute form when an organisation operates from a single location i.e., when it does not have any field agencies.

In the words of Harold Koont, Centralisation has been used to describe tendencies other than the dispersal of authority. It often refers to the departmental activities; service divisions, centralised similar or specialised activities in a single department. But when centralisation is discussed as an aspect of management, it refers to delegating or withholding authority and the authority dispersal or, concentration in decision making. Therefore, centralisation can be regarded as concentration of physical facilities and/or decision making authority.

Decentralisation

The term decentralisation is understood differently by different individuals or groups. Louis A. Allen refers to it as one of the most confused and confusing of the administrative techniques that characterises the art and science of professional management. To quote Pfeiffer and Sherwood, "In some respects decentralisation has come to be a 'gospel' of management."

Firstly, it is regarded as a way of life to be adopted as least partially on faith;

Secondly, it is an idealistic concept, with ethical roots in democracy,

Thirdly, it is in the beginning a more difficult way of life because it involves a change in behaviourrunning counter to historically-rooted culture patterns of mankind.

That is why the new literature of decentralisation dwells on how to bring about change in organisationbehaviour. Men find it difficult to delegate, to think in terms of the abstractions required by long-term planning, to listen rather than to give orders, to evaluate other men and their work in

terms of overall results instead of irritations and tensions of the moment. Yet this is the very key to the behaviour required of leaders in a decentralisedorganisation".

It is amply clear that decentralization is not only a device for the delegation or dispersal of administrative authority, but it is also a democratic method of devolution of political authority. Further, in a decentralisedorganisation it is also essential to adopt the democratic norms. Such norms help the various levels of the administrative organisation to develop a reasonable capability for the exercise of authority to reach the most desired decisions. Moreover, they help to assimilate in them the virtues of greater interactions not only among the various organisational levels but also between the organisation and the clientele among the general public.

It has been opined that decentralisation refers to the physical location of facilities and the extent of dispersal of authority throughout an organisation. Hence, it is an arrangement by which the ultimate authority to command and the ultimate responsibility for results is localized in units located in different parts of the country. It is argued that assigning of functions and responsibility, for their efficient and effective performance, to the subordinates or sub-divisions is the essence of decentralisation.

We may say that in a decentralized organisation lower levels are allowed to decide most of the matters matters and a few cases involving major policies or interpretations are referred to the higher levels of the organisation. Decentralisation covers the political, legal and administrative spheres of authority.

Centralised and Decentralised Organisations

Centralisation and Decentralisation of Organisations need to be viewed as complementary to each other as a fair combination of the two results in stability, accountability, efficiency and effectiveness. It has been said that in order to ensure its existence, an organisation has to perform certain functions which are basically centralising in nature and effect. Moreover, their performance has to be from a central point of authority. Two such major functions are initiation and decision-making in relation to basic management functions like planning, organising, motivating, coordinating and controlling the work of the subordinates as also of the field units. Thus, the higher levels by performing the functions of initiation and decision making tend to reserve the real authority at the central points of the organisation. On the other hand, Earnest Dale points out that the degree of decentralisation greater in the following situations:

The greater the number of decisions made at lower level of management hierarchy, the greater the degree of decentralisation.

The more important the decisions made at lower level of management, the greater the degree of decentralisation.

Human Resource Management

Human resource management can be defined as a collection of those managerial activities that are associated with human resources planning, recruitment, selection, orientation, training, appraisal, motivation, remuneration, etc. HRM aims at developing people through work.

HRM is seen by practitioners in the field as a more innovative view of workplace management than the traditional approach of personnel management. Its techniques force the managers of an enterprise to express their goals with specificity so that they can be understood and undertaken by the workforce, and to provide the resources needed for them to successfully accomplish their assignments. As such, HRM techniques, when properly practiced, are expressive of the goals and operating practices of the enterprise overall. HRM is also seen by many to have a key role in risk reduction within organisations.

Human resource management policies are vital for organisations that are serious about resolving personnel issues and finding human resource solutions. Its features include:

Organisational management

Personnel administration

Manpower management

Industrial management

Recruitment

Organisations have to recruit people with requisite skills, qualifications and experience, if they have to survive and flourish in a highly competitive environment. While doing so, they have to be sensitive to economic, social, political and legal factors within a country. To be effective, they need to tap all available sources of supply, both internal and external. Internal promotions and transfers boost the morale of people who have served the firm loyally for a number of years. External sources, too, need to be explored regularly to bring qualified people with lots of ideas into a firm.

Meaning of Recruitment

Recruitment is the process of locating and encouraging potential applicants to apply for existing or anticipated job openings. It is actually a linking function, joining together those with jobs to fill and those seeking jobs. Recruitment, logically, aims at (i) attracting a large number of qualified applicants who are ready to take up the job if it's offered and (ii) offering enough information for unqualified persons to self-select themselves out (for example, the recruitment ad of a foreign bank may invite applications from chartered accountants who have cleared the CA examination in the first attempt only

Sources of Recruitment

The sources of recruitment may be broadly divided into two categories: internal sources and external sources. Let us understand each of them one by one.

Sources of Managerial Recruitment

A	B
Internal Sources	**External Sources**
1. Promotions	1. Engineering Colleges and Technical Institutions
2. Transfers	2. Press Advertisement
3. Internal notification (advertisement)	3. Management Consultancy Services and Private Employment Exchanges
4. Retirements	4. Deputation of personnel or Transfer from one enterprise to another.
5. Recalls	5. Management Training Schemes
6. Formal Employees	6. Walk-ins, Write-ins and Talk-ins

Internet Recruiting

In recent years most companies have found it useful to develop their own website and list job openings on it. The website offers a fast, convenient and cost effective means for job applicants to submit their resume through the Internet. Infosys Technologies Ltd., for example, gets over 1000 resumes a day from prospective candidates through the Net. The resumes are then converted into a standard format using the software that the company has developed for short listing candidates according to a set criteria such as alma mater, qualifications, experience etc. The HR manager has to key in his or her requirement and 'profiles' of candidates from the company's database get generated. There are a variety of websites available - in addition to a company's own website - where applicants can submit their resumes and potential employers can check for qualified applicants. (such as (i) www.jobsahead.com (ii) www.headhunters.com (iii) www.naukri.com (iv) www.monsterindia.com (v) www.mafoi.com (vi) www.abcconsultants.net (vii) www.datamaticsstaffing.com (viii) www.timesjobs.com etc.) Internet recruiting, as mentioned earlier, generates fast, cost-effective, timely responses from job applicants from different parts of the world. And that's where the problem lies: the website might be flooded with resumes from unqualified job seekers. Applications may also come from geographic areas that are unrealistically far away.

Selection

Selection is the process of evaluating the qualifications, experience, skill, knowledge, etc., of an applicant in relation to the requirements of the job to determine his suitability for the job.
The selection procedure is concerned with securing relevant information from applicants and selecting the most suitable among them, based on an assessment of how successful the

employee would be in the job, if he were placed in the vacant position.

The selection process has two basic objectives:

1. To predict which applicant would be the most successful if selected for the job, and
2. To sell the organisation and the job to the right candidate.

Selection Process

The selection process is based on the organisational objectives, the job specification and the recruitment policy of the organisation. The various selection processes are initial screening, application forms, selection tests, group discussions, interviews and reference checks.

To facilitate a near accurate prediction of an applicant's success on the job, the selection methods should meet several generic standards of reliability, validity, utility and legality. The application form is a formal record of an individual's application for employment. It is usually used in the preliminary screening of job applicants.

The filled-in application forms provide pertinent information about the individual and are used in the job interview and for reference checks to determine the applicant's suitability for employment. There are two methods of evaluating these forms - the clinical method and the weighted method. Selection tests, which are widely used include intelligence tests, aptitude tests, achievement tests, situational tests, interest tests, and personality tests.

Interviews help managers to fill the gaps in the information obtained through the application blanks and tests. Interviews also enable the management to make an impact on the job applicant's view of the organisation, apart from assessing his job-related behavior and attitude. Interviews may be classified as preliminary, selection and decision-making, based on their timing and purpose.

The process of interviewing consists of several steps such as preparation for the interview, ensuring a setting, and conducting, closing and evaluating. The selection process also uses background investigation or reference checks to check the authenticity of the information provided by the applicant. Finally, after an applicant is selected, the offer is made to him and on acceptance, the placement process starts.

At most of the organisations, selection involves usually a series of steps. Each one must be successfully cleared before going to the next. The time and emphasis placed on each step will of course vary from one organisation to another and, indeed, from job to job within the same organisation. The sequencing of steps may also vary from job to job and organisation to organisation. General steps in recruitment and selection process are as follows:

Reception: A company is known by the people it employs. In order to attract people withtalent, skills and experience, a company has to create a favourable impression on the applicants right from the stage of reception. Whoever meets the applicant initially should be tactful and able to extend help in a friendly and courteous way. Employment possibilities must be presented honestly and clearly. If no jobs are available at that point of time, the applicant may be asked to contact the HR department after a suitable period of time has elapsed.

Screening Interview: A preliminary interview is generally planned by large organisationto cut the costs of selection by allowing only eligible candidates to go through the further stages in selection. This 'courtesy interview', as it is often called, helps the department screen out obvious misfits. If the department finds the candidate suitable, a prescribed application form is given to the applicants to fill and submit.

Application Blank: Application blank or form is one of the most common methods usedto collect information on various aspects of the applicants' academic, social, demographic, work-related background and references. It is a brief history sheet of an employee's background, usually containing the following things:

Personal data (address, sex, identification marks)

Marital data (single or married, children, dependents)

Physical data (height, weight, health condition)

Educational data (levels of formal education, marks, distinctions)

Employment data (past experience, promotions, nature of duties, reasons for leaving previous jobs, salary drawn, etc.)

Extra-curricular activities data (sports/games, NSS, NCC, prizes won, leisure-time activities)

References (names of two or more people who certify the suitability of an applicant to the advertised position)

Weighted Application Blanks (WABs)
To make the application form more job-related, some organisations assign numeric values or weights to responses provided by applicants. Generally, the items that have a strong relationship to job performance are given high scores.

 Example: For a medical representative's position, items such as previous sellingexperience, marital status, age, commission earned on sales previously, etc., may be given high scores when compared to other items such as religion, sex, language, place of birth, etc.

The total score of each applicant is obtained by summing the weights of the individual item responses. The resulting scores are then used in the selection decision. The WAB is best suited for jobs where there are many workers, especially for sales and technical jobs and it is particularly useful in reducing turnover.

Selection Testing: Another important decision in the selection process involves applicant testingand the kinds of tests to use. A test is a standardised, objective measure of a person's behaviour, performance or attitude.

Selection Interview: Interview is the oral examination of candidates for employment. This is themost essential step in the selection process. In this step, the interviewer tries to obtain and synthesise information about the abilities of the interviewee and the requirements of the job.

Medical Examination: Certain jobs require physical qualities like clear vision, acute hearing,unusually high stamina, tolerance of arduous working conditions, clear tone of voice, etc. Medical examination reveals whether or not a candidate possesses these qualities.

Reference Check: Once the interview and medical examination of the candidate is over, thepersonnel department will engage in checking references. Candidates are required to give the names of two or three references in their application forms. A good reference check, when used sincerely, will fetch useful and reliable information to the organisation.

Hiring Decision: The Line Manager concerned has to make the final decision now – whether toselect or reject a candidate after soliciting the required information. The line manager has to take adequate care in taking the final decision because of economic, behavioural and socialimplications of the selection decisions.

Concept and Functions of Performance Appraisal

Performance means the degree or extent with which an employee applies his skill, knowledge and efforts to a job, assigned to him and the result of that application. Performance appraisal means analysis, review or evaluation of performance or behaviour analysis of an employee. It may be formal or informal, oral or documented, open or confidential. However, in organisations we find the formal appraisal system in a documented form. It is therefore, a formal process to evaluate the performance of the employees in terms of achieving organisational objectives.

The primary functions of performance appraisal are:

1. To identify and define the specific job criteria. Many organisations at the beginning of the year set key performance areas (KPS) or key result areas (KRAs) for employees based on mutual discussions.

2. To measure and compare the performance in terms of the defined job criteria, KRAs and KPAs are also designed so that they can help in measuring job performance in quantitative or qualitative terms.

3. To develop and justify a reward system, relating rewards to employee performance.

4. To identify the strengths and weaknesses of employees and to decide on proper placement and promotion.

5. To develop suitable training and development programmes for enriching performance of the employees.

6. To plan for long-term manpower requirements and to decide upon the organisational development programmes needed, duly identifying the change areas (for overall improvement of the organisation).

7. To identify motivational reinforcers, to develop communication systems and also to strengthen superior-subordinate relationships.

Objectives of Performance Appraisal

A performance appraisal system tries to serve various purposes and attain a number of objectives. The major objectives of a performance appraisal system may be classified as remedial, developmental, innovative and motivational.

Developmental objectives stimulate growth of the employees both in their present andfuture jobs. Thus, it identifies training and development needs, ensures placement and promotion, etc.

Innovative objectives are for discovering ways to deal with a new job and also to identifyand develop better ways for existing jobs.

Motivational objectives are for rewards, motivation, effective communication and alsofor better interpersonal relations.

Traditional Methods of Performance Appraisal

Different methods of performance appraisal are followed in different organisations to achieve the above objectives. Since some methods of performance appraisal are complicated and call for adequate knowledge in quantitative techniques, many organisations follow traditional methods of appraisal while others consider modern methods as the basis for evaluating job performance of their employees. Traditional methods of performance appraisal are discussed in subsequent subsections.

Straight Ranking Method

This is the oldest and simplest method of performance appraisal by which employees are tested in order or merit giving some numerical rank and placed in a simple grouping. Such grouping separates employees under each level of efficiency, which may vary from most efficient to least efficient. Since, it is a blunt quantification of performance, it does not account for behavioural parameters and only considers an individual employee's level of efficiency in relation to others. For such obvious deficiency, this system does not provide scientific basis for performance appraisal of employees.

Paired Comparison Techniques

This is a somewhat better method of performance appraisal as each employee is compared with others in pairs at a time. For each performance trait, an individual employee's performance is tallied with others in pairs and then rank order is decided. This system is also not suitable in those cases where the number of employees are usually high.

Man-to-Man Comparison

Under this method certain factors are selected for analysis, like; leadership, initiative, interpersonal relationship, etc., and a scale is designed by a rater for each such factor. After rating such factors individually and accordingly, the aggregate performance of an individual employee is decided and such aggregative performance is also given a scale. Likewise an individual employee is considered with others. This method is somewhat like factor comparison method and is widely used in job evaluation. Since developing a uniform rating scale is a complicated task, this factor is not much in use in practice for performance appraisal of employees by organisations.

Grading Method

Under this method certain features, which help in understanding the performance of an employee are identified. Such features may be leadership, communication power, analytic ability, job knowledge, etc. The raters mark/rate such features here also according to a scale and match an employee's performance compared to his own developed grade definition.

Graphic or Linear Rating Scale

Such a rating scale is normally a continuous scale which enables a rater to mark somewhere along a continuum. Usually a printed form is given to a rater alongwith the factors to be rated, giving a continuous scale against each such factor. This method therefore, enables quantification of performance scores and to analyze its significance using statistical techniques. Since making a rating cluster is difficult for obvious difference in individual characteristics of each job, this system may not always ensure objective appraisal.

Forced Choice Description Method

It is a combination of objective and subjective judgment on an individual employee's performance against each rating element. Positive and negative phrases are given asking the rater to indicate applicability of such phrases as objectives in describing the employee whose performance is rated. For its obvious complexity this system is not much used.

Forced Distribution Method

It is a method to evaluate employees performance according to a predetermined distribution scale.

Checklist Method

It is a mere process of reporting employees' performance, compiling yes/no responses. Final rating is done by the personnel vis-à-vis HRD department based on such reports. Since this is not an objective method of appraisal, it is not free from bias.

Free Essay Method

It is an open ended qualitative appraisal of employees performance, giving an opportunity to the rater to put down his impressions on important job factors. Since it is descriptive and essay type, it is likely to be biased and judgmental errors may crop in.

Critical Incident Method

This method measures employees' performance in terms of certain 'events' or 'critical incidents' instrumental for success or failure on the job. Such critical incidents are identified by the rater after in-depth study of the employees' working. As negative incidents get more focused and recording such incidents demands utmost care, it is not free from defects.

Group Appraisal Method

It is an evaluation of an employee by multiple judges. The immediate supervisor of the employee and a few others discuss the performance standards and then evaluate the performance of the employee. The greatest advantage of this method is that it is relatively free from bias even though it is time consuming.

Field Review Method

This type of review is conducted by the HR department by interviewing the supervisor of an employee to understand the subordinate employee's performance.

Normally for such type of appraisal, the appraiser, i.e., the representative of the human resource department gets equipped with certain questions and more in the form of an informal interview, asks those questions about the employees, whose performances are to be reviewed, to their respective supervisors. Since this process of appraisal is an indirect method of appraising the performance, it may not always reflect the true performance level of the subordinate employees. Such an interview always has a sensitizing effect on the interviewee, whose responses may be opinionated generalizations. Moreover, this method keeps the key managerial personnel always busy in appraisals. Despite such defects, this centralized process being simple to administer, most of the organisations prefer to have this type of appraisal for lower level employees.

Irrespective of the methods applied for performance appraisal, its steps follow more or less a set pattern, which are listed as below:

- Establishment of performance standards. This is done mostly while developing job descriptions.
- Communication of standards to the employees.
- Measurement of performance.
- Comparison of performance with the job standards.
- Discussing the appraisal results with the employees.
- Initiating corrective action, where necessary.

Job Analysis

- **Job Analysis** is a systematic exploration of the activities within a job.
- It defines and documents the duties, responsibilities and accountabilities of a job and the conditions under which a job is performed.

- The documentation includes the major responsibilities, duties, and tasks of a job, as well as the kinds of knowledge, skills, and abilities needed to perform the job.

It is a technical procedure used to define the duties, responsibilities, and accountabilities of a job.

- ✓ This analysis "involves the identification and description of what is happening on the job . . . accurately and precisely identifying the required tasks, the knowledge, and the skills necessary for performing them, and the conditions under which they must be performed.

Job element

A Job Element is the smallest unit into which work can be divided.Job Analysis begins at the level of the element and attempts to build understanding of the combination of components

Job Analysis Information Hierarchy

Job analysis is nothing but an accurate recording of the activities involved. For these recording we are simply gathering information to specific job attributes. The hierarchy of JA Info are shown below:

1. Element
2. Task
3. Duty
4. Position
5. Job
6. Job family
7. Occupation
8. Career

Purpose of Job Analysis
Job analysis process generates three outcomes:
- ✓ Job descriptions
- ✓ Job specifications
- ✓ Job evaluation

It is important to note that these are the tangible products of the work – not the job analysis, which is the conceptual, analytical process or action from which we develop these outcomes. Let's look at them more closely.

Job Description
A job description is a written statement of what the jobholder does, how it is done, under what conditions it is done, and why it is done.
Job Description Contains the following:

- O Identification
  - Job title
  - Reporting relationships
  - Department
  - Location
  - Date of analysis
- O General Summary
  - Describes the job's distinguishing responsibilities and components
- O Essential Functions and Duties
  - Lists major tasks, duties and responsibilities
- O Others:
  - Signature of approvals
  - Working Condition
  - Hazards

Job specifications:
- O The job specification states the minimum acceptable qualifications that the incumbent must possess to perform the job successfully.
- O A statement of human qualifications necessary to do the job. Usually contains such items as:
  - Education, Experience, Training, Judgment, Initiative, Physical Skills, Responsibilities, Communication Skills, Emotional characteristics, personality

- O Based on the information acquired through job analysis, the job specification identifies the knowledge, skills, education, experience, certification, and abilities needed to do the job effectively. Individuals possessing the personal characteristics identified in the job specification should perform the job more effectively than those lacking these personal characteristics. The job specification, therefore, is a important tool in the selection process, for it keeps the selector's attention on the list of qualifications necessary for an incumbent to perform the job and assists in determining whether candidates are essentially qualified.

Job Evaluations

In addition to providing data for job descriptions and specifications, job analysis is also valuable in providing the information that makes comparison of jobs possible. If an organization is to have an equitable compensation program, jobs that have similar demands in terms of skills, knowledge, and abilities should be placed in common compensation groups. Job evaluation contributes towards that end by specifying the relative value of each job in the organization. Job evaluation, therefore, is an important part of compensation administration.
  - Specify relative value of each job in the organization.
  - Used to design equitable compensation program.

<u>Job Analysis Methods</u>

Observation Method: Using the observation method, a job analyst watches employees directly or reviews films of workers on the job. Although the observation method provides firsthand information, workers often do not function most efficiently when they are being watched, and thus distortions in the job analysis can occur. This method also requires that the entire range of activities be observable. This is possible with some jobs, but impossible for many-for example, most managerial jobs.

Individual Interview Method: Using the individual interview method, a team of job incumbents is selected and extensively interviewed. The result of these interviews is combined into a single job analysis. This method is effective for assessing what a job entails, and involving employees in the job analysis in essential.

Structured Questionnaire Method: Under the structured questionnaire method, workers are sent a specifically designed questionnaire on which they check or rate items they perform on their job form a long list of possible task items. This technique is excellent for gathering information about jobs. However, exceptions to a job may be overlooked, and there is often no opportunity to ask follow-up questions or to clarify the information received.

Diary Method:

The diary method requires job incumbents to record their daily activities. The diary method is the most time consuming of the job analysis methods and may have to extend over long periods of time-all adding to its cost.

Stages in the Job Analysis Process

1. Understand the purpose of the job analysis
2. Understand the role of job in the organization
3. Benchmark position
4. Determine how to collect job analysis information
5. Seek clarification
6. Develop draft
7. Review draft with supervisor

○ **Understand the purpose of conducting the job Analysis:**

Before embarking on a job analysis. One must understand the nature and purpose of conducting the investigation. Recognize that job analysis serve a vital purpose in such HRM activities as recruiting, training, setting performance standards, evaluating performance, and compensation. In fact, nearly every activity in HRM revolves around the job analysis.

○ **Understand the Role of Jobs and Values in the Organization:** Every job in the organization should have a purpose. Before conducting the job analysis, one must understand the linkage that the job has to the strategic direction of the organization. In essence, one must answer why the job is needed, If an answer cannot be determined, then may be the job is not needed.

○ **Benchmark Positions** : In a large organization, it would be impossible to evaluate every job at one time. Accordingly, by involving employees and seeking their input, selected jobs can be chosen based on how well they represent other, similar jobs in the organization. This information, then, will be used as a starting point in later analysis of the other positions.

○ **Determine How You Want to Collect he Job Analysis Information**: Proper planning at this stage permits one to collect the data desired in the most effective and efficient manner. This means developing a process for collecting the data. Several combined methods – like structured questionnaires, group interviews, and technical conferences – should be used. Select the ones, however, the best meet your job analysis goals and timetables.

○ **Seek Clarification, Wherever Necessary** : Some of the information collected may be entirely understood by the job analyst. Accordingly, when this occurs, one must seek clarification from those who possess the critical information. This may include the employee and the supervisor. Failure to understand ad comprehend the information will make the next step in the job analysis process – writing the job description – more difficult.

○ **Develop the First Draft of the Job Description :**Although there is no specific format that all job descriptions follow, most include certain elements. Specifically, a job description contains the job title, a summary sentence of the job's main activities, the level of authority and accountability of the position, performance requirements, and working conditions. The last paragraph of the job description typically includes the job specifications, or those personal characteristics the job incumbent should possess to be successful on the job.

○ **Review Draft with the Job Supervisor :**
Ultimately, the supervisor of the position being analyzed should approve the job description. Review comments from the supervisor can assist in determining a final job description document. When the description is an accurate reflection, the supervisor should sign off, or approve the document.

Problems of Job Analysis:

•Support from Top Management: In most cases top management support are missing.

•Single Means Source: There are many proven methods for collecting data. Sometimes analysts rely on only one method while a combination might provide a better data for job analysis.

•No Training or Motivation: Job holders are great source of motivation. But they are not trained or motivated to provide quality data for job analysis.

•Activities may be distorted: Where training and preparedness do not exist, job holders tend to submit distorted data, either intentionally or inadvertently

Job rotation: Job rotation is a technique used by employers that would use this method on their employees to rotate their assigned jobs throughout their employment. Employers practice this technique for a number of reasons. It was designed to promote flexibility within an employee and to keep employees interested into staying with the company/organization they are employed with. There is also research that shows how job rotations help relieve the stress of employees who work in a job that requires manual labor.

Objectives

- **Reducing Monotony of the Job:** The first and foremost objective of job rotation is to reduce the monotony and repetitiveness involved in a job. It allows employees to experience different type of jobs and motivates them to perform well at each stage of job replacement.
- **Succession Planning:** The concept of succession planning is 'Who will replace whom'. Its main function of job rotation is to develop a pool of employees who can be placed at a senior level when someone gets retired or leaves the organization. The idea is to create an immediate replacement of a high-worth employee from within the organization.
- **Creating Right-Employee Job Fit:** The success of an organization depends on the on-job productivity of its employees. If they're rightly placed, they will be able to give the maximum output. In case, they are not assigned the job that they are good at, it creates a real big problem for both employee as well as organization. Therefore, fitting a right person in right vacancy is one of the main objectives of job rotation.
- **Exposing Workers to All Verticals of the Company:** Another main function of job rotation process is to exposing workers to all verticals or operations of the organization in order to make them aware how company operates and how tasks are performed. It gives them a chance to understand the working of the organization and different issues that crop up while working.
- **Testing Employee Skills and Competencies:** Testing and analyzing employee skills and competencies and then assigning them the work that they excel at is one of the major functions of job rotation process. It is done by moving them to different jobs and assignments and determining their proficiency and aptitude. Placing them what they are best at increases their on-job productivity.
- **Developing a Wider Range of Work Experience:** Employees, usually don't want to change their area of operations. Once they start performing a specific task, they don't want to shift from their comfort zone. Through job rotation, managers prepare them in advance to have a wider range of work experience and develop different skills and competencies. It is necessary for an overall development of an individual. Along with this, they understand the problems of various departments and try to adjust or adapt accordingly.

Advantages of Job Rotation:

- *Job rotation reduces the boredom and monotony through diversifying the employees activities*

- *.(ii) Employees with a wider range of skills give management more flexibility in scheduling work, adapting to changes and filling vacancies.*

- *(iii) It broadens the range of experience of employees and is an effective training technique.*

Drawbacks of Job Rotation:

- Work is disrupted as rotated employees take time to adjust to a new set up.
- Training costs are increased.
- (iii) It can demotivate intelligent and ambitious trainees who seek specific responsibilities in their chosen specialty.
- (iv) Few people have the technical knowledge and skills to move from one job to another job.
- (v) There is no appreciable change in employee satisfaction, unless the jobs are such that the person is really interested in them.

Thus, the role of job rotation in motivating people is limited.

Motivation

Have you ever wondered, what makes people work? Why do some people perform better than others? Why does the same person act differently at different times? The answer is motivation by a leader in the organisation. A leader must stimulate people to action to accomplish the desired goals; he must fuse the varied individual human capacities and powers of the many people employed into a smoothly working team with high productivity. How do we get people to perform at a higher than "normal" percent of their physical and mental capacities and also maintain satisfaction. This is the challenge of motivation.

Motivation is the process of rousing and sustaining goal-directed behaviour. Motivation is one of the more complex topics in organisationalbehaviour. Leadership is a process of influence on a group. Leadership is the ability of a manager to induce subordinates to work with confidence and zeal.

- According to Stephen P Robbins, "We define motivation as the willingness to exert high levels of effort toward organisational goals, conditioned by the effort's ability to satisfy some individual needs."

- According to S. Zedeck and M. Blood, " Motivation is a predisposition to act in a specific goal-directed way."

- According to Atkinson J.W, "(Motivation is) the immediate influences on the direction, vigour and persistence of action."

- According to S.W Gellerman, "(Motivation is) steering one's actions toward certain goals and committing a certain part of one's energies to reach them."

Motivation has certain underlying **properties**:

- It is an individual phenomenon – Each individual is unique, and this fact must be recognized in motivation research.

- Motivation is intentional – When an employee does something, it is because he or she has chosen to do it.

- Motivation has many facets – Researchers have analyzed various aspects of motivation, including how it is aroused, how it is directed, what influences its persistence, and how it is stopped.

- The purpose of motivation theories is to predict behaviour– The distinction must be made between motivation, behaviour and performance. Motivation is what causes behaviour; if the behaviour is effective, high performance will result.

Types of motivation

- Intrinsic Motivation: when the source of the motivation is from within the person himself/herself or the activity itself.

- Extrinsic Motivation:when that which motivates a person is someone or something outside himself/herself.

Type of motivation which is more beneficial
- Intrinsic motivation is more beneficial than extrinsic motivation.
- Intrinsic motivation is evident when people engage in an activity for its own sake, without some obvious external incentive present.

The role of extrinsic motivation
- Extrinsic motivation is necessary to develop the love for learning among poorly motivated students.
- External motivation in the form of rewards, incentives or punishment.
- It is expected, however, that these extrinsic motivational factors be gradually replaced internal motivation.

- Hopefully the students develop the genuine love for learning and becomes intrinsically motivated in the process.
- We may begin employing extrinsic motivation at the start but this should fade away as the students get intrinsically motivated themselves.

Human Factor and Motivation

The study of motivation can be traced back to the writings of the ancient Greek philosophers. They presented hedonism as an explanation of human motivation. The concept of hedonism says that a person seeks out comfort and pleasure and avoids discomfort and pain. Many centuries later, hedonism was still a basic assumption in the prevailing economic and social philosophies of economists like Adam Smith and J.S. Mill. They explained motivation in terms of people trying to maximize pleasure and avoid pain.

The 1950s were a fruitful period in the development of motivation concepts. Three specific theories were formulated during this time, which, although heavily attacked and now questionable in terms of validity, are probably still the best-known explanations for employee motivation. These theories are:

- 'Hierarchy of Needs' Theory,
- Theories X and Y, and
- Motivation-Hygiene Theory

'Hierarchy of Needs' Theory

Abraham Maslow was a psychologist who proposed a theory of human motivation for understanding behaviour based primarily upon a hierarchy of five need categories. He recognized that there were factors other than one's needs (for example, culture) that were determinants of behaviour. However, he focused his theoretical attention on specifying people's internal needs.

Maslow's Hierarchy of Needs

Physiological needs are those required to sustain life, such as air, water, food and sleep. According to this theory, if these fundamental needs are not satisfied then one will surely be motivated to satisfy them. Higher needs such as social needs and esteem are not recognized until one satisfies the needs basic to existence.

Once physiological needs are met, one's attention turns to safety and security in order to be free from the threat of physical and emotional harm. Such needs might be fulfilled by living in a safe area, medical insurance, job security etc.

Once a person has met the lower level physiological and safety needs, higher level motivators awaken. The first level of higher level needs are social needs. Social needs are those related to interaction with others and may include friendship, belonging to a group, giving and receiving love etc.

After a person feels that they "belong", the urge to attain a degree of importance emerges. Esteem needs can be categorized as external motivators and internal motivators. Internally motivating esteem needs are those such as self-esteem, accomplishment, and self respect. External esteem needs are those such as reputation and recognition.

Self-actualization is the summit of Maslow's motivation theory. It is about the quest of reaching one's full potential as a person. Unlike lower level needs, this need is never fully satisfied; as one grows psychologically there are always new opportunities to continue to grow. Self-actualized people tend to have motivators such as truth, justice, wisdom and meaning.

While scientific support fails to reinforce Maslow's hierarchy, his theory is very popular, being the introductory motivation theory for many students and managers, worldwide.

Theory X and Theory Y

One important organisational implication of the hierarchy of needs concerns the philosophies and techniques that have a bearing on how to manage people at work. Douglas McGregor, taking a cue on motivation from Maslow's need-based theory, grouped the physiological and safety needs as "lower-order" needs and the social, esteem and self-actualization needs as "upper-order" needs. McGregor proposed two alternative sets of assumptions about people at work, based upon which set of needs were the active motivators. He labelled these sets of assumptions – one basically negative as – Theory X and the other basically positive – as Theory Y. After viewing the way in which managers dealt with employees, McGregor concluded that a manager's view of the nature of human beings is based on a certain grouping of assumptions and that he or she tends to mould his or her behaviour toward subordinates according to these assumptions.
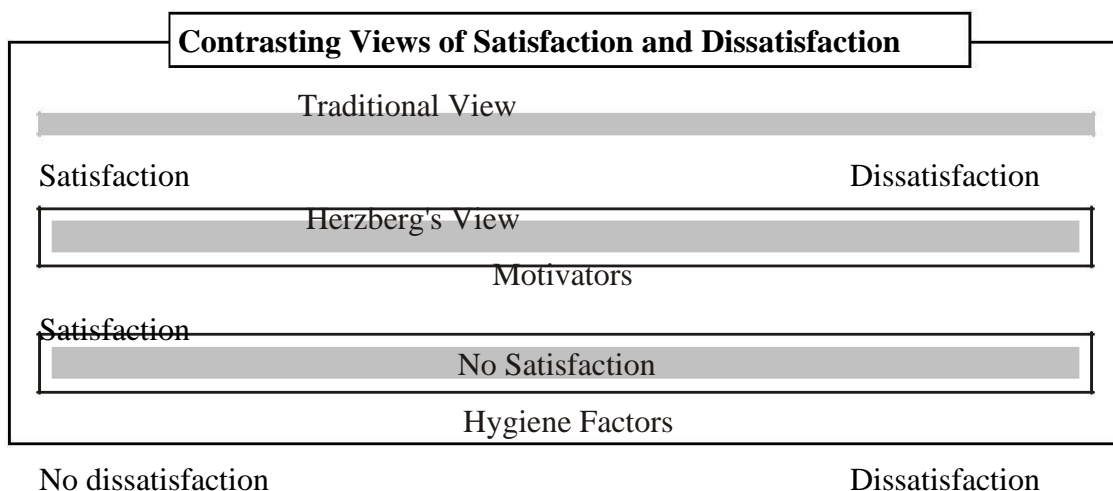

MCGREGOR'S THEORY X & Y
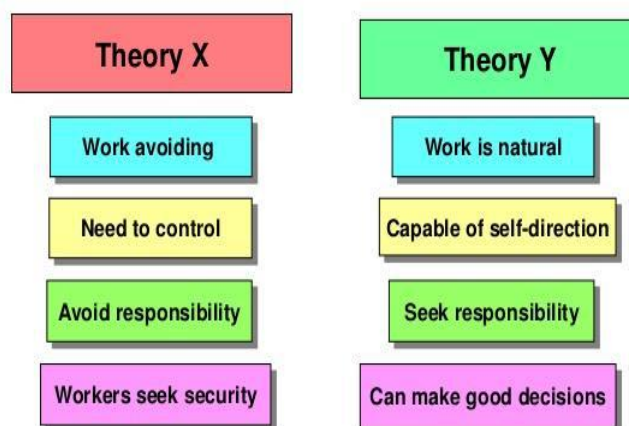
According to McGregor, people should be treated differently according to whether they are motivated by lower-order or higher order needs. Specifically, McGregor believed that Theory X assumptions are appropriate for employees motivated by lower-order needs. Theory Y assumptions, in contrast, are appropriate for employees motivated by higher-order needs, and Theory X assumptions are then inappropriate. In addition, McGregor believed that in the 1950s when he was writing, the majority of American workers had satisfied their lower-order needs and were therefore motivated by higher-order needs. Therefore, he proposed such ideas as participative decision-making, responsible and challenging jobs, and good group relations as approaches that would maximize employee's job motivation. Unfortunately, no evidence confirms that either set of assumptions is valid or that accepting Theory Y assumptions and altering one's actions accordingly will lead to more motivated workers

Motivation-hygiene Theory

Fredrick Herzberg departed from the need hierarchy approach to motivation and examined the experiences that satisfied or dissatisfied people's needs at work. This need motivation theory became known as the 'two-factor theory'. Herzberg's original study included 200 engineers and accountants in Western Pennsylvania during the 1950s. Prior to that time, it was common for those researching work motivation to view the concept of job satisfaction as one-dimensional, that is, job satisfaction and job dissatisfaction were viewed as opposite ends of the same continuum. This meant that something that caused job satisfaction, would cause job dissatisfaction if it were removed; similarly, something that caused job dissatisfaction, if removed, would result in job satisfaction. Based upon unstructured interviews with 200 engineers and accountants, Herzberg concluded that this view of job satisfaction was incorrect, and that satisfaction and dissatisfaction
were actually conceptually different factors caused by different phenomena in the work environment. These two views of job satisfaction are shown in Figure

Contrasting Views of Satisfaction and Dissatisfaction

Traditional View

Satisfaction   Dissatisfaction

Herzberg's View

Motivators

Satisfaction

No Satisfaction

Hygiene Factors

No dissatisfaction   Dissatisfaction

Motivation Factors

According to Herzberg, building motivation factors into a job produces job satisfaction. This process is known as job enrichment. In the original research, the motivation factors were identified as responsibility, achievement, recognition, advancement and the work itself. These factors relate to the content of the job and what the employee actually does on the job. When these factors are present, they lead to superior performance and effort on the part of job incumbents. Motivation factors lead to

positive mental health and challenge people to grow, contribute to the work environment, and invest themselves in the organisation. The motivation factors are the most important of the two sets of factors, because they directly affect a person's motivational drive to do a good job. When they are absent, the person will be de-motivated to perform well and achieve excellence.

Work conditions related to satisfaction of the need for psychological growth were labelled motivation factors. Work conditions related to dissatisfaction caused by discomfort or pain was labelled 'hygiene factors'. Each set of factors related to one aspect of what Herzberg identified as the human-being's dual nature regarding the work environment. Thus, motivation factors relate to job satisfaction, and hygiene factors relate to job dissatisfaction. These two independent factors are depicted in Figure

Motivation Factors	Hygiene Factors
• Achievement	• Pay and Benefits
• Recognition	• Company Policy and Administration
• Work Itself	• Relationships with co-workers
• Responsibility	• Physical Environment
• Promotion	• Supervision
• Growth	• Status
	• Job Security
	• Salary
	• Working Conditions
	• Personal life

Hygiene Factors

Job dissatisfaction occurs when the hygiene factors are either not present or not sufficient. In the original research, the hygiene factors were company policy and administration, technical supervision, interpersonal relations with one's supervisor and working conditions, salary and status. These factors relate to the context of the job and may be considered support factors. They do not directly affect a person's motivation to work but influence the extent of the person's discontent. These factors cannot stimulate psychological growth or human development. Excellent hygiene factors result in employees' being not dissatisfied and contribute to the absence of complaints about these contextual considerations.

Definitions and Meaning of Leadership

There are many definitions of leadership. Some of the definitions of leadership are reproduced below:

"Leadership" according to Alford and Beatty "is the ability to secure desirable actions from a group of followers voluntarily, without the use of coercion."

According to Chester I Barnard, "it (leadership) refers to the quality of the behaviour of the individual whereby they guide people on their activities in organised efforts".

According to Terry, "A leader shows the way by his own example. He is not a pusher, he pulls rather than pushes".

According to Koontz and O'Donnell, Managerial leadership is "the ability to exert inter-personal influence by means of communication, towards the achievement of a goal. Since managers get things done through people, their success depends, to a considerable extent upon their ability to provide leadership".

In the words of R. T. Livingston, Leadership is "the ability to awaken in others the desire to follow a common objective".

According to the Encyclopedia of the Social Sciences, "Leadership is the relation between an individual and a group around some common interest and behaving in a manner directed or determined by him".

According to Peter Drucker, Leadership "is not making friends and influencing people, i.e., salesmanship is the lifting of man's vision to higher sights, the raising of man's performance to higher standards, the building of man's personality beyond its normal limitations".

From the above definitions we can conclude that leadership is a psychological process of influencing followers (subordinates) and providing guidance, directing and leading the people in an organisation towards attainment of the objectives of the enterprise

Characteristic of Leadership

- *Leadership implies the existence of followers:*We appraise the qualities of a leader bystudying his followers. In an organisation, leaders are also followers, e.g., a supervisor works under a branch head.

- *Leadership involves a community of interest between the leader and his followers:* In otherwords, the objectives of both the leader and his men are one and the same.

- *Leadership involves an unequal distribution of authority among leaders and group members:* Leaders can direct some of the activities of group members, i.e., the groupmembers are compelled or are willing to obey most of the leader's directions.
- *Leadership is a process of influence:* Leadership implies that leaders can influence their followers or subordinates in addition to being able to give their followers or subordinates legitimate directions.

- *Leadership is the function of stimulation:*Leadership is the function of motivating peopleto strive willingly to attain organisational objectives.

- *A leader must be exemplary:* In the words of George Terry – "A leader shows the way by hisown example. He is not a pusher, he pulls rather than pushes".

- ***A leader ensures absolute justice:*** A leader must be objective and impartial. He should notfollow unfair practices like favoritism and nepotism. He must display fair play and absolute justice in all his decisions and actions.
- ***Leadership styles and patterns:*** Tannenbaum and Schmidt have described the range ofpossible leadership behaviour available to a manager.

Leadership Styles

The Manager makes decision and announces it: It is an extreme form of autocratic leadershipwhereby decisions are made by the boss who identifies the problem, considers alternative solutions, selects one of them and then reports his decision to his subordinates for implementation.

The manager sells his decisions: It is a slightly improved form of leadership wherein themanager takes the additional step of persuading the subordinates to accept his decision.

The Manager presents his ideas and invites questions: There is greater involvement of theemployees in this pattern. The boss arrives at the decision, but provides a full opportunity to his subordinates to get fuller explanation of his thinking and intentions.

The manager presents a tentative decision subject to change: Herein the decision istentatively taken by the manager but he is amenable to change and influence from the employees.

The Manager may present the problem, get the suggestions and then take his own decision:
Here manager gives sufficient opportunity to the employees to make suggestions, that are carefully considered by the Manager.

The Manager may define the limits and request the group to make a decision: Under thisstyle of management, the manager delegates to the group the right to make the decision. His subordinates are able to take a decision within well defined criteria and limits.

The Manager may permit full involvement of the subordinates in the decision-making process: This is a style of leadership often referred to as 'Democratic' leadership.
Leadership style refers to the behaviour pattern adopted by a leader to influence the behaviour of his subordinates for attaining the organisational goals. As different leadership styles have their own merits and demerits, it is difficult to prefer one leadership style over another. The selection of a leadership style will depend on the consideration of a number of factors. Tannenbaum and Schmidt have pointed out the important factors that affect the choice of a style of leadership. They are:

- Forces in the manager, i.e., the manager's personality, experience and value system.

- Forces in the subordinates, i.e., the subordinates' readiness for taking decisions, and their
- knowledge, interest, need for independence, etc.

- Forces in the situation, i.e., complexity of the problem, pressure of time etc.

The different types of leadership styles are:

- ❖ Autocratic or Task Management Leadership
- ❖ Participative or Democratic Leadership
- ❖ Laissez-faire or Free-rein Leadership and
- ❖ Paternalistic Leadership.

Autocratic or Task Management Leadership*:* The autocratic leader gives orders which heinsists shall be obeyed. He determines policies for the group without consulting them, and does not give detailed information about future plans, but simply tells the group what immediate steps they must take. In other words, an autocratic leader is one who centralizes the authority in himself and does not delegate authority to his subordinates. An autocratic leader operates on the following assumptions:

An average human being has inherent dislike for work and will avoid it if he can.

If his subordinates were intelligent enough, they would not be in subordinate positions.

He assumes that unintelligent subordinates are immature, unreliable and irresponsible persons. Therefore, they should be constantly watched in the course of their work.

As he has no regard for his subordinates, he gets the work done by his subordinates through negative motivation, that is, through threats of penalty and punishment.

Types of Autocratic Leadership

- *Strictly autocratic leaders:* A strictly autocratic leader relies on negative influence andgives orders which the subordinates must accept. He may also use his power to dispense rewards to his group.

- *Benevolent Autocrat:* The benevolently autocratic leader is effective in getting highproductivity in many situations and he can develop effective human relationships. His motivational style is usually positive.

- *Manipulative Autocrat:* A manipulative autocratic leader is one who makessubordinates feel that they are participating in decision making process even though he has already taken the decision.

Participative or Democratic Leadership: A democratic leader is one who consults andinvites his subordinates to participate in the decision making process. He gives orders only after consulting the group, sees to it that policies are worked out in group decisions and with the acceptance of group.

A participative leader operates on the following assumptions:

- Subordinates are capable of doing work independently and assuming the responsibility for proper execution if they are given opportunities and incentives.

- Subordinates are supervised, guided and aided rather than threatened and commanded to work.

- Mistakes are not viewed seriously. The assumption is that disciplinary action breeds discontent and frustration among employees and creates an unhealthy work environment.

Laissez-faire or Free-rein Leadership: A free-rein leader does not lead, but leaves thegroup entirely to itself. The leader avoids using power and entrusts the decision-making authority to his subordinates. He does not direct his subordinates, thereby giving them complete freedom of operation. Groups of members work independently and provide their own motivation. The manager exists as a facilitator and buffer contact man between the team and outsiders, while bringing for his group the information and resources it needs to accomplish its job. A free-rein leader operates in the following manner:

- He follows the rule of minimum exposure to accountability.

- He relieves himself of responsibilities and is ready to blame his subordinates if something goes wrong.

- He has no clear idea of the goals to be attained.

- He is more security conscious than status conscious.
- This mode of direction can produce good and quick results, if the subordinates are highlyeducated and brilliant people who have a sincere need to go ahead and discharge their responsibility.

Paternalistic Leadership: Under this type of leadership, the leader assumes that his functionis fatherly. His attitude is that of treating the relationship between the leader and his groups as that of family, with the leader as the head of the family. The leader works to help, guide, protect and keep his followers happily working together as members of a family. He provides them with good working conditions, fringe benefits and employee services. It is said that employees under such leadership will work harder, out of sheer gratitude as well as emotional bondage.

Leadership Skill

The leader is expected to play many roles and therefore, must be qualified to guide others to organisational achievement. Although no set of absolute traits or skills may be identified, individuals who would be leaders must possess abilities to lead others. They must have certain attributes to help them in performing their leadership role. Broadly speaking, the skills that are necessary for an industrial leader may be summarized under four heads:

- Human skill
- Conceptual skill
- Technical skill, and
- Personal skill.

Human Skill: A good leader is considerate towards his followers because his successlargely depends on the co-operation of his followers. He approaches various problems in terms of people involved more than in terms of technical aspects involved. A leader should have an understanding of human behaviour. He should know people, understand their needs, sentiments, emotions, as also their actions and reactions to particular decisions, their motivations, etc. Thus, A successful leader possesses the human relations attitude.

He always tries to develop social understanding with other people. The human skill involves the following:

Empathy: A leader should be able to look at things as objectively as possible. He should respect the rights, beliefs and sentiments of others.

Objectivity: A good leader is fair and objective in dealing with subordinates. He mustbe free from bias and prejudice while becoming emotionally involved with his followers.

Communication Skills: A leader should have the ability to persuade, to inform,stimulate, direct and convince his subordinates.

Teaching Skill: A leader should have the ability to demonstrate how to accomplish aparticular task.

Social Skill: A leader should understand his followers. He should be helpful,sympathetic and friendly.

Conceptual Skill: In the words of Chester Barnard, "the essential aspect of the executiveprocess is the sensing of the organisation as a whole and the total situation relevant to it". Conceptual Skill includes:

An understanding of the organisationalbehaviour,

Understanding the competitors of the firm, and

Knowing the financial status of the firm.

A leader should have the ability to look at the enterprise as a whole, to recognize that the various functions of an organisation depend upon one another and are inter-related, that changes in one affect all others. The leader should have the skill to run the firm in such a way that overall performance of the firm in the long run will be sound.

_Technical Skill:_A leader should have a thorough knowledge of, and competence in, theprinciples, procedures and operations of a job. Technical skill involves specialized knowledge, analytical skill and a facility in the use of the tools and techniques of a specific discipline. Technical competence is an essential quality of leadership.

Personal Skill: The most important task of the leader is to get the best from others. This ispossible only if he possesses certain qualities. These personal skills include:

Intelligence: Intellectual capacity is an essential quality of leadership. Leadersgenerally have somewhat higher level of intelligence than the average of their followers.

Emotional Maturity: A leader should act with self-confidence, avoid anger, takedecisions on a rational basis and think clearly and maturely. A leader should also have high frustration tolerance. According to Koontz and O'Donnell, "Leaders cannot afford to become panicky, unsure of themselves in the face of conflicting forces, doubtful of their principles when challenged, or amenable to influence".

Personal Motivation: This involves the creation of enthusiasm within the leader himselfto get a job done. It is only through enthusiasm that one can achieve what one wants. Leaders have relatively intense achievement type motivational drive. He should work hard more for the satisfaction of inner drives than for extrinsic material rewards.

Integrity: In the words of F.W. Taylor, "integrity is the straightforward honesty ofpurpose which makes a man truthful, not only to others but to himself; which makes a man high-minded, and gives him high aspirations and high ideals".

Importance of Leadership

The importance of leadership in an organisation cannot be denied. People working in an organisation need individuals (leaders) who could be instrumental in guiding the efforts of groups of workers to achieve goals and objectives of both the individuals and the organisation. The leader guides the action of others in accomplishing these tasks. A good leader motivates his subordinates, creates confidence and increases the morale of the workers. In the words of Peter F Drucker– "Good leadership is a must for the success of a business but the business leaders are the scarcest resources of any enterprise". The following points highlight the importance of leadership:

- Leadership is the process of influencing the activities of an individual or a group towards the achievement of a goal.
- An effective leader motivates subordinates for turning in a higher level of performance.
- Leadership promotes team-spirit and team-work which is essential for the success of any organisation.
- Leadership is an aid to authority. Dynamic and enlightened leadership helps in the effective use of formal authority.
- Leadership creates confidence in subordinates by giving them proper guidance and advice.

The history of business is full of instances where good leaders led their business concerns to unprecedented peaks of success. To quote George R Terry: "The will to do is triggered by leadership, and lukewarm desires for achievement are transformed into burning passion for successful accomplishments by the skilful use of leadership skills".

Functions of a Leader

According to Peter Drucker, "An effective leader is one who can make ordinary men do extraordinary things, make common people do uncommon things. Leadership is a lifting of a man's sights to a higher vision, the raising of man's standard to a higher performance, the building of a man's personality beyond its normal limitations." This viewpoint of Peter Drucker stresses the leader's obligation to attain organisational goals and gives attention to the needs of the individuals who are his subordinates. The important functions of a business leader may be briefly **summarized as follows:**

- *To take the initiative:* A leader initiates all the measures that are necessary for the purposeof ensuring the health and progress of the organisation in a competitive economy. He should not expect others to guide or direct him. He should lay down the aims and objectives, commence their implementation and see that the goals are achieved according to the pre-determined targets.

- *He identifies group goals:* A leader must always help the group identify and attain theirgoals. Thus, a leader is a goal setter.

- *He represents the organisation:* A leader represents the organisation and its purpose,ideals, philosophy and problems to those working for it and to the outside world. In other words, a leader is a true representative of the entire organisation.

- *He acts as an arbitrator:*When groups experience internal difference, whether based onemotional or intellectual clashes, a leader can often resolve the differences. He acts as an arbitrator to prevent serious differences from cropping up within the group.

- *To assign reasons for his action:*It is the delicate task of a leader to assign reasons to hisevery command. He has to instruct things in such a way that they are intelligible to all concerned and their co-operation is readily forthcoming.

- *To interpret:* He interprets the objectives of the organisation and the means to be followed to achieve them; he apprises his followers, convinces them, and creates confidence among them.

- *To guide and direct:* It is the primary function of the leader to guide and direct the organisation. He should issue the necessary instructions and see that they are properly communicated.

- *To encourage teamwork:* A leader must try to win the confidence of his subordinates. He must act like the captain of a team.

- *He manages the organisation:* Last but not the least, he administers the undertaking by arranging for the forecast, planning, organisation, direction, co-ordination and control of its activities.

Characters of leadership
- Empathy
- Consistancy
- Honesty
- Direction
- Communication
- Needs support from all
- Assume obligation

Difference between   Manager & Leader

Manager

- Oversees the current process well
- Must achieve balance
- Thinks execution
- Comfortable with control
- Problems are just that & need resolusion ASAP
- Procedure is King
- Instructs as to technique & process
- Impersonal,remote

leader

- Wants to create the future
- Needs to make change
- Thinks ideal
- Welcomes risks
- Sees problems as opportunities is patient
- Substance thumps the King
- Your best college professor
- High emotional intelligence

UNIT-IV

Coordination

Concept of Coordination

According to Mooney and Reiley, "Coordination is the orderly arrangement of group efforts to provide unity of action in the pursuit of a common purpose."

According to Henry Fayol, "To coordinate, means to unite and correlate all activities".

According to McFarland, "Coordination is the process whereby an executive develops an orderly pattern of group efforts among his subordinates and secures unity of action in the pursuit of common purpose."

Need for Coordination

The need for coordination arises from the fact that literally all organisations are a complex aggregation of diverse systems, which need to work or be operated in concert to produce desired outcomes. In a large organisation, a large number of people process the work at various levels. These people may work at cross purposes if their efforts and activities are not properly coordinated. To simplify the picture, one could decompose an organisation into components such as management, employees, customers, suppliers and other stakeholders.

The components perform interdependent activities aimed at achieving certain goals. To perform these activities, the actors require various types of inputs or resources. It may be difficult to communicate the policies, orders and managerial actions on a face-to-face basis. Personal contact is, rather, impossible and formal methods of coordination become essential.

Importance of Coordination

Coordination is important to the success of any enterprise. It helps an organisation in the following ways:

Coordination pulls all the functions and activities together. Waste motions, overlapping and duplication of efforts, misuse of resources are, thus, prevented. Coordination, enables an organisation to use its resources in an optimum way. The resources flow through productive channels, paving the way for required quality and quantity of output. Efficiency is thus improved. Coordination brings unity of action and direction. Members begin to work in an orderly manner, appreciating the work put in by others. They understand and adjust with each other by developing mutual trust, cooperation and understanding. They move closer to each other. In short, it improves human relations.

According to Fayol, where activities are well-coordinated, each department works in harmony with the rest. Production knows its target; maintenance keeps equipment and tools in good order; Finance procures necessary funds; Security sees to the protection of goods and service personnel and all these activities are carried out in a smooth and systematic manner. Coordination, thus, creates a harmonious balance between departments, persons and facilities. This in turn, helps in meeting goals efficiently and effectively.

The importance of coordination, largely lies in the fact that it is the key to other functions of management like planning, organising, staffing, directing and controlling.

The different elements of a plan, the various parts of an organisation and phases of a controlling operation must all becoordinated. Coordinating makes planning more purposeful, organisation more well-knit, and

control more regulative and effective.

Communication

Communication is the exchange of messages between people for the purpose of reaching common understandings, and achieving common goals. Unless common meanings are shared, managers find it extremely difficult to influence others. Whenever groups of people interact, communication takes place. Communication is the exchange of information using a shared set of symbols. It is the process that links group members and enables them to coordinate their activities. Therefore, when managers foster effective communication, they strengthen the connections between employees and build cooperation.

Significance of Communication

The importance of communication in management can be judged from the following:

- Gaining acceptance of policies, winning cooperation of others, getting instructions and ideas clearly understood and bringing about the desired changes in performance are dependent upon effective communication.

- Communication helps the management in arriving at vital decisions. In its absence, it may not be possible for the top-level management to come in closer contact with each other and discuss the important problems pertaining to the organisation.

- Constant communication with personnel helps the management to remain informed about their problems, difficulties and grievances.

- Communication is quite essential for coordination, which is the essence of effective management.

- Greater, better and cheaper production are the aims of all managers. In today's organisations, the information passes through a variety of filters and there is always a chance for misinterpretation. An effective system of communication can play a vital role in avoiding this illusion.

- Under an effective system of communication, it is quite convenient for the employees to express their grievances, and bring all their problems to the notice of the management.

Types of Communication

Based on Level

Levels of communication are:

Intrapersonal communication: It is the language used or thought internal to thecommunicator. Intrapersonal communication is the active internal involvement of the individual in symbolic processing of messages.

Interpersonal communication: It is the level in which communication channels are themedium chosen to convey the message from sender to receiver.

Group communication refers to the nature of communication that occurs in groups thatare between 3 and 12 individuals.

Public communication: It's at the heart of our economy, society, and politics.

Based on Form/Medium Used
Communication can be classified on the basis of the medium employed:

Verbal Communication: It means communicating with words, written or spoken.

Non-verbal communication: It includes using of pictures, signs, gestures, and facialexpressions for exchanging information between persons.

Meta communication: Here the speaker's choice of words unintentionally communicatessomething more than what the actual words state.

Formal Communication: A formal channel of communication can be defined as a means ofcommunication that is formally controlled by managers or people occupying positions in an organisation.

.*Informal Communication:*Side by side with the formal channel of communication everyorganisation has an equally effective channel of communication that is the informal channel.

Downward Communication: The Communication that flows from Top to Bottom is known as downward communication.

Upward Communication: The Communication that flows from bottom to top, which is from lower hierarchical level to higher level, is called Upward Communication.

Lateral Communication: When communication takes place between two or more persons who are subordinates working under the same person, or those who are working on the same level, it is called lateral or horizontal communication.

Diagonal Communication: Diagonal or Crosswise communication includes flow of information among persons at different levels who have no direct reporting relationships.

 Based on Context

Based on context, the different types of communication are:

Organisational Communication

It is communication which gives life to the organisation; so, it can be likened to the life blood of an organisation. The communication system serves as the vehicle by which an organisation is embedded in its environment.

Political Communication

Political communication is a field of communications that is concerned with political scenario in a country or communication that often influences political decisions and vice versa.

Intercultural Communication
Intercultural communication refers to the communication between people from different cultures. According to Samovar and Porter, intercultural communication occurs whenever a message is produced by a member of one culture for consumption by a member of another culture, a message must be understood.
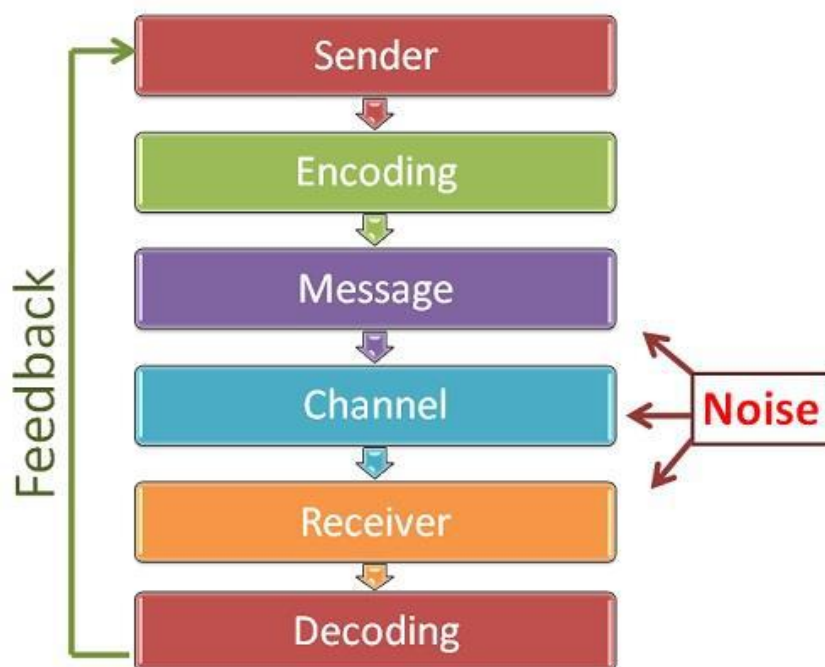
Educational Communication
This type of communication relates to the field of education. It involves any type of communication flows, levels, systems that lead to acquisition and imparting of learning

Effective Communication Process

Communication is important in building and sustaining human relationships at work. It cannot be replaced by the advances in information technology and data management that have taken place over the past several decades. Communication can be thought of as a process or flow. Before communication can take place, a purpose – expressed as a message to be conveyed – is needed. It passes between the sender and the receiver. The result is transference of meaning from one person to another.

The figure below depicts the communication process. This model is made up of seven parts: (1) the communication source, (2) encoding, (3) the message, (4) the channel, (5) decoding, (6) the receiver, and (7) feedback.

Communication Process

Source: The source initiates a message. This is the origin of the communication and can bean individual, group or inanimate object.

- .*Encoding:*Once the source has decided what message to communicate, the content of themessage must be put in a form which the receiver can understand.

  - *The Message:* The message is the actual physical product from the source encoding. Themessage contains the thoughts and feelings that the communicator intends to evoke in the receiver.

  - *The Channel:* The actual means by which the message is transmitted to the receiver (visual,auditory, written or some combination of these three) is called the channel. The channel is the medium through which the message travels

  - *Decoding:* Decoding means interpreting what the message means.

  - *The Receiver:* The receiver is the object to whom the message is directed. Receiving themessage means one or more of the receiver's senses register the message.

  - *Feedback:* The final link in the communication process is a feedback loop. Feedback, ineffect, is communication traveling in the opposite direction. If the sender pays attention to the feedback and interprets it accurately, the feedback can help the sender learn whether the original communication was decoded accurately.

Barriers to Effective Communication

- Obstructions in the process of communication are termed as barriers.
- Can be sender oriented or receiver oriented.

TYPES OF BARRIERS

1. **SEMANTIC BARRIERS**
- DIFFERENT LANGUAGES
- ACTIONS
- POOR VOCAB

2. **EMOTIONAL/PSYCHOLOGICAL BARRIERS** :
   Arise from attitiudes ,judgement,motives
- LOSS IN TRANSMISSIONS AND RETENTION
- UNDUE RELIANCE ON WRITTEN WORD
- INATTENTION OF RECEIVER

3. **PHYSICAL BARRIERS**
- NOISE
- IMPROPER TIME
- DISTANCE

4. ORGANISATIONAL BARRIERS
- RULES AND REGULATIONS
- STRUCTURE OF ORGANISATION
- LACK OF FACILITIES: COMPLAINT BOXES,GREIVANCE CELL
- WRONG CHOICE OF CHANNEL OF COMMUNICATION

5. **PERSONAL BARRIERS**
- ATTITUDE OF SUPERIORS
- POOR LISTENING
- UNWILLINGNESS TO Communication

6 **CULTURAL BARRIERS**
- WEST : BLACK FOR DEATH
- EAST : WHITE FOR DEATH

7. TECHNOLOGICAL BARRIERS

HOW TO OVERCOME BARRIERS?

- ✓ PROMOTE PARTICIPATIVE APPROACH
- ✓ EASY LANGUAGE
- ✓ GOOD LISTENING
- ✓ EFFECTIVE CHANNEL

ESSENTIALS OF EFFECTIVE COMM..

- CLARITY OF PURPOSE
- ACTIVE LISTENING
- ELIMINATE NOISE
- AVOID AMBIGUITIES
- COMPLETENESS
- CONCISENESS

MANAGEMENT BY OBJECTIVES

"MBO is a comprehensive managerial system that integrates many key managerial activities in a systematic manner, consciously directed towards the effective achievement of organisational objectives."

FEATURES OF MBO

1. MBO is an approach and philosophy to management and not merely a technique
2. MBO is bound to have some relationship with every management technique.
3. The basic emphasis of MBO is on objectives.
4. In MBO, the total management process revolves around the objectives set jointly by superior and subordinate.
5. Periodic review of performances is an important feature of MBO.
6. Objectives in MBO provide guidelines for appropriate system and procedures.

Process of MBO
1. Setting of organisational purpose & objectives.
2. Key result areas.
3. Setting subordinate objectives.
4. Matching resources & objectives.
5. Appraisal.
6. Recycling.

Aspects:-
- Objective setting.
- Action planning.
- Performance review.
-

BENEFITS OF MBO

1. Better management:-
   a) Clarity of objectives.
   b) Role clarity.
   c) Periodic feedback of performances.
   d) Participation by managers in the management process, and
   e) Realisation that there is always scope for improvement of performance in every situation.
2. Clarity in organisational action.
3. Personnel satisfaction.
4. Basis for organisational change.

PROBLEMS AND LIMITATIONS OF MBO
1. Time and cost.

2. Failure to teach MBO philosophy.
3. Problems in objective setting.
4. Emphasis on short-term objectives.
5. Inflexibility.
6. Frustration.

PREREQUISITES FOR INSTALLING MBO PROGRAMME

1. Purpose of MBO.
2. Top management support.
3. Training for MBO.
4. Participation.
5. Feedback for self-direction and self- control.

Decision Making

- **Decision making** is the cognitive process leading to the selection of a course of action among alternatives.
- Every decision making process produces a **final choice**. It can be an **action** or an **opinion**.
- It begins when we need to do something but we do not know what. Therefore, decision making is a **reasoning process** which can be rational or irrational, and can be based on explicit assumptions or tacit assumptions.
- **Examples:**
  Shopping, deciding what to eat, What to wear etc..

Seven most essential steps involved in **decision making process** are:
 1. Define the problem,
 2. Analysing the problem,
 3. Developing alternative solutions,
 4. Selecting the best type of alternative,
 5. Implementation of the decision,
 6. Follow up,
 7. Monitoring and feedback!

1. Define the problem:

The first and the foremost step in the decision-making process are to define the real problem. A problem can be explained as a question for and appropriate solution. The manager should consider critical or strategic factors in defining the problem. These factors are, in fact, obstacles in the way of finding proper solution. These are also known as limiting factors.

2. Analysing the problem:

After defining the problem, the next important step is a systematic analysis of the available data. Sound decisions are based on proper collection, classification and analysis of facts and figures.

There are three principles relating to the analysis and classification as explained below:

(i) The futurity of the decision. This means to what length of time, the decision will be applicable to a course of action.

(ii) The impact of decision on other functions and areas of the business.

(iii) The qualitative considerations which come into the picture.

3. Developing alternative solutions:

After defining and analysing the problem, the next step is to develop alternative solutions. The main aim of developing alternative solutions is to have the best possible decision out of the available alternative courses of action. In developing alternative solutions the manager comes across creative or original solutions to the problems.

In modern times, the techniques of operations research and computer applications are immensely helpful in the development of alternative courses of action.

4. Selecting the best type of alternative:

After developing various alternatives, the manager has to select the best alternative. It is not an easy task.

The following are the four important points to be kept in mind in selecting the best from various alternatives:

(a) Risk element involved in each course of action against the expected gain.

(b) Economy of effort involved in each alternative, i.e. securing desired results with the least efforts.

(c) Proper timing of the decision and action.

(d) Final selection of decision is also affected by the limited resources available at our disposal. Human resources are always limited. We must have right type of people to carry out our decisions. Their calibre , understanding, intelligence and skill will finally determine what they can and cannot do.

5. *Implementation of the decision:*

Under this step, a manager has to put the selected decision into action.

For proper and effective execution of the decision, three things are very important i.e.,

(a) Proper and effective communication of decisions to the subordinates. Decisions should be communicated in clear, concise and understandable manner.

(b) Acceptance of decision by the subordinates is important. Group participation and involvement of the employees will facilitate the smooth execution of decisions.

(c) Correct timing in the execution of decision minimizes the resistance to change. Almost every decision introduces a change and people are hesitant to accept a change. Implementation of the decision at the proper time plays an important role in the execution of the decision.

6. *Follow up:*

A follow up system ensures the achievement of the objectives. It is exercised through control. Simply stated it is concerned with the process of checking the proper implementation of decision. Follow up is indispensable so as to modify and improve upon the decisions at the earliest opportunity.

7. *Monitoring and feedback:*

Feedback provides the means of determining the effectiveness of the implemented decision. If possible, a mechanism should be built which would give periodic reports on the success of the implementation. In addition, the mechanisms should also serve as an instrument of "preventive maintenance", so that the problems can be prevented before they occur.

According to Peter Drucker, the monitoring system should be such that the manager can go and look for himself for first hand information which is always better than the written reports or other second-hand sources. In many situations, however, computers are very successfully used in monitoring since the information retrieval process is very quick and accurate and in some instances the self-correcting is instantaneous.

Controlling:

Controlling is an important function of management. It is the process that measures current performance and guides it towards some predetermined objectives. Under primitive management, control was undertaken only when something went wrong and the objectives of control was to reprimand the person responsible for these events and take action against him. The modern concept of control envisages a system that not only provides a historical record of what has happened to the business as a whole but also pinpoints the reasons why it has happened and provides data that enable the manager to take corrective steps, if he finds he is on the wrongtrack. Therefore, there is no intention to punish the person for wrongdoing, but to find out the deviations between the actual performance and the standard performance and to take steps to prevent such variances in future.

The concept of control is often confused with lack of freedom. The opposite of control is not freedom but chaos or anarchy. Control is fully consistent with freedom. In fact, they are inter-dependent. Without control, freedom cannot be sustained for long. Without freedom, controlbecomes ineffective. Both freedom and accountability are embedded in the concept of control.

Characteristics of Control

Managerial control has certain characteristic feature. They are:

Control is the function of every manager. Managers at all levels have to perform this function to contribute to the achievement of organisational objectives.

- Control leads to appraisal of past activities. The deviations in the past are revealed by the control process Corrective actions can be initiated accordingly.

- Control is linked with future, as past cannot be controlled. It should anticipate possible deviations and to think of corrective action for the control of such deviations in the future. It is usually preventive as presence of control system tends to minimise wastages, losses and deviations from standards.

- Control is concerned with setting standards, measurement of actual performance, comparison of actual performance with predetermined standards and bringing to light the variations between the actual performance and the standard performance.

- Control implies taking corrective measures. The object in checking the variations or deviations is to rectify them and prevent their recurrence. It is only action which adjusts performance to predetermined standards whenever deviations occur.

- Control can be exercised only with reference to and or the basis of plans. To quote Mary Cushing Niles - "Whereas planning sets the course, control observes deviations from the course or to an appropriately changed one".

- To some people, control is opposite of freedom. This is not true. Control is based on facts and figures. Its purpose is to achieve and maintain acceptable productivity from all

resources of an enterprise. Therefore, control aims at results and not at persons. It is for correcting a situation, and not for reprimanding persons.

- Information or feedback is the guide to control. The feedback is helpful to the manager to determine how far the operations are proceeding in conformity with plans and standards, and where remedial action is called for.

- Control involves continuous review of standards of performance and results in corrective action which may lead to change in the performance of other functions of management. This makes control a dynamic and flexible process.

- Control is a continuous activity. It involves constant analysis of validity of standards, policies, procedures etc.

Steps in Control Process

There are three basic steps in a control process:

- Establishing standards
- Measuring and comparing actual results against standards
- Taking corrective action.

1 Establishing Standards

The first step in the control process is to establish standards against which results can be measured. The standards the managers desire to obtain in each key area should be defined as far as possible in quantitative terms. Standards expressed in general terms should be avoided. Standards need to be flexible in order to adapt to changing conditions. The standard should emphasis the achievement of results more than the conformity to rules and methods. If they do not do so, then people will start giving more importance to rules and methods than to the final results.

While setting the standards, the following points have to be borne in mind:

The standards must be clear and intelligible. If the standards are clear and are understood by the persons concerned, they themselves will be able to check their performance.

Standards should be accurate, precise, acceptable and workable.

Standards are used as the criteria or benchmarks by which performance is measured in the control process. It should not be either too high or too low. They should be realistic and attainable.

Standards should be flexible i.e., capable of being changed when the circumstances require so.

2. Measuring and Comparing Actual Results against Standards

The second step in the control process is to measure the performance and compare it with the predetermined standards. Measurement of performance can be done by personal observation, by reports, charts and statements. If the control system is well organised, quick comparison of these with the standard figure is quite possible. This will reveal variations.

After the measurement of the actual performance, the actual performance should be compared with the standards fixed quickly. A quick comparison of actual performance with the standard performance is possible, if the control system is well organised. While comparing the actual performance with the standards fixed, the manager has to find out not only the extent of variations but also the causes of variations. This is necessary, because some of the variations may be unimportant, while others may be important and need immediate corrective action by the manager.

3. Taking Corrective Action

After comparing the actual performance with the prescribed standards and finding the deviations, the next step that should be taken by the manager is to correct these deviations. Corrective action should be taken without wasting of time so that the normal position can be restored quickly. The manager should also determine the correct cause for deviation.

Taking corrective action can be achieved in the following way:

The manager should try to influence environmental conditions and external situations in such a way as to facilitate the achievement of goals.

He should review with his subordinates the instructions given earlier so that he may be able to give clear, complete and reasonable instructions in future.

There are many external forces which cannot be adjusted by the manager. They have to be accepted as the facts of the situation, and the executives should revise their plans in the light of these changing forces.

Types of Control

Most control methods can be grouped into one of the two basic types:

- Past-oriented controls.
- Future-oriented controls.

Past-oriented Controls

These are also known as post-action controls and measure results after the process. They examine what has happened in a particular period in the past. These controls can be used to plan future behaviour in the light of past errors or successes.

Future-oriented Controls

These are also known as steering controls or feed-forward controls and are designed to measure results during the process so that action can be taken before the job is done or the period is over. They serve as warning-posts principally to direct attention rather than to evaluate, e.g., Cash flow analysis, funds flow analysis, network planning etc.

Control Techniques

A variety of tools and techniques have been used over the years to help managers control the activities in their organisations. There can be control in different perspectives. Time control relate to deadlines and time constraints, material controls relate to inventory control etc. Various techniques of control require varied control aids such as:

- ▪ *Budgeting:* A budget is a statement of anticipated results during a designated time periodexpressed in financial and non-financial terms. Budgets cover a designated time period – usually a year. At stated intervals during that time period, actual performance is compared directly with the budget targets and deviations are quickly detected and acted upon. E.g. of Budgets: Sales budget, production budget, capital expenditure budget, cash budget, master budget etc.

- *Standard Costing:* The cost of production determines the profit earned by an enterprise. The system involves a comparison of the actuals with the standards and the discrepancy is called variance. The various steps involved in standard costing are:

    - ▪ Setting of cost standards for various components of cost e.g.: raw materials, labour,etc

    - ▪ Measurement of actual performance.
    - ▪ Comparison of actual cost with the standard cost.
    - ▪ Finding the variance of actual from the standard cost.
    - ▪ Findings the causes of variance.
    - ▪ Taking necessary action to prevent the occurrence of variance in future.

    Responsibility Accounting: Responsibility accounting can be defined as a system ofacco which each departmental head is made responsible for the performanceof his department.

    Reports: A major part of control consists of preparing reports to provide information to the management for purpose of control and planning.

    Standing Orders, Rules and Limitations: Standing orders, rules and limitations are also control techniques used by the management. They are issued by the management and they are to be observed by the subordinates.

    Personal Observation: A manager can also exercise fruitful control over his subordinates by observing them while they are engaged in work.