

CHANDRA STATIONARY & PHOTOCOPY CENTER

चन्द्रा स्टेशनरी

शान्तिमार्ग, विजयपुर

Name:-

Roll No.:-

Sub: Organization & Management ^{Theory} College: - P.U.

Sem .

यहाँ, फोटोकॉपी, लेमिनेशन, कम्प्यूटर प्रिन्ट, P.U. का बुक, नोटबुक,
खेतकुद तथा स्टेशनरी का सामानहरू पाइन्छ।

MNG411.2 Organization and Management (2-0-0)**Evaluation:**

	Theory	Practical	Total
Sessional	50		50
Final	50		50
Total	100		100

Course Objectives:

To make the students able to understand and analyze the professional environment where they have to practice their profession. This course will also help them in bringing attitudinal as well as behavioral change.

Course Contents:**1 Introduction**

(2 hrs)

Meaning of organization and management, Function of management, Need of management. *6.45*

2 Organization

(4 hrs)

meaning of organization, Characteristics of organization, Principles of organization, Principles of organization, Formal and informal organization, Organization chart, Types of organization-line, line and staff, functional and matrix. *12.9*

3 Motivation and Leadership

(6 hrs)

Concept of motivation and incentives, Theories of motivation, Leadership styles, Participative management, Management by objectives, management by exception, Learning organization. *19.35*

4 Personnel Management

(6 hrs)

Meaning and functions of personnel management, job analysis, job description, Recruitment and promotion, Performance appraisal, introduction to wages and methods of wage payment, Training. *19.35*

5 Introduction to Industrial Relations

19.35 (6 hrs)
Meaning of trade union, Trade union movement in Nepal, Collective bargaining, health and safety, Compensation, Introduction to arbitration.

6 Human Behavior and Conflict Management

(7 hrs)

Impact of diversity issues in Human Interactions, Intragroup and Intergroup Behavior, Negotiation, Facilitation, Mediation, Arbitration, Legal action *22.58*

Reference Books:

- 1 Harold Koontz and Heinz Weihrich, Essentials of Management
- 2 Govinda Ram Agrawal, Organization and Management in Nepal,
- 3 C.B Mamoria, Personnel Management
- 4 Fred Luthans Organizational Behavior, (McGraw Hill)

Authority & responsibility

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CHAPTER I & II

Organization

(4 hrs)

Meaning of organization, Characteristics of organization, Principles of organization, Principles of organization, Formal and informal organization, Organization chart, Types of organization-line, line and staff, functional and matrix.

~~What is org?~~ Discuss its characteristics.

Meaning of Organization ~~part~~

PV

achieve

Organization is a systematic arrangement of people brought together to accomplish some specific purpose.

- Organization is a social system composed of people, structure and technology for achieving common goals in a dynamic environment.
- It has four interdependent part: task, structure, technology and people.
- Organizations are human associations. They are established to achieve goals. They have structure and technology. They are complex and operate in a dynamic environment.
- Every system consists of several subsystem and every sub system may be composed of sub- sub system.
- System can be classified into two parts:
 - Open system
 - Closed system
- Open system is an input-process – output model, which has continuous interaction with environment.
- A closed system is one that has no interaction with the outside environment. It is a close loop or self contained entry. Project management is an open system, which takes inputs from environment, transforms them into output and exports it to environment.
- Organizations are important at every level of human life. They surround us. They have become a part of our life. Organization need people and people need organizations.

The definition of organization

- According to Chester I. Barnard (1938) (Activities approach)
 - Organization is a system of consciously co-ordinated activities of two or more persons.
- According to Mooney and Reiley (1939) (Human Association approach)
 - Organization is the form of every human association for the attainment of a common purpose.
- According to Amitai Etzioni (1964) (Structural approach)
 - Organizations are planned units, deliberately structured for the purpose of attaining specific goals.
- According to Gene Burton (1995) (Structure and goals approach)
 - Organization is a group of two or more people who work together in a structured setting to achieve common goals.

Characteristics of Organization

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The characteristics of organization are as follows:

- Goal orientation
- Collection of people
- Structure
- Technology
- Continuity
- Environment

OBJECTS

Organizing - a function that enables the manager to generate and establish orderly uses for resources.

Principles of Organization

- principles of organization are guidelines for effective organizing.
- According to (Koontz and Weihrich), the essential principles are as follows:
- ✓ **1. Principle of Goal** – based on unity of goal (G)
- ✓ **2. Principle of span of management** (M)
 - The number of subordinates an individual can effectively direct / control should be limited.
- ✓ **3. Scalar principle (Chain of command)**
 - The line of authority from chief executive to every subordinates position should be clearly defined and unbroken.
- ✓ **4. Principle of unity of command**
 - Each subordinate should have only one boss.
 - No person should report to more than one boss
- ✓ **5. Principle of delegation of authority**
 - Delegation of authority should be adequate to accomplish expected results.
- ✓ **6. Principle of parity of authority and responsibility**
 - Authority should be equal to responsibility
- ✓ **7. Principle of absoluteness of responsibility**
 - Superiors can not escape responsibility for the activities of their subordinates.
- ✓ **8. Principle of departmentation**
 - The activities, authority and responsibility expected from positions and people in departments should be clearly defined to effectively accomplish goals.
- ✓ **9. Principle of flexibility**
 - It should be flexible to adapt to changing environment.
- ✓ **10. Principle of balance**
 - There should be balance in the structure regarding size, span of management, delegation of authority.
- ✓ **11. Principle of separation (S)**
 - Employees should not report to the department whose activity they are expected to evaluate.
- ✓ **12. Principle of leadership facilitation (L)**
 - Organization should provide the facilities to develop the leadership.

Formal and Informal Organization (based on the relation)

- An organization is a network of roles and relationships among people working together to achieve common goals.
- Based on the relationships, organization can be of two types:
 - Formal organization
 - Informal organization

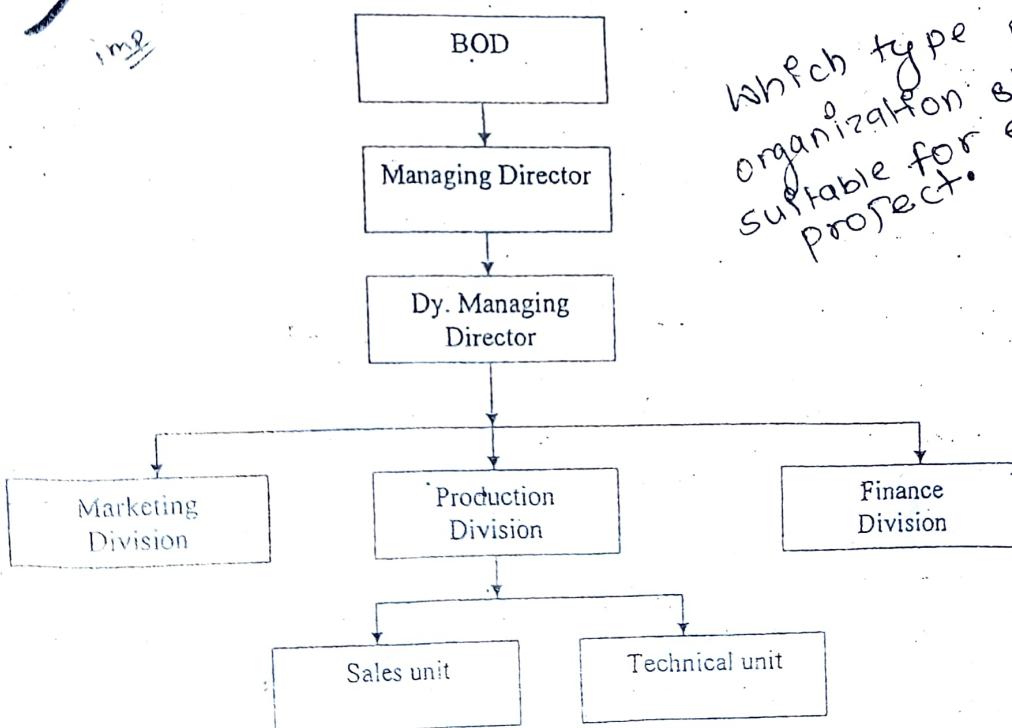
Formal organization → *जीवा जीवा*

- It is deliberately created by management to accomplish goals.
- It is defined by organization structure.
- It is depicted by the organization chart.
- It is based on *प्रयोग जटा*
 - Division of work among members
 - Clearly defined superior – subordinates relationships
 - Communication channel based on scalar principle

- d. Unions or Associations: They can be unions of workers or associations of employees and professionals. They are engaged in safeguarding and promoting the interests of their members. They carry out lobbying, bargaining, negotiating etc. Their primary beneficiaries are the members.
- e. International organizations: They can be association of many countries such as : UNDP, World Bank. They can be regional associations, such as ASEAN (Association of South East Asian Countries) and SAARC (South Asian Association for Regional Cooperation). They are engaged in promoting the collective interests of member countries. They have specific goals. The primary beneficiaries are the members and the world.

An organization structure / An organization chart

- All organizations have a structure.
- ✓ It is designed to assist managers and staff to see clearly their roles, responsibilities, authorities and who reports to whom, they are required to report.
- Organizational structure is the way in which roles, responsibilities and authorities are clearly defined and allocated.
- ✓ The structure should clearly indicate the units (departments) and sub-units (section) and the different positions that have to be filled.
- ✓ The structure is often translated into a chart (map) which provides a clear picture of the line of communications and reporting relationships within the organization.
- Organization structure describes what employees do in the organization and their relationships with their supervisors, managers and juniors
- ~~An organization structure~~



Which type of organization structure is suitable for engineering project.

- Basic elements of organization structure
 - Most organizational structures are vertical and link different activities at various levels to facilitate communication among those levels.
 - Some of the basic elements of an organizational structures are:
 - Chain of command
 - Authority
 - Responsibility (accountability)
 - Control and
 - Span of control

a) Chain of command

- hierarchical line of authority that connects workers up to the top level managers.
- Defines the relationships between the superiors and the sub-ordinates and who respects to whom.
- It has two components:
 - i. Each person within an organization should report to one and only one direct superior and take directives from the same superior.
 - ii. Line of authority should run in the order of rank, through the successive layers of managers and supervisors, from top level to the lowest level of the workers.

b) Authority

- It is defined as the right of individuals in an organization to make decisions, act and direct others to act.
- It is the right to give orders and the power to exact obedience.
- It gives management the power to enforce obedience
- A police officer directing traffic has the authority to direct the driver of a car to go in a particular directions and the driver is expected to obey the order.
- Authority can be retained by the central management and be passed down the hierarchy for action.
- Authority can also be delegated to appropriate subordinates.

c) Responsibility

- Responsibility is accountability for authority.
- Responsibility is considered to be the duty to perform assigned tasks satisfactorily.
- The authority and the responsibility for a given job are governed by contractual and moral obligations ..
- Contractual obligations ensure that the job is done and morality ensures that is done honestly and effectively.
- Authority and responsibility go hand in hand
- Authority must be used in a responsible manner
- Misused authority has a negative impact on operations.

d) Control

- It is the ability to influence and restrict the activities of others
- Control is based on authority.

e) Span of control

- It is the number of subordinates that one manager can supervise directly.
- The number of authority levels in the organization will depend in part on the span of control
- There is a limit to the number of subordinates , a manager can handle.

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Advantages of line and staff organization

- Expert advice – staff specialist provide expert advice.
- Discipline
- Balance workload
- Advancement opportunity
- Flexibility – staff specialist can be added to the structure as and when necessary.

Disadvantages of line and staff organization

- Conflicts – tend to interfere with line authority to get their advice implemented.
- Confusion – lack of coordination between line and staff members.
- Overdependence – line members may depend on staff members for decision making.
- Carelessness – staff members may lack of practical knowledge.
- Inefficiency – expensive because two sets of employees are needed.

→ Page 186

c) Functional organization

- Focuses on work specialization
- Organizational members are grouped into functional departments.
- Every manager concentrates on a particular function.
- A specialist will be in-charge of each functional department.
- They supervises subordinates related to his functional in all departments.
- The functional organization structure is as follows:

Advantages of functional organization

- Work specialization
- Coordination
- Efficiency
- Direction and control
- Career progress

Disadvantages

- Lack of environmental adaptation
- Poor coordination across functional department
- Decision delays
- Myopic focus – self centered narrow departmental focus
- Lack of unity of command.

(d) Matrix organization → Page 183 my Q

- This type of organization is made based on the functional design.
- Temporary divisional design is superimposed over functional design
- Specialists from functional departments are assigned to work on projects.
- This organization is widely used for project management.
- Every project is headed by a project manager. This is also called project management design.
- Matrix organization structure is as follows:

Advantages of matrix organization

- Environmental adaptation – able to adapt to changes in the environment
- Efficiency
- Motivation and commitment
- Free time for top management

- Job security
- Employees development.

Disadvantages of matrix organization

- Multiple command structure – more than one boss (department boss and project boss)
- Power struggle – power struggle between functional managers and project managers for allocation of resources
- Duplication – project group can operate as mini department
- Costly – costly to implement and maintain

Types of organization based on the structure

- Tall organizational structure
- Flat organizational structure

Tall organizational structure

- It is the traditional pyramid-shaped structure, narrow span of control with too many hierarchical levels.
- Intense specialization through division of labor
- Long channels of communication
- Centralized authority at the top
- Close superior – subordinates contact
- Tall organizational structure is as follows:

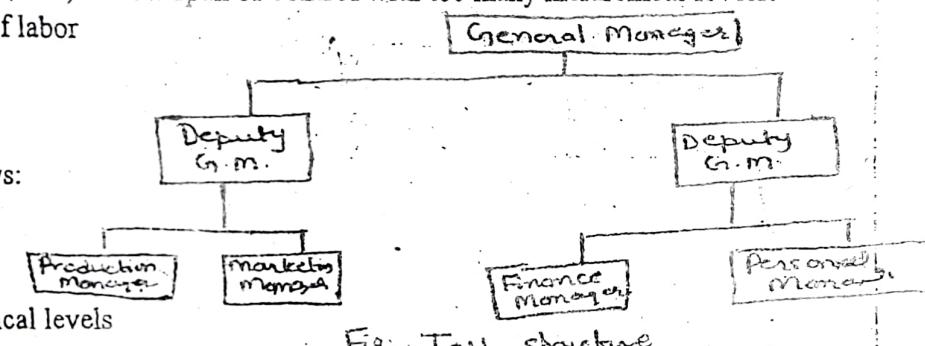
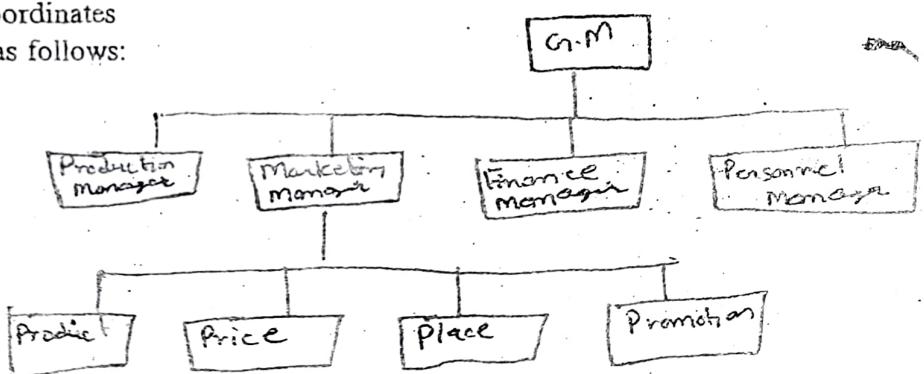


Fig.: Tall structure

Flat structure

- Emerging organization structure
- Wide span of control with few hierarchical levels
- Short channel of communication
- Decentralized authority to subordinates
- Flat organization structure is as follows:



Why organizations face problems?

- A poor management
- Poor organizational structure
- Communication problems
- Dissatisfied employees
- Lack of clear guidelines
- Confused employees

Organization as a system

- Organization can be described as a system (closed / open system)
- A system is an arrangement and relationship among component parts that operate together as a whole, like human body system.
- Each system is composed of sub-system which have some system properties of their own.
- When a change occurs in a sub-system, it affects the whole system.
- Closed system is that which does not respond to its environment. It is relatively isolated from its environment.
- It is not easy to find a completely a closed system of organization.
- Most organizations are described as open systems. They relate to their environments to gain resources and information needed to function and prosper.

- These relationships define an organization's strategy and are affected by the environment.
- An open system transactions with the environment exists in the form of inputs and outputs. The input must be transformed into output.
- This process is called: Input ----> Transformation -----> Output
- Input in the organization / system consists of information of money, people, materials, technology, equipment etc.
- Transformation is the process of converting input to output
- Output can be in the form of finished products in a manufacturing organization, educated youths in education institutions, healthy people in hospital etc.

Organization Culture

- Culture has generally been defined as consisting of " patterns, explicit and implicit of and for behavior required and transmitted by symbol.
- It includes knowledge, belief. Art. morals., law, custom and any other capabilities and habits acquired by man.
- It plays an important role in the study of human behavior. It dictates the behavior of people from when they were born to adulthood.
- An understanding of people and their cultures, how these cultures developed will help managers to deal with people differently.
- It refers to the way of life in an organization where all members of the organization share in common meaning, assumptions, understanding, norms, values, knowledge.
- Sharing culture means that each member participates in and contributes to the broad patterns of culture.

The Organization and Its environment

- Environment can be internal and external to the organization
- Internal
 - Internal environment are sections, departments, unions, associations etc, within the organization
 - Internal environment are the internal rules, policy, management techniques, strengths, weaknesses etc within the organization.
- External
 - External environment are customers, governments, other organizations, the market, share holders, competitors etc. outside the organization.

Emerging concepts in organization design

- New concepts have been emerging in organizational design to adapt to changing needs and complexities of the organization.
- The important emerging concepts are:
 - Work team organizational design
 - Boundary less organizational design
 - Virtual organization design
 - Learning organizational design

→ Page 18.6

Work team organization

- The collective performance of the team produces synergy.
- The team performance is greater than the total performance of members as individual.
- It consists of:
 - Group of members with multiple skills
 - Specified team goals
 - Coordinated efforts
 - Authority to make decision
 - Individual and mutual accountability

Boundary less organization design → 18.8

- The contingency approach has led to the emergence of boundary less organization design.
- Organization has a predetermined structure such structures define jobs, roles, and relationships.
- This type of organization design is not defined or limited by boundaries.
- It cuts across all aspects of organization due to following factors:
 - Globalization and competition
 - Rapid technological changes and
 - Need to respond to dynamic change in the environment.

Virtual organization ← 18.9

- A temporary network of companies that come together quickly to exploit fast changing opportunities.
- Its foundation is a strong information technology platform
- Each partner contributes its core capabilities in terms of what it is best at.

Learning organization design ← 18.9

- An organization that has developed continuous capacity to adapt and change
- Open to new ideas and trends
- Promotes new creativity
- A system of interrelationships in all aspects of organization design.

CHAPTER - II

Management

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- Management is the process of planning, organizing, leading and controlling the resources of an organization in the efficient and effective manner to achieve the specified organizational goals.
- Management is the art of getting things done through others.
- Management helps organization to achieve goals. It is the essence of all organized efforts.

Characteristics of management

- The main features / characteristics of management are :
 - Management achieves goals
 - Management gets the job done through people.
 - Jobs are done efficiently and effectively.
 - Management is a process (functions of management)
 - Management has environment (it is dynamic)
 - Management is the art, science and profession

Concepts of management

- Management can be studied from three concepts:
 - Process concept (functional concept)
 - People concept (leadership concept)
 - System concept

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Process concept (functional concept)

- Systematic way of doing things
- Easy to understand because all managers perform functions

People concept

- Process of getting the jobs done through people
- People are the focus of the management functions
- Human resource development is emphasized focused

System concept

- Concerning with balancing jobs and people for accomplishing goals
- Coordinating resources toward goal accomplishment efficiently and effectively.

Need for management (management is universal needed)

- Management is essential to all organized efforts.
- It is a critical element in the economic development of nations.
- Peter Drucker has stated "There are no underdeveloped countries, there are only under managed countries".

Management is the universal needed due to the following reasons:

- Management is needed in all types of organization. It is needed in types of economic systems.
- It is needed at all levels of management : top, middle and lower level management.

Why an engineer needs the knowledge of management

Management is art then how do you use this art
to proper management of people in your engineers
Organization?

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- Management principles, functions and practices are applicable in all types of situations.
- They are transferable. They are not culture bound or situation
- Management has a systematic body of knowledge which has general validity.
- It is both an art and science
- Management solves organizational problems. It identifies and evaluates various alternatives and chooses appropriate alternatives for problem solving.
- Management sets performance targets. It measures and evaluates the actual performance.
- Management achieves goals by balancing the requirements of jobs and people.
- Management adapts organizations to changing environmental force. It meets the environmental changes.
- It manages change.

Principles of management

- According to Fayols' principles of management, the management principles are :
 1. Division of work – specialization for all kinds of works
 2. Authority and responsibility – authority flows from responsibility
 3. Discipline
 4. Unity of direction – one plan and one head for a group of activities having one objective
 5. Unity of command – one employee – one boss
 6. Subordination of individual interests to general interest
 7. Remuneration – fair and equitable pay to employees
 8. Centralization – highly centralized power structure
 9. Scalar chain – all employees are linked with each other in a hierarchy or superior – subordinates relationship
 10. Order – a place for everything and everything in its proper place.
 11. Equity - sense of kindness and justice throughout all levels of scalar chain
 12. Stability of tenure of personnel – job security
 13. Initiative – encourages subordinates' initiatives
 14. Esprit de corps - union is strength, cohesiveness, and team spirit

(DAUD USSEIR → SEE IOC)

Functions of Management

- Management is what the managers do ?. Managers perform functions. Various writers have classified management functions differently. The functions of management are:

- Planning
- Organizing
- Directing
- Controlling
- Coordinating
- Reporting
- Budgeting

Implications of these
functions to engineers
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- Planning
- Predetermining future
 - Involves selecting goals and the actions to achieve them
 - Chooses alternatives/ future best course of actions from among alternatives.
 - Deciding in advance about what to do, how do to, when to do, and who is to do it?
 - It is a time bound act.
- The first of the managerial function is planning.

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- Types of planning
 - Strategic planning (corporate planning) - high level planning, long term planning, goal setting, policy making, budgeting etc.
 - Tactical planning - middle level planning, short term planning, implementation of the decisions of the high level.
 - Operational planning - lower level planning, very short planning (daily, weekly, monthly),

Organizing

- Establishing a structure of roles *beg X*
- To assign the people who can do ~~best~~ in his / her positions
- Defining activities / tasks required to achieve goals.
- Grouping the activities in departments
- Establishing authority and responsibility for each position
- Coordinating activities to achieve harmony of efforts.

Staffing

- Filling and keeping filled position in the organization's structure.
- Human resource management functions
- Determining job description and job specifications.
- Recruiting, selecting, placing, developing, promoting, remunerating and retiring people.

Directing

- Communicating, influencing and motivating people to perform tasks for the goal achievement.
- It consists of:
 - Communication - flow of information from top to bottom, bottom to top and horizontal levels.
 - Leading - guiding and influencing the work of subordinates to willing and enthusiastically contribute toward goals. It depends upon the situation.
 - Motivation - act of stimulating or energizing people to contribute at some higher rate (high productivity).

Controlling

- The measurement and correction of performance to achieve planned targets
- Cyclical process of monitoring, comparing and correcting.
- The steps of controlling are :
 - Establishing standards (what should be done)
 - Measuring actual performance (what really was done)
 - Finding and analyzing deviation (how much and why difference)
 - Corrective actions (future standards)

Coordinating

- Process of achieving unity of command
- Individual actions need to synchronize in sequence,
- Others must go on at the same time and in the same direction to finish together and achieve the overall task.

Reporting

- Important function of management
- It communicates the actual work progress of an employee to the senior.
- Decisions are made based on available information.
- Daily, weekly, monthly, quarterly reporting.

Budgeting

- A statement of future expenditure and revenues for planning and controlling financial and other resources.
- Variable / fixed budget
- Sets strategies, goals, resource limits and premises for budget.

6. subordination of individual interest to general interest (priority of organizational goal)
7. remuneration – fair / equitable
8. centralization – centralized power structure
9. scalar chain – hierarchy of superior – subordinate relationship
10. equity – sense of kindness / justice
11. order – a place for everything and everything in its place
12. stability of employee tenure – job security
13. initiative – encourage subordinates initiative
14. spirit de corps – union is strength

2. Human Relation Theory

- Developed by
 - a) Elton Mayo
 - b) Mary Parker
 - c) Abraham Maslow
 - d) Douglas McGregor
- a) Elton Mayo
 - An Australian
 - Father of human relation approach
 - Hawthorne experiments (electric plant of Western Chicago, USA)
 - Illumination experiments
 - Relay assembly test room experiment
 - Interviewing program
 - a. With 20,000 workers on human behavior
 - b. Social relations inside the organization is the most attitudes / behavior
 - Bank wiring observation room
 - a. In-depth observation of the working of a group of 14 men making terminal banks of telephone wiring assemblies was done, it was found:
 - i. Workers formed informal organization
 - ii. Set their own production norms
 - iii. Protected weak workers
- b) Mary Parker (Theory of participatory management) (a lady of Boston)
 - Propounded democratic / participatory theory of management
- c) Abraham Maslow (Theory of human needs)
 - Man's behavior is motivated by needs.
 - There is a hierarchy of needs, people satisfy the most pressing needs first.
 - The needs are:
 - a. Physiological need – food, water, shelter etc.
 - b. Safety – protection
 - c. Social – sense of belongingness, friendship
 - d. Ego – esteem – respect, recognition, status
 - e. Self actualization
 - Unfulfilled needs influence human behavior, satisfied needs do not motivate.
- d) Douglas Mc Gregor (Theory X and Theory Y)
 - Assumptions developed
 - Theory X
 - a. Man is lazy
 - b. Dislikes work
 - c. People need to be coaxed to work
 - d. Wants security

- e. Avoid responsibility and initiative
- f. Gives negative view of people
- Theory Y
 - a. Work is a natural activity like play or rest
 - b. To learn new things
 - c. Want responsibility
 - d. Want self-development
 - e. Self direction is better than external control
 - f. Greater freedom in doing work
 - g. Challenging work
 - h. A positive view of people
- 3. The decision Theory (Herbert Simon)
 - Management is decision making
 - Quality of decision is important
 - Management information system (MIS) is important for decision making
 - Steps in decision making
 - Define problems
 - Identify relevant alternatives
 - Evaluate the alternatives
 - Select the best course of action
 - Implement the action
 - Evaluate the results of the action
- 4. The management science theory
 - A system of mathematical models and process
 - Uses quantitative techniques for decision making
 - Operation research, linear programming, queuing theory, game theory
 - Logical process
 - Use of mathematical tools / techniques for rational decision making
- 5. The system Theory
 - Goal directed – a system is goal directed
 - Sub-system – the parts of the system are subsystem
 - Open / closed system – management is open system
 - Open system is flexible
- 6. The Contingency Theory
 - Managerial practice depends on situation
 - There is no best way in the world of management
 - Each situation is unique and it demands unique managerial action

CHAPTER III

Motivation and leadership

6 hrs)

Concept of motivation and incentives, Theories of motivation, Leadership styles: Participative management, Management by objectives, management by exception, Learning organization.

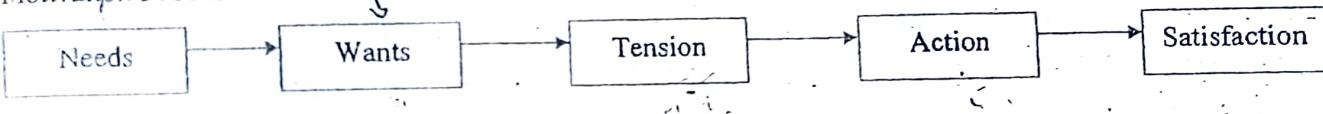
Motivation

- Motivation is an important management tool to harmonize and achieve goals of individuals and organizations.
- It induces people for higher productivity. Resources are efficiently utilized. Employee turnover and absenteeism are reduced. Change can be effectively managed if employees are motivated.
- According to Richard M. Steers:
 - Motivation energies, directs and sustains human behavior; a force that causes people to behave in certain ways and that is goal directed.
- According to James Stoner
 - Motivation refers to factors that cause, channel and sustain an individual's behavior.
- According to Koontz and Weihrich
 - Motivation is to do those things which satisfy drives and desires and induce the subordinates to act in a desired manner.

Types of motivation

- Intrinsic motivation (self motivated, No need of external thing to motivate)
- Extrinsic motivation (need of external thing to motivate)

Motivation Process



Theories of motivation

- Many theories have been propounded about motivation. Among them, two important theories are:
- ✓ Hierarchy of needs theory (Abraham Maslow)
- ✓ Dual Factor theory (Frederick Herzberg)
- ✓ The expectancy theory (The Vroom theory)
- X Theory X and Theory Y

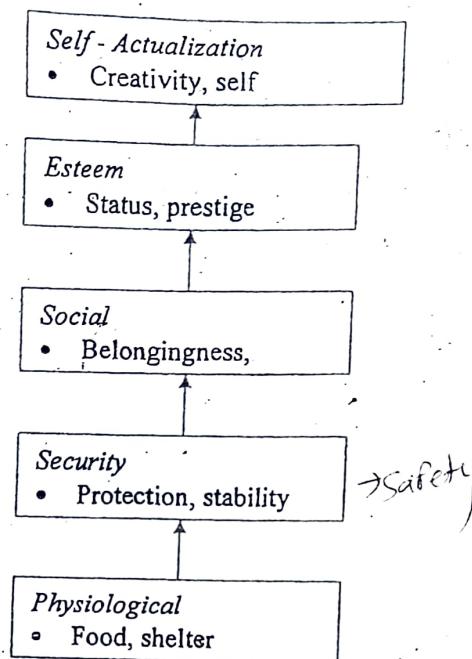
Maslow's theory of Hierarchy of Needs

- This theory is based on two principles:
 - Progressive principle
 - Needs motivate people. There is a hierarchy of needs. They range from the most pressing (lower order needs) to the least pressing (higher order needs).
 - People satisfy most pressing needs first. A person progresses step-by-step up the need hierarchy (progressive principle).
 - Deficit Principle
 - Substantially satisfied needs do not motivate. Only the unsatisfied needs influence behavior (Deficit Principle).
 - The strength of the need and the degree of satisfaction needed are not rigid.

Classification of Needs

- The needs have been classified in hierarchy as follows:

PSSES



Implications of Maslow's Theory

- Maslow's hierarchy of needs theory is a useful guide for understanding motivation. It is simple and practical. However, the theory has the following weaknesses:
 - Research has failed to verify the deficit and progressive principles of the theory.
 - People are motivated not only by needs but also by perceptions, expectations, experience etc.
 - Multiplicity of needs rather than a single need motivate people
 - Situational factors have been neglected.

2. Herzberg's Dual Factor Theory (Hygiene Theory)

- Herzberg developed dual factor theory of work motivation. The factors are:
 - Maintenance or Hygiene factors**
 - Presence of these factors do not produce motivation. They are dis-satisfiers.
 - The absence of these factors causes dissatisfaction. They are necessary to avoid dissatisfaction. These factors relate to job context. They are:
 - Company policy and administration
 - Technical supervision
 - Interpersonal relations with superiors, peers and subordinates.
 - Salary, job security, personal life, work conditions, status
 - Motivational factors**
 - These factors called "satisfiers or motivators"
 - Cause high levels of motivation and job satisfaction when present.
 - Absence of these factors does not lead to dissatisfaction. These factors relate to job-content. They consist of:
 - Achievement

A R A T P R
W A R R A T,
W A R P H A R

21

- Recognition
- Advancement
- The work itself
- The possibility of personal growth
- Responsibility.

3. The expectancy Theory (The Vroom Theory)

- This theory basically believes on "Everything that is done in this world is done in hope".
- People's motivation toward doing anything will be determined by the value they place on the outcome of their effort (whether positive) negative, multiplied by the confidence they have.
- Force = valence x expectancy
- Where,
 - Force is the strength of a person's motivation
 - Valence is the strength of an individual's performance for an outcome
 - Expectancy is the probability of desired outcome

4. Theory X and Theory Y

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- This theory was propounded by Douglas McGregor. It is based on assumptions. The two sets of assumptions are:
 - Theory X and
 - Theory Y
 - Theory X
 - This theory represents the traditional approach towards work and workers. The assumptions are:
 - Man is lazy. He dislikes work and tends to avoid it.
 - Man needs to be coerced, controlled and threatened to get the job done.
 - Man avoids responsibility. He seeks formal direction by superiors.
 - Man seeks security above all. He displays little ambition and initiative.
 - Man has little capacity for creativity in solving problems.
 - This type of man is pessimistic, static, rigid and control oriented. It represents negative view of people. Leaders need to be autocratic.
 - Theory Y
 - This theory represents the new approach towards work and workers. The assumptions are:
 - Man views work as a natural activity like play or rest.
 - Man will exercise self direction and self control when committed to objectives. Self direction is better than external control.
 - The average man can learn to accept and seek responsibility. Man wants to learn new things for self development.
 - Human beings have unlimited potential.
 - Greater freedom in doing work and challenging work provide long lasting incentives.
 - This type of man is optimistic, dynamic and flexible. It emphasizes self control and direction. He presents a positive view of people. Leaders need to be democratic.

Techniques of employee motivation

- Motivation is the key to effective work performance. It is the act of energizing people to achieve goals through higher productivity.
- Managers can use the following techniques for employee motivation:
 - *Money*
 - Money serves as a "carrot" for motivation. It can be wages, piecework payment or performance-based incentive.
 - Money is important for fulfilling physiological and safety needs.
 - *Participation*
 - Participation provides the feeling of belonging, recognition, acceptance, accomplishment and responsibility.
 - Japanese management allows worker participation in decision making. It also grants them freedom for getting the day-to-day work done.
 - *Quality of Working Life (QWL)*
 - It is the quality of relationship between employees and the total working environment of organization.
 - QWL is system approach to job design. Techniques of job design can be:
 - Job simplification - breaking down complicated tasks into simple tasks.
 - Job rotation - allowing workers to move from one job to another
 - Job enlargement - horizontal expansion of job
 - Job enrichment - job challenging and meaningful to provide more responsibility
 - Greater participation of subordinates
 - *Modified work schedules*
 - Modified work schedules can be used as a motivation technique. It includes:
 - Flexible time - it is a plan for allowing workers to select their workday schedules.
 - Job sharing - two or more employees share the same job over the time frame. It is useful for part-time employees.
 - *Behavioral modification*
 - Rewards should be based on performance
 - Management failure to respond can modify behavior.
 - Never punish in front of others
 - Be fair at all times.
 - Rewards can be in terms of incentives, praise, promotion, etc.

Management - By - Objectives (MBO)

- MBO is used as a motivational technique for self-control of performance. Superior and subordinate jointly set time-bound goals.
- Rewards are linked to performance. Subordinate's performance is evaluated in terms of goals.
- Feedback is provided to subordinates.

Incentives

- An incentive can be anything that attracts a worker's attention and stimulates him/her to work.
- An incentive scheme is a plan/program to motivate individual/group performance.
- This program may be of monetary rewards or a variety of non-monetary rewards/prizes.

Important features of incentive plan

- It consists of both monetary and non-monetary elements.
- Mixed elements can provide the diversity needed to match the needs of individual employees.
- The timing and frequency of incentives are the basis of a successful incentive plans.

- The plan requires proper communication to the employees and encourage individual performance
- It also provides feedback.

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Incentive can be classified into:

1. Direct compensation
 - basic salary / wage
2. Indirect compensation
 - overtime work, holiday, bonus based on performance, profit sharing
 - insurance, pension
 - provident fund

Leadership style

Leader

- The person who guides and influences the activities of followers
- The leader can be formally appointed or emerges from work groups or situations
- Good leaders never forget the people who work for them.
- Leaders influence the behavior of followers.
- Leaders influence the followers mainly through:
 - Power
 - Reason - use of facts and data
 - Assertiveness - use of a direct and forceful approach
 - Friendliness - use of goodwill and support
 - Bargaining - use of benefits / favors
 - Inspiration - a ability to inspire subordinates
 - Motivate - use of motivational technique to energize people.
- Leader must be :
 - A visionary, proactive, persistent, purposeful, people oriented, technology oriented and socially conscious

Leadership

- Leadership is the effort to influence / change the behavior of others in order to accomplish organizations / individual / personal goals.
- It is the art of influencing people so that they will make efforts willingly and enthusiastically for the achievement of tasks / for changing their behaviors.
- Effective leadership is vital for the survival and success of all organization.

Elements of leadership

- There are three elements of leadership :
 1. leader
 2. follower
 3. situation

Functions of leadership

- The functions of leadership are:
 1. goal determination
 2. environmental adaptation
 3. task focus (problem - centered function)
 4. people focus (social function)
 5. representation
 6. define organization climate.

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IMP

Leadership styles

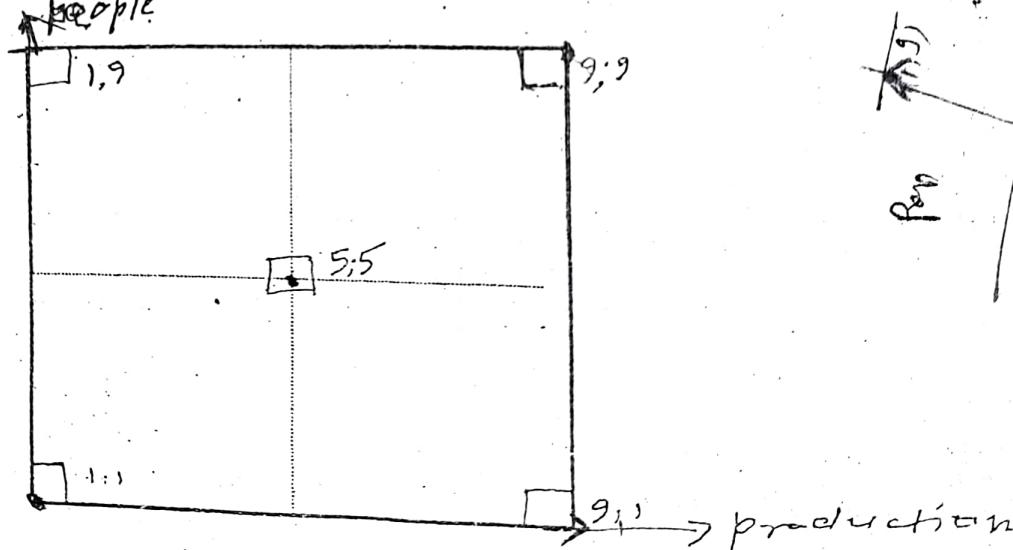
- Leadership styles deal with the way, leaders influence the followers:
- The widely recognized leadership styles are:
 1. autocratic, democratic and free rein style
 2. managerial grid style
 3. four systems of management style
 4. situational style

1. Autocratic, democratic and free rein style

- Autocratic
 - o Under this style, power and decision making are centralized in the leader
 - o Leader gives orders / determine policies
 - o Less consultation with subordinates
- Democratic
 - o Under this style, power and decision making is decentralized
 - o Discussion, consultation and participation is encouraged.
 - o Leader consults before deciding.
- Free rein
 - o Under this style, power and decision is entrusted to the subordinates.
 - o Leader does not intervene
 - o Subordinates set their own goals.
 - o Their potential is effectively utilized.

2. Managerial Grid Style

- The grid has two dimensions
 - o Concern for people – it deals with human aspect of leader behavior
 - o Concern for production – it deals with task aspects of leader behavior.
 - o The grid is 9×9 matrix outlining 81 different styles of leadership
 - o Five important styles of leadership styles advocated by grid approach:



- 1. 1,1 manager (very little concern for production or people)
- 2. 9,9 manager (high concern for people and production - this is the ideal style)
- 3. 5,5 manager (balanced concerns for people and production)
- 4. 9,1 manager (high concern for production and little concern for people)
- 5. 1,9 manager (high concern for people and little concern for production)

3. Four Systems Style

- System one - autocratic leadership → *A P C P*
- System two - Patronizing leadership → *Friendly*
- System three - consultative → *Talkative*
- System four - participative / democratic → *Open*

4. Situational Style

- Leadership style should change according to the demands of the situation.
- There is no one style which is the best for all situation.
- Leader behavior should be situational.

~~Leadership qualities~~

~~P U~~

- Decisiveness, leadership, integrity, enthusiasm, imagination, willingness to work hard
- Analytical ability, understanding of others, ability to spot opportunities
- Ability to meet unpleasant situation
- Ability to adapt quickly to change
- Willingness to take risks

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Participative Management

- Participative approach to management is essentially democratic and group oriented approach.
- It recognizes that employees are human beings
- They are the part of the management action. They want autonomy and self control, affiliation, recognition and responsibility.
- Participative management is formal employee involvement in decision making.
- It is seeking ideas and inputs from employees.
- In this participative management, employees can work independently.
- It provides freedom and independence in decision making
- it is a means of employee satisfaction and productivity.
- Managers encourage subordinates to participative.
- They listen carefully to their suggestions.
- The scope of participation covers all the functions of management.
- Participation means physical and mental involvement.

Meaning of participation

- The techniques of participation vary from organization to organization, situation to situation.
- The important techniques are
 - Suggestive scheme
 - Employees are suggested to give suggestions for solving a specific problem.
 - Accepted suggestions are recorded.
 - Joint consultation
 - Joint committees consisting of members from management and employees are formed.
 - They are generally consultative in nature.
 - Representation in Board of Directors
 - Employees are given opportunity to represent in board of directors.
 - They effectively participate in decision making.
 - The decisions are better of being accepted by employees.
 - Co-ownership (joint ownership)
 - Employees become shareholders
 - They are not employees but also owners.

- They represent on the board of directors for participation in decision making.
- Quality circle
 - A Japanese technique, small group of workers peer with their supervisors to solve work related problems of quality, quantity and cost etc.
 - Suggestions are forwarded to higher level of management.
- Job engineering
 - The teams in organization are given responsibility for engineered jobs. They have authority to
 - Schedule their own work
 - Monitor team performance
 - Select and train team members
 - Solve production problems
- JIT inventory management and TQM are examples of the job engineering. ✓

Advantages

- Promotes efficiency and quality better and quicker decision
- Promotes team work feeling of cooperation and commitment of employees
- Improves job satisfaction, morale and motivation
- Reduces labor turnover and absenteeism
- Optimum utilization of resources
- Employees get trained in decision making
- Reduces resistance to change by employees
- Promotes industrial peace and democracy.

Disadvantages

- Managers may fear loss of power, they oppose the change
- Time consuming
- Slows down in decision making process.

Management By Objectives (MBO)

Meaning

- MBO is a comprehensive managerial system that integrates many key managerial activities in a systematic manner. objectives
- MBO is consciously directed toward the effect achievement of organizational and individual objectives.
- The MBO is a way of managing which focuses on the accomplishment of well defined objectives rather than on tasks and activities. sensibility
- MBO involves:
 - Identification of organizational, divisional, departmental, group and individual objectives
 - Formulation of effective managerial strategies. Policies and procedures and measurement of performance in terms of objectives.
 - In an organization, MBO, the vision and efforts of each individual manager are directed towards the achievement of total objectives.
 - MBO is a technique for self control of performance.
 - MBO is a participation technique, it encourages participation at all levels of management and employees. compliance

The steps in MBO are:

- Superior and subordinates through participation set time bound goals for subordinates.
- Standards in terms of expected results are defined for major areas of subordinates responsibilities.

- Subordinates performance is reviewed and evaluated in terms of standards, feedback is provided to subordinates.
- Rewards are linked to performance.

Management by exception (MBE)

- Taylor propounded the principles of management by exception
- This principle states that management should pay attention only to exceptional cases where established standards, policies and procedures can not be followed.
- This principle applies to routine work and concerned with delegation
- Management should pay attention only to those cases where standards are not met.

Learning organization

- A learning organization is an organization that has developed the continuous capacity to adapt and change
- Learning is inevitable to organization as it is an individual
- Organizational learning is as natural as learning in individuals as they attempt to adjust and survive in an uncertain and competitive world.
- It is a vital work for managers to create an environment for learning at the workplace.

Two types of learning

- Single Loop Learning
- Double Loop Learning

Single loop learning

- It involves improving the organization's capacity to achieve known objectives,
- It is associated with routine and behavioral learning
- When errors are detected, the correction process relies on past routines and present policies
- The organization is learning without significant change in its basic assumptions.

Double loop learning

- It re-evaluates the nature of the organization's objectives and its values and beliefs surrounding them. This type of organization involves changing the organization's culture.
- When error is detected, it is corrected in ways that involve the modification of the organization's objectives, policies and standards routines.

CHAPTER IV

Personnel Management

(6 hrs)

Meaning and functions of personnel management, job analysis, job description, Recruitment and promotion, Performance appraisal, introduction to wages and methods of wage payment, Training.

Meaning

Personnel Management / Human Resources Management

- Personnel management is development and administration of programmes, policies and procedures which aim at motivating the employees to work cooperatively and willingly in higher cohesive, harmonious and interacting teams and contribute their optimum to the accomplishment of organizational goals while fulfilling their own physiological and psychological needs.
- They feel themselves a part of the organization and give their loyalty and commitment to the organization in return for the recognition and satisfaction of their personal and group goals.

Objectives of personnel management

- Effective utilization of human resources in the achievement of organizational goals.
- Establishment and maintenance of an adequate organizational structure and desirable working relationships among all members of the organization.
- Securing integration of the individual and informal groups with the organization and thereby, their commitment, involvement and loyalty.
- Recognition and satisfaction of individual needs and group goals.
- Provision of maximum opportunities for individual development and advancement.
- Maintenance of high morale of human organization.
- Continuous strengthening and appreciation of human assets.

Functions of personnel management

- Personnel management performs a number of functions for the achievement of the above objectives. Broadly speaking, the functions of personnel management fall in the following areas:

- Organizational planning and development
 - Determining organizational needs
 - Designing organizational structure
 - Designing interpersonal relationships
- Staffing
 - Manpower planning
 - Recruitment
 - Selection
 - Placement
 - Induction and orientation
 - Transfer
 - Promotion
 - Separation
- Training and executive development
 - Operative training
 - Executive development
- Wages and salary administration
 - Job evaluation
 - Wage and salary programme
 - Incentive compensation

physical resources. Discuss the above statement with suitable examples.

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- Performance appraisal
- Motivation
 - Non-financial incentives
 - Financial incentives
- Employee services
 - Safety
 - Employee counseling
 - Medical services
 - Recreation, canteen and other welfare programs
- Leave, provident fund, pension and gratuity programs
- Employee record
- Labour relations
- Personnel research

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PM & HRM

Human Resource Management (HRM)

Meaning

- HRM is a management function that helps managers recruiting, selecting, training and developing members for an organization.
- HRM is concerned with the people in organization
- HRM involves the application of management functions and principles.
- The functions and principles are applied to acquiring, developing, maintaining and remunerating employees in organization.
- HRM functions are not confined to business establishments only, they are applicable to no-business organization too, such as : education, healthcare, recreation etc.
- HRM refers to a set of programs, functions and activities designed and carried out in order to maximize both employee as well as organization.

Functions of HRM

- The scope of HRM is indeed vast.
- All major activities in the working life of a worker – from the time of his/her entry into an organization until he / she leaves – come under the purview of HRM
- Specifically, the functions of the HRM are:
 - Human resource planning
 - Job analysis and design
 - Recruitment and selection
 - Orientation and placement
 - Training and development
 - Performance appraisal and job evaluation
 - Employee and executive remuneration
 - Motivation and communication
 - Welfare
 - Safety and health
 - Industrial relation and the link

HRM
is
not
same
as
HRD

Human Resource Development (HRD)

- Another term is widely used namely HRD.
- For many people, HRD and HRM convey the same meaning. This is not true.
- HRD is a function more concerned with the training and development of employees.
- HRD therefore, is a part of HRM and forms one wing of HRM.

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- Industrial Relation Management (IRM)
- There is another term IRM, which is merely concerned with employee grievance and their settlements and unionization.

Objectives of HRM

- The primary objectives of HRM is to ensure the availability of a competent and willing workforce to an organization.
- Besides this, there are other objectives:
 - Societal – social responsible to the needs and challenges of the society.
 - Organizational – role of HRM in bringing about organizational effectiveness.
 - Functional – to maintain the department's contribution at a level of organization's needs.
 - Personal – to assist employees in achieving their personal goal.

The Semantics

- There are two terms, namely Personnel Management (PM) and Human Resource Management (HRM)
 - Between these two terms, there is a basic difference and it is useful to understand what it is?
 - HRM differs from PM both in scope and orientation.
 - HRM views people as an important source or asset to be used for the benefit of organization, employees and the society.
 - It is emerging as a distinct philosophy of management aiming at policies that promote mutuality:
 - Mutual goals, mutual respect, mutual rewards and mutual responsibilities
 - It provides better economic performance and greater human resource development
 - HRM can not be treated in isolation
 - It is being integrated into the overall strategic management of business
 - HRM represents the latest term
 - The year 1990 was a turning point in this evolution, the American Society for Personnel Administration (ASPA), the largest professional association in this field of management, changed its name to the Society for Human Resource Management.
 - Since then, the expression is gradually replacing the hackneyed term "PM".
- (→ d u l)

Job Analysis

- Collection / aggregate of tasks, duties and responsibilities which as a whole is regarded as a regular assistant to individual employees.
- It is a procedure by which pertinent information is obtained about a job
- The process of getting information about job: specially
 - What the worker does?
 - How he gets it done?
 - Why he does it ?
 - Skills, education and training required
 - Physical demands
 - Environmental conditions
- It is a procedure and a tool for determining the specific tasks, operation and requirements of each job.

Components of job analysis

- Job description
 - A written record of the duties, responsibilities and requirements of a particular job.
 - It is concerned with the job itself and not with the work.
- Job specification
 - A standard of personnel and designates the qualities required for an acceptable performance

- o Refers to a summary of the personnel characteristics required for a job.
- o A statement of the minimum acceptable human qualities necessary for the proper performance of a job.

Job performance standards

- o Statement of attainable as well as acceptable levels of job achievement
- o They indicate quality and quantity of job performance.

Uses / Applications / Functions / Purpose of Job Analysis

- Preparation of human resource inventory
- Developing human resource information system for human resource planning
- Recruitment selection and placement of employees
- Training and development of employees
- Performance appraisal of employees
- Developing a compensation package based on job evaluation
- Welfare, safety and health schemes for employee retention
- Job design and redesign.

Steps in Job Analysis

- The steps involved in job analysis are:
 - o Identify information to be collected
 - * The information needed for job analysis purposes should be clearly identified
 - o Identify sources of obtaining information
 - * Information should be properly identified
 - o Choose appropriate method of collecting information
 - * The appropriate method for collecting job analysis information should be carefully selected.

Techniques of Job Analysis Data

- Personnel observation – directly on the job activities, working conditions
- Interview method – face to face, explanation of unclear
- Questionnaire method – very popular structured questionnaire containing a list of possible activities.
- Diary method
- Technical conference method

WV P U

Job Description

Meaning

- An outcome of job analysis
- A written statement of what the job holder does.
- It provides following information (components):
 - o Title of the job
 - o Level of the job
 - o Location of the job (department / section)
 - o Relationships – responsible to and responsible for:
 - o Duties and responsibilities
 - o Accountabilities
 - o Working conditions
 - o Machines and materials used

T R & N L A T S

- It has following uses for recruitment, selection and appraisal
- o Describes the job to the recruiters and potential conditions

- Guides newly hired employees about what they are expected to do.
- Guides newly hired employees about what they are expected to do.
- For appraising whether the actual activities of the employees match with their stated duties.
- For performance appraisal of the employee.

Recruitment and promotion

Meaning

- * Process of searching and obtaining potential employees to facilitate the selection of the right person for the right job.
- * Job analysis, job description and job specifications are the prerequisites of any successful and scientific recruitment and selection process.

Sources of recruitment

1. Internal sources
2. External sources.

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1. Internal Sources

- Recruiting the employees from within the organization
- Selecting the personnel from the existing employees.
 - Promotions
 - i. Advancement of an employee from lower position to a higher position
 - ii. Greater responsibility and with or without higher remuneration
 - Transfers
 - i. Movement of an employee from one job to another
 - ii. No change in position, responsibilities, grade, remuneration, etc.
 - iii. Transfers are effective to utilize the human resources most efficiently.
 - Demotions
 - i. Reverting of an employee from higher position to a lower position
 - ii. Lesser authority and responsibility
 - iii. Demotions are not generally used as a source of recruitment
 - Lay-off
 - i. Separation of an employee temporarily on account of unavoidable circumstances.
 - ii. Lack of work, raw materials etc. which are beyond the control of the employer.
 - iii. There is an understanding between employer and employee that whenever the work is resumed the employee will be called back.

2. External Sources

- a. Advertisement

Selection of personnel

Meaning of selection

- * The basis of the selection process is matching. On one hand, the organization decides whether the candidate's qualifications match the needs of the job, on the other hand, the candidate decides whether or not the job in the organization matches goals and needs.
- * No organization can function effectively without the right people. Selection is the process of choosing the most suitable candidate for a particular position from among the prospective applicants. The goal is to

select the right person for the right job. Selection follows recruitment. It is concerned with hiring as well as rejecting the applications.

- Selection is the process of choosing people who apply for work with an organization.
- The selection process is a series of steps used to decide which recruits should be hired.
- Selection is the process of choosing from those available the individuals who are most likely to perform successfully in a job.

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Right selection creates :

- Human capital
- Improves employer- employee relations
- Increases productivity and commitment of employees and
- Facilitates environmental turnover

Poor selection leads to :

- Increased employee turnover
- Absenteeism
- Accidents
- Job dissatisfaction
- High cost of training and
- Productivity losses

The selection process

• The selection process consists of a series of steps through which applications pass. Each step serves as a hurdle which the successful candidate must pass. However, the steps differ from organization to organization - some use only interview, others use written tests and interview, still others follow all the steps.

• A systematic selection process consists of the following steps:

- a. Application form evaluation
- b. Preliminary interview
- c. Selection tests
- d. Reference checks
- e. Selection interview
- f. Medication examination
- g. Hiring decision

a. Application form evaluation

- Such forms consist of information about:
 - o Personal background information - Name, sex, age, marital status, nationality etc.
 - o Qualification - educational, professional and other qualifications and specialized skills
 - o Work experience - experience in previous jobs, name of organization served, - duties, responsibilities etc.
 - o Salary - salary drawn in present employment and expected salary
 - o References - Names and addresses of persons who can be contacted for references.

b. Preliminary interview (screening interview)

- It is held for initial screening out of candidates. In this stage, unqualified, unsuitable and misfit candidates are screened out.
- Some organizations administer a screening test.

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c. Selection test (employment test)

- In this stage, a standardized written tests are administered to the candidates passing the preliminary interview hurdle. They provide objective information about the candidate.
- The various types of tests can be :
 - Aptitude test – intelligence test, psychology test
 - Achievement test – job knowledge test, work sample test
 - Situational test – situation problems, group discussion
 - Interest test – like and dislike test, hobbies etc.
 - Personality test – extraversion – introversion, friendliness – hostility, high dependability or low dependability, emotion test etc.
 - Honesty test –

d. Reference check (background investigation)

- In this stage, information about background and character of the candidate is checked from referees listed in the application form.

e. Selection interview (final interview)

- Selection interview is face to face observation and appraisal of the candidates suitability for the job. It is based on the in-depth conversation to evaluate the candidate's acceptability.
- Areas for interview
 - Ability to do the job and career goals
 - Motivation and enthusiasm to do the job
 - Ability to work under pressure (stress)
 - Ability to "fit-in" with the organization
 - Personality and interpersonal skills
 - Standing of the interviewee in relation to other candidate

f. Medical examination

- Physical examination is the final step in the selection process. It can be done in one of the following ways:
 - The candidate fills out a health questionnaire. Those with health problems are referred to a physician
 - An approved physician conducts the physical examination. Drug testing, strength and fitness testing can be part of such examination.
 - The physical examination must comply with the legal provisions.

g. Hiring decision

- The hiring decision marks the end of the selection process. This is made by the competent authority in the organization. The candidates passing all the hurdles of the selection process are given a job offer. Those accepting the job offer are issued appointment letter.
- Organizations should also notify the candidates who have not been selected. The list of unsuccessful candidates should be posted on the notice board / newspapers also.

Promotion

Meaning

- Promotion is the employees lower to higher position involving greater responsibility and authority.
- Promotion is a change with the organization to a higher position that has greater responsibility and requires more advanced skill.

- It is higher status with increase in pay.
- It is a reward for outstanding performance or as a result of organization's desire to utilize an individual skill and abilities.

Need for promotion

- Following are the reasons for promoting the employee:
 - To use employee potential
 - Employees get greater satisfaction by promotion and give better service for organization.
 - By promotion, they get more incentives and more income.
 - Promotion is given to deserving employees and can expect more promotion in future.
 - Labor turnover is minimum

Criteria for promotion

- Seniority and competent are criteria for promotion.
- **Seniority**
 - Promotion by seniority can handle work properly
 - There will be no complaint
 - Trade union also prefer seniority
- Defects
 - Competence is neglected
 - Juniors lost interest in work
 - Develop reluctance
 - Become lazy and lethargic
- **Competition**
 - Competence by promotion can rise productivity
 - Hard work by promotion by competency can increase efficiency
- Defects :
 - It is difficult to access the true work
 - There is more chance of favoritism and nepotism
 - Displeasure among senior employee
 - Managers may promote incompetent individuals

Conclusion

- There should be a trade - off between competency and seniority.

Placement [Placing]

- #### Meaning
- Placement is the determination of the job to which an accepted candidate is to be assigned and his assignment to that job
 - Proper placement builds a competent and satisfied work force
 - A misplaced employee is a frustrated employee
 - The first placement is for a probation period, usually extending from 6 to 12 months
 - Orientation and pre-service trainings are given to the employee during the probation period.
 - If the performance is satisfactory during the probation period, the employee is given a tenure (permanent).
 - Otherwise- termination / extended probation period.

Performance Appraisal / performance rating / employee performance review / performance evaluation / employee evaluation

Meaning

- P** Performance appraisal is a systematic formal evaluation of an employee's performance on the job and his potential for assuming future responsibilities.
- It evaluates the contribution of each employee to the accomplishment of organization's goals.
 - It provides feedback so that employees know where they stand, where they ought to be going and how they are going to get there.

Two types of appraisal

- Formal performance appraisal
- Informal performance appraisal

Formal performance appraisal

- It is an on going appraisal process at periodic intervals.
- The appraisal compares actual performance with specified standards of performance.
- It is based on thoughtful judgment of supervisors and reliable information about employee's job performance

Informal performance appraisal

- It is based on the perception and impressions of supervisors gathered from unsubstantiated information
- It carries elements of bias and snap judgments.
- It breeds favoritism, discrimination and discontentment.
- Human resource management decisions should not be based on informal performance appraisal.

Importance (Purpose) of Performance Appraisal

- Performance appraisal has been considered as a most significant tool for an organization in making decisions regarding various personal aspects such as promotions and compensations, reward and punishment.
- It indicates knowledge, skills and attitudes deficiencies in employees and serves as a guide for identifying training needs.
- It identifies the potentialities of the employees and helps to select the better fit between employee and job.
- It facilitates mutual understanding between the supervisors and subordinates.

Methods of Performance Appraisal

- Several methods of performance appraisal are used to measure / evaluate the job performance of employees.
- Two types of performance appraisal methods are:
 - Traditional methods and
 - Modern methods

Traditional method

- Ranking method
 - It is the oldest method of formal systematic rating.
 - It compares one person with all others for the purpose of placing them in a simple rank order of worth.
 - It may also be done by ranking a person on his job performance against that of another member of a competitive group by placing him as number one, two, three in total group.
- Person to person comparison method
 - In this method, each employee is compared every trait with all the other persons in pairs on at a time.
 - After the different test, the results of this test are tabulated and a rank is assigned to each individual.

Ch 6
INCIDENTAL
METHOD

- It is suitable for the large group.

Grading methods

- In this method, certain categories of worth are established in advance and carefully defined.
- In the civil service, for example, there are three categories of personnel, outstanding, satisfactory and unsatisfactory.
- Employee performance is then compared with these grade definitions and person is allocated to the grade best described his or her performance.

Free Essay Method

- Under this method, the supervisor makes a free form, open ended appraisal of an employee in words and put down his impressions about the employee.
- He takes note about the employee character, initiative, working ability and quality etc. and ranking them.

Rating scale method

- It is the most widely used method of performance appraisal.
- The rater provides a subjective evaluation of an employee's performance and traits along a scale.
- In this method, the following factors can be evaluated:
 - Quality and quantity of work
 - Job knowledge
 - Attendance, appearance
 - Loyalty and dependability
 - Honesty, integrity
 - Attitude, initiative, cooperation etc.

Modern Methods

- Appraisal by result / Management by Objective (MBO) Method
 - The nature of the job, organizational climate, cost of appraisal and implementation facilities determine the performance method to be used.
 - Performance appraisal is based on how well the time bound objectives have been accomplished.
 - The objectives are jointly set by the manager and the subordinates. The emphasis is not on activities but on results achieved.

Introduction to Wages

- Wage is the remuneration given to workers as compensation of the work performed by them for the organization.
- Wages can be classified as:
 - Nominal wage**
 - The remuneration paid to employees (workers) for the work done by them is called nominal wage.
 - It does not include any value of benefit.
 - Real wage**
 - Employees are not only given dry remuneration.
 - They are also provided other benefits like, leave, medical care, housing allowance, bonus, insurance etc.
 - It helps in improving the living standards of the employees and the wage including such benefits and facilities is known as real wage.

Objectives of sound wage and salary

- For employees
 - Employees are paid according to requirements of their jobs, i.e. highly skilled jobs paid more compensation than low skilled jobs

- The chances of favoritism are greatly minimized.
- Job sequences and lines of promotion are established whenever they are applicable.
- Employees' morale and motivation are increased because a wage programme can be explained and is based upon facts.
- To employers
 - They can systematically plan for and control their labor costs.
 - In dealing with a trade union, they can explain the basis of their wage programme because it is based upon a systematic analysis of job and wage facts.
 - A wage and salary administration reduces the likelihood of friction and grievance over wage inequalities.
 - It attracts qualified employees by ensuring an adequate payment for all the jobs.

~~Wage~~ Methods of wage payment

- Two methods are used for the wage payment. They are:
 - Time rate system
 - Workers are paid on the basis of time.
 - A suitable rate is fixed per unit of time for payment.
 - The unit of time may be hourly, daily, weekly, monthly
 - Piece rate system
 - Workers are paid on the basis of output or the work done by them.
 - Workers are encouraged to work in high efficiency for more wages.

~~Wage~~ Factors influencing wage and salary

- Besides the basic factors provided by a job description and job evaluation, those are usually taken into consideration for wage and salary administration are:
 - The organization's ability to pay
 - Supply and demand of labor
 - The prevailing market rate
 - Living cost
 - Productivity
 - Trade union's bargaining power
 - Job requirements
 - Managerial attitudes and
 - Psychological and sociological factors.

Theory of wages

- a. Subsistence theory (Iron law of wages) – David Ricardo 1772 - 1823
 - The laborers are paid to enable them to subsist and perpetuate the race without increase or diminution.
 - If the workers were paid more than subsistence wage, their numbers would increase as they would procreate more, and this would bring down the rate of wages.
 - If the wages fall below the subsistence level, the number of workers would decrease – as many would die of hunger, malnutrition, cold etc.
- b. Wages Fund Theory (Adam Smith 1723 – 1790)
 - Wages are paid out of a pre-determined fund of wealth which lay surplus with wealthy persons – as a result of savings.
 - This fund could be utilized for employing laborers for work
 - If fund was large, wages would be high, if small, wages would be reduced to subsistence level.
 - The demand for labor and wages that could be paid them were determined by the size of the fund.
- c. The Surplus Value Theory of Wages (Karl Marx – 1849 – 1883)
 - The labor was an article of commerce which could be purchased on payment of *subsistence price*.
 - The price of any product was determined by the labor time needed for producing it.

- The laborer was not paid in proportion to the time spent on work but much less and the surplus went to the owner, to be utilized for paying other expenses.
- d. **Residual Claimant Theory (Francis A Walker -1840 - 1897)**
- There were four factors of production / business activity
 - Land
 - Labor
 - Capital and
 - Entrepreneurship
- Wages represent the amount of value created in the production which remains after payment has been made for all these factors of production.
- e. **Marginal Productivity Theory (Phillip Henry Wicksteed, England and John Bates, USA)**
 - Wages depends upon the demand for, and supply of, labor
 - Workers are paid what they are economically worth.
- f. **The Bargaining Theory of Wages (John Davidson)**
 - Wages are determined by the relative bargaining of workers or trade unions and of employers.
 - When a trade union is involved, basic wages tend to be determined by the relative strength of the organization and the trade union.
- g. **Behavioral Theories**
 - i. The employee's acceptance of a wage level
 - The factors which may induce an employee to stay on with a company.
 - The size and prestige of the company, the power of union, the wages and benefits that the employee receives in proportion to the contribution made by him – all have their impact
 - ii. The internal wage structure
 - Social norms, traditions, customs prevalent in the organization and psychological pressures on the management, the prestige attached to certain jobs in terms of social status, the need to maintain internal consistency in wages at the higher levels, the ratio of maximum and minimum wage differential and the norms of the span of control and demand for specialized labor all affect the internal wage structure of an organization

Types of job training

- Training* ✓ P
- Training is the act of increasing the knowledge and skills in an employee for doing a particular job.
 - Training enhances capabilities required to improve performance in the present job. It involves positive changes in knowledge, skills and attitudes of employees to increase their efficiency and effectiveness on the job.
 - Training is learning experience in that it seeks a relatively permanent change in an individual that will improve his or her ability to perform on the job.

Objectives of training

- To achieve change in behavior of those trained and do the job in a better way.
- It gives individual new skill, technical knowledge, problem solving ability.
- To get people oriented with their present job. It changes attitude and ideas of human resources management in development aspects.

Methods of training

- Induction training
- Training for promotion ✓
 - On-the-job training
 - Off-the-job training

- Apprentice training
- Vestibule training

Induction training

- Two different types of orientation usually occur in most organizations
- The first is called induction which is the initial phase in which the new employee learns what to do? Where to go? And what are the important rules, policies and procedures and so forth?
- The induction phase of orientation involves an interaction between the new employees, the direct supervisor and formal orientation programs.

Training for promotion

- Training to fit for higher jobs and create incentives

~~Job~~ On-the-job training

- This method involves "learning while working".
- It places the employee in the context of real work situation.
- It is learning by doing under the supervisor of an experienced employee.
- Training takes place on the job.

Off-the-job training

- The training takes place outside the work situation
- It is mostly class room based.
- The trainees focus on learning experience.
- They are removed from the stresses and demands of workplace.
- The methods used for off the job training are:
 - Lecture / conference
 - Simulation exercise
 - Experimental exercise

Apprentice training

- Beginners are educated and trained in various jobs till they join with full salary.
- Employees learn by working with those already skilled in their jobs.
- The examples are plumbers, electricians, accountants
- A master worker guides the trainees
- Trainees are allowed to perform sophisticated tasks as their skills and experience increase

Vestibule training

- This training pertains to the trainees of employees separately before they are placed on the jobs.
- These days, separate training schools are opened to train the new employees.

Internship training

- Training is organized by mutual understanding and agreement with technical institutions and vocational schools.
- This training is more suitable for training skilled and managerial personnel

Simulation training :

- Training is conducted on a model either in class or in laboratory.

Benefits of training

- Improve knowledge, skills, attitudes
- Aids productivity and quality improvements

- Heightens employee morale and job satisfaction
- Improves labor-management relations
- Helps keep costs down, betters safety
- Fosters openness and trust, improves communication
- Helps plan change and manage conflict.
- Improves organizational climate.

describe about the emerging
industrial rel' in nepal

CHAPTER V

Introduction to Industrial Relations

Compensation, Introduction to arbitration. (6 hrs)

Introduction to Industrial Relation

Industrial Relation Management (IRM)

- There is another term IRM, which is merely concerned with employee grievance and their settlements and unionization

Labor

- Labor is a productive activity
- By labor, anything shapes its forms from abstract to concrete.
- It acts as a means of changing external nature.
- Labor is a main condition of human existence.
- Without labor nothing is possible, no machine function, no rupees work.
- Therefore, labor is a fundamental element that brought out man from the animal world.
- However, labor is an essential and important element of the society.
- Though, manual labor receives less focus in the society.
- Labor played a significant role in the construction works, in factories and other complicated project works.
- Engineers / supervisors work together with the workers.
- They should be able to inspire the workers to work with full zeal.
- They should be able to promote efficiency of the workers and should be able to get maximum output.
- For this the engineers / managers supervisors should understand the welfare activities which influence the efficiency of workers.

Factors affecting the efficiency of workers

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- The efficiency of labor depends upon the skill, knowledge, experience as well as willingness to work.
- Workers ability and willingness to work also depends on:
 - Wages
 - If the workers are provided with adequate wages, their output will be high because they feel socially secured.
 - Working condition of the site
 - Working condition of the site also plays very important role.
 - Working condition of the site is safe, secured, clean and systematic, the workers will feel better and enjoy working rather taking it as a burden.

- Working hours
 - Like a machine, man cannot work continuously even though they are provided with high wages because become tired and exhausted.
 - Therefore, there should be a break between a long working hours.
- Rewards and punishment systems
 - To motivate workers for producing better productivity / output / results, there should be an effective reward and punishment system..
- Employer's behavior
 - Employers behavior is one of the major factors that leads towards satisfaction or dissatisfaction of the employees.
 - If an employer treats the employees with positive attitude and also honors the employees labor, the employees will feel happy in meeting their employer's target.
 - If an employer treats the employees as " servants / machine " then the employees always create problems and difficulties.
 - Therefore employer / manager should be good in human relation skills.
- Tool and equipment
 - Appropriate and good condition tools and equipment help maximizing output.
 - Workers feel comfortable in using the equipment that is in good condition.
- Job of desired nature
 - If workers were assigned the job of their interest, they would enjoy and like to work hard but in contrary if they were assigned the work they dislike.
 - They try to pass the time rather than to work.
 - Therefore, workers should be assigned the job of their interest as far as possible

Labor welfare

- Labor welfare is the facilities and amenities provided to the workers in order to make the working environment healthy and congenial.
- Such facilities and amenities help keeping good health and high morale of the workers.
- I.L.O. has recommended following welfare facilities:
 - Facilities for food and needs or in or near the undertaking
 - Rest and recreation facilities (excluding holidays)
 - Transportation to and from the place of work where ordinary public transport is inadequate or impractical.
 - In construction works, the following welfare activities are recommended:
 - Drinking water, latrines, washing and bathing facilities, canteens, shelters, health services, safety, security, shift allowance, miscellaneous

Trade union.

- It is an association formed by workers to secure economic welfare of the workers, to bargain with their management for the welfare of the workers.
- Trade unions are working effectively in the organized labor sectors such as in factories, hotels, etc.
- In construction works, workers are less organized due to the nature of the work.
- In democratic system, trade unions are allowed to play their role freely.
- In autocratic system, trade unions are hardly existed or non-existed.
- At the outside, in England, in 1824, workers were allowed to unit in unions.
- In Nepal, in 1947, Nepal Mazdoor Sangh was established and
- In 1952, Nepal Mazdoor Sangathan was established.
- In 1961, when Panchayat System was introduced, this type of trade unions were banned.
- After the restoration of the democracy in the country, many trade unions are functioning like: General Federation of Nepalese Trade Union(GEFONT), Nepal Trade Union Congress (NTUC), All Nepal Trade

Principles of Trade Union

- Unity is strength and no exploitation *no power misus*
- Equal pay for equal job for male and female workers
- Security of service

Objectives of Trade Union

- The following objectives of the Trade Union are:
 - To work for the worker's economic and social upliftment by improving working conditions of the workers.
 - To try to maintain good relationships between the workers and the management
 - To assist for the development of the enterprise by enhancing productivity.
 - To work to make the workers dutiful and disciplined.

The functions of a Trade Union

- To demand adequate wages for the workers to improve their living standards.
- To work for improving working conditions - safe, secured and healthy environment.
- To participate in management for controlling purpose and for taking workers demand or voice to the management.
- To provide financial help to workers at the time of need by establishing a welfare fund.

To help workers at the period of strike unemployment, lock-outs etc.

Trade union in Nepal

- Trade union started after the 1st. world war

Industries like Birat Jute Mills, Match Factory formed industrial union and worker's union

1947 - Nepal Majdoor Sangh was established

1952 - Napal Majdoor Sangathan was established separately.

1961 - when Panchayat System was introduced, this type of trade unions were banned.

They demanded better wages and legal recognition of the union.

- June 28, 1959, Factory and factory worker's Act legally recognized the right of the workers to form their unions and associations to protect their interest and to give collective bargaining, provision of provident fund, overtime, safety measures, health etc.
- Lack of unity as they are organized by various parties.
- Parties do not want to go out of their interest.
- These trade unions are financially supported by the political parties.
- After the restoration of the democracy in country, many trade unions are functioning like,
 - General Federation of Nepalese Trade Union (GEFONT)
 - Nepal Trade Union Congress (NTUC)
 - All Nepal Trade Union Congress (ANTUC)
 - Nepal Revolutionary Workers Union
 - Democratic Confederation of Nepalese Trade Union

Collective bargaining

- It is an important method of negotiation for settlement of labor disputes.
- It refers to negotiation, administration and interpretation of a time bound written agreement between two parties.
- It is collective because the union represents the workers as a bargaining agent.
- Employer associations may represent employers.
- Professional managers may represent the owners. *and*
- The collective bargaining agreement lays down in specific terms the conditions of employment.

- It has two aspects:
 - a. It lays down employer-employee relations on the through a collective agreement.
 - b. It interprets and administers the collective agreement.
- Common provisions in collective bargaining agreement relate to:
 - a. Union recognition - management acceptance of union
 - b. Union security - union security clause to maintain union membership
 - c. Wage rates - amount of wages and automatic wage increases tied to cost of living, income maintenance.
 - d. Conditions on employment - hours and terms and conditions of employment, working practices etc.
 - e. Benefits - insurance, pension,
 - f. Strikes and lockouts - none during contract period.
 - g. Seniority clause - human resource decisions to be based on seniority.
 - h. Discipline - procedures for discipline
 - i. Grievance procedure - to settle disputes
 - j. Management rights - to get the jobs done effectively etc.

Importance of collective

Collective bargaining is important to both workers and employers. It provides agreement of both parties on an acceptable contract.

Its importance is clear from the following points:

- It promotes and protects the interests of both the parties and empowers them economically
- It helps establish uniform terms and conditions of employment to prevent disputes
- It helps settle disputes when they arise.
- It lays down norms and rules for interrelationships between labor and management.
- It helps establish favorable work climate
- It promotes participation and democratic leadership.

Collective bargaining process

The collective bargaining process consists of :

- a. Preparation for negotiation
- b. Contract negotiation
- c. Agreement
- d. Union ratification
- e. Contract administration

a. Preparation for bargaining

This is the homework phase for both the union and management. Information is gathered from the following sources.

- a. Internal source
 - Grievance and accident records, job performance reports, overtime figures, transfer, turnover, absenteeism, financial performance etc.
 - b. External source
 - Economic forecasts, cost of living terms of recently negotiated contracts in similar organizations, industry labor statistics etc.
- Both parties formulate a strategy for negotiation by assessing other side's power and tactics.
 - Negotiators are designed from both parties.
 - Bargaining issues are identified.

b. Contract Negotiation

Both parties meet at the bargaining table. Union delivers a list of demand to management.

PC ANC
PACU

- The negotiation continues formally, but the real negotiation takes place behind the closed doors.
- A settlement is reached by both the parties based on compromises.
- It results in an oral agreement.

c. Agreement

- The oral agreement is converted into a written agreement. The legal dimensions are carefully taken care of.

d. Union Ratification

- The union negotiators submit the agreement for approval from rank and file members. If voted for acceptance, the agreement is converted into a contract

e. Contract administration

- This step involves administering the contract by:
 - Informing union members and management about the contract.
 - Implementing the contract.
 - Interpreting the contract and resolving grievances.
 - Monitoring activities during the contract to provide feedback for next negotiation.

*How Proper health & Safety can
be maintained in work places.*

Health and Safety

Health

- "The WHO has defined as "a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity".
- Industrial health refers to a system of public health and preventive medicine which is applicable to industrial concerns.
- The basic object of industrial health is the prevention of disease and injury rather than the cure of disease..
- It involves a program of health conservation and prevention of occupational disease.

Importance of industrial health

- Since the large number of workers spend a great deal of their time in an industrial setting, their environment is not usually conducive to a healthy life.
- Malnutrition, unsanitary and psychological conditions and the strains and stresses under which they live impair their health.
- Efficiency (work) possible only when an employee is healthy.
- The symptom of bad health are a high rate of absenteeism and turnover, industrial discontent and indiscipline, poor performance and low productivity.
- Reduced spoilage, improved morale, increased productivity per employee and a longer working period of an individual are the good signs of an organization.
- This is the main reason why industrial health should be introduced in an organization.
- It helps to improve benefits of both employers and workers

Protection against health hazards

- By substituting a less toxic substance for hazardous chemical, providing protective clothing, handling and warning devices and by providing safety education.
- By controlling noise in factories – wear ear –coverings or ear plugs.
- By developing adequate attention to lighting, temperature and atmospheric conditions by controlling dust, fumes and gases ad by providing protective devices, clothing, goggles and shields.

Statutory provisions under the factory Act

- The factory insists that the following preventive measures must be adopted in industrial establishments:
 - Cleanliness

- Disposal of waste and effluents
- Well ventilation and temperature
- Free from dust and fumes
- Well lighting
- Reduce overcrowding
- Well drinking water
- Privacy
- First aid appliances

Compensation

- ✓ ○ Compensation may be defined as money received in the performance of work, plus the many kinds of benefits and services that organizations provide their employees.

Two types of compensation

1. Direct compensation

- Money is included under direct compensation.
- It includes the basic salary or wage that the individual is entitled for his job, overtime work and holiday premium, bonuses based on performance, profit sharing and opportunities to purchase stock options etc.

2. Indirect compensation

- It includes protection programs
- Benefits come under indirect compensation
- It consists of life insurance, the employer's contribution to retirement, pay for vacation or illness and employers' required to retire for employee welfare as social security.
- These are maintenance factors rather than reward components.
- It will tend to retain the employees in the organization but not stimulate them to greater effort and higher performance.

Arbitration

- Arbitration is a private alternative to litigation (court) as a means of settling disputes
- It denotes the placing of a dispute before a third party to obtain a fair or equitable decision, based on discretion rather than a fixed rule.
- In industrial matters, it refers to a process of conciliation, where attempts are made to find a formula acceptable to two parties in disagreement.
- It is in the third sense that arbitration has become widely adopted for the resolution of disputes under construction contracts.

Elements of arbitration

- Three things are required before an arbitration starts. These are as follows:

- Dispute
 - It requires one party to make a claim and the other party to deny it.
 - Thus, there can be no dispute about a claim which has not been submitted or which has not been finally rejected.
- Agreement to arbitrate
 - There must be an agreement to arbitrate.
 - No particular form is required for an arbitration agreement, whether made in advance or after a dispute has arisen.
 - If agreement is in writing the arbitration will be governed by the Arbitration Act.
- Reference
 - There must be a reference of specified disputes to arbitration, by one party serving notice on the other.

No particular form is required for a reference but it is an important step, since it is deemed to be the commencement of the arbitration for purpose of limitation and is thus equivalent to issuing of a writ.

Setting up an arbitration

- The arbitration is to be treated as being commenced when one party serves on the other notice requiring an arbitrator or to agree to the appointment of an arbitrator.
- The selection and appointment of an arbitrator follows the reference to arbitration.
- It is unnecessary for the arbitrator to be named in the arbitration agreement.
- Written agreements usually provide for the arbitrary to be agreed by the parties or appointed by a specified person or body.
- Where the parties can not agree and there is no mechanism for the appointment, the court has power to appoint an arbitrator.
- His decision is final, subject to review by the courts.
- Since arbitration is a matter of private agreement, the arbitrator's authority depends upon the scope of that agreement.

Duties of the arbitrator

- The arbitrator must confirm to certain minimum requirements of fairness and impartiality. This is sometimes referred to as natural justice but there are no fixed rules.
- Essential requirements are that an arbitrator should in fact be unbiased and should act so as to convey this impression to the parties.
- He should ordinarily act only upon the evidence presented and when he wishes to take any step which might take the parties by surprise or which might be regarded as unconventional, he should keep the parties informed of what he is doing.
- He should give each party an opportunity of dealing with every relevant point. This does not require the arbitrator to listen to endless speeches, but he must act fairly and properly if he wishes to cut short the argument.
- The arbitrator must take a sufficient note of the evidence and argument to enable him to determine the issues and to deliver a reasoned award, if called for.
- The parties may agree to provide a shorthand note of the proceedings. Alternatively some arbitrators chose to make their own tape recording of the hearing.
- This should not, however, be regarded as a normal requirement and it should never be regarded as a substitute for following the argument as it proceeds.

CHAPTER VI

Human Behavior and Conflict Management

(7 hrs)

Impact of diversity issues in Human Interactions, Intragroup and Intergroup Behavior, Negotiation, Facilitation, Mediation, Arbitration, Legal action

Human behavior

Understanding human behavior with the object of predicting and influencing it is as difficult as important it is to the manager. Human behavior is not only extremely complex but also variable. However some generalizations have been developed about human behavior which helps us in gaining its understanding.

- Human behavior is outcome of his / her attitudes. Attitudes influence the human behavior. Attitudes are predispositions (influence favorable in advance) of human beings. Attitudes comprise feelings, beliefs and values.
- Whatever man does in order to fulfill his / her needs, that is human behavior. Human behavior is the situational. It is dynamic. It interacts with the environment. It is changed by following different factors and situations.
 - Behavior is caused by needs
 - Needs create tension and discomfort
 - Behavior is goal oriented
 - Behavior is influenced by perception
 - Behavior is influenced by motivation
 - Behavior is influenced by frustration.
 - Frustration in task A and its effects on task B
 - Early frustration in task A and its later effect on task A
 - Major frustration in task A and its effect on a wide range of activity.
 - Behavior is influenced by attitudes.

Conflict

- Conflict is opposition or dispute between persons, groups or ideas.
- Conflict arises out of mutual incompatibility in goals, roles, values, interests. It varies from person to person, place to place, time to time and organization to organization.
- It is inevitable in any organization. It affects employee satisfaction and organizational performance.
- Conflict can be of two types:
 - Substantive
 - It is issue oriented, generally technical nature. It can be functional (helpful)
 - Personal
 - It is personally oriented, generally personal feelings and feelings and attitudes. It can be dysfunctional (harmful)

Approaches to conflict

- There are three approaches to conflict:
 - Traditional approach -- It views conflict as harmful, destructive, unnecessary and threatening to organizational effectiveness.
 - Behavioral / human relation approach -- It views conflict as inevitable in organization. Conflict is the natural outcome of behavioral interactions.
 - Modern approach -- It views substantive conflict as a necessity for the organizational effectiveness. Conflict inspires change. Under this approach, it assumes that conflicts generate:
 - Multiple ideas and alternatives

discuss how conflict can be resolved.

- Group cohesiveness
- Idea testing
- Highlight problems
- Organizational development

Levels of conflict

- There are different levels of conflicts:
 - Intra-individual conflict
 - It occurs within the individual due to frustration resulting from blocking of motivated drive.
 - Inter-personal conflict
 - It occurs between two or more persons due to the personality clashes.
 - Inter-group conflict
 - It occurs between groups due to the production and marketing and role conflict and many other causes.
 - Inter-organizational conflict
 - It occurs between organizations due to the competition and policy issues and many other causes.

IMP:

Causes of conflict

- Limited resources – competition for scarce resources between individual and groups cause conflict
- Unclear relationships - lack of clarity about responsibilities and authority cause conflict
- Communication obstacles – communication breakdown leads to misunderstanding and causes conflict
- Goal differences – when individuals in the same group pursue different goals, conflict is caused.
- Personality clashes – differences in values, attitudes, interests and personality also cause conflict. Aggressive people are source of conflict.
- Structural change – introduction of changes in structure generally causes conflict. Change and conflict go together.
- Deprivation of rights – if privileges or rights already enjoyed are withdrawn, conflict is caused.

Strategies for conflict management

- There are many strategies for conflict managements. Some of them are:
 - Conflict reduction – managers reduce conflict by better coordination, improved communication, goal succession and increasing the resource availability.
 - Conflict resolution techniques are :
 - Bargaining / negotiation
 - Opposing parties systematically sort out difference and reach a solution jointly.
 - Mediation
 - Third party is used to settle the dispute. Arbitration is an example.
 - Collaboration
 - Face to face confrontation to discuss problem and resolve it.
 - Power tactics
 - One side forces its will upon the other to resolve conflict. Solution is imposed.
 - Restructuring
 - Organization restructuring is done to solve conflict.

The Mediation Process

- Mediation is a process in which a trained third party neutral attempts to assist the parties to a dispute in reaching an agreement that resolves the dispute. Another way of saying it is that mediation is a particular form of settlement negotiation in which a trained third party neutral intervenes by agreement of the parties in order to guide and facilitate the parties negotiations toward an agreement that resolves the dispute.

- Why is mediator needed?

- A mediator is needed when one or more of the following circumstances or desires exist:
 - Parties are unable to narrow the gap between the expectations of one group and the inflexibility of the other.
 - Too many issues are open and the parties are unable to movement going.
 - The parties wish the mediator to explore and narrow the differences between them.
 - There is a desire to resolve a problem mutually and end a dispute amicably.
 - It is desired to furnish the parties with a realistic look at the demands and possibility of obtaining them.
 - There is a wish to give the parties some idea of how their positions look to an impartial person.
 - The parties wish a mediator to be used as a conduit through which private, confidential disclosures can be made without jeopardizing their original positions.
 - There is a wish to avoid negative consequences, such as a lawsuit.

- Mediation as distinguished from arbitration

- Like arbitration, mediation is a private, unofficial, confidential means of dispute resolution. Like arbitration, mediation is generally favored by modern law. And like arbitration, it generally promises savings in time and cost as compared with civil litigation. Yet mediation differs from arbitration in number of important ways, including:
 - An arbitrator has final power of decision, subject only to very limited judicial review, a mediator has absolutely no power beyond the power of illumination and persuasion.
 - An arbitrator normally takes a rather passive role, leaving it largely to the parties to present and press their cases, a mediator is normally an active intervenor in and principal shaper of the process.
 - Although arbitration is more informal than civil litigation and the usual order of proceedings is generally predictable and tracks the usual order of proceeding in litigation, the order of proceeding in a mediation is much less structured than either arbitration or litigation.
 - The arbitrator avoids all ex parte communication with the parties on the merits of the dispute or the parties position, the mediator will virtually always caucus privately with each party for the express purpose of learning as much as they are willing to disclose about their private views and interests with respect to the dispute.
 - Although an arbitrator is normally a private proceeding, information about it may become public knowledge in some circumstances: for example, if the losing party seeks to have a court vacate the award. Mediations are settlement discussions and as such some information about them are inadmissible.
 - Perhaps most important, the arbitrator imposes upon the parties a decision that he or she has made and that may please neither party; the mediator, if successful, guides the parties to a decision that they can have a major role in shaping and which, by definition they both agree.

- Use of mediation as a dispute resolution tool

- Mediation is generally used first, its use may precede either arbitration or litigation. It may be used, however, even after an arbitration or litigation has been initiated but prior to an award. Since a mediation is treated as a settlement negotiation, evidence connecting it is not admissible in any subsequent arbitration or litigation.

Negotiation (It is almost same as the collective bargaining. Therefore, it is also explained).

Arbitration (it is already explained in previous chapter)

Facilitation or facilitator (It is almost the same as mediation or mediator. Therefore it is also explained)

Legal action

- Law
- By law we understand the norms that are drafted and enforces by a state or local government in order to regulate the activities within that state or locality.
- The law expects certain standard of behavior from the citizen it governs.
- All the laws that regulates in different activities of the society. For example: the laws associated with the business activities are called business law.
- When a person fails to meet these standards by acting in a way, the law considers unreasonable that person may be guilty of negligence. Negligence is the lack of proper care or attention.
- Three elements of negligence:
 - A citizen has a legal obligation to behave in a certain way "duty of care"
 - If a citizen fails to fulfill this obligation by acting inappropriately "breach of that expectation"
 - The plaintiff's injury (loss / damage) was caused because of defendants legal breach of conduct resulting damage"
- Once these three critical statements are determined to be the case, the court may offer compensation to the injured victim of negligence.
- Tort is an action or inaction of one or more individuals, which leads to loss or damage of another. The court seeks compensate those who suffers as a result. *This is called the legal action.*
- Objective of legal action (tort law)
 - Compensation to victims
 - Transferring the cost of injury from victim to the person who is responsible for that
 - Prevention of repetition of harmful action
 - Defending the law and rights of victim.
- For example:
 - Everyone is deemed to have knowledge of general law. Designer has to have knowledge of relevant laws to enable him to know when to advise the client of the need to obtain expert legal opinion. Wrong advise to client from the negligence of the designer is subject to claim.

Legal aspects of professional engineering in Nepal

- Financial Administration Regulation (2048 BS) (FAR)
- Public Works Directives Developed Under FAR
- Related Manuals, Guidelines, Standards and Specifications Adopted from Department Decisions
- Contract Act (2056 BS)
- Arbitration Act (2055 BS)
- Contract Management Act (2020)
- Contractor Development Act (2055)
- Procurement Guidelines for Donors Development Under FAR