

PRINCIPLES OF MANAGEMENT

**ORGANIZING
AS A FUNCTION OF MANAGEMENT**

ORGANIZING



ORGANIZING

- Organising in a general sense means systematic arrangement of activities.

However, organising as a process of management essentially relates to sub-dividing and grouping of activities.

Organising becomes necessary when two or more persons work together to achieve some common objectives. When a player is playing alone, no need of organising. But organising becomes important when players are playing in a team. it is important to determine the role of each player and for the team as a whole to attain victory over the rival team.

Similarly, in a one-man business, all the activities are performed by the owner himself. But when the owner employs someone to assist him, he has to determine the work to be done by the employee and give him the right to use materials, machinery,equipment, etc.

NATURE & PURPOSE OF ORGANIZATION

Nature of the Organization

- The following are the important characteristics of organization.
- **Specialization and division of work.** The entire philosophy of organization is centered on the concepts of specialization and division of work. The division of work is assigning responsibility for each organizational component to a specific individual or group thereof. It becomes specialization when the responsibility for a specific task lies with a designated expert in that field.
- **Orientation towards goals.** Every organization has its own purposes and objectives. Organizing is the function employed to achieve the overall goals of the organization. Organization harmonizes the individual goals of the employees with overall objectives of the firm.
- **Composition of individuals and groups.** Individuals form a group and the groups form an organization. Individuals are grouped into departments and their work is coordinated and directed towards organizational goals.
- **Continuity.** An organization is a group of people with a defined relationship in which they work together to achieve the goals of that organization. This relationship does not come to end after completing each task. Organization is a never ending process.

Purpose of organization

- **Helps to achieve organizational goal.** Organization is employed to achieve the overall objectives of business firms. Organization focuses attention of individuals objectives towards overall objectives.
- **Optimum use of resources.** To make optimum use of resources such as men, material, money, machine and method, it is necessary to design an organization properly. Work should be divided and right people should be given right jobs to reduce the wastage of resources in an organization.
- **To perform managerial function.** Planning, Organizing, Staffing, Directing and Controlling cannot be implemented without proper organization.
- **Facilitates growth and diversification.** A good organization structure is essential for expanding business activity. Organization structure determines the input resources needed for expansion of a business activity similarly organization is essential for product diversification such as establishing a new product line.
- **Humane treatment of employees.** Organization has to operate for the betterment of employees and must not encourage monotony of work due to higher degree of specialization. Now, organization has adapted the modern concept of systems approach based on human relations and it discards the traditional productivity and specialization approach.

Steps in the process of organising

- The process of organising consists of the following steps:
 1. Determining the activities to be performed to achieve the objectives of the organisation.
 2. Identification of major functions to which these activities relate.
 3. Grouping and sub-dividing the activities within each function on the basis of similarity or relatedness.
 4. Establishing relationship among individuals and groups.

Formal & In-Formal Organization

- **Formal organisation** lays down authority, responsibility and work relationships.
- When people work together, they develop certain social and informal relationships. These social and informal relationships constitute the informal organisation.
- Informal organisation comes into being out of the desire of people to associate with one another. People associate in groups to gossip, to exchange information and views, to share difficulties and happiness. Informal organisation consists of groups of people who may work in the same department or in different departments of the organisation.
- These informal groups are formed on the basis of emotional attachment and the purpose is to satisfy those needs which cannot be satisfied by formal organisation. The informal organisation keeps its members informed of all matters affecting their job and positions in the organisation.
- The members of informal organisation informally elect someone as their leader and provide him the needed support. The informal leader does not have any formal authority. His authority depends upon the combined support of group members.

Formal Organisation	Informal Organisation
It is created by the top management	It is not created by top management It arises out of the natural desire of the people to associate.
It is created to get the jobs of an organisation performed in a planned and systematic manner	It is formed to satisfy those needs of members which cannot be satisfied through formal organisation
It is managed by officially appointed managers.	Members of the informal group select some one as their leader to take care of the interests of the group members.
Managers of formal organisation have authority. .	The authority of the leader of the informal group depends upon the combined support of group members
Formal organisation is permanent and stable. .	Informal organisation is of temporary nature. It changes its size and membership from time to time

Organizational Structure Types

Following are the types of organizational structures that can be observed in the modern business organizations.

1. Bureaucratic Structure
2. Functional Structure
3. Divisional Structure
4. Matrix Structure

- **Bureaucratic Structures**

Bureaucratic structures maintain strict hierarchies when it comes to people management. There are three types of bureaucratic structures:

- **1 - Pre-bureaucratic structures**

This type of organizations lacks the standards. Observed in small scale, start-up companies. Usually the structure is centralized and there is only one key decision maker. This type of structures is quite helpful for small organizations due to the fact that the founder has the full control over all the decisions and operations.

- **2 - Bureaucratic structures**

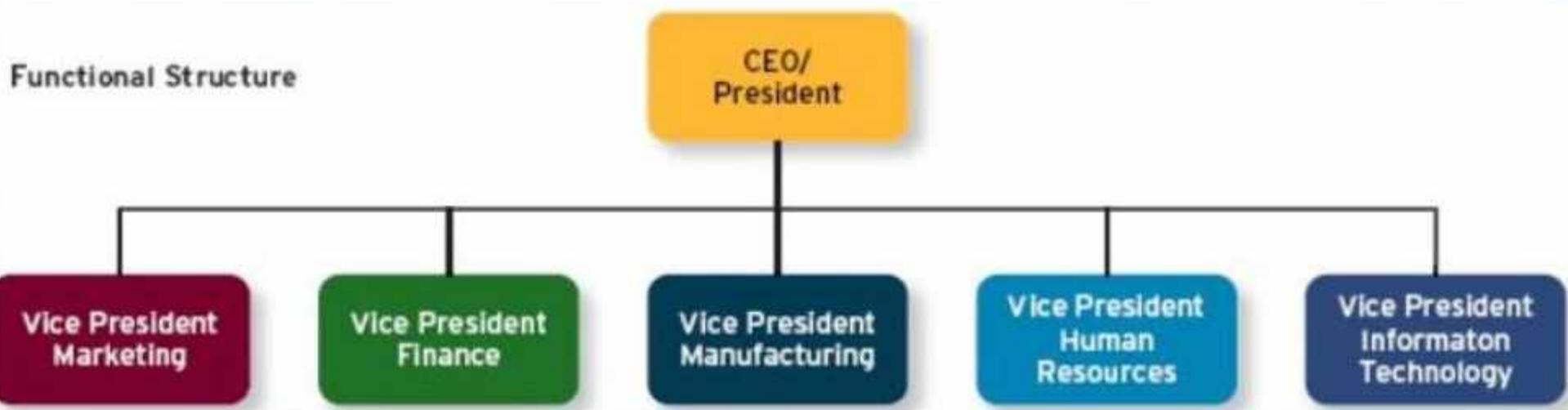
These structures have a certain degree of standardization. When the organizations grow complex and large, bureaucratic structures are required for management. These structures are quite suitable for tall organizations.

- **2 - Post-bureaucratic Structures**

The organizations that follow post-bureaucratic structures still inherit the strict hierarchies, but open to more modern ideas and methodologies. They follow techniques such as total quality management (TQM), culture management, etc.

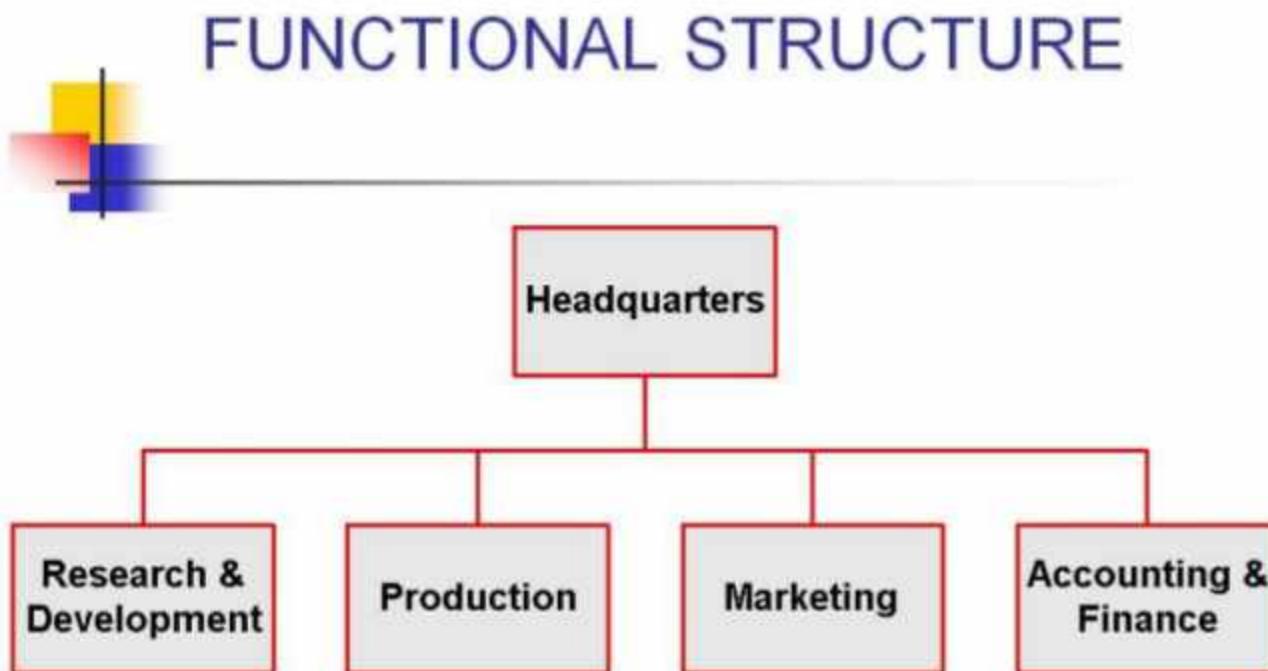
Bureaucratic Structure

Functional Structure



Functional structure

- The organization is divided into segments based on the functions when managing. Employees are grouped: similar tasks in same group, similar group in the same department, & similar departments reporting to the same manager.



Advantages of functional organizations:

- They use resource efficiently
- Do not duplicate tasks.
- Simplify training. (common tasks grouped together for economy of scale)

Disadvantages of functional organizations

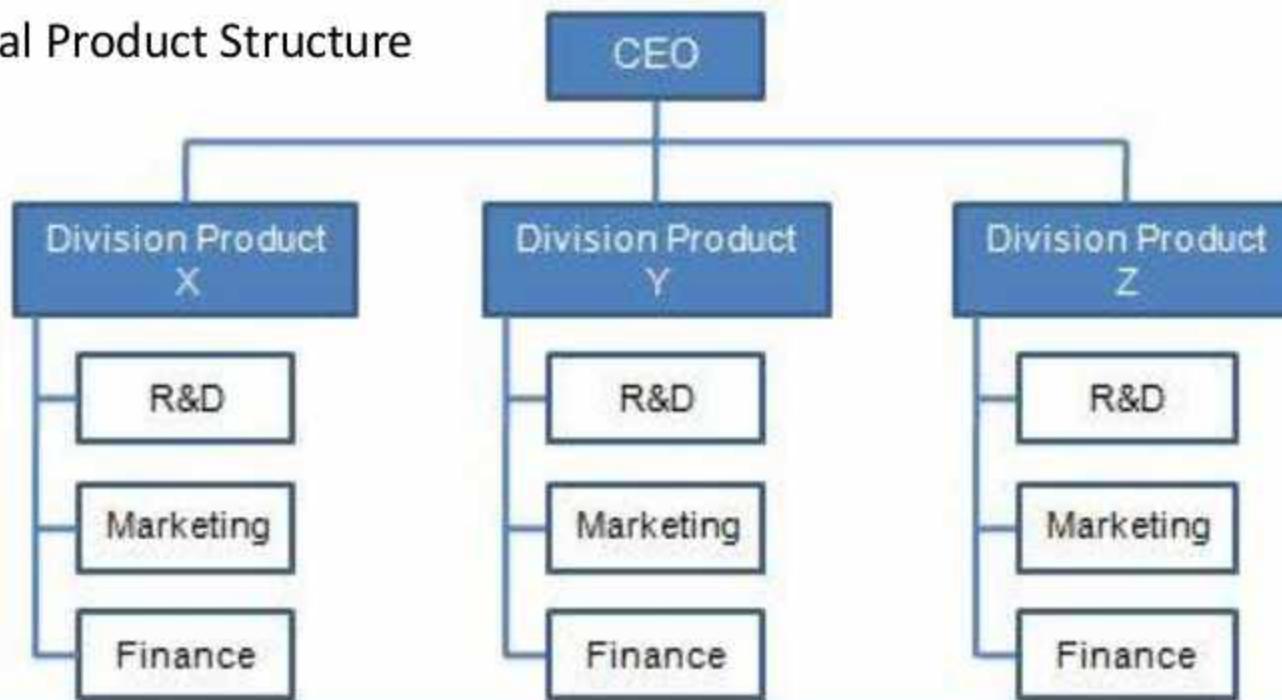
- Poor coordination across functions.
- Response time is slower.

Divisional Structure

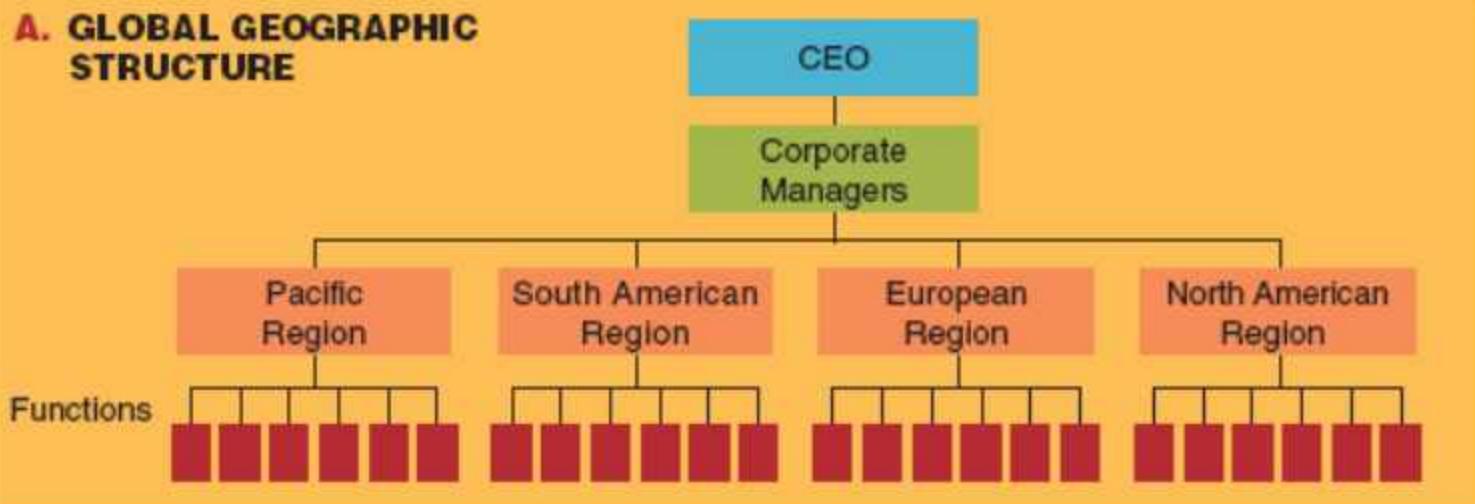
- These types of organizations divide the functional areas of the organization to divisions. Each division is equipped with its own resources in order to function independently. There can be many bases to define divisions.
- Divisions can be defined based on the geographical basis, products/services basis, or any other measurement.
- As an example, take a company such as General Electrics. It can have microwave division, turbine division, etc., and these divisions have their own marketing teams, finance teams, etc. In that sense, each division can be considered as a micro-company with the main organization

DIVISIONAL STRUCTURE

Global Product Structure



A. GLOBAL GEOGRAPHIC STRUCTURE



Advantages & Disadvantages of Divisional Structure

Advantages

1. It works well, because they allow a team to focus on a single product
2. Having its own leader, the division will receive the required resources
3. Common culture contributes high morale & better knowledge of the division

Disadvantages

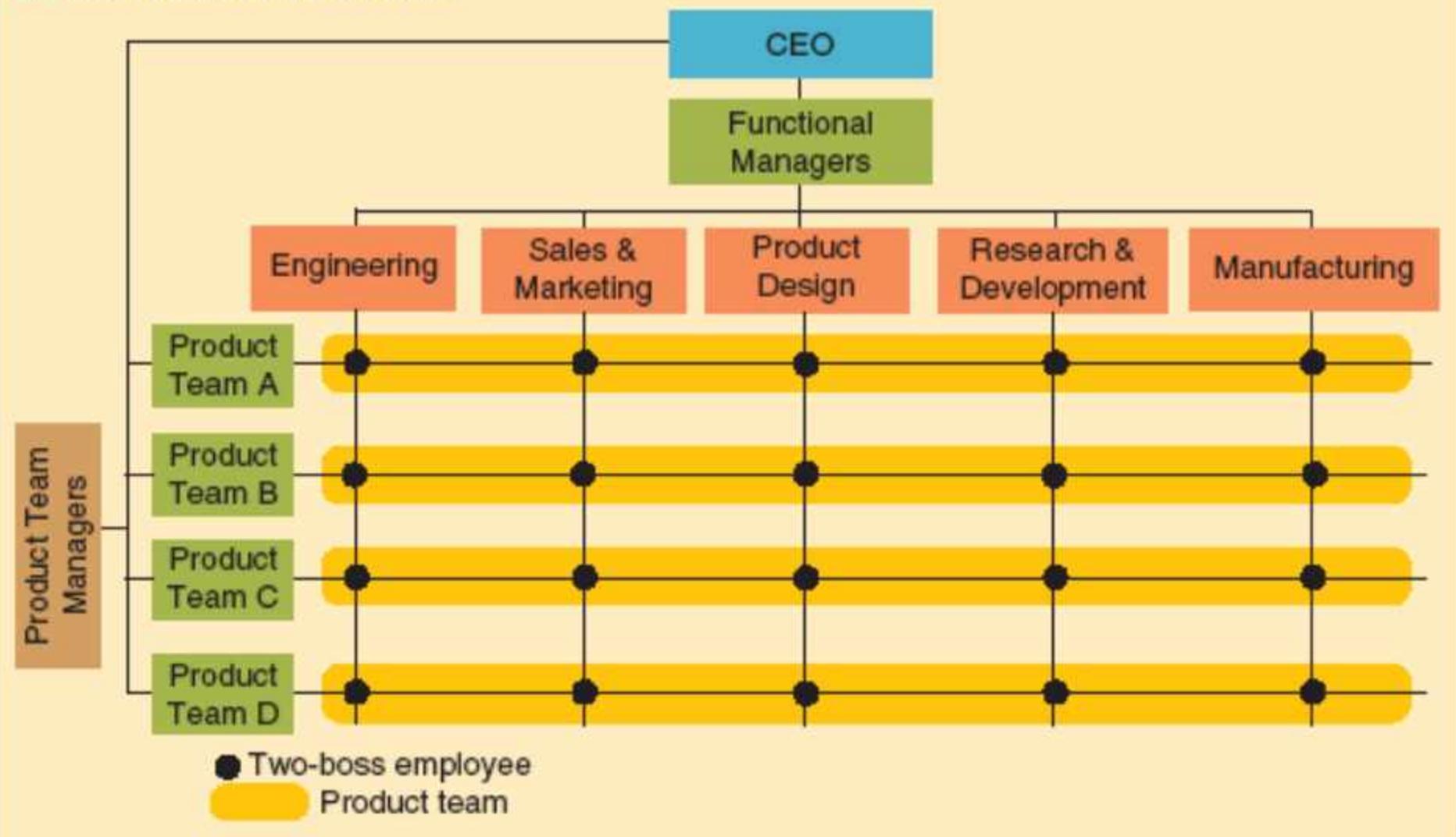
1. Competing divisions may cause politics instead of sound strategic thinking
2. Divisions can bring compartmentalization, which may lead to incompatibilities of the company's own products

MATRIX STRUCTURE

- When it comes to matrix structure, the organization places the employees based on the function and the product.
- The matrix structure gives the best of the both of functional and divisional structures.

MATRIX STRUCTURE

A. MATRIX STRUCTURE



Principles of Organizing

- (i) Purpose :** All organisations and each part of any undertaking should be the expression of a purpose, either explicit or implied
- (ii) Authority and responsibility:** Formal authority and responsibility must be co-terminus and equal
- (iii) Responsibility of supervision :** The responsibility of higher authority for the acts of its subordinates is absolute
- (iv) Scalar Principle:** There must be a clear line of formal authority running from top to the bottom of every organisation

- (v) **Span of control** : It is the number of subordinates a manager can direct efficiently and effectively. **No supervisor can supervise directly** the work of more than five or six
- (vi) **Specialisation of functions**: **The work of every person** in the organisation should be confined as far as possible to the performance of a single leading function
- (vii) **Coordination of Effort** : The final object of all organisations is smooth, effective coordination
- (viii) **Definition** : **Every position in every organisation should** be clearly described in writing

Equation that relate various relationship with varying number of subordinates

Span of Control

- Graicunns, a management consultant made significant contribution to span of management theory. Limiting factor in span of management is number of relationships supervised not merely number of jobs and people supervised. It means that in selecting a span, managers should consider not only the direct one to one relationships with the people they supervise, but also two other kinds of relationship namely direct group relationship and cross relationships.

$$r = n \left(\frac{2^n}{2} + (n-1) \right)$$

Here, r = number of relationships
n = number of subordinates

- For example, consider **Gaurav** (G) is a superior (boss) and **Manoj** (M) and **Sameer** (S) are his subordinates. According to Graicunas, Gaurav (G) has to control following three types of relationships, with or among Manoj (M) and Sameer (S):-

- **(a) Direct Single Relationships :-**

- G with M, and G with S, i.e. a total of 2 direct single relationships.

- **(b) Direct Group Relationship :-**

G with M in presence of S, and G with S in presence of M, i.e. a total of 2 direct group relationships.

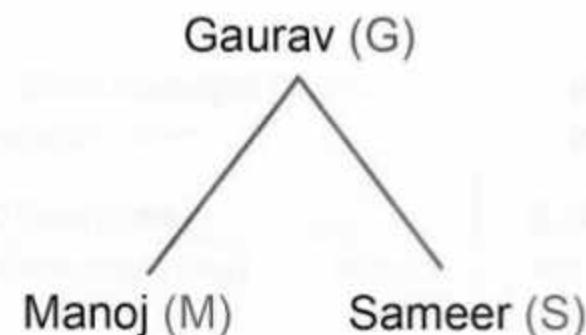
- **(c) Cross Relationships :-**

M with S, and S with M, i.e. again a total of 2 cross relationships.

Therefore, total number of relationships which Gaurav (G) has to control are:- $2 + 2 + 2 = 6$ relationships.

Thus, when the number of subordinates is 2, the number of relationships, which the superior (boss) has to control is 6. Similarly,

when the number of subordinates is 3,
the number of relationships to control
will be 18.



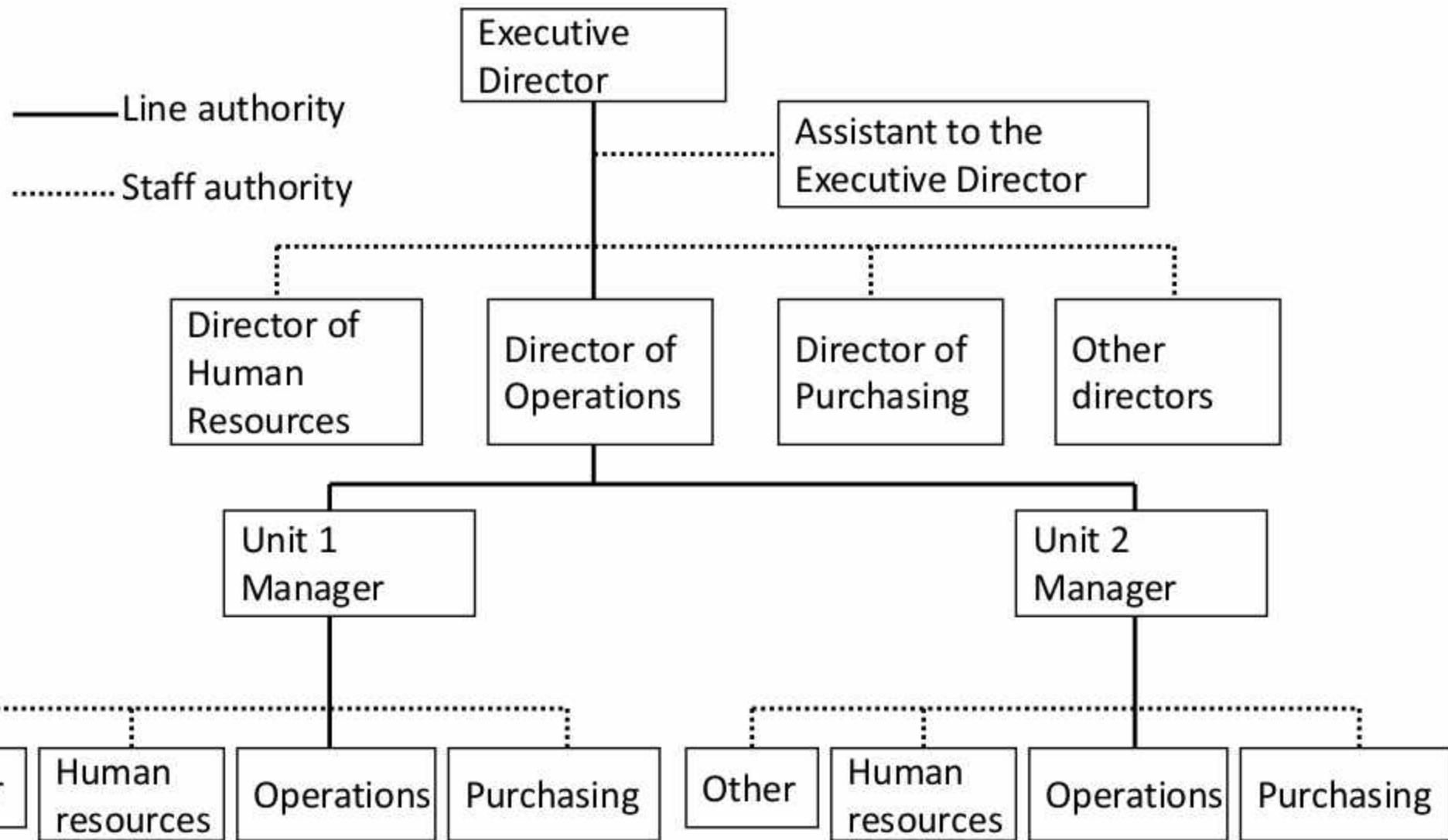
Factors affecting Span of Management (control)

- **Capacity of manager:** Each manager has different capacity and ability in terms of decision making, leadership, communication, judgment, guidance and control etc. They may have more number of subordinates.
- **Capacity of subordinates:** capacity of subordinates also affects the span of a manager. Efficient and trained subordinates may work without much help of their manager. They may just need broad guidelines and they will perform accordingly. They would require lesser time from their superior due to which manager can have large number of subordinates under him.
- **Nature of work:** If subordinates are performing similar and repetitive routine work they can do their work without having much time of the manager. Frequent changes in work would require more detailed instructions from manager whenever there is change in work. Type of technology used also affects the span of control.
- **Degree of Decentralization:** degree of centralization or decentralization affects the span by affecting the involvement in decision making process. If manager clearly delegates his authority and defines it fully this would require less time to devote to manage his subordinates as subordinates will take most of the actions by their own.
- **Degree of Planning:** If the planning is effectively done particularly if standing plans procedures rules methods are clear then subordinates can make their decisions on their own. If they have to make their own plans they would require more guidelines by superiors and manager can handle narrow span in the case of improper planning.
- **Communication System:** If communication system is modern i.e. tools like electronic devices will save time of face to face interaction, which require more time, span of manager can be increased
- **Level of Management:** level of management also affects the span. Higher the level of management lesser the number of subordinates as higher level management does not have much time to supervise. They spend their most of time in planning and other functions. Lower level managers can have wider span than the higher level managers.
- **Physical location:** If all the persons to be supervised are located at same place within the direct supervision of manager, he can supervise more number of people. If subordinates are at different locations then manager can supervise less number of spans.

4.3.2 Line & Staff Authority

The line authority and staff authority must work together to maintain the efficiency and effectiveness

Line Authority	Staff Authority
<p>Line authority has the right to make decisions and give directives to employees that are placed under its chain of command. The Director, who has line authority, has the right to give directives to the managers under him. Generally, line authority is related to matters involving the organisation's management system especially in all aspects related to work and conduct that is linked to efforts to achieve the objectives which had been determined. Line authority helps those who accept it to work and ensure the efficiency of the activities under their responsibility.</p>	<p>Staff authority involves the right to provide advice and assistance to parties that have line authority and other employees even though they are not under the chain of command. Always remember that staff authority is only to provide advice and assistance and not directives like line authority. Staff authority enables certain parties to assist in increasing the effectiveness of the line authority to implement the duties that are under their responsibility.</p>



Line Versus Staff Authority

Compiled by Dr.M.Balasubramanian

- Authority:
It is the rights inherent in a managerial position to give orders and expect subordinates to be obeyed.
- Responsibility:
It is an obligation to perform assigned activities.
- Power:
It is an individual's capacity to influence decisions.

How do authority and power differ?

- Authority is a part of the larger concept of power.
- Authority is a two-dimensional concept.
Its scope of influence is defined by the horizontal dimension; its greatness is defined by the vertical dimension. (Exhibit 1)
- Power is a three-dimensional concept.
It includes not only the functional and hierarchical dimensions but also a third dimension called centrality. Power is made up of both one's vertical position and one's distance from the organization's power core or center. (Exhibit 2)

Exhibit 1 Authority

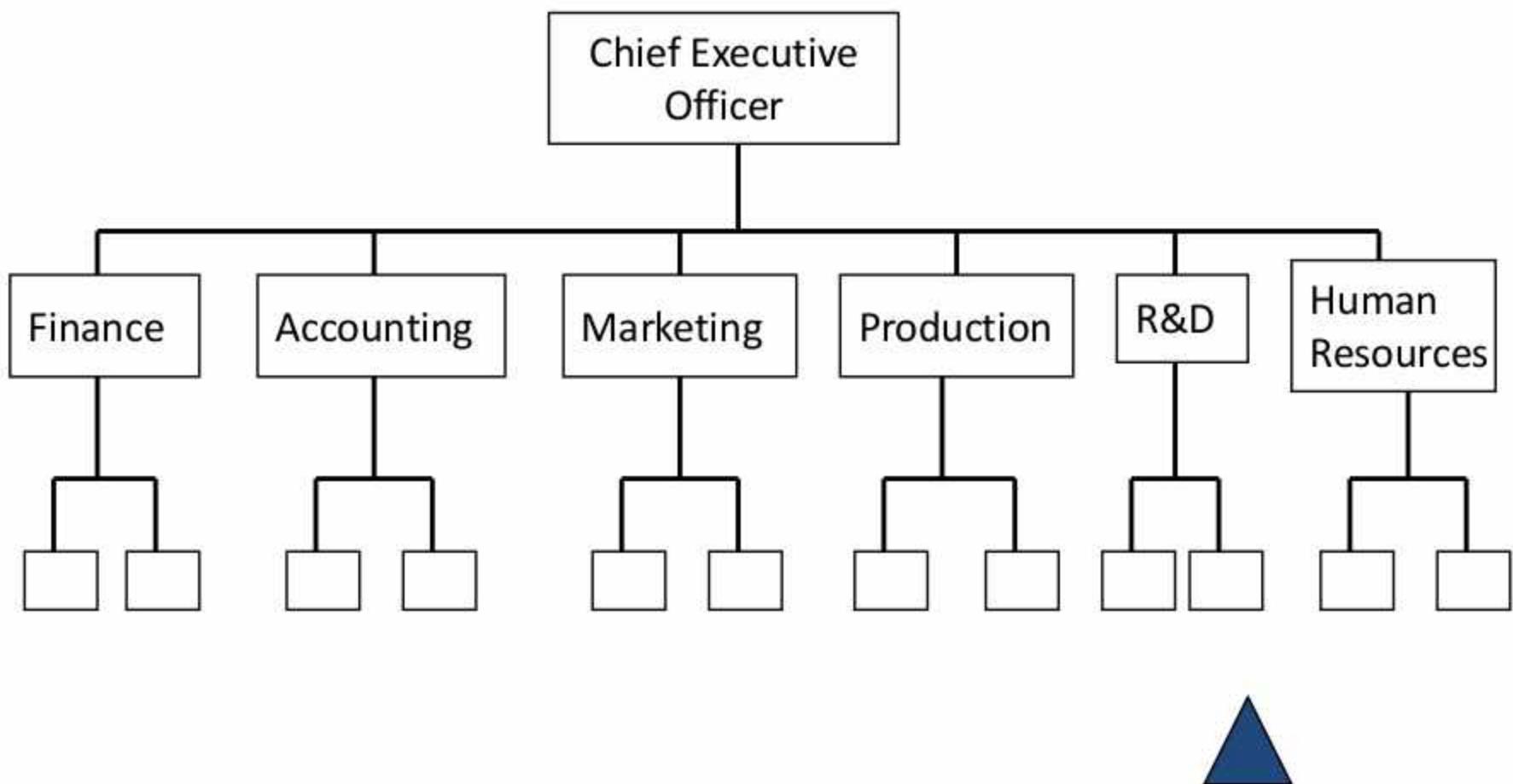
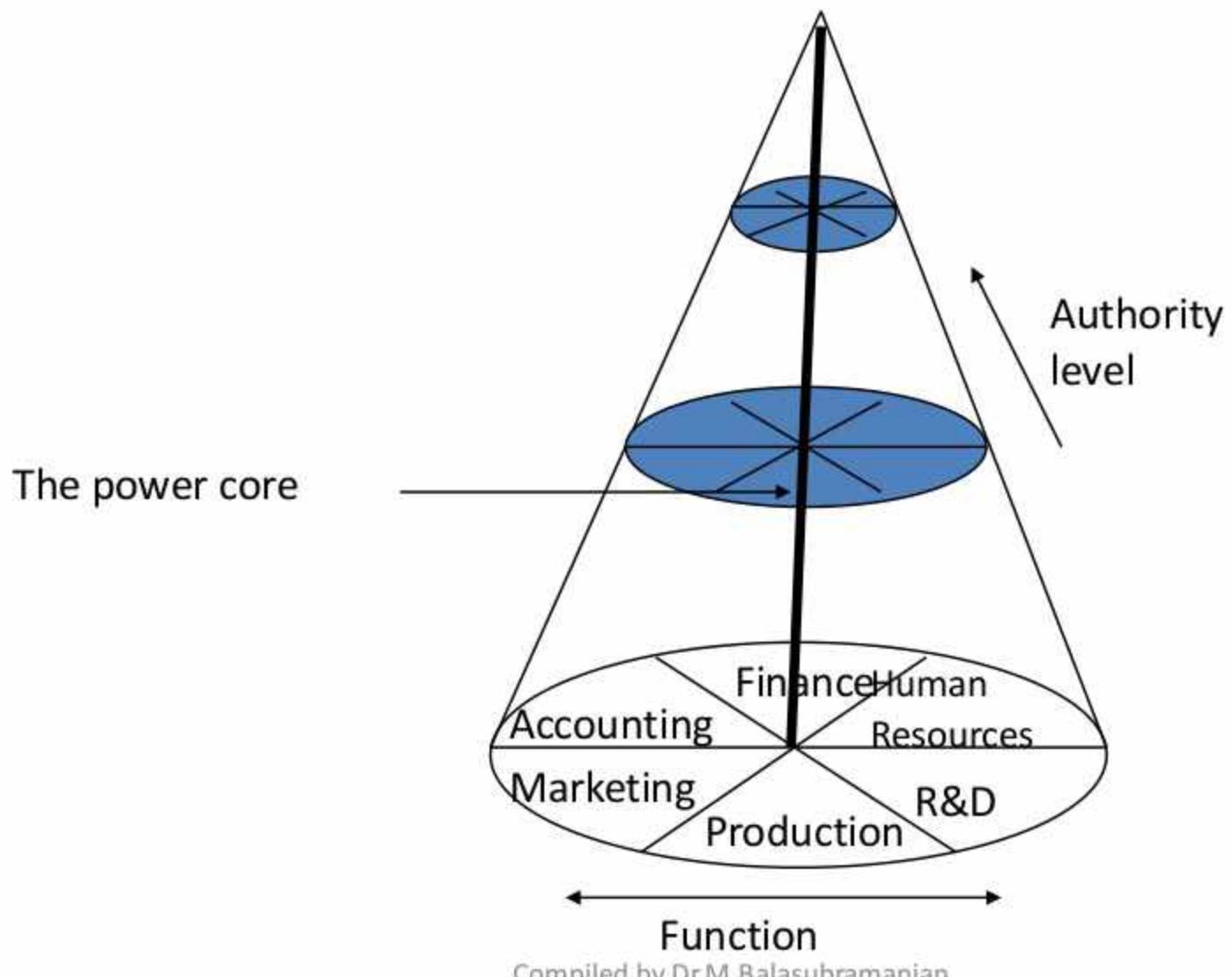


Exhibit 2 Power



The Types of Power

- Coercive power: *power on fear.*
- Reward power: *power based on the ability to distribute something that others value.*
- Legitimate power: *power based on one's position in the formal hierarchy.*
- Expert power: *power based on one's expertise, special skills, or knowledge.*
- Reference power: *power based on identification with a person who has desirable resources or personal traits.*

Centralization Versus Decentralization

- **Centralization** is a function of how much decision-making authority is pushed down to lower levels in an organization; the more centralized an organization is, the higher is the level at which decisions are made.
- **Decentralization** refers to the pushing down of decision-making authority to lowest levels of an organization.



Advantages of Decentralization

1. Increases morale & promotes interpersonal relationships
2. encourage informality and democracy in management
3. Facilitate local decision making by Managers & others
4. Develops managers by allowing them to manage
5. Increase flexibility.
6. Releases top managers from the routine administration.
7. Freeing managers for planning, and policy development, and systems integration

Disadvantages of Decentralization

1. Divisions may become individualized and competitive and work against the best interests of the organization.
2. Increase costs, need more manager and large staffs
3. Division managers may not inform top manager of their problems.

Advantages & Disadvantages of Centralization

Advantages of Centralization

1. Reduced cost—The standardised procedure and method helps in considerably reduction of office cost. Office cost is reduced as it does not emphasizes on more specialists, and more departmental machines and equipment.
2. Uniformity in action — Uniformity in action is established throughout the organisation because of central administrative control. The same executive supervises the work and same type of office equipments are used which ensure uniform performance of activities.
3. Personal leadership—Centralisation encourages and permit personal leadership. The introduction of personal leadership facilitates quick action, aggressive marketing and attainment of pin-pointed objective or purpose,
4. Flexibility — Centralisation permits flexibility and adaptability of the organisation to the changed circumstances. Occasional pressure of extra clerical work is handled with the existing staff.
5. Improved quality of work—Improved quality of work is possible because of standardised procedure, better supervision and use of improved- machinery.
6. Better co-ordination — Centralisation facilitate better coordination among various operations. Direct control & supervision are facilitated which results in less likelihood of conflict of authority & duplication of work.

Disadvantages of Centralization of Authority

1. Delay in work—Centralisation creates loss of man-hours and delay in performance of work because of transmission of records from and to the central control room. Quick decision is not possible.
2. Remote control—Better supervision is not possible as the executives are under heavy pressure of work. Slackness in work is developed in the absence of better control and supervision.
3. No loyalty—There is no subordinate's initiative in work. Workers work like machine which results in no involvement in work and absence of zeal. All these factors stand as barrier in the development of loyalty to work.
4. No Secrecy—Secrecy is not possible in centralised set up organisation because here orders and decisions flow from one place and are conveyed to all.
5. No special attention—In centralisation no special attention is given to special work as all works are done at one place.

DELEGATION

Transfer or sharing of Authority is called as Delegation

Types of delegation

- General or Specific
- Formal or Informal
- Written or oral
- Downward and sideward

Process of Delegation

- Allocation of duties.
- Delegation of authority.
- Assignment of responsibility.
- Creation of accountability

Principles of Delegation

- Delegation to conform to desired objectives
- Responsibility not delegatable
- Authority to match duties
- Unity of command
- Limits to authority to well-defined

Difference between Delegation and De-Centralization

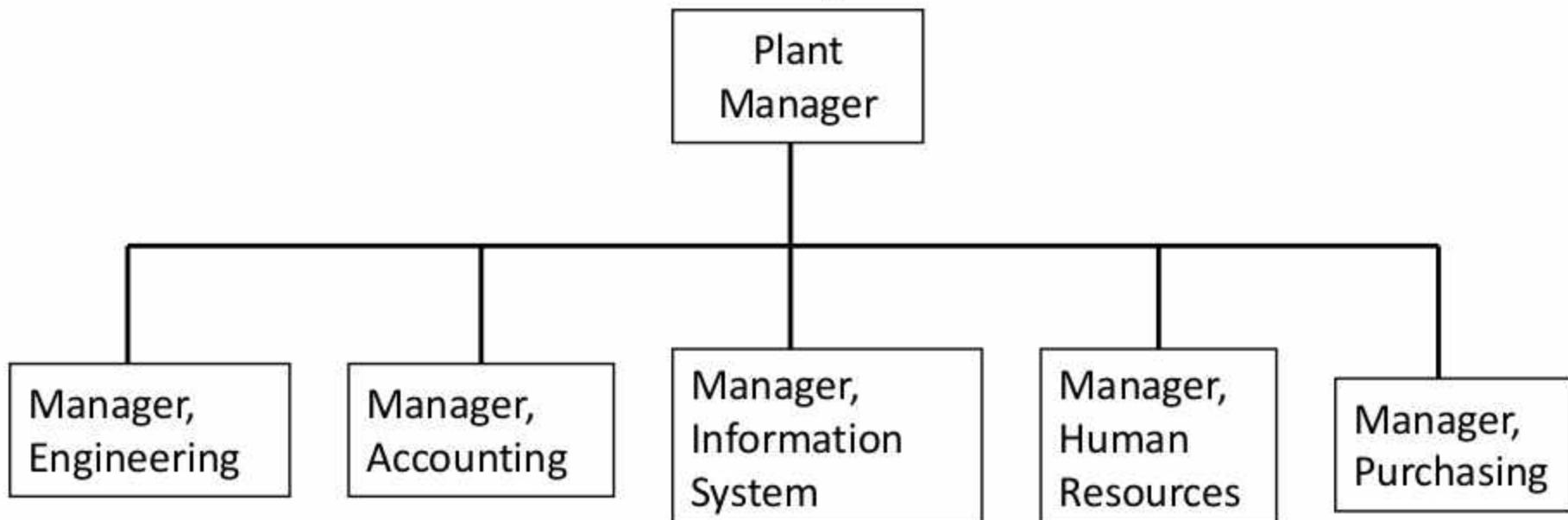
Delegation	De-Centralization
It is a Process	End resort of Delegation
It shows relationship between supervisor and subordinate	Relationship between top management and Various department
Delegator exercises control over subordinates	Control may be delegated to department heads
It is a technique of management	It is a philosophy of management

The Five Ways to Departmentalization

Subdividing work and workers into separate organization units responsible for completing specific tasks

- Functional departmentalization
- Product departmentalization
- Customer departmentalization
- Geographic departmentalization
- Process departmentalization

Functional Departmentalization



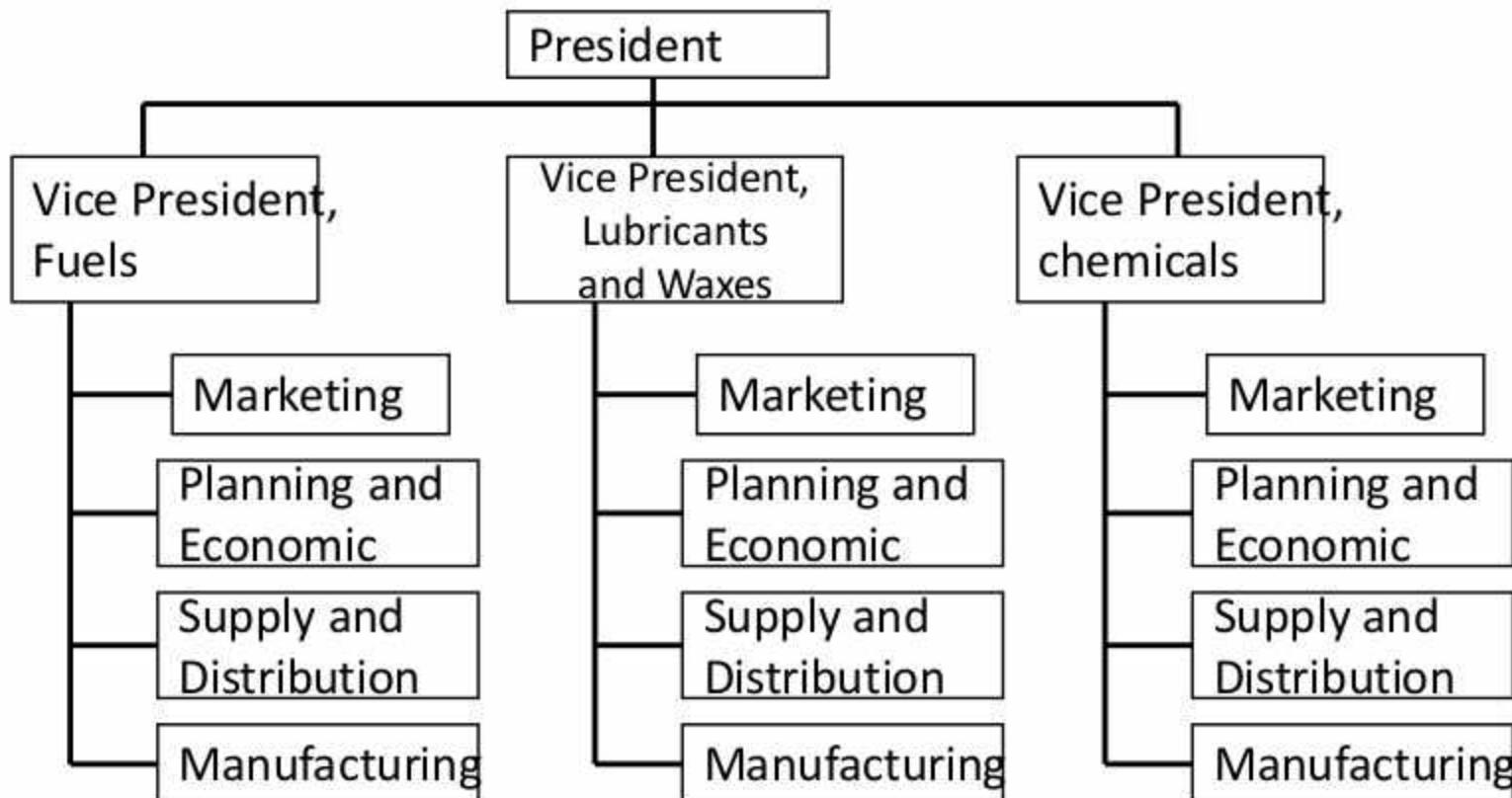
Advantages :

- Work is done by highly-qualified specialists;
- It lowers costs by reducing duplication;
- Communication and coordination within a department is easier.

Disadvantages :

- Cross-department coordination can be difficult;
- Employees may be more interested in doing what's right for their function than what's right for the organization;
- It may lead to slower decision-making;
- It produces managers with narrow experience and expertise

Product Departmentalization



Example: General Electric is organized along nine different product lines: aircraft engines, appliances, capital services, lighting, technical products and services, NBC television, plastics, power systems, and industrial products and systems.

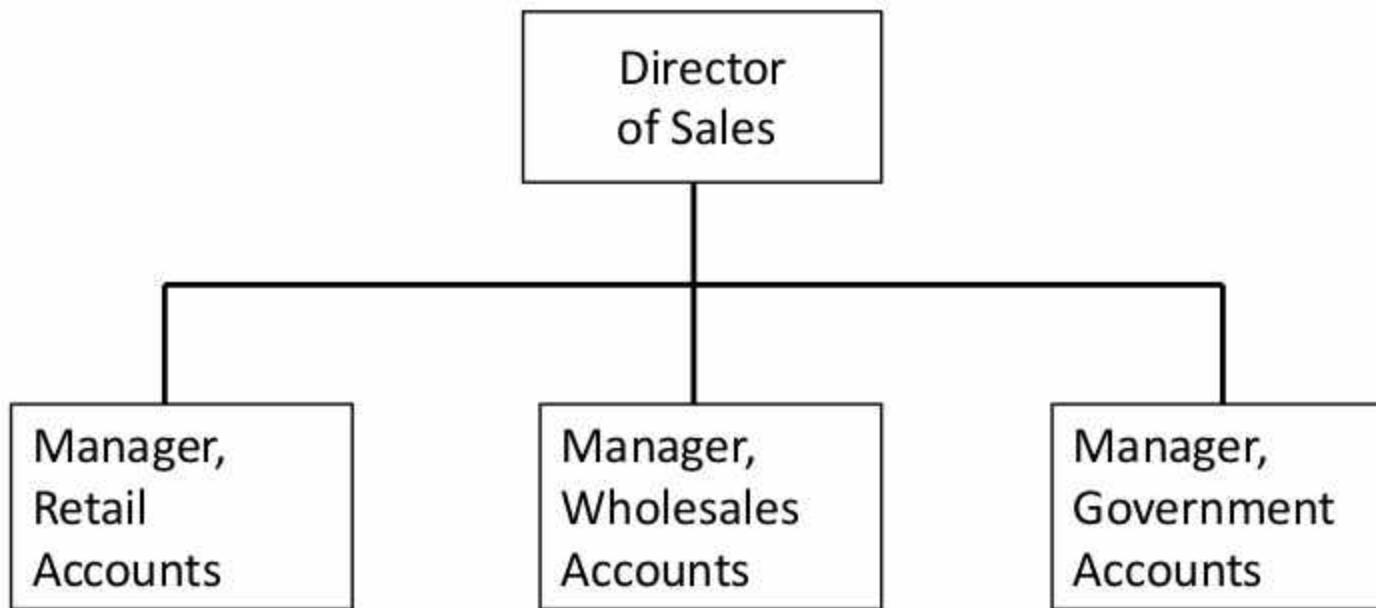
Advantages :

- It allows managers and workers to specialize in one area of expertise (product);
- Managers and workers develop a broader set of experiences and expertise related to an entire product line;
- It is easier for top managers to assess work-unit performance.

Disadvantages :

- There is duplication of effort;
- It may be difficult to achieve coordination across the different product departments

Customer Departmentalization



Example: American Express is organized into departments that cater to general consumers (Cards); travelers (Travel & Entertainment); investors (Financial Services).

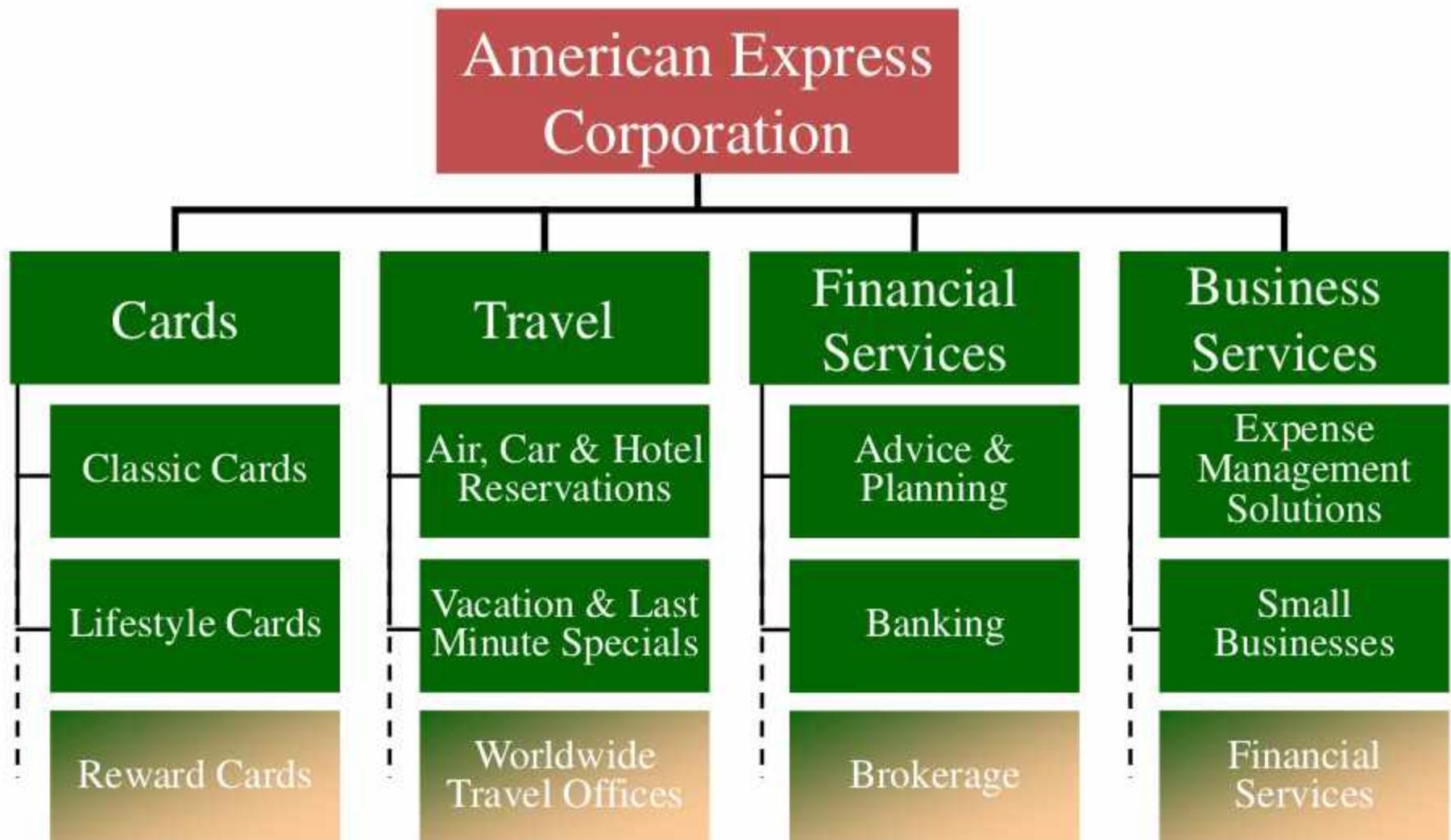
Advantages:

- It focuses the organization on customer needs rather than products or functions;
- It allows the company to specialize and adapt their products and services to product needs and problems.

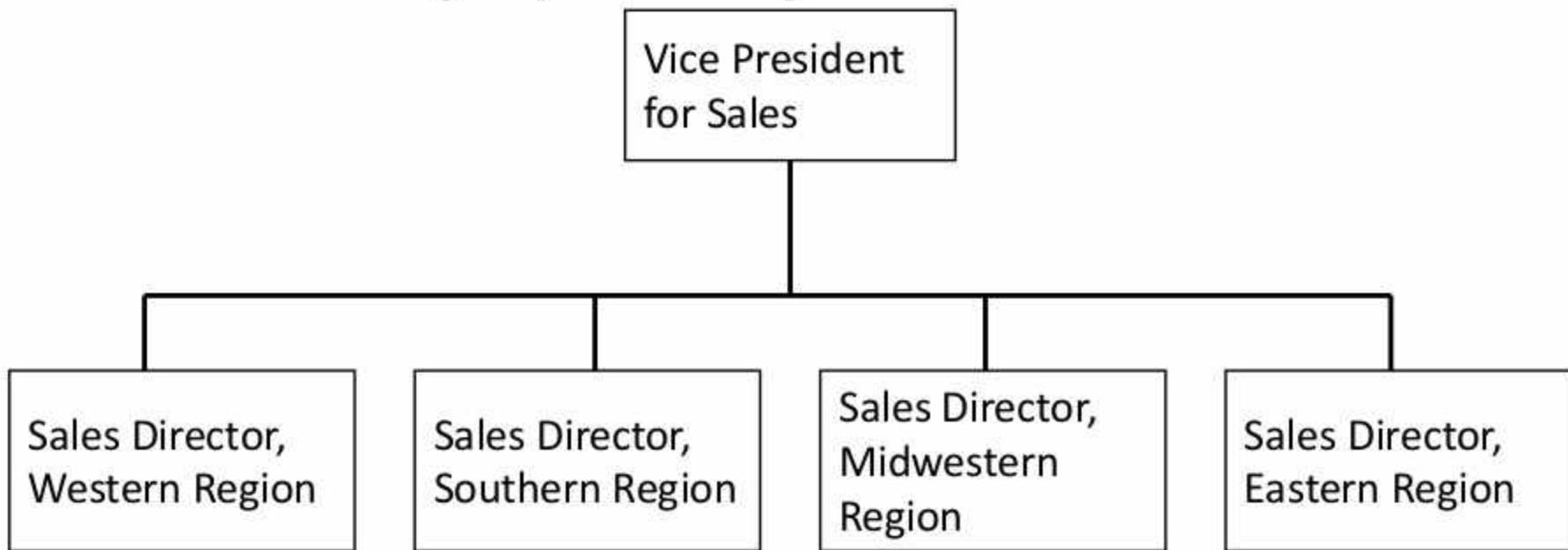
Disadvantages:

- It leads to duplication of resources;
- It can be difficult to achieve coordination across different customer departments;
- Managers may make decisions that help customers but may hurt the business.

Customer Departmentalization



Geographic Departmentalization



Example: CCE, Coca-Cola's largest bottler and distributor, has two regional groups: North America and Europe. Within each region, the company further divides itself by countries.

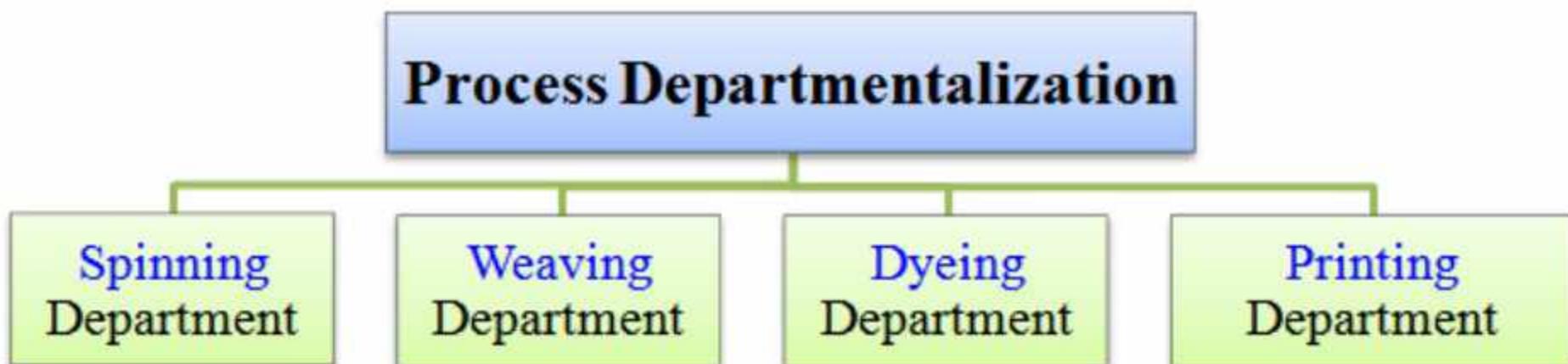
Advantages :

- Helps companies to respond to the demands of different markets;
- It can reduce costs by locating unique organizational resources closer to customers.

Disadvantages :

- It can lead to duplication of resources;
- It can be especially difficult to coordinate departments that are apart.

Process Departmentalization



Advantages :

High operational efficiency.

Benefits of specialisation.

Reduction in manufacturing time and unnecessary movements in the process.

Disadvantage :

High Costs.

Requiring continuous training.

Need or importance of Departmentation

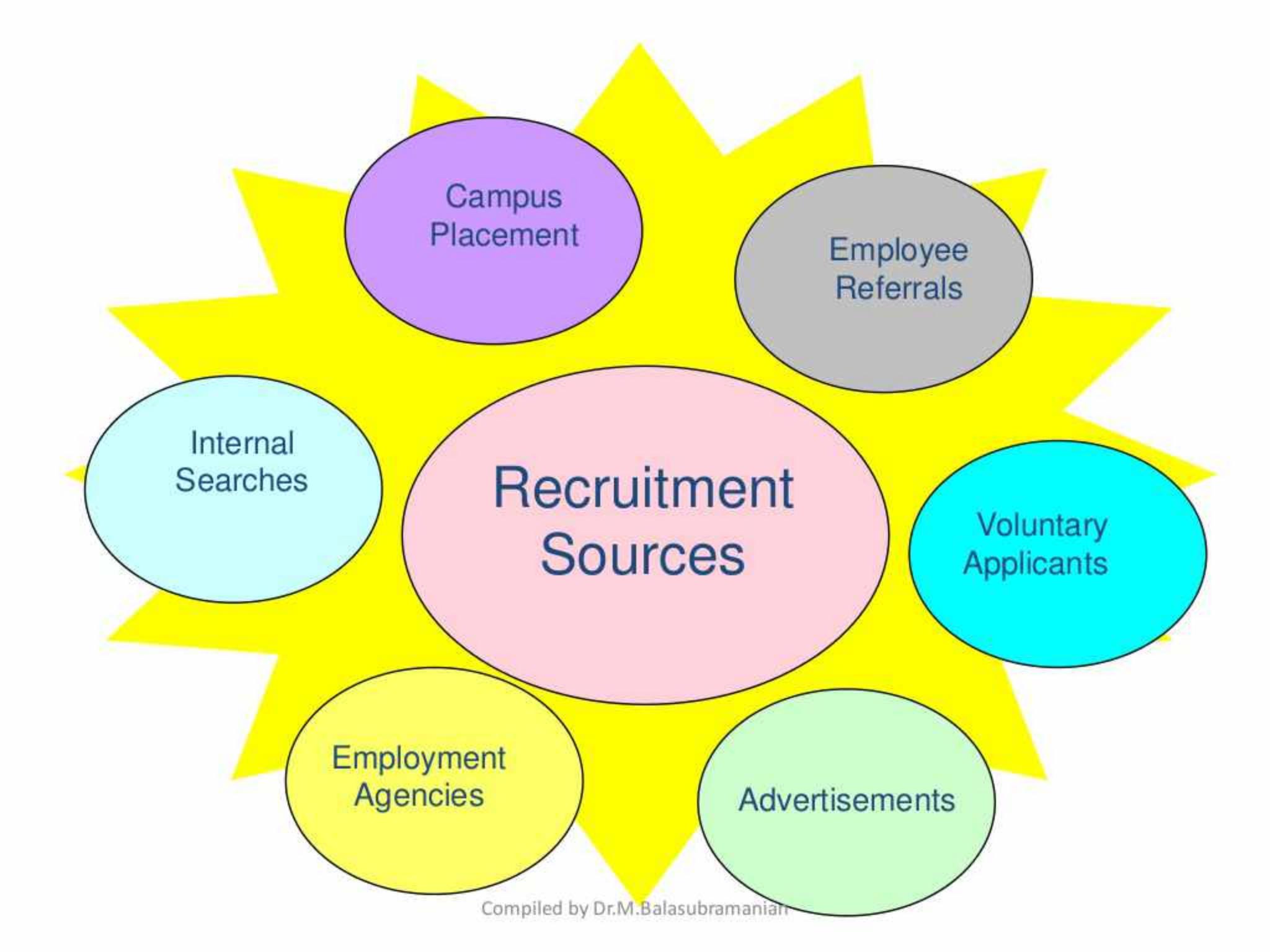
- The basic need for Departmentation arises because of specialization of work and the limitation on the number of subordinates that can be directly controlled by a superior. Grouping of activities and consequently of the personnel into departments makes it possible to expand an organization to any extent.
- **Advantages of the specialization:** probably the most important single principal in an analysis of the classical approach to organizational design is specialization to work. This principal affects everyone every day. The basic advantage of the specialization lies in the terms of efficiency with which the work is performed because of a person focused his attention on a narrow aspect of the work and he gets mastery over that aspect naturally this result into performing the work more efficiently.
- **Fixation of responsibility:** Departmentation helps in fixing the responsibility and consequently accountability for the results. Through Departmentation, the work is divided into small units where it can be defined precisely and responsibility can be fixed accordingly. When the both responsibility and authority are clearly specified, a manager knows what exactly he has to do in the organization.
- **Development of the managers:** Departmentation helps in the development of the managers. Development is possible because of two factors. First, the managers focus their attention on some specific problems which provides them effective on the job training. Second, managerial need for further training can be identified easily because the manager's role is prescribed and training can provide them opportunity to work better in their area of specialization. Thus need for training and its methods can be easily identified.
- **Facility in the appraisal:** managerial performance can be measured when the area of the activities can be specified and standards in respect to these can be fixed. Departmentation provides helps in both these areas. When a broader function is divided into small segments and a particular segment is assigned to each manager, the area to be appraised is clearly known, the factors segment affecting the performance can be pointed out more easily.
- **Feeling of autonomy:** Departmentation provides motivation by developing feeling of autonomy to the extent possible. Normally departments are created in the organization with creation degree of autonomy and freedom. The manager in charge of a department can take independent decisions within the overall framework of the organization.

What ensures that employees develop the skills and abilities that will enable them to perform their jobs?

- A. Recruitment
- B. Selection
- C. Assessment
- D. Training

Staffing in Management

- Staffing is that part of the process of management which is concerned with acquiring, developing, employing, appraising, remunerating and retaining people so that right type of people are available at right positions and at right time in the organisation.
- **Importance of Staffing**
- Filling the Organisational positions
- Developing competencies to challenges
- Retaining personnel - professionalism
- Optimum utilisation of the human resources



Recruitment Sources

Campus Placement

Employee Referrals

Internal Searches

Voluntary Applicants

Employment Agencies

Advertisements

Recruitment V/S Selection

Process of finding and hiring suitable candidates

- (1) It means searching for sources of labour and stimulating people to apply for jobs.
- (2) It is a positive process.
- (3) It creates a large pool applicants for jobs.
- (4) Involves contacting the various sources of labour.

Selection

- (1) It is a negative process as it involves rejection of unsuitable candidates.
- (2) It is a complex and time-consuming process.
- (3) The candidates have to clear a number of hurdles before they are selected for jobs

RECRUITMENT PROCESS

- 
- 1. Planning**
Translation of job vacancies and nature of jobs in to objectives
 - 2. Strategy Development**
Make or buy employees
Geographical Distribution
Sources of recruitment
 - 3. Searching**
Activation of search methods, ad in news paper, TV, etc
 - 4. Screening**
Remove unqualified applications thereby lot of money & time is saved
 - 5. Evaluation and Control**
Statistical information should be gathered & evaluated to understand the suitability of the process.

RECRUITMENT PROCEDURE

- Identify work force needed
- Review position
- Seek approval to appoint
- Sourcing and Advertising
- Assess suitable candidates
- Short list candidates
- Conduct Interviews
- Check References
- Select preferred candidates
- Organize required checks
- Contract offer and acceptance

External Recruitment

- **External Recruiting**
 - Looking outside the organization for people who have not worked at the firm previously.
 - Newspapers advertisements, open houses, on-campus recruiting, employee referrals, and through the Internet.
- ***Advantages of External Recruiting***
 - Having access to a potentially large applicant pool
 - Able to attract people who have the skills, knowledge, and abilities an organization needs
 - Bringing in newcomers who may have a fresh approach to problems and be up to date on the latest technology
 - Less chance of partiality
- ***Disadvantages of External Recruiting***
 - Costs to hire is high
 - Candidates may lack knowledge about the workings of the organization
 - May need to receive more training
 - Uncertainty concerning whether they will actually be good performers
 - Time consuming process
 - Sourcing quality candidates may be difficult

Internal Recruitment

- Managers turn to existing employees to fill open positions
- **Benefits of internal recruiting:**
 - Internal applicants are already familiar with the organization
 - Managers already know candidates
 - Can help boost levels of employee motivation and morale
 - No cost and less time consuming

Limitations of Internal Recruitment

1. Limited Choice

limited choice of talent available in the organization as it avoids the arrival of fresh candidates.

2. Dissatisfaction

Dissatisfied employees may quit, if their coworkers get promoted

3. No Opportunity

The internal employees are protected from competition by not providing any opportunity to fresh talents. This also develops a tendency among the employees to take promotions without any extra knowledge or talent.

4. Favourism

There will be tendency of referring friends and family members in the organization.

5. Limited Internal Sources

When an employee is promoted, his/her previous position will be vacant .

- The steps in the **selection process/procedure** will depend upon the nature of jobs to be filled. However, the basic steps are as follows:
 - (1) Preliminary interview.
 - (2) Application blank.
 - (3) Scrutiny of applications.
 - (4) Employment tests.
 - (5) Group discussions.
 - (6) Employment interview.
 - (7) Medical examination.
 - (8) Appointment letter and placement

The Initial Screening Interview:

- ❑ Usually conducted by the front line manager
- ❑ Its purpose is to eliminate the unmatched candidates
- ❑ Further reduces the no. of short listed candidates and saves time of senior managers conducting the final job interview

Completing the Application Form:

- ❑ It is a company specific, printed form
- ❑ Its purpose is to obtain the information required by the company
- ❑ Typically contains questions on education, skills, previous job history, positions held and past and current achievements

Employment Test:

- ❑ The purpose is to assess and test the skills and abilities of the potential job candidates
- ❑ May include a written test, psychological tests, and market surveys

Comprehensive Interview:

- ❑ Usually conducted by the human resource manager or some senior person from head office
- ❑ Its purpose is to get in-depth information about the candidate
- ❑ Any possible negotiation on salary is done at this stage

Background Investigation:

- ❑ Process of verifying information candidate has provided. If found correct, decision is made
- ❑ The HR dept can contact the candidate's present or any previous employer for this purpose
- ❑ The reference persons can also be contacted
- ❑ Sometimes, the candidate may exaggerate his current position, achievements, and salary

TYPES OF INTERVIEW

1. Structured Interview

Structured interview is also called Standardised, Patterned or Guided interview. Every single detail of the interview is decided in advance. The questions to be asked, the order in which the questions will be asked, the time given to each candidate, the information to be collected from each candidate, etc. is all decided in advance.

2. Unstructured Interview

This interview is not planned in detail. The question to be asked, the information to be collected from the candidates, etc. are not decided in advance. They are encouraged to express themselves about different subjects, based on their expectations, motivations, background, interests, etc. Here the interviewer can make a better judgement of the candidate's personality, potentials, strengths and weaknesses.

3. Group Interview

Here, all the candidates or small groups of candidates are interviewed together. A group interview is similar to a group discussion. A topic is given to the group, and they are asked to discuss it. The interviewer carefully watches the candidates. He tries to find out which candidate influences others, who clarifies issues, who summarises the discussion, who speaks effectively, etc. He tries to judge the behaviour of each candidate in a group situation.

4. Exit Interview

When an employee leaves the company, he is interviewed either by his immediate superior or by the HRD manager. This interview is called an exit interview. Exit interview is taken to find out why the employee is leaving the company. Sometimes, the employee may be asked to withdraw his resignation by providing some incentives.

5. Stress Interview

The purpose of this interview is to find out how the candidate behaves in a stressful situation. That is, whether the candidate gets angry or gets confused or gets frightened or gets nervous or remains cool in a stressful situation. The candidate who keeps his cool in a stressful situation is selected for the stressful job.

6. Individual Interview

This is a 'One-To-One' Interview. It is a verbal and visual interaction between two people, the interviewer and the candidate, for a particular purpose. The purpose of this interview is to match the candidate with the job. It is a two way communication.

7. Informal Interview

Informal interview is an oral interview which can be arranged at any place. Different questions are asked to collect the required information from the candidate. Specific rigid procedure is not followed. It is a friendly interview.

8. Formal Interview

Formal interview is held in a more formal atmosphere. The interviewer asks pre-planned questions. Formal interview is also called **planned** interview.

9. Panel Interview

Panel means a selection committee or interview committee that is appointed for interviewing the candidates. The panel may include three or five members. They ask questions to the candidates about different aspects. They give marks to each candidate. The final decision will be taken by all members collectively by rating the candidates.

Psychological Factors in Selection of Staff

Psychological assessment enables the identification of relevant abilities and attributes of individuals

1. Attitude Test

2. Achievement

3. Neuroticism: a tendency to easily experience unpleasant emotions. (emotional stability)

4. Extraversion: a tendency to seek stimulation and the company of others

5. Agreeableness: a tendency to be compassionate rather than antagonistic about others

6. Conscientiousness: a tendency to show self-discipline, act dutiful, and aim for achievement.

7. Openness to experience: a tendency to enjoy new intellectual experiences and ideas

Selection techniques

Presentations

Asking candidates to make an oral presentation about a relevant topic can measure both their presentational and analytical skills.

Report writing

You can ask candidates to write something on the interview day. Be sure that you are clear whether you are considering writing skills, subject knowledge or both.

Simulation exercises

An interpersonal exercise with a particular agenda and objectives, to observe how the candidates perform in a typical work situation such as a manager faced with an industrial relations issue between volunteer and paid staff in a charity shop.

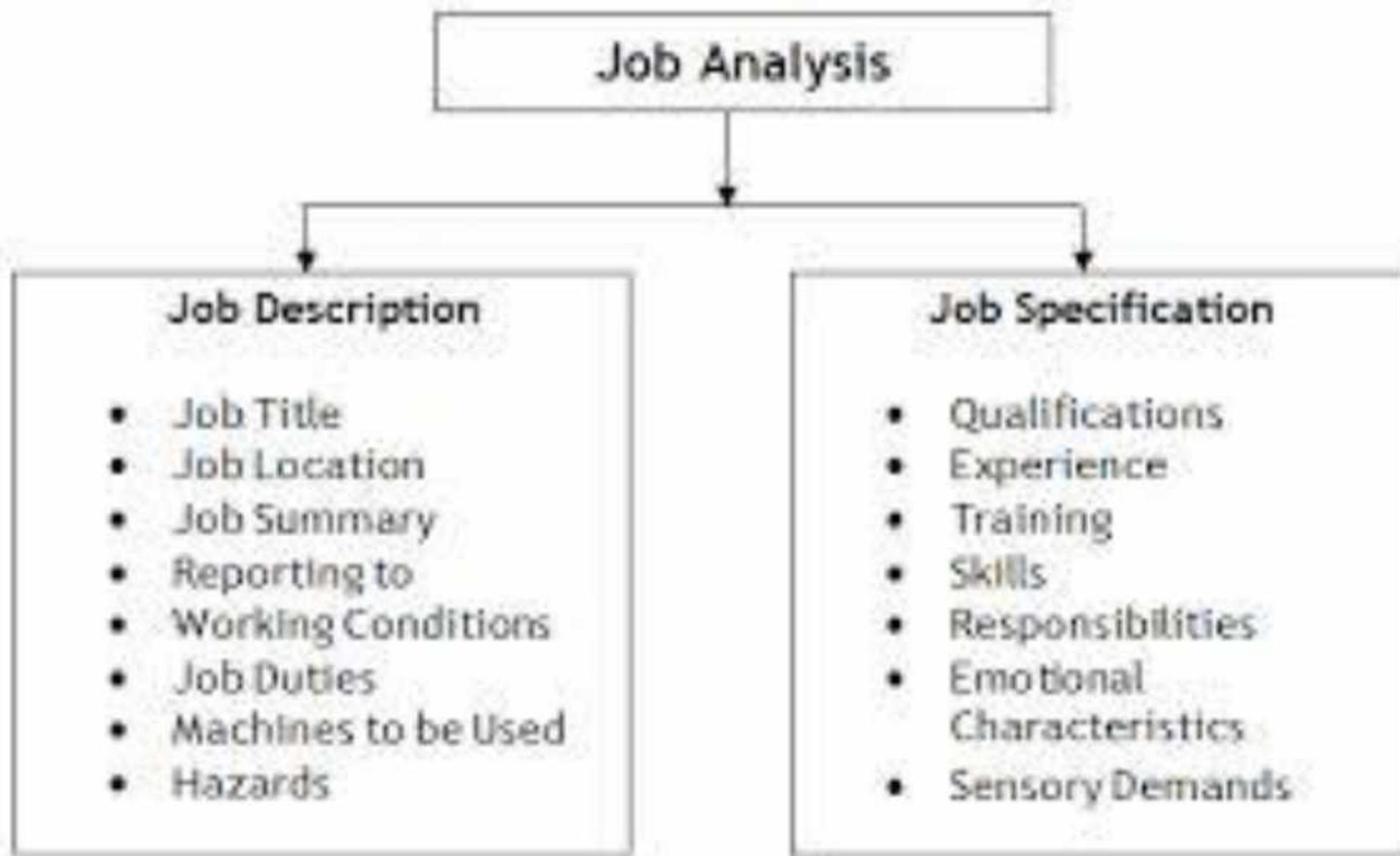
Group discussions

Typically, all candidates are put together to deal with a particular problem, and are observed and evaluated doing so, such as a planning meeting on next year's appeal.

Psychometrics

These tend to be either aptitude or ability tests, which measure current or potential skills levels, or personality profiling, which shows work styles and preferences, and will demonstrate how well candidates will fit in to the organisation.

Job Description & Job Specification



Performance Appraisal

- (1) According to **Edwin Flippo**, "Performance Appraisal is the systematic, periodic and impartial rating of an employee's excellence, in matters pertaining to his present job and his potential for a better job."
- (2) According to **Dale Beach**, "Performance Appraisal is the systematic evaluation of the individual with regards to his or her performance on the job and his potential for development."

Performance Appraisal Methods/Types

1. Critical Incident Method
2. Weighted Check List
3. Paired Comparison Method
4. Graphic Rating Scales
5. Essay Evaluation
6. Behaviorally anchored rating scales
7. Performance Rating Methods
8. MBO
9. 360 degree performance appraisal
10. Forced ranking (forced distribution)
11. Behavioral Observation Scales

1. Critical incident method

The critical incident method of performance appraisal involved identifying and describing specific events (or incidents) where the employee did something really well or something that needs improvement

2. Weighted checklist

This method describes a performance appraisal method where rater familiar with the jobs being evaluated prepared a large list of descriptive statements about effective and ineffective behavior on jobs

3. Paired comparison analysis

A range of plausible options is listed. Each option is compared against each of the other options. The results are tallied and the option with the highest score is the preferred option.

4. Field Review Method

This is an appraisal done by someone outside employees' own department usually from corporate or HR department.

5. Essay Evaluation

This method asked managers / supervisors to describe strengths and weaknesses of an employee's behavior.

6. Behaviorally anchored rating scales

This method used to describe a performance rating that focused on specific behaviors or sets as indicators of effective or ineffective performance.

7. Performance ranking method

Ranking is a performance appraisal method that is used to evaluate employee performance from best to worst. Manager will compare an employee to another employee, rather than comparing each one to a standard measurement.

8. Management By Objectives (MBO)

MBO is a process in which managers / employees set objectives for the employee, periodically evaluate the performance, and reward according to the result.

9. 360 degree performance appraisal

360 Degree Feedback is a system or process in which employees receive confidential, anonymous feedback from the people who work around them.

10. Forced ranking (forced distribution)

Forced ranking is a method of performance appraisal to rank employee but in order of forced distribution.

For example, the distribution requested with 10 or 20 percent in the top category, 70 or 80 percent in the middle, and 10 percent in the bottom.

11. Behavioral Observation Scales

Behavioral Observation Scales is frequency rating of critical incidents that worker has performed.

APPRAISAL PROCESS

- (1) Establish the Standards of Performance.
- (2) Communicate these standards to employees.
- (3) Measure the actual performance.
- (4) Compare actual performance with the standards established.
- (5) In case of variation, initiate corrective action.
- (6) Communicate the rating to the employee.
- (7) Discuss the feedback with the employee.
- (8) Conduct post-appraisal Interview.
- (9) Initiate corrective action if required.

Purpose / Uses

- (1) Identify employees who are eligible for salary increase.
- (2) Promotion, transfer and lay-off or termination
- (3) Training and development needs
- (4) Validate the selection process.
- (5) To measure whether standards laid down has been achieved by the employees or not.
- (6) Estimate the future requirement of work force.
- (7) To recognize potential of promising employees.
- (8) Helps in motivating employees by providing feed back about their level of performance.

Advantages of Performance Appraisal :

- (1) **SWOT Analysis**
- (2) **Career Planning** : On the basis of one's own SWOT analysis, an employee can have his career plans.
- (3) **Suitable Placement** :
- (4) **Self-Development** :
- 5) **Effective Training Programme** : Training programmes can be drawn out on the basis of the needs of employees to remove their weaknesses.
- (6) **Sound Personnel Policies** : Personnel policies for promotions, transfer must be sound and objective.
- (7) **Employee – Employer Relations** will be healthy if performance Appraisal information will be used for personnel management. This will minimise grievances and improve confidence in the management.
- (8) **Higher Employee Productivity** : Employer morale will be high because there can be a system of rewards for employees with higher performance, which may improve productivity.

Limitations of Performance Appraisal :

- (1) Personal Bias** : The biggest limitation of performance Appraisal is subjectivity.
- (2) Halo Effect** : The tendency of an individual to rate an employee consistently high due to some earlier good performance rather than his existing performance is called as carrying a halo around oneself.
- (3) Horn Effect** : The tendency of a superior to rate a subordinate lower than his performance justifies due to some recent/earlier failures.
- (4) Lack of Uniform Standards** : The standards used by different departments in the organisation may not be the same. Some rates are too liberal while others are too strict causing lack of uniformity.

- (4) Appropriate Appraisal Technique :** Appropriate technique is important to give the correct result. Some are time-consuming and costly and so avoided. If wrong techniques are applied results may prove defective.
- (6) Wrong Appraisal by Superior :** Superiors have continuous and daily relations with the subordinates, giving accurate ratings may lead to spoiling relations with them which the superiors may want to avoid, hence higher rating to the subordinates.
- (7) Stress on Individual and not on Performance :** stress on the performance of the individual and not on his individual and not on his personal characteristics. Many a times this is overlooked and the personnel characteristics comes in the way of his performance appraisal.

(8) Central Tendency : Many a times to be on the safer side the rater would put the ratee on average scores. This happens because of 2 reasons — first of all if the rater does not want low scores to the ratee. Secondly, if he himself is not competent and would not like to show his incompetency.

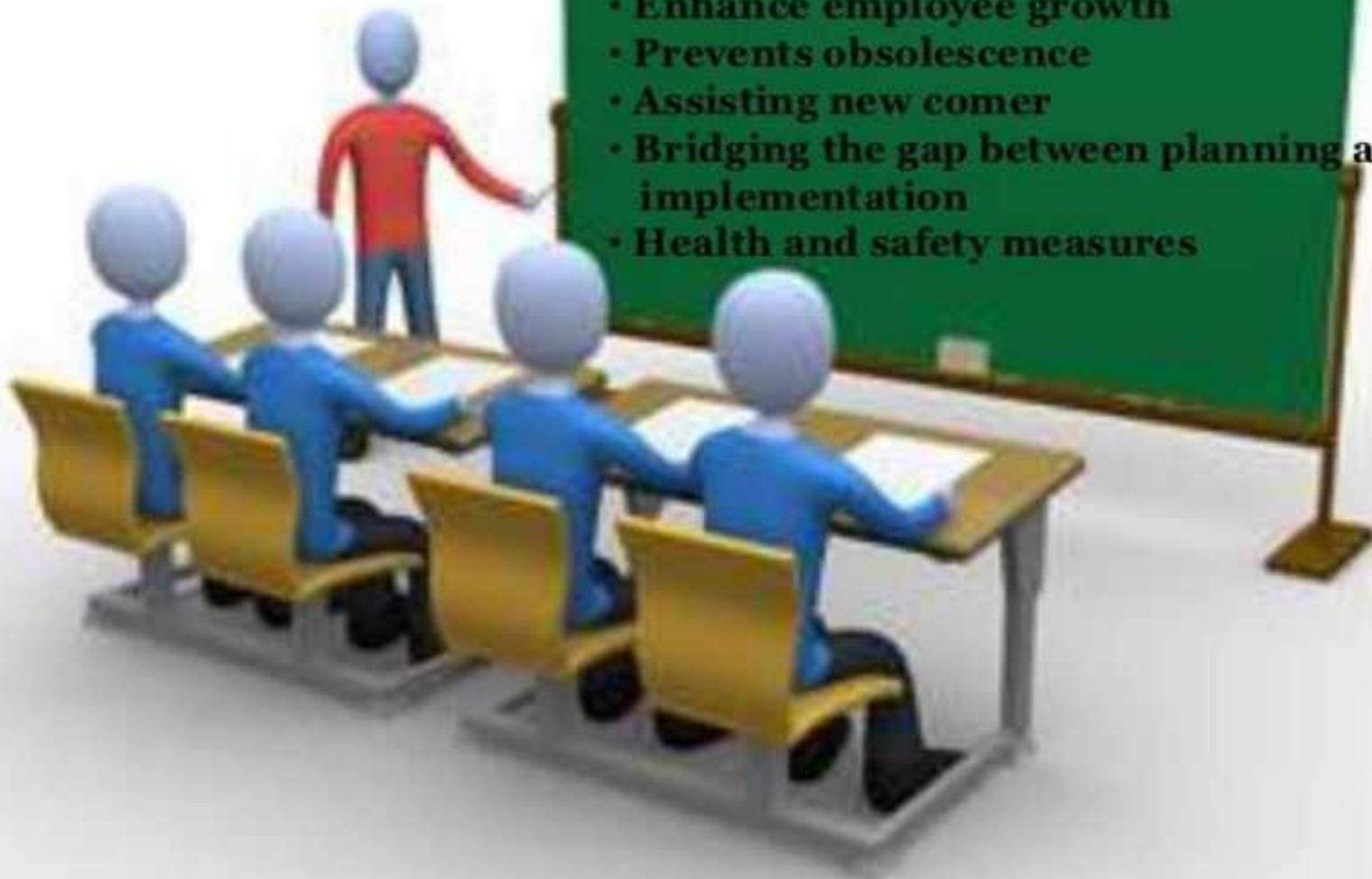
(9) Lack of Importance to Self-Development : Performance Appraisal is for finding out strengths as well as weaknesses. The strengths can be consolidated upon and the weaknesses too be removed through appropriate training. However, this aspect is not given importance and so the main objective of performance appraisal is neglected.

(10) Lack of Communication and Participation with Employees : Not complete without communicating to the employee the results of the appraisal and also give him a chance to give his opinion, otherwise it is a one-sided affair.

(11) Time-Consuming and Huge Paperwork : There is need to continuously observe the subordinates, keep records, fill documents, write reports, hence time-consuming and costly.

Objectives of training and development

- Improving quality of work force
- Enhance employee growth
- Prevents obsolescence
- Assisting new comer
- Bridging the gap between planning and implementation
- Health and safety measures



Training and Development

Difference between Training and Development

- Training is for Non-Managerial personnel, Development is for Managerial personnel
- Technical and Mechanical fields are emphasized in the process of training whereas the idea behind the process of Development is to enhance the conceptual ideas.
- Training is given to the personnel for specific job. Development process is for preparing the personnel for variety of jobs.
- Training is always a short-term process on the other hand development is a long-term process.

Types of Training

A. On-the-job Training Methods:

- 1. Coaching - Training methods
- 2. Mentoring – Providing guidance
- 3. Job Rotation – Allows people to take up different roles
- 4. Job Instruction Technology – Strategy with focus on skill
- 5. Apprenticeship - Training a new generation practitioner
- 6. Understudy - A person replacing any staff

B. Off-the-Job Training Methods:

- 1. Lectures and Conferences
- 2. Vestibule Training – Hands-on
- 3. Simulation Exercises
- 4. Sensitivity Training - Making people understand about themselves and others
- 5. Transactional Training – motivation by one person to another and reaction of another person

ORIENTATION

An introductory stage in the process of new employee assimilation, and a part of his or her continuous socialization process in an organization.

Major objectives of orientation are to

- (1) gain employee commitment
- (2) reduce his or her anxiety
- (3) Help him or her to understand organization's expectation.
- (4) convey what he or she can expect from the job and the organization.

Types of Development

- Varied Work Experiences
 - Top managers have need to and must build expertise in many areas.
 - Employees identified as possible top managers are assigned different tasks and a variety of positions in an organization.
- Formal Education
 - Tuition reimbursement is common for managers taking classes for MBA or job-related degrees.
 - Distance Education can also be used to reduce travel and other expenses for managerial training.

WHAT IS A CAREER?

- *A career is a person's chosen profession or occupation. The general course or progression of your working life or your professional achievement. A career may include several jobs.*

Career Development Process

1. *Self-awareness and assessment*
2. *Career awareness and exploration*
3. *Career decision-making*
4. *Career planning and placement*

SELF-AWARENESS AND ASSESSMENT

- *This first step is very important, it allows you to become aware, clarify and assess your:*
- *Interests*
- *Abilities and skills*
- *Aptitudes*
- *Values*
- *Priorities*
- *Aspirations*
- *Personality*

CAREER AWARENESS AND EXPLORATION

- *Occupational requirements*
- *Employment trends*
- *Community, family, leisure, and volunteer issues and needs*
- *Developments in current work environment*
- *Developments outside current work*
- *Global issues and implications*

Career Awareness and Exploration Tools and Activities

- *Read newspapers and magazines*
- *Keep up with news via radio, TV, and internet*
- *Use Career Services and other internet resources*
- *Talk with experts in the field*
- *Ask questions*

MAKING CAREER DECISIONS

- *Establish goals (career and educational)*
- *Make plans to attain those goals*
- *Implement plans step-by-step*
- *Evaluate goals and progress continuously*
- *Adjust as you and/or situations change*
- *Continue to evaluate and re-prioritize*

CAREER PLANNING AND PLACEMENT

*This part of the process comes after you have developed the skills necessary to pursue your career.
At this time you need to:*

- *Develop good interviewing and job search skills; use Student Employment Services (SES)*
- *Once in a job:*
 - ✓ *Continue to learn new skills*
 - ✓ *Try to look at least five years ahead*
 - ✓ *Maintain flexibility*