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MODULE - I

Introduction to management: definitions, managerial roles and functions; science or art perspectives- external environment global, innovative and entrepreneurial perspectives of management – managing people and organizations in the context of new era- managing for competitive advantage - the challenges of management

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Introduction to management

- ❖ "Management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims". *Harold Koontz*
- ❖ "Management is the art and science of preparing, organising and directing human efforts to control the forces and utilise the material of nature for the benefit of men". *ASME*
- ❖ Management applies to all kind of organizations. It applies to managers at all organizational levels.
- ❖ Managing is concerned with productivity, which implies effectiveness and efficiency.

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Introduction to management

- ❖ All do manage organizations.
- ❖ Organization is the group of people working together to create surplus.
 - In business organizations, this surplus is profit.
 - In non-profit organizations, it may be satisfaction of needs.
- ❖ Managers cannot perform their tasks well unless they have an understanding of, and are responsive to the many elements of the external environment – economic, technological, social, ecological, political and ethical factors – that affect their area of operation.

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Introduction to management

- ❖ Management applies to small and large organizations, to profit and non - profit enterprises, to manufacturing as well as service industries.
- ❖ Managers are charged with the responsibility of taking actions that will enable individuals to make their best contributions to group objectives.
- ❖ An important goal of management is the long term increase in the value of common stock.
- ❖ The managers must establish an environment in which people can accomplish group goals with least amount of time, money, materials and personal dissatisfaction, or in which they can achieve as much as possible of a desired goal with available resources.

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Significance of management

- It helps in achieving group goals
- Optimum utilisation of resources
- Minimises cost
- Survival and growth
- Development of the nation



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Characteristics of management

- ❖ Management is intangible
- ❖ Management is goal oriented
- ❖ Management is universal
- ❖ Management is needed at all levels
- ❖ Management is an ongoing process
- ❖ Management is dynamic
- ❖ Management is a group activity
- ❖ Management is a system of authority
- ❖ Management is multi-disciplinary
- ❖ Management is a composite process



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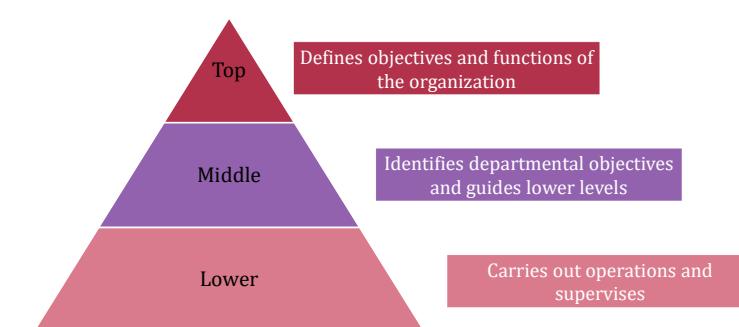
Levels of management

Broadly speaking, an organization has two important levels of management

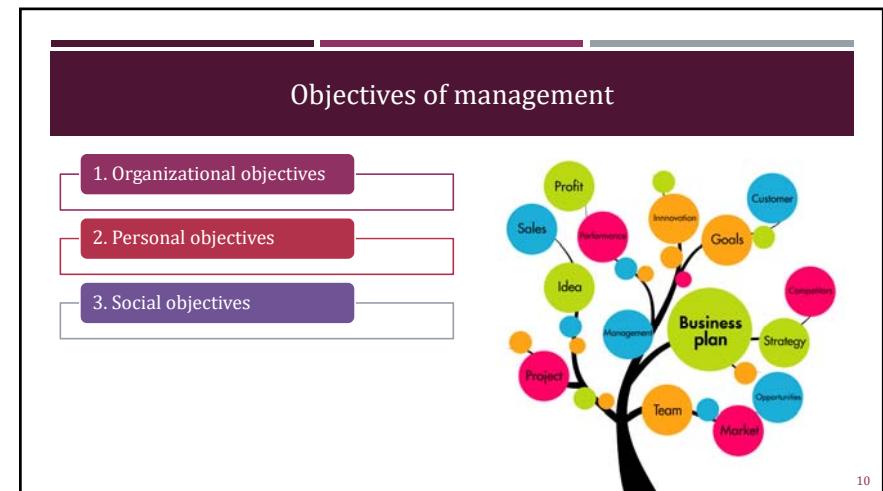
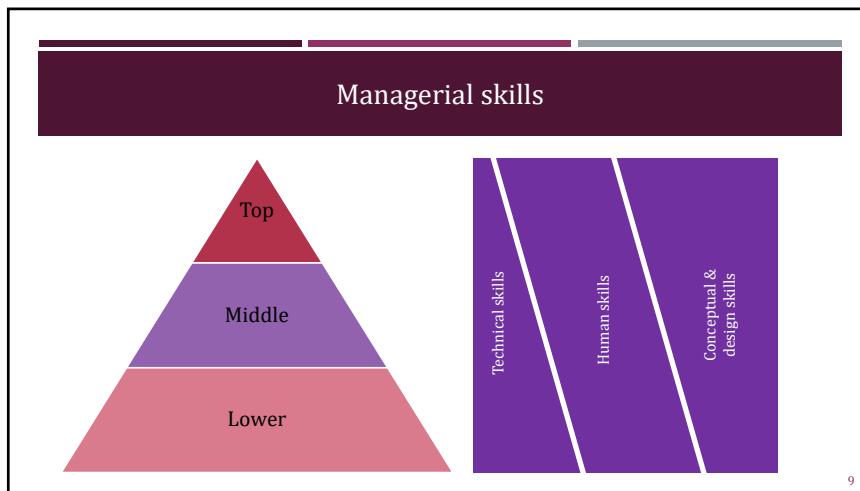
- Functional level**
 - *Concerned with the process of determining primary objectives, formulating basic policies, making vital decisions and controlling and co-ordinating activities of the personal.*
- Operational level**
 - *Related to implementation of plans and decisions and pursuit of basic policies for achieving the objectives of the organization.*

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Levels of management



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Objectives of management

3. Social objectives

- *Quality goods and services at fair price*
- *Honest and prompt payment of taxes*
- *Conservation of environment and natural resources*
- *Fair dealing with suppliers, dealers and competitors*



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Management – art or science???

- ❖ Art implies application of knowledge and skill to trying about desired results..
- ❖ Art is a skilful application of knowledge which entirely depends on the inherent capacity of a person which comes from within a person and is learned from practice and experience.
- ❖ *Management is certainly an art as a manager uses his skill, knowledge and experience in solving various problems that arise in the enterprise.*



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Management – art or science???

- ❖ Science is a systemised body of knowledge based on proper findings and exact principles and is capable of verification.
- ❖ *Management is certainly a science as it has also developed certain principles, laws etc. which is universal in nature and are applicable wherever efforts of people are to be co-ordinated.*
- ❖ But management is not an exact science as it deals with people and it is very difficult to predict their behaviour accurately.

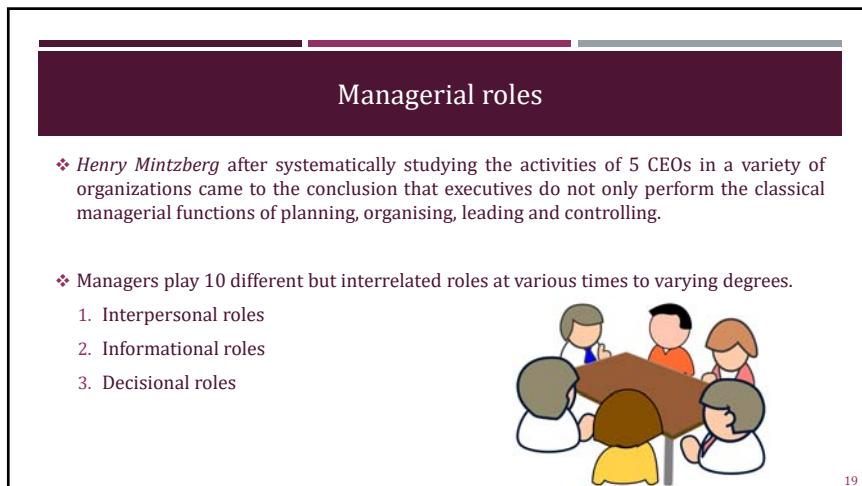
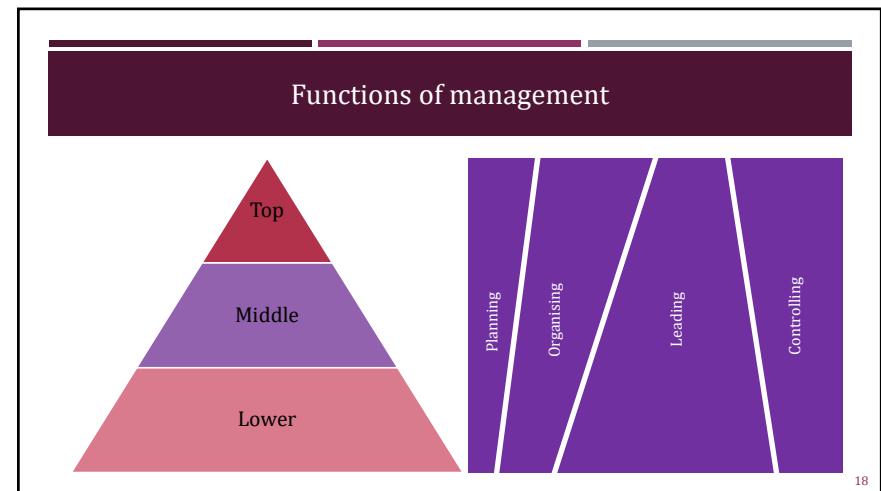
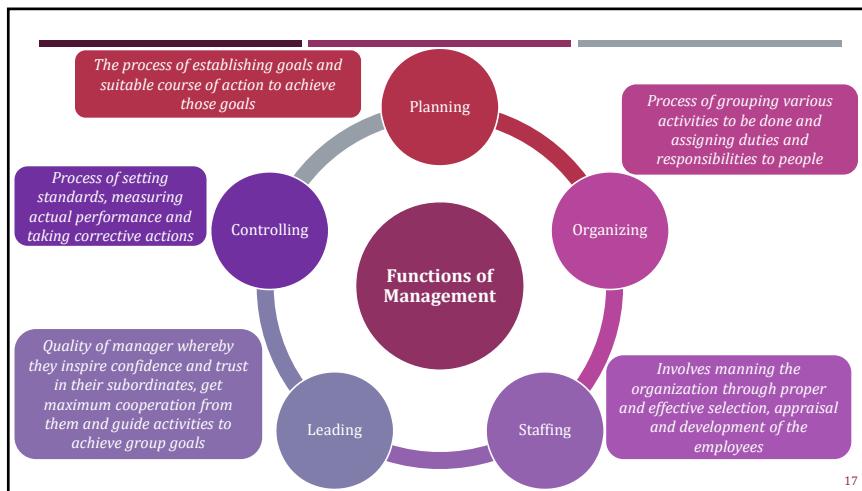


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Management – art or science???

- ❖ Management combines the features of both science as well as art.
- ❖ A manager must acquire the knowledge of science and the art of applying it.
- ❖ Science provides the knowledge and art deals with the application of knowledge and skills.
- ❖ Science teaches to 'know' and art teaches to 'do'.
- ❖ The science and art of management should go together and are both mutually interdependent and complimentary.

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Internal and external environment of management

The works of all managers are affected by

1. Internal environment
2. External environment
 - a. *Specific environment (task or industry environment)*
 - b. *General environment*

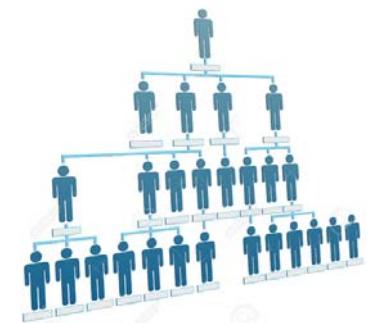


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Internal and external environment of management

❖ Internal environment

1. *Organization*
2. *Employees*
3. *Resources*



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Internal and external environment of management

❖ Specific environment (task or industry environment)

1. *Suppliers*
2. *Buyers*
3. *Competitors*
4. *Public pressure groups*



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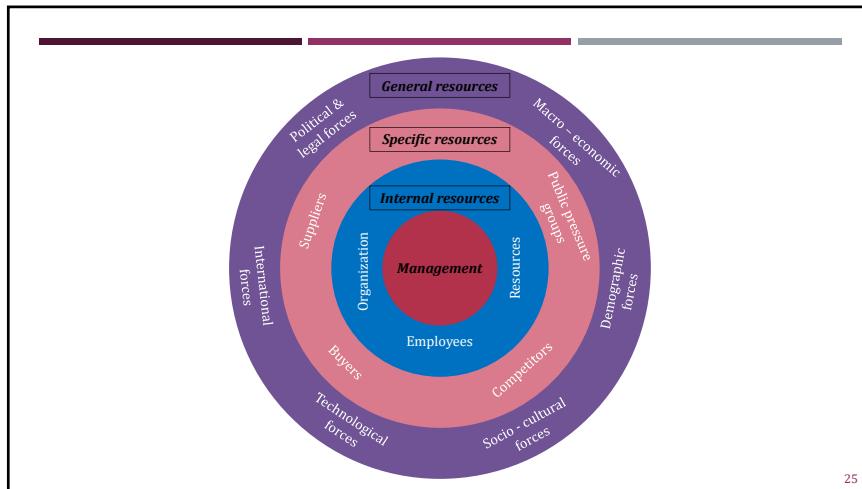
Internal and external environment of management

❖ General environment

1. *Demographic forces*
2. *Socio-cultural forces*
3. *Technological forces*
4. *Political & legal forces*
5. *Macro – economic forces*
6. *International forces*



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The global perspective of management

- ❖ The international market is concerned with managerial issues related to the flow of people, goods and money with the ultimate aim of managing better in situations that involve crossing the national boundaries.
- ❖ Free market agreements have made the fall of trade barriers which poses a serious threat to the manager because they increase competition in the task environment.
- ❖ The environment factors that affect domestic firms usually are more critical for international corporations operating in foreign countries.



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The global perspective of management

- ❖ There is a need for more of global managers, they not only handle the professional goals but also handle cultural difference and human interaction at workplace.
- ❖ The global economy creates opportunities because, with the entire world as a market place and national borders becoming irrelevant, the potential for organizations to grow and expand increases dramatically.
- ❖ It can create challenges in that new competitors can suddenly appear anytime, anywhere, and managers who don't respond quickly to changes are likely to find their organizations' survival in doubt.



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The global perspective of management

Managerial function	Domestic enterprise	Global enterprise
Planning	Scanning environment for threats and opportunities	National market
Organising	Organization structure	Structure for domestic operations
Staffing	View of authority	Similar
Leading	Sources of managerial talent	National labour pool
Controlling	Manager orientation	Often ethnocentric
	Leadership and motivation	Influenced by similar culture
	Communication lines	Relatively short
	Reporting system	Network with long distances
		Similar requirements
		Many different requirements



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Forms of global business

1. Importing and exporting
2. Licensing
3. Strategic alliances / joint ventures
4. Direct investment (subsidiaries)



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Forms of global business

1. Importing and exporting

Parent country

Goods and services

Host country

- ✓ Small cash outlay
- ✓ Little risk
- ✓ No adaptation necessary
- ✗ Tariffs and taxes
- ✗ High transportation costs
- ✗ Government restrictions



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Forms of global business

2. Licensing

Parent country



Host country

- ✓ Increased profitability
- ✓ Extended profitability
- ✗ Inflexibility
- ✗ Competition



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Forms of global business

3. Joint ventures and strategic alliances

Parent country



Host country



- ✓ Quick market entry
- ✓ Access to materials and technology
- ✗ Shared ownership
- ✗ Limited control and profits



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Forms of global business

4. Direct investment (subsidiaries)

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    graph LR
      PC[Parent country] -- "Capital and know-how" --> HC1([Host country])
      PC -- "Capital and know-how" --> HC2([Host country])
  
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✓ Enhanced control
✓ Existing infrastructure
✗ Complexity
✗ Greater economic political risk
✗ Greater uncertainty

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Challenges to global management

Economic environment	Political / legal environment	Cultural environment
1. Economic system 2. Exchange rates 3. Natural resources 4. Infrastructure	1. Government stability 2. Incentives or controls on international trade 3. Economic communities	1. Values, symbols, believes and language 2. Individual behavior across cultures
← Challenges to global management →		

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Managerial attitudes for global business

- 1. Ethnocentric orientation
- 2. Polycentric orientation
- 3. Region-centric orientation
- 4. Geocentric orientation

1. The style of foreign operations is based on the parent company
2. The foreign subsidiaries are given a great deal of managerial freedom
3. The foreign operations are staffed on regional basis
4. Entire organization is view as an interdependent system operating in many countries

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The innovative perspective of management

- ❖ Innovation is the enhancement, adaptation or commercialisation of new products, services or processes.
- ❖ A innovative management, through continuous innovation and change, creates sustainable competitive advantage in its industry.
- ❖ Three main types of innovation exist:
 1. Process innovation
 2. Technical innovation
 3. Administrative innovation

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The innovative perspective of management

Process innovation

- Achieved through the creation of a new means of producing, selling, and/or distributing an existing product or service.

Technical innovation

- Simply the creation of a new product or service.

Administrative innovation

- Creation of a new organization design which better supports the creation, production and delivery of services or products.


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Strategy for innovative management

1. Assess environment

- Organization should scan the environment for information that may signal the need for changes.
- Factors that influence changes are
 - Technology
 - Customers
 - Competitors
 - The workforce
 - Unions
 - Government regulations
 - Globalization
 - Shareholders


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Strategy for innovative management

2. Determine performance gap

- The difference between what the organization wants to do and what it is actually doing.
 - Where you are performing?
 - Where you want to be?


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Strategy for innovative management

3. Diagnose organizational problems

- Identify the nature and extent of problems before taking action.
- Don't process change prematurely.
- organizations may hire outside consultants to assist with problem diagnosis.



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Strategy for innovative management

4. Identify sources of resistance

- Experienced managers understand why people resist change and what can be done to overcome resistance.
- Change resist can be due to the following:
 - Vested interests
 - Fear
 - Misunderstandings
 - Different assessments of situation
 - Inter-organizational agreements



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Strategy for innovative management

5. Reduce resistance

- Resistance to change will never disappear completely, but it can be managed through:
 - Education
 - Participation
 - Negotiation
 - Co-optation (Bringing new stakeholders representatives into the strategic decision making process as a means of averting threats to an organization's stability/existence)



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Strategy for innovative management

6. Set goals

- For change to be effective, goals should be set
 - Based on realistic objectives
 - Stated in clear and measurable terms
 - Consistent with the organization's overall goals and policies
 - Attainable



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Strategy for innovative management

7. Approaches to change

- Technology based approach
 - Goal is to increase organizational efficiency
- Redesign approach
 - Involves internal structural changes
- Task based approach
 - Changing employee responsibilities and tasks
- People oriented approach
 - Activities intended to improve individual competencies and performance levels



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Strategy for innovative management

8. Implement the change

- Select and implement a practical approach to achieve the change.
- Areas for change:
 - Technology
 - Design
 - Task
 - People



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Strategy for innovative management

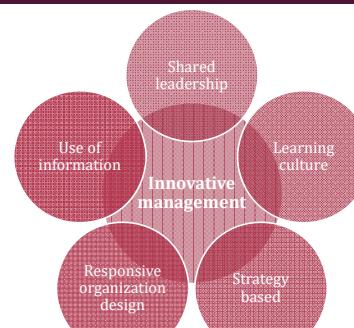
9. Follow-up change

- Managers need to monitor results to ensure that the change process has been successful, based on
 - Employee satisfaction
 - Productivity
 - New-product development
 - Market share
- Results take time, don't judge soon.



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Characteristics of innovative management



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Characteristics of innovative management

1. Shared leadership

- All employees share at least some leadership responsibilities.
- Everyone is encouraged to find ways to improve products and services and to experiment with new methods to better serve the organization.
- This sharing of decision-making and leadership creates a culture that supports the efforts and goals of the organization



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Characteristics of innovative management

2. Learning culture

- The learning organization encourages these empowered employees to identify and experiment with new methods and approaches.
- Empowerment provides a way to integrate tasks and allows the employees to buy into an organization's goals.



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Characteristics of innovative management

3. Strategy based

- **Focus on customer** reflects a clear understanding of how important customers are to success.
- The process of learning and change is to be taken in a **long-term perspective**.
- **Internal alignment** is necessary as the business strategy drives the design of all systems within the organization.



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Characteristics of innovative management

4. Organization design

- In a learning organization, this emphasizes the use of teams and strategic alliances.
- Team members take responsibility of aspects such as training, purchases, safety and scheduling.
- Suppliers, competitors and customers collaborate and communicate as a method of learning.



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Characteristics of innovative management

5. Use of information

- This is the lifeblood of a learning organization.
- There are three main aspects involving the use of information in a learning organization.
 - Extensive scanning
 - Measurement oriented
 - Shared problems and solutions



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Key elements of entrepreneurs

- ❖ Tolerance for ambiguity
- ❖ Calculated risk taking
- ❖ Tolerance for failure
- ❖ High energy level
- ❖ Creativity and Innovativeness
- ❖ Vision
- ❖ Self-confidence and optimism
- ❖ Independence
- ❖ Team building



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The entrepreneurial perspective of management

- ❖ Entrepreneurship is the act of creating an organization that would not exist without you.
- ❖ It is seizing upon an opportunity to solve a problem or provide a desired service which results in a sustainable surplus cash flow.

Innovation	Entrepreneurship
Improving products and processes	Creating products and processes
Helps to develop or improve the products of an organization	Creates the organization
Satisfied as a manager in an enterprise	Satisfied when an enterprise is created
Improve products/processes and organizations	Create products/processes and organizations



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Strategy for entrepreneurial management

Choosing an industry

- Services
- Retailing
- Construction
- Wholesaling
- Transportation
- Manufacturing
- Finance & insurance



Emphasizing distinctive competencies

- Identifying niches in established markets
- Identifying new markets
- First mover advantages



Writing a business plan

- A document that summarizes the business strategy and structure



Entrepreneurial & international management



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Characteristics of entrepreneurial management

1. Initiative
2. Seeing & acting on opportunities
3. Persistence
4. Information seeking
5. Concern for high quality of work
6. Work commitment to contract
7. Efficiency orientation
8. Systematic planning
9. Problem solving
10. Self confidence
11. Persuasion
12. Use of influence strategies
13. Assertiveness
14. Monitoring
15. Concern for other's welfare



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Characteristics of entrepreneurial management

1. Initiative

- Taking actions that go beyond job requirements or demands of the situation.
- Doing things on own before being asked for or being forced by the events.
- Taking actions to start the business and expand into new areas, products and services.

2. Seeing & acting on opportunities

- Looking for and taking actions to seize opportunities.
- Seeing and acting on opportunities for business development or for personal growth.
- Seeing unusual opportunities.
- Seizing opportunities, need, procuring and mobilizing necessary resources.



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Characteristics of entrepreneurial management

3. Persistence

- Taking repeated actions to overcome obstacles that get in the way of achieving goals.
- Taking actions in the face of obstacles.
- Ensuring all efforts to solve a problem or barrier.

4. Information seeking

- Taking actions on own to help reach objectives.
- Personally undertaking a research or analysis to find out answers to some problem.
- Seeking information to clarify what is needed.
- Using networks to obtain information.



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Characteristics of entrepreneurial management

5. Concern for high quality of work

- Doing things that meet or beat existing standard of excellence.
- Stating a desire to produce work of high quality.
- Making all out efforts to ensure the quality of product or services.

6. Work commitment to contract

- Placing highest priority for getting a job completed.
- Taking all the effort to complete a job.
- Accepting responsibilities for failures.
- Readiness to work at any level to get work done.



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Characteristics of entrepreneurial management

7. Efficiency orientation

- Constantly looking for ways to do things faster or with fewer resources or at a lesser cost.
- Using business tools to increase personal or professional efficiency.

8. Systematic planning

- Developing and using logical steps to reach goals.
- Breaking a large task into several sub tasks.
- Developing plans after duly anticipating obstacles.
- Evaluating alternatives on merits and demerits.



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Characteristics of entrepreneurial management

9. Problem solving

- Identifying and applying new ideas to reach the goals.
- Identifying the root cause of the problem.
- Developing strategies in the light of objectives, resources, and constraints.
- Generating new ideas or innovative solutions.

10. Self confidence

- Having a strong belief in own abilities.
- Sticking with own judgment in the face of opposition or early lack of success.
- Doing something for which chances of success are not very fair.



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Characteristics of entrepreneurial management

11. Persuasion

- Persuading others successfully.
- Selling someone an idea, product or service.
- Making someone agree to provide resources.
- Convincing with confidence, competence and respect.



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12. Use of influence strategies

- Using a variety of strategies to influence others and using influential people to get things done.
- Developing professional and business contacts.
- Carefully limiting the information to be given to others.
- Using others authority and resources, but remaining ethical.

Characteristics of entrepreneurial management

13. Assertiveness

- Confronting problems and issues with other directly.
- Speaking politely but firmly.
- Telling others clearly what they have to do.
- Reprimanding those who fail to perform as expected, however close they may be.

14. Monitoring

- Ensuring smooth progress of project or work.
- Personally supervising all aspects of the work to its completion.
- Developing a system of supervision and monitoring.



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Characteristics of entrepreneurial management

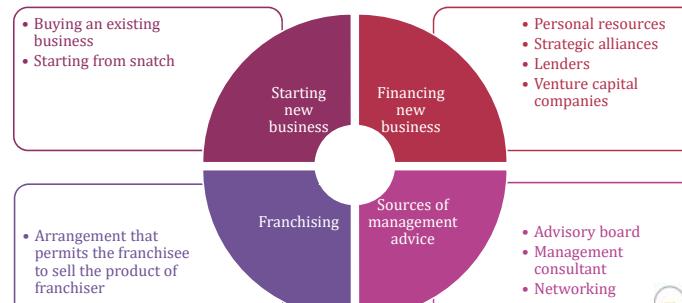
15. Concern for other's welfare

- Having a concern and taking actions to improve other's welfare.
- Responding positively to employees specific needs.
- Having a concern for the welfare of employees, their families and society at large.



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Structure of entrepreneurial management



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Management in the context of new era

1. Technology management

- Look for new techniques and approaches.
- Adequately respond to customers needs and requirements.

2. Customer relationship management

- Uses latest technology to keep in touch with customers and to collect and manage customer data.

3. Internet and social media

- Interact electronically with employees, customers, partners and other stakeholders.
- E-commerce and electronic fund transfer made processes easier.
- Generate awareness about product and services, sharing ideas, seeking feedbacks.

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Management in the context of new era

4. Supply chain management

- Refers to managing the sequence of suppliers and purchasers to obtain raw materials, distribute finished goods.

5. Collaboration across boundaries

- Capitalize on the ideas of people outside the traditional company "boundaries".
- Occurs between as well as within organizations.

6. Globalization

- Far more than in the past, enterprises are global and competing globally is not easy.
- Even small firms that do not operate on a global scale must make strategic decisions based on international considerations.

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Managing for competitive advantage

- ❖ Competitive advantage means superior performance relative to other competitors in the same industry or superior performance relative to industry average.

- ❖ To survive and win in this age of globalisation, organization must adapt the fundamental success drivers to gain the competitive advantage over the rivals.



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Challenges to management

- Globalisation
- Quality and productivity
- Change in technology
- Change in environmental factors
- Changes in sociological factors
- Lack of skills
- Market changes
- Ethical and social responsibility



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MODULE - II

Early Contributions and Ethics in Management: Scientific management-contributions of Taylor, Gilbreths, Human Relations approach - contributions of Mayo, McGregor's Theory, Ouchi's Theory Z, Systems Approach, the Contingency Approach, the McKinsey 7-S Framework, Corporate Social responsibility-Managerial ethics

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Management theories

- ❖ The development of management approach has been evaluated in nature under the following three parts:
 - Classical management approach (1880 – 1930)
 - Neo-classical management approach (1930 – 1950)
 - Modern management approach (1950 onward)



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Management theories

Classical management approach

- Scientific management
- Administrative management
- Bureaucracy management

Neo-classical management approach

- Human relation movement
- Behavioral approach

Modern management approach

- Systems approach
- Contingency management theory
- Theory Z
- Management science

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Classical approach

- ❖ Consists of a group of similar ideas on the management of organizations that evolved in the late 19th century and early 20th century.
- ❖ These theories evolved as a result of industrial revolution in England, in response to the growth of large organizations and in contrast to the handicraft system that existed till then.
- ❖ The primary contributions of the classical approach are
 - Application of science to the practice of management
 - Development of basic management functions
 - Application of specific principles of management

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Scientific management

- ❖ It is the result of applying scientific knowledge and scientific methods to the various aspects of management and various problems that arise from them.
- ❖ Introduced a logical, systematic approach to work and do the management of work.
- ❖ Provides managers with a scientific basis for solving problems and making decisions.
- ❖ Arouse out of a need to improve manufacturing productivity through more efficient use of physical and human resources.
- ❖ Improved productivity by the use of standardised tools, equipment and methods, improves quality of products by research, quality control and inspection and reduces cost of production by cost control techniques.
- ❖ Eliminates wastages in the use of resources, time and methods of manufacturing.
- ❖ Places right man on the right job by proper selection and training, ensures fair wage to the workers.

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Scientific management

Frederick W Taylor Henry Gantt Harrington Emerson Frank and Lillian Gilbreth

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Contributions of F W Taylor

- ❖ Known as father of scientific management.
- ❖ According to Taylor, *scientific management is an art of knowing exactly what you want your men to do and seeing that they do it in the best and cheapest way.*
- ❖ If a work is analysed scientifically it will be possible to find one best way out of it.
- ❖ In his book, *Principles of scientific management*, he formulated a view on management which was highly inspired by engineering principles.

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Elements of scientific management

1. Work study

- Systematic, objective and critical examination of all the factors governing the operational efficiency of any specified activity in order to effect improvement.
- Taylor advocated scientific study of the task to find the best work method rather than relying on traditional methods handed down from one worker to another.

- Method study
- Motion study
- Time study
- Fatigue study
- Rate setting – Differential piece wage system

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Elements of scientific management

a. Methods study

- Systematic, objective and critical examination of all the factors governing the operational efficiency of any specified activity in order to effect improvement.
- Concerned with reduction of the work content and establishing the one best way of doing the job.

b. Motion study

- Study of the movement of an operator (or a machine) in performing an operation with the purpose of eliminating useless motions.

c. Time study

- To determine the proper time for performing an operation.
- Conducted after motion study.

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Elements of scientific management

d. Fatigue study

- If a standard task is set without providing measures to eliminate fatigue, it may either be beyond the workers or the workers may over strain themselves to attain it.
- Hence regulate the working hours and provide rest pauses at scientifically determined intervals.

e. Rate setting – Differential piece wage system

- Introduced with a view to provide greater incentive to efficient workers.
- Standard task is fixed by the help of time and motion studies, and two piece rates are set up for each job – a high price rate for efficient workers and low price rate for less efficient workers.
- High piece rate for those who produce equal or more than standard work.
- Low rate for those who fail to reach the standard.

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Elements of scientific management

2. Planning the task

- Having set the task which an average worker must strive to perform to get wages at the higher price rate, necessary steps have to be taken to plan the production thoroughly so that there is no bottle neck and the work goes on systematically.

3. Selection & training

- Workers must be chosen on scientific basis considering their education, experience, skills, physical strength etc.
- Employees should be offered work for which they are physically and technically perfect.
- Adequate importance should be given to training.

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Elements of scientific management

4. Standardization

- Aims at providing a pre-determined standard for everything.

- Converts the entire process into a routine to increase the efficiency of workers and reduce costs.

- Standard product
- Standard material
- Standard tools and materials
- Standardised working conditions

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Elements of scientific management

a. Standard product

- Determines the design, form, size and quality of the product to suit the requirements of variety of customers.

b. Standard material

- To obtain standardized products, raw materials should be of a good quality and of standard type.

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Elements of scientific management

c. Standard tools and equipment

- Workers must be provided standardized tools and equipment.
- Economies the maintenance cost.

d. Standardized working conditions

- Working conditions denote the physical setup in which a worker is required to work.
- It includes working space, cleanliness, safety, lighting, ventilation, temperature, humidity etc.
- Excellent working conditions should be provided to the workers on a uniform pattern.

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Elements of scientific management

5. Specialization

- Functional foremanship for achieving specialization.
- It was developed to improve the quality of work as single supervisor may not be an expert in all aspects of the work.
- Workers are supervised by several supervisors (foreman).

6. Mental revolution

- Involves a change in the attitude of workers and management towards each other.
- Both should realize the importance of each other and should work with full co-operation.
- Workers should put in their best efforts so that the company makes profit and on the other hand management should share part of profits with the workers.

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Principles of scientific management

- ❖ Analyse work scientifically
- ❖ Divide work and responsibility
- ❖ Select workers best suited to perform specific tasks
- ❖ Provide guidelines for worker performance
- ❖ Achieve support and cooperation from workman

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Benefits of scientific management

- ✓ Division of labour
- ✓ Reduction in cost of production
- ✓ Better quality products
- ✓ Provision of better working conditions
- ✓ Proper methods of selection and training of workers
- ✓ Increased wages for efficient workers
- ✓ Lesser production time
- ✓ Better utilisation of resources

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Weaknesses in scientific management

- ✗ Exploitation of workers
- ✗ Problem of unity of command
- ✗ Mechanical approach
- ✗ Wrong assumptions
- ✗ Narrow application

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Contributions of Henry Gantt

1. Improved Taylor's *differential piece rate system* and brought out *task and bonus plan*.

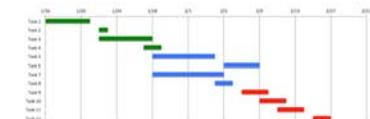
Workers received a day's wage even if he doesn't complete the task.

But if completed in less than prescribed time, he receives a bonus.

2. Developed daily balance chart, known as *Gantt's chart*.

Shows work progress against time.

Proved to be voluntary in the area of production, planning and control.



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Contributions of Frank Gilbreth and Lillian Gilbreth

- ❖ Micro-motion study

- ❖ Therbligs



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Contributions of Harrington Emerson

- ❖ Introduced the term *efficiency engineering*. Efficiency means that the right thing is done in the right manner, by the right man, at the right place, in the right time.
- ❖ In order to determine wages, he developed *Emerson efficiency plan*. Encouraged the efficient workers to increase their efficiency. Efficient workers are paid bonus for their work efficiency.

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Administrative management

- ❖ When scientific management focused on the productivity of the individual worker, the administrative approach focused on the total organization.
- ❖ In scientific management, emphasis was on first line supervision, whereas in administrative management emphasis is on higher level management.
- ❖ Business enterprise can be divided into 6 groups:
 1. Technical
 2. Commercial
 3. Financial
 4. Security
 5. Accounting
 6. Managerial

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Henri Fayol's principles of management

- ❖ Henry Fayol is the father of modern management theory.
- ❖ Henry Fayol strongly felt that the managers should be guided by certain principles and he developed the principles of management.
- ❖ These principles provide modern day managers with general guidelines on how a supervisor should organise his department and manage his staff.

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Henri Fayol's principles of management

- | | |
|---|---|
| <ol style="list-style-type: none"> 1. Division of labour 2. Authority and responsibility 3. Discipline 4. Unity of command 5. Unity of direction 6. Remuneration 7. Degree of centralisation | <ol style="list-style-type: none"> 8. Equity of treatment 9. Stability 10. Initiative 11. Order 12. Scalar chain 13. Subordination of individual to general interest 14. Esprit de corps |
|---|---|

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Bureaucracy management approach

- ❖ Bureaucratic approach was developed by German economist Max Weber.
- Well defined rules and regulations.
- High degree of division of labour and specialisation.
- Well defined hierarchy of authority.
- Formal and impersonal relations among the members of organization.
- Interpersonal relations based on positions and not personalities.
- Selection and promotion is based on technical qualifications.
- Only bureaucratic or legal power is given importance.

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Neo-classical approach

- ❖ Neo-classical approach focused on the factors that affect human behaviour at work.
- ❖ Typical approach focused on motivation, communication, leadership and employee behaviour.
- ❖ Two branches that contributed to the neo-classical approach:
 - Human relation movement
 - Behavioural approach

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Human relation movement by Elton Mayo

- ❖ Elton Mayo is considered as the father of the human relations management. Human relations movement grew from the Hawthorne studies (1927 – 1932).
- Industrial organization should be viewed as a social system made up of interdependent parts.
- Social and psychological factors are responsible for workers productivity and job satisfaction.
- Financial incentives cannot alone increase the performance.
- Revealed the need of recognition, security and sense of belongingness.
- Supervisory style and practices have a great impact on the mental attitude and behaviour of work groups.
- Good communication between supervisors and subordinates improve productivity.
- Special attention and freedom to express the employers views.

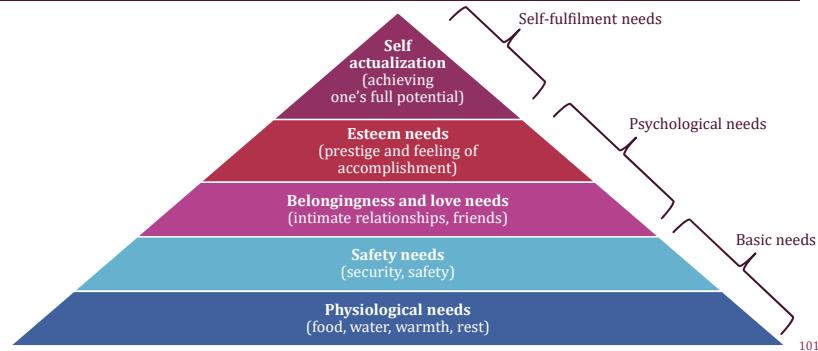
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Behaviour approach

- ❖ Focused mainly on psychological needs as a means of achieving economic goals.
- ❖ Emphasis on individual attitudes and behaviours and on group processes in the workplace.
- ❖ A better understanding of human behaviour at work, such as motivation, conflict, expectations and group dynamics improved productivity.
- ❖ Employees were viewed as individuals, resources and assets to be developed and worked with, not as machines, as in the past.
- ❖ Among the best known contributors who helped behavioural approach are **Abraham Maslow** and **Douglas McGregor**.

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'Hierarchy of needs theory' by Abraham Maslow



'Theory X' & 'Theory Y' assumptions by Douglas McGregor

Theory X assumptions

- ❖ Average human beings have an inherent dislike of work and will avoid it if they can.
- ❖ Because of this human characteristic of disliking work, most people must be coerced, controlled, directed and threatened with punishment to get them to put forth adequate effort toward the achievement of organizational objectives.
- ❖ Average human beings prefer to be directed, wish to avoid responsibility, have relatively little ambition and want security above all.

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'Theory X' & 'Theory Y' assumptions by Douglas McGregor

Theory Y assumptions

- ❖ The expenditure of physical and mental effort in work is as natural as play or rest.
- ❖ External control and threat of punishment are not only means for producing effort toward organizational objectives.
- ❖ People will exercise self direction and self control in the service of objectives to which they are committed.
- ❖ The degree of commitment to objectives is in proportion to the size of the rewards associated with their achievement.
- ❖ Average human beings learn, under proper conditions, not only to accept responsibilities, but also seek it.
- ❖ The capacity to exercise a relatively high degree of imagination, ingenuity and creativity in the solution of organizational problems is widely, not narrowly, distributed in the population.
- ❖ The intellectual potentialities of the average human being are only partially utilised.

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'Theory X' & 'Theory Y' assumptions by Douglas McGregor

Theory X	Theory Y
Pessimistic view of workers	Optimistic view of workers
Human beings are inherently distasteful towards work	For human beings, work is natural as play or rest.
People do not have ambitions and try to avoid responsibilities	Assumes that people have ambitions and are eager to take up responsibilities in jobs
People have little capacity creativity	Creativity is widely distributed
Lack self motivation	People are self directed
Managers are result oriented	Managers are welfare oriented

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'Theory X' & 'Theory Y' assumptions by Douglas McGregor

1. Theories X and Y are just assumptions only. They are not prescriptions or suggestions for managerial strategies. These assumptions must be tested against reality.
2. Theories X and Y do not imply hard or soft management. Effective management recognizes the dignity and capabilities as well as limitations of people and adjust behaviour as demanded by situation.
3. Theories X and Y are not to be viewed as being on a continuous scale, with X and Y on opposite extremes.
4. Under theory Y, authority is seen as only one of the many ways a manager exerts leadership.
5. The variety of tasks and situations requires different approaches to management.

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Modern management approaches

- ❖ Sees organizations as complex systems and uses modern techniques to solve organizational and human problems.
- ❖ Important modern management approaches are:
 - Systems approach
 - Contingency management theory
 - Theory Z approach
 - Management science approach

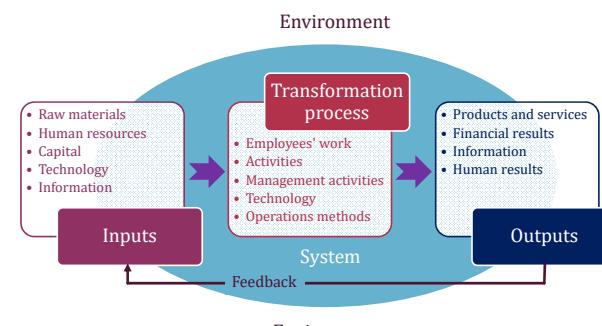
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Systems approach

- ❖ The approach is based on the concept that organizations can be visualised as systems.
- ❖ A system is a set of interrelated parts that operate as a whole to achieve common goals.
- ❖ The full system is made up of many parts. Each of these parts is called a subsystem. A system may be a subsystem of a larger system.
- ❖ A system can either be open or closed.
- ❖ Output of a system is always more than the combined output of its parts. This is called synergy.
- ❖ In organizational terms, synergy means that as separate departments within organization cooperate and interact, they become more productive than if they had acted in isolation.

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Systems approach



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Systems approach

- ❖ An organization is a system consisting of many interrelated and interdependent sub-systems.
- ❖ The sub-parts should be studied in their inter-relationships rather than in isolation.
- ❖ The organization is responsive to environmental effect.
- ❖ As a system, an organization draws inputs (energy, info, materials etc.) from its environment. It transforms these inputs and returns the output into the environment in the form of goods and services.
- ❖ Organization is an open system and it interacts with its environment.

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Contingency management theory

- ❖ Stresses the absence of a single best way to manage and emphasizes the need for managerial strategies based on all relevant facts.
- ❖ Each manager's situation must be viewed separately, a wide range of internal and external factors must be considered and then focus should be on the action that best fits the situation.
- ❖ Managers need to be developed in skills that are most useful in identifying the important situational factors.
- ❖ They should be able to identify which technique, in a particular situation, will best contribute to the attainment of management goals.

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Contingency management theory

- ❖ Management is externally situational; the conditions of the situation will determine which techniques and control system should be designed to fit the particular situation.
- ❖ There is no best way of doing things.
- ❖ One needs to adapt himself to the circumstances.
- ❖ It is kind of 'if' 'then' approach.
- ❖ It is practically suited.
- ❖ Management policies and procedures should respond to environment.
- ❖ It is highly dependent on the experience and judgement of the manager in a given organizational approach.

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Benefits of contingency management approach

- ✓ Guides the manager to be adaptive to environment.
- ✓ Tells management to be practical and open minded.
- ✓ It is an improvement over systems approach.
- ✓ Examines relationship between sub-systems of the organization and also the relationship between the organization and its environment.

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'Theory Z' by William Ouchi

- ❖ William Ouchi made a comparative study of American and Japanese management practices and he developed Theory Z which is a combination of American and Japanese management philosophies.

American organization	Japanese organization
Short term employment	Lifetime employment
Individual decision making	Collective decision making
Individual responsibility	Collective responsibility
Rapid evaluation and promotion	Slow evaluation and promotion
Explicit control mechanisms	Implicit control mechanisms
Specialised career paths	Non-specialised career paths
Segmented concern for employee	Holistic concern for employee

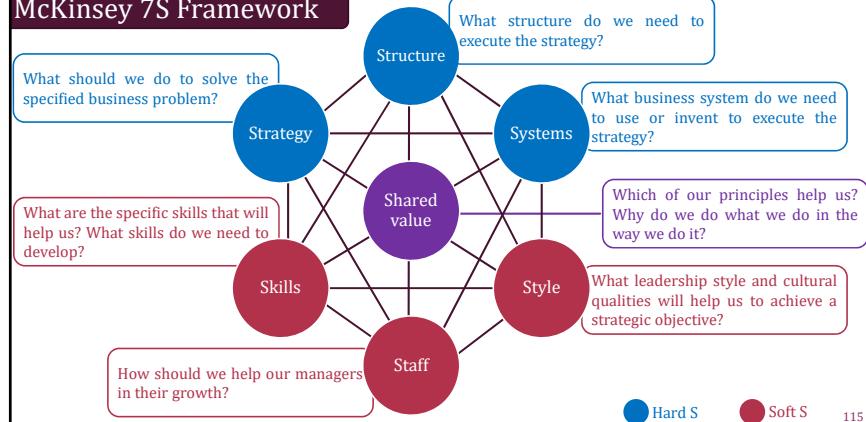
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'Theory Z' by William Ouchi

- ❖ Long term employment and job security
- ❖ Individual responsibility
- ❖ Collective decision making
- ❖ Slow evaluation and promotion
- ❖ Moderately specialised carriers
- ❖ Concern for total person, including family

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McKinsey 7S Framework



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Corporate Social Responsibility (CSR)

1. Responsibility towards owners or stakeholders
 - Reasonable dividend
 - Protection of assets
 - Information
2. Responsibility towards customers
 - To make goods of right quality to the right people at the right time and place at reasonable prices
 - Should not indulge into unfair practices as black marketing, adulteration etc.
 - Handle customers grievances carefully

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Corporate Social Responsibility (CSR)

3. Responsibility towards employees

- Fair wages
- Adequate benefits
- Good working conditions
- Opportunity for growth
- Recognition of worker's rights
- Co-operation

4. Responsibility towards suppliers

5. Obligations towards government

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Corporate Social Responsibility (CSR)

6. Obligation towards society

- Socio-economic objectives
- Employment opportunities
- Efficient use of resources
- Business morality
- Improving local environment

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Where should corporates be spending their CSR resources?

	Value	Purpose	Impact	Features
CSR as value creation ★★★★★		Innovative and promotes sustainable business model	Fundamental strategic and operational impact	<ul style="list-style-type: none"> • Shared value (business- institutions and communities) <ul style="list-style-type: none"> ▪ Promote competitiveness and innovation ▪ Promotes a sustainable business model ▪ Integrates business into the community ▪ Develops human capital (key in developing countries) ▪ Incorporated into the business strategy
CSR as risk management ★★★★		Compliance	Medium to high strategic and operational impact	<ul style="list-style-type: none"> • Mitigates operational impact • Mitigates operational risks • Supports external relationships
CSR as corporate philanthropy ★★		Providing funding and skills	Little strategic and operational impact	<ul style="list-style-type: none"> • Corporate philanthropy and sponsorships • Short-term benefits/ not always sustainable • Limited funds available • Impact diluted because limited budget is allocated to many charities • Corporate competencies and other business assets not fully utilized • Misalignment between business and social responsibility strategies • Result in minimal social and business impact of social programmes

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Importance of CSR

- ❖ Helps to build long term employee, consumer and citizen trust
- ❖ Helps to build a positive workplace environment
- ❖ Improves public image
- ❖ Improves corporate reputation
- ❖ Stimulates long term orientation and profits for business
- ❖ Balances corporate power with responsibility

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CSR in India

- ❖ FY 2015-16 witnessed a 28 percent growth in CSR spending in comparison to the previous year.
- ❖ Listed companies in India spent ₹ 83.45 billion in various programs ranging from educational programs, skill development, social welfare, healthcare, and environment conservation.
- ❖ The Prime Minister's Relief Fund saw an increase of 418 percent to ₹ 7.01 billion in comparison to ₹ 1.68 billion in 2014-15.
- ❖ The education sector received the maximum funding of ₹ 20.42 billion followed by healthcare at ₹ 16.38 billion, while programs such as child mortality, maternal health, gender equality, and social projects saw negligible spend.
- ❖ In terms of absolute spending, Reliance Industries spent the most followed by the government-owned National Thermal Power Corporation (NTPC) and Oil & Natural Gas (ONGC).

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Managerial ethics

- ❖ The term ethics refers to principles, values and beliefs that define what is right and wrong behaviour.
- ❖ Managerial ethics are the set of standards that guides the conduct of the managers when performing their job.
- ❖ They also regulate the internal and external behaviour of the managers.
- ❖ A code of ethics is a formal statement of the company's values concerning ethics and social issues; it communicates to employees what the company stands for.
- ❖ They help managers evaluate the ethical aspect of their decisions and decide whether their decisions are ethically right or wrong.
- ❖ Ethical codes need not be same for all organizations.

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Significance of managerial ethics

- ❖ Promotes goodwill and reputation
- ❖ Good interpersonal relationship with stakeholders
- ❖ Promotes social responsibility
- ❖ Improve working environment
- ❖ Retain good employees
- ❖ Helps to increase market share
- ❖ Avoid legal problems

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Ethical theories

- ❖ Utilitarian approach
 - Plans and actions should be evaluated by their consequences.
 - Based on the philosophy of maximum good for the greatest number of people.
- ❖ Approach based on rights
 - Based on the principle that an organization should respect an individual's dignity and rights.
 - Managers follow ethical code which takes care of fundamental and moral rights of human beings.
- ❖ Approach based on justice
 - Demands that decision makers should be guided by fairness, equity as well as impartiality.
 - Employees should not be distinguished on the basis of caste, race, religion or gender.
 - Distinction on the basis of abilities or production is justified.

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Barriers to management ethics

- ❖ Chain of command
- ❖ Group membership
- ❖ Ambiguous priorities

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Drawbacks of managerial ethics

- ✖ May reduce a company's freedom to maximize its profit.
- ✖ Higher costs may incur in sourcing from fair trade suppliers rather than at lower prices.
- ✖ Developing, implementing and maintaining an ethics compliance program within an organization can be expensive and time consuming.

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Creating an ethical and socially responsible workplace

- ❖ Formal mechanisms for monitoring ethics
- ❖ Written organizational codes of conduct
- ❖ Wide spread communication about ethics and social responsibility
- ❖ Leadership by example
- ❖ Encourage response against ethical deviations
- ❖ Training programs in ethics and social responsibility

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MODULE - III

Nature and importance of planning, -types of plans- Steps in planning, Levels of planning - The Planning Process. - MBO

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Planning

- ❖ Planning involves selecting missions and objectives as well as the actions to achieve them, which requires decision making, that is, choosing a course of action from alternatives.
- ❖ Plan provide a rational approach to achieving preselected objectives. Planning also implies managerial innovation.
- ❖ Planning bridges the gap from where we are to where we want to be.
- ❖ All planning involves anticipation of the future course of events and therefore bears an element of uncertainty in respect of its success.
- ❖ Planning calls for mobilization of resources as a part of plan execution. This ensures that managers determine their resource requirements accurately, utilize them optimally and minimize the waste eventually.

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Characteristics of planning

- ❖ Planning is goal oriented
- ❖ Sequence of planning
- ❖ Continuous and cyclical activity
- ❖ Choice based decision making activity
- ❖ Occurrence of planning
- ❖ Co-ordination
- ❖ Limiting factors
- ❖ Flexibility

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Importance of planning in management

- ❖ Planning facilitates management by objectives
- ❖ Planning gives a sense of direction
- ❖ Improved performance
- ❖ Dealing uncertainty
- ❖ Economy in operation
- ❖ Better coordination
- ❖ Basis for controlling
- ❖ Planning improves employee's morale

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Advantages of planning

- ✓ Unproductive work and waste of resources can be minimized.
- ✓ Planning enables a company to remain competitive with the rivals.
- ✓ Through careful planning, crisis can be anticipated and delays can be avoided.
- ✓ Planning can point out the need for future change.
- ✓ Planning enables systematic and thorough investigation of alternative methods or solutions to a problem. Thus we can select the best alternative.
- ✓ Planning helps for laying down control standards.

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Types of planning

- ❖ Goals and objectives
- ❖ Classification based on scope
 - Strategic plan
 - Tactical plan
 - Operational plan
- ❖ Classification based on frequency of use
 - Single use plans
 - Programmes
 - Budget
 - Standing plans
 - Policy
 - Procedure
 - Rule and regulations
- ❖ Classification based on time horizon
 - Long term plans
 - Intermediate term plans
 - Short term plans
- ❖ Classification based on specificity
 - Specific plans
 - Directional plans
 - ❖ Contingency plans

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Goals and objectives

- ❖ Goals of an organization are derived from the mission of an organization.
- ❖ Mission or purpose identifies the basic purpose or function or tasks of an enterprise.
- ❖ Mission is the official goal that describe an organization's reason for existence.
- ❖ Time span and specificity are the two factors that distinguish objectives from goals.
- ❖ *Objectives are specific and short time targets to be achieved before goals can be reached.*
- ❖ *Goals are the broad and long term targets of an organization.*
- ❖ Goals are more specific than mission but address, in general, key issues as market share, productivity, profitability, efficiency, growth, physical and financial resources etc.
- ❖ Goals can be classified as financial goals and strategic goals.
- ❖ Objectives are specific statements about anticipated end results of any activity.

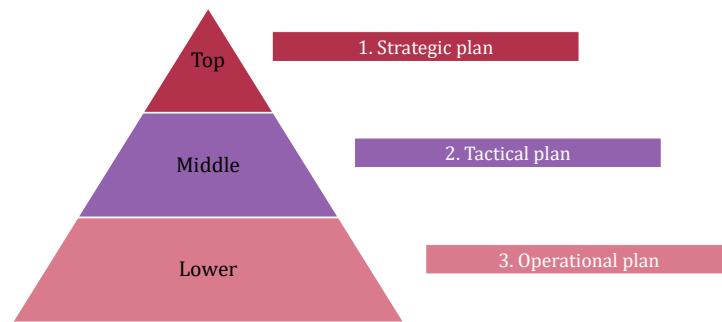
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Goals and objectives

- ❖ Goals should be specific and cover the key areas of results.
- ❖ Goals should define the period of time, from its formulation to achievement.
- ❖ Goals should be specific and communicated clearly to all members.
- ❖ Goals should be realistic and attainable.
- ❖ Goals must be a fruitful exercise for all the participants.
- ❖ Goals must be explicit and transparent.

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Classification of plan based on scope



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Strategic plan

- ❖ It is an outline of steps designed with the goals of the entire organization as a whole, rather than with the goals of specific departments.
- ❖ It is a plan that drives organization's efforts towards goal accomplishment.
- ❖ It looks ahead over the next two or even more years to move the organization from where it currently is to where it wants to be.
- ❖ Top level management develops the strategic plan for the entire organization, while lower levels of management develops compatible objectives and plans to achieve them.

Determination of objectives



Ascertaining the areas of strength and weakness



Preparing the action plan to achieve the objectives

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Tactical plan

- ❖ It is the plan designed to implement the strategic goals and plans formulated by the top management.
- ❖ It is the responsibility of the middle managers to take the broad strategic plan and identify the specific tactical actions.
- ❖ Tactical plans are the organized sequence of steps designed to execute strategic plans.
- ❖ The scope of tactical plans is generally broader than operational plans but is narrower than that of strategic plans.
- ❖ These plans generally span one year or less.
- ❖ Focus on functional areas of an organization like marketing, manufacturing, financing etc.

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Operational plan

- ❖ It is the plan used by a manager to accomplish his or her job responsibilities.
- ❖ These plans are formulated by supervisors, team leaders and other low level managers for carrying out the strategic and tactical plans through day to day activities.
- ❖ It identifies specific procedures and actions to be adopted by employees at the lower levels of the organization for goal accomplishment.
- ❖ It involves the determination of specific steps, measurable goals and resource allocation necessary to fulfil the strategic steps.
- ❖ Operational plans can be single use plan or ongoing plan.

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Classification of plan based on scope

Nature	Strategic planning	Tactical planning	Operational planning
Management level	Top level	Middle level	Supervisory level
Duration	Long term	Short to middle term	Short term
Coverage	Whole organization	Functional areas	Departments, teams, individuals
Scope of guidelines	Broad and general	Neither too general nor too specific	Too specific
Purpose of planning	Goals and objective formulation	Developing procedures for goal formulation	Goal implementation and controlling
Managerial functions involved	Planning and forecasting	Planning, organizing and controlling	Planning, organizing and controlling
Decision making	Centralized	Decentralized	Decentralized

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Single use plans

- ❖ They apply to activities that do not recur or repeat.
- ❖ A single use plan deals with the who, what, where and how much of activity to meet a particular situation.
- ❖ The important forms of single use plans are **programmes** and **budgets**.

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Programmes

- ❖ They are single use plans that are prepared to handle specific situations.
- ❖ They are helpful when a large set of activities are to be carried out on a target oriented and time bound basis.
- ❖ Each programme is normally a special and one time activity for meeting a non-routine nature of goals.

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Budgets

- ❖ Budgets are another form of single use plans, usually expressed in financial terms.
- ❖ A budget refers to the funds allocated to operate a unit for a fixed period of time.
- ❖ Budgets normally cover a specific length of time and serve a purpose.
- ❖ Budget is related to both planning and controlling.

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Continuing plan

- ❖ It is also known as ongoing plan or standing plan.
- ❖ They are usually made once and retain their value over a period of time while undergoing periodic revisions.
- ❖ These plans are used repeatedly because they focus on situations that recur regularly over a period of time.
- ❖ These plans offer guidance for repeatedly performed actions of the organization.
- ❖ They have a broader scope than single use plans because they involve more than one department or function.
- ❖ Policies, procedures and rules & regulations are important forms of standing policies.

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Policy

- ❖ A policy is a standing plan that furnishes broad guidelines for taking action consistent with reaching organizational objectives.
- ❖ Policies are one form of standing plans that provide broad guidelines for routinely made decisions of the managers.
- ❖ Policies are expected to define the boundaries within which decisions are to be made by the managers and supervisors.
- ❖ Policies can be classified as:
 1. Originated policies : General policies formulated by top management for guiding employees
 2. Appealed policies : Policies in full or part formulated by specific request of stakeholders
 3. Implied policies : Policies that exist and guide decisions but are not explicitly approved by authorities
 4. Externally imposed policies : Policies dictated by external agencies like government, unions etc.

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Procedure

- ❖ A procedure is a standing plan that outline a series of related action that must be taken to accomplish a particular task.
- ❖ Procedures state exactly what course of action is to be done by an employee in a particular circumstances.
- ❖ Procedures can be similar for more than one functional area of a business.

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Rule and regulation

- ❖ A rule is a standing plan that designates specific required action. A rule indicates what an organization member should or should not do.
- ❖ Regulations in turn regulate the behaviour of the organizational members in a programmed manner.

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Specific plan

- ❖ They are well defined plans that do not allow different interpretations by different managers.
- ❖ These type of plans are apt for organizations that enjoy stable external and internal environments.
- ❖ Clarity of organizational goals and objectives is an important prerequisite for formulating effective specific plans.

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Directional plans

- ❖ They offer a great deal of flexibility to the managers in goal formulation and execution.
- ❖ They provide a general direction in which the organization proposes to move forward but there are no specific plans or deadlines.
- ❖ Directional plans are best suited for uncertain and volatile environments.
- ❖ They are sufficiently flexible to enable an organization to respond quickly to the unexpected developments in the environment.

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Contingency plans

- ❖ It involves identifying alternate courses of action that can be implemented if and when the original plan proves inadequate because of changing environment.
- ❖ It is taken by an organization in the case of crisis, setbacks or unforeseen circumstances.
- ❖ Organizations operating in vastly uncertain environments usually develop contingency plans along with strategic, tactical and operational plans.
- ❖ Two types of contingency plans are **crisis management** plans and **scenario planning**.

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Quality statements

- ❖ Quality statements are part of strategic planning process.
- ❖ There are three quality statement process:
 1. Vision statement
 2. Mission statement
 3. Quality policy statement

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Vision statement

- ❖ This is the open declaration made by the organization stating what it wants to be and look like after a specific period of time.



"To be a centre of excellence in providing technical education in harmony with the changing global order"



"KSEB Limited envision to be the best power utility in India"

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Mission statement

- ❖ A mission statement defines the company's business, its objectives and its approach to reach those objectives.
- ❖ A mission statement contains who the organization is, the customers of the firm, what and how organization does.



"To offer technology related education of exceptional quality to students by developing their total personality with due emphasis on ethical values and preparing them to meet the growing challenges of the industry and human society"



"KSEB Limited mission is to provide quality electricity to customers adequately, safely, sustainably at affordable cost."

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Quality policy

- ❖ It is the guide for all activities in an organization with respect to how they should provide products and services.



"SSSET is envisaged as a premier institution offering technology related education of exceptional quality to students by developing their total personality with due emphasis on ethical values and preparing them to meet the growing challenges of the industry and diverse societal needs of the institution."

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Steps in planning

- 1 • Being aware of opportunities
- 2 • Establishing objectives
- 3 • Developing premises
- 4 • Identifying alternate course of action
- 5 • Evaluating the alternate course
- 6 • Selecting the best course of action
- 7 • Establishing the sequence of actions
- 8 • Reviewing the planning process

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Principles of planning

- ❖ Principle of contribution to objectives
- ❖ Principle of primary planning
- ❖ Principle of efficiency of plans
- ❖ Principle of planning premises
- ❖ Principle of strategy and policy framework
- ❖ Principle of limiting factor
- ❖ Principle of commitment
- ❖ Principle of flexibility
- ❖ Principle of navigational change

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Essentials of effective planning

- ❖ Simple
- ❖ Clear and well defined
- ❖ Well balanced and flexible
- ❖ Time bound
- ❖ Participation by subordinates
- ❖ Unity for all
- ❖ Practical
- ❖ Economical
- ❖ Human oriented

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Barriers to effective planning

- ❖ Uncertain future
- ❖ Resistance to change
- ❖ Inadequate resources
- ❖ Lack of effective communication
- ❖ Improper contribution to planning activities at different levels
- ❖ Lack of cooperation of operating units

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Approaches to planning

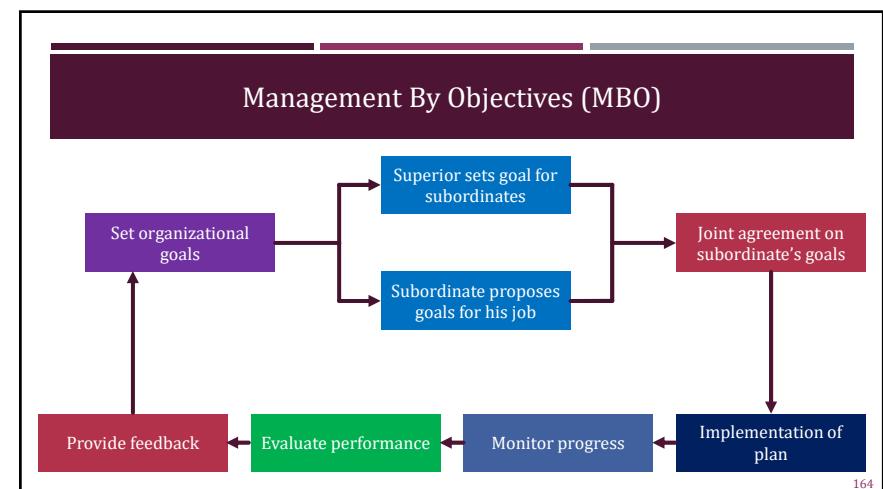
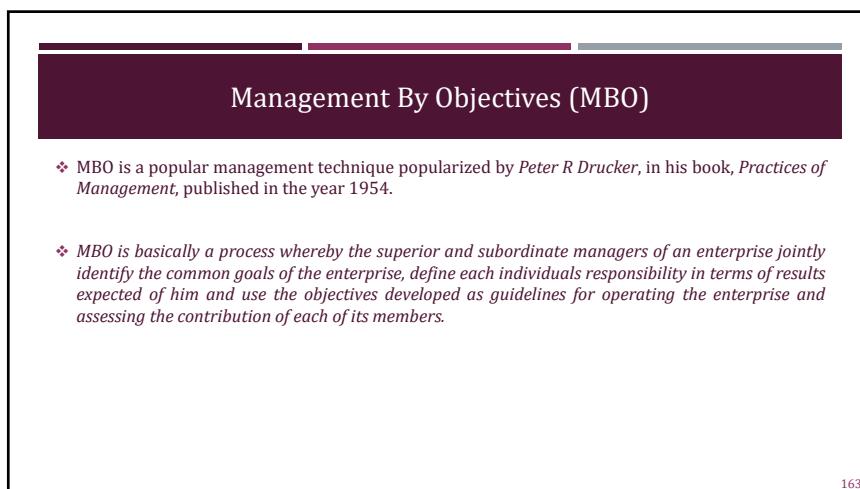
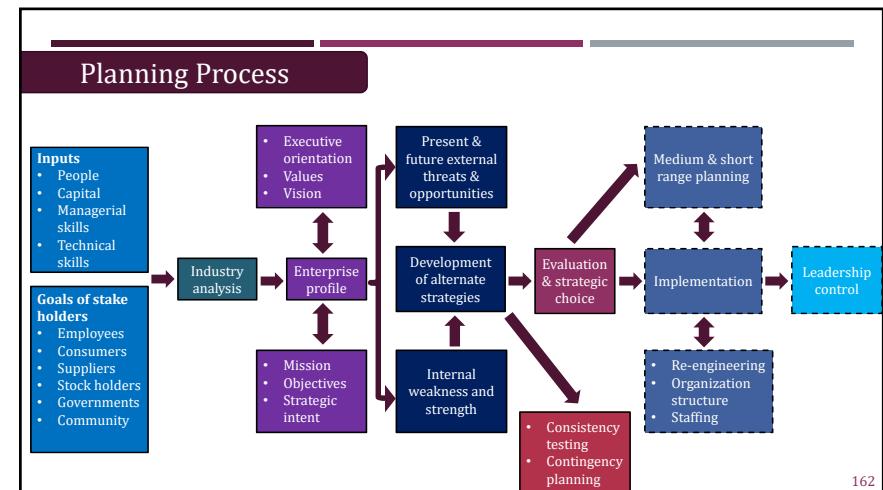
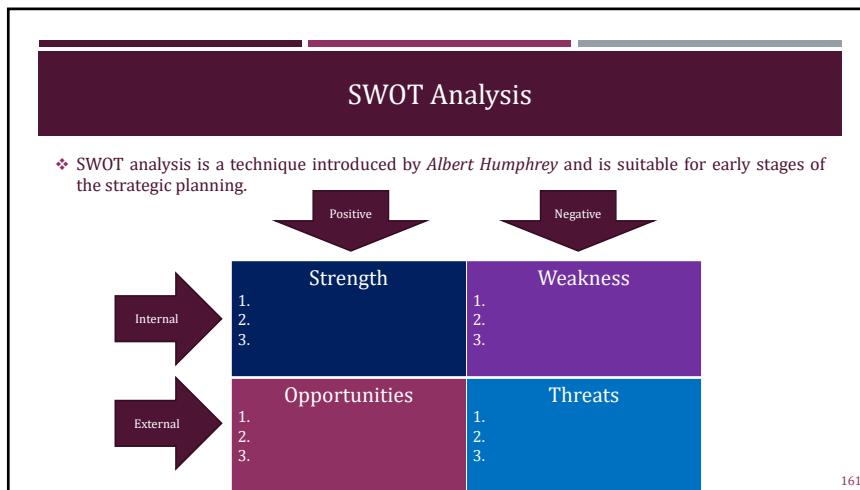
- ❖ Top down approach
- ❖ Bottom up approach
- ❖ Composite approach

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Levels of planning



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Features of MBO

- ❖ Superior subordinate participation
- ❖ Joint goal setting
- ❖ Joint decision on methodology
- ❖ Makes way to attain maximum result
- ❖ Support from superior

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Advantages of MBO

- ✓ Develops result oriented philosophy
- ✓ Formulation of achievable goals
- ✓ Better understanding between superiors and subordinates
- ✓ Raises employee morale
- ✓ Facilitates effective planning
- ✓ Acts as motivational force
- ✓ Facilitates effective control

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Limitations of MBO

- x Inflexibility
- x Lack of top management support
- x Difficulty in setting realistic and meaningful objectives
- x Doesn't address the importance of obstacles and constraints
- x Lack of understanding the philosophy behind MBO

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MODULE - IV

Organising for decision making: Nature of organizing, organization levels and span of control in management Organisational design and structure – departmentation, line and staff concepts. Limitations of decision making- Evaluation and selecting from alternatives- programmed and non programmed decisions - decision under certainty, uncertainty and risk-creative process and innovation.

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Organizing

- ❖ Organizing is the process of grouping the various activities to be done and assigning duties and responsibilities to people in groups and departments.
- ❖ Organizing process involves determining what work is needed to accomplish the goal, assigning the goal, assigning those tasks to individuals and arranging those individuals in a decision making framework.
- ❖ The end result of organizing process is an organization. If the plans and goals define what to do, organizing defines how to do it.
- ❖ It is a process of defining and grouping activities and then establishing authority – responsibility relationship among them.

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Nature of organizing

- ❖ Goal directed activity
- ❖ Differentiating activity
- ❖ Grouping activity
- ❖ Assigning or delegating activity
- ❖ Integrating activity
- ❖ Dynamic and constantly evolving activity

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Steps in organizing

-
- 1 • Identifying the work to be performed
 - 2 • Classify the work
 - 3 • Assigning activities to the groups
 - 4 • Deciding the hierarchy of authority

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Principles of organizing

- ❖ Principle of unity of objectives
- ❖ Principle of organizational hierarchy
- ❖ Principle of span of control
- ❖ Principle of scalar chain
- ❖ Principle of absoluteness of responsibility
- ❖ Principle of parity of authority and responsibility
- ❖ Principle of unity of command
- ❖ Principle of functional definition
- ❖ Principle of balance
- ❖ Principle of flexibility
- ❖ Principle of specialization

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Importance of organizing

- ❖ Specialization
- ❖ Utilization of resources
- ❖ Effective administration
- ❖ Establishment of coordination

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Formal and informal management

- ❖ Formal organization refers to the structure of jobs and positions with clearly defined functions and relationships as prescribed by the top management.
- ❖ This type of organizations is built by the management to realize objectives of an enterprise and is bound by rules, systems and procedures.
- ❖ In a formal organization, the position, authority, responsibility and accountability of each level are clearly defined.
- ❖ An informal organization is not established by any formal authority, but arises from the personal and social relations of the people.
- ❖ Informal organizations refers to the relationship between people based on personal attitudes, emotions, prejudices, likes, dislikes etc.
- ❖ These groups are not pre-planned, but they develop automatically within the organization according to its environment.

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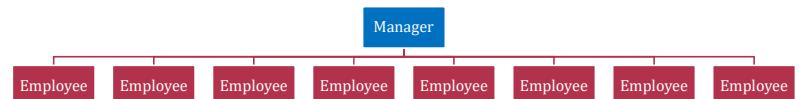
Span of control

- ❖ After the organizational activities are grouped, the next element of organizing is to establish the relationship among various positions. It is necessary for organizations to determine how many persons should report to each manager.
- ❖ *Span of control (span of management) is the number of subordinates which are directly under their superiors.*
- ❖ The number of subordinates, whom over which control is exercised, should be reasonable as too small will lead to non-utilization of time and energy of the manager, while large number will lead to difficulty in exercising proper control.
- ❖ It is therefore necessary to determine the number of individuals whose activities can be effectively coordinated and controlled by any one manager.
- ❖ There are two types of span of control:
 1. Wide span of control
 2. Narrow span of control

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Wide span of control

- ❖ A manager can supervise and control effectively a large group of persons at one time.
- ❖ It is also called operative span as it is meant primarily for lower level managers.
- ❖ Organizations will have less hierarchical levels and a flat structure.



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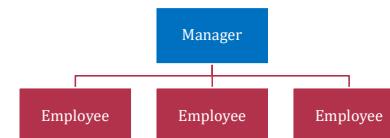
Wide span of control

- ❖ Less overhead cost of supervision.
- ❖ Suitable for repetitive jobs.
- ❖ Feedback of ideas from the workers will be more effective.
- ❖ Requires a higher level of management skill to control a great number of employees.

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Narrow span of control

- ❖ Work and authority is divided amongst many subordinates and a manager doesn't supervise and control a very big group of people under him.
- ❖ The manager supervises a selected number of employees at one time.
- ❖ Organizations will have more hierarchical levels and a tall structure.
- ❖ As organization grows, the number of management level increases and structure grows taller.



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Narrow span of control

- ❖ Specialised work can be achieved.
- ❖ Allows managers to communicate quickly with employees under them and control them easily.
- ❖ There are less layers of management to pass a message through, so the message reaches more employees faster.
- ❖ It costs less money to run a wider span of control.

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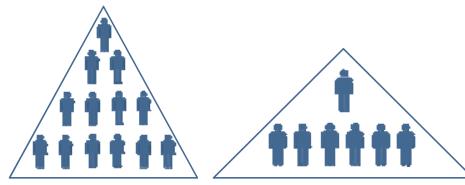
Factors affecting span of control

- ❖ Nature of work
- ❖ Clarity of plans and responsibility
- ❖ Capacity of person involved
- ❖ Time
- ❖ Geographical distribution

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Organization levels

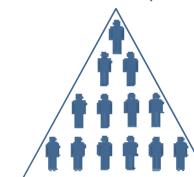
- ❖ Organization levels exist because there is a limit to the number of persons a manager can supervise effectively, even though this limit varies depending on situations.
- ❖ A tall organization is one that has many hierarchical levels in its hierarchy and narrow span of control from top to bottom.
- ❖ A flat organization is one that has few hierarchical levels in its hierarchy and wide span of control from top to bottom.



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Organizations with tall structure

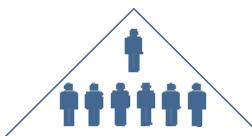
- ❖ Tall organization structure allows for better communication of business mission, goals and objectives to all employees.
- ❖ Planning and its execution is relatively easy to accomplish since all employees are centrally directed.
- ❖ Tall organizations are well suited for environments that are relatively stable and predictable.
- ❖ But tall organizations raise administrative overhead, slow communications and decision making.



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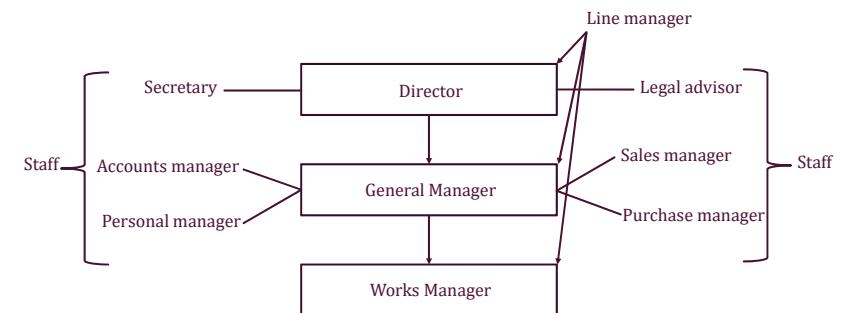
Organizations with flat structure

- ❖ Flat structure reduces administrative costs, allows managers at various levels to have more authority, which may increase their motivation.
- ❖ Flat structure is appropriate for more dynamic environment.
- ❖ Because of the demerits of tall structure, many organizations recently have been downsizing.
- ❖ Downsizing is the process of significantly reducing layers of middle management, expanding span of control and shrinking the size of the workforce.



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Line and staff concepts



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Organizational design

- ❖ Organizational design involves the creation of a new organization structure or modification of an existing organizational structure to enable the organization to achieve its goals.
- ❖ It is the formal and guided process of integrating the activities and resources of an organization on a continuous basis.
- ❖ It helps manager to
 - Divide the organizational goals of the whole organization into smaller tasks.
 - To coordinate these smaller tasks efficiently to accomplish the bigger task.

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Organization structure

- ❖ An organization structure means the systematic arrangement of people working for the organization and their relationship between positions.
- ❖ The structure provides appropriate authority and responsibility to the officials.
- ❖ Organization structure defines the functions to be performed, objectives to be established and working relationship of individual participants.
- ❖ Organization structure helps to
 - Improve teamwork and productivity by providing a framework within which people work effectively.
 - Determine the location of decision making.
 - Know what an employee's role is and how it relates to other.
 - Establish authority and to avoid confusion and duplication.
 - Provide the pattern of communication and coordination.

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Organization structure

1. Line or military or scalar organization
2. Line and staff organization
3. Functional organization
4. Project organization
5. Matrix organization

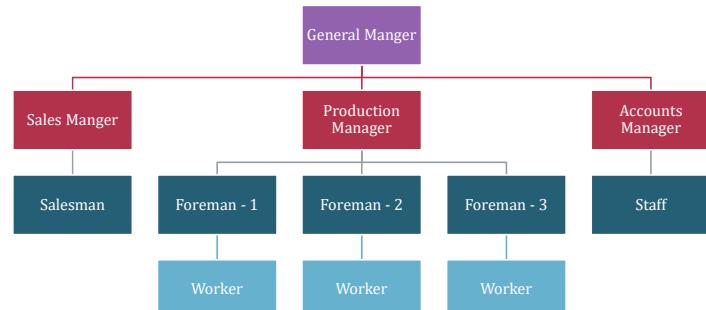
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1. Line or military or scalar organization structure

- ❖ In line organization, based on similar activities, different departments are created. Each department is placed under one department head.
- ❖ Authority flows from top to bottom along a vertical line. Hence this type of organization is called line organization.
- ❖ Line organization is very common among the small and medium enterprises.

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1. Line or military or scalar organization structure



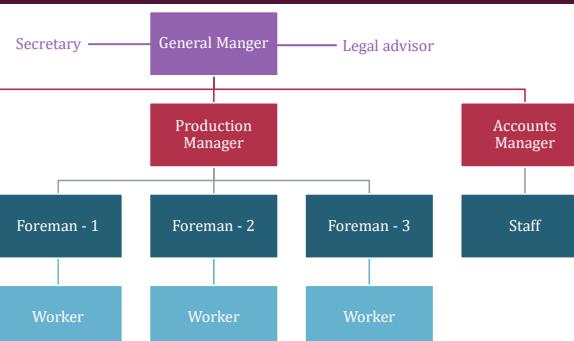
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2. Line and staff organization structure

- ❖ As the organization grows, manager will have to do variety of functions. The manager may not have expertise in all the fields he has to work.
- ❖ This necessitated the employment of special executives to assist line executives and they are known as staff as they are recruited to perform specialized functions.
- ❖ Staff has no administrative authority. He reports to the executive and gives administrative advice on the subject of his speciality.

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2. Line and staff organization structure



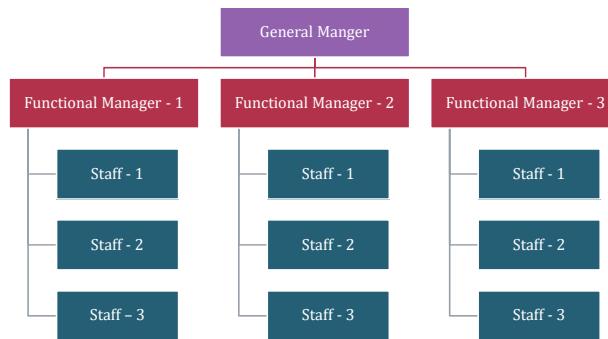
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3. Functional organization structure

- ❖ In functional organization structure, the whole task of the organization is divided into specialized functions and each function is performed by a specialist in charge of a functional department and specialist operates with considerable independence.
- ❖ Functional managers are specialists in their respective areas.

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3. Functional organization structure



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4. Project organization structure

- ❖ Project organization structure consists of an autonomous project team, existing independently of the rest of the organization.
- ❖ The project team is assembled for a specific project under the action of the project manager. The team is temporary and will be dispersed when its project is completed.
- ❖ All personnel on the project are under the direct authority of the project manager for the duration of the project.

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4. Project organization structure



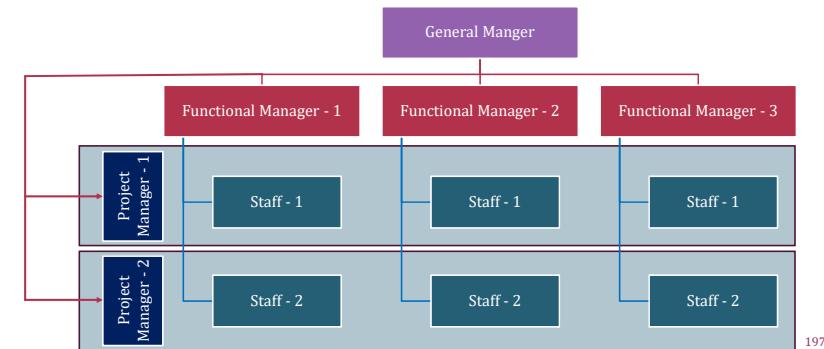
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5. Matrix organization structure

- ❖ Matrix organizations fall somewhere between fully functional and fully project organizational structure.
- ❖ Staffs are grouped and located by specialty into functional units headed by a functional manager.
- ❖ The project manager in the matrix works with the functional manager for timely completion of project.
- ❖ Employees in a matrix structure belong to two formal groups at the same time – a functional group and project team.

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5. Matrix organization structure



Features of good organization structure

- ❖ Unity of objectives
- ❖ Clear line of authority and responsibility
- ❖ Division of work and specialization
- ❖ Span of control
- ❖ Unity of command
- ❖ Simple and flexible

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Determinants of organization structure

- ❖ Environment
- ❖ Strategy
- ❖ Organization size
- ❖ Organization life cycle
- ❖ Technology
- ❖ Organizational culture

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Departmentalization

- ❖ Departmentalization is the process by which activities of the business are grouped into units for the purpose of facilitating smooth administration at all levels. It is the foundation of organization structure.
- ❖ Division of work into departments leads to specialization as people of one department perform activities related to that department only.
- ❖ The major purposes of departmentalization are:
 - Group the individuals with common background and shared characteristics
 - Define relationship of positions within an organization
 - Establish formal lines of authority and fix clear responsibility and accountability
 - Provide job specialization to organizational members
 - Increase economies of scale

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Departmentalization

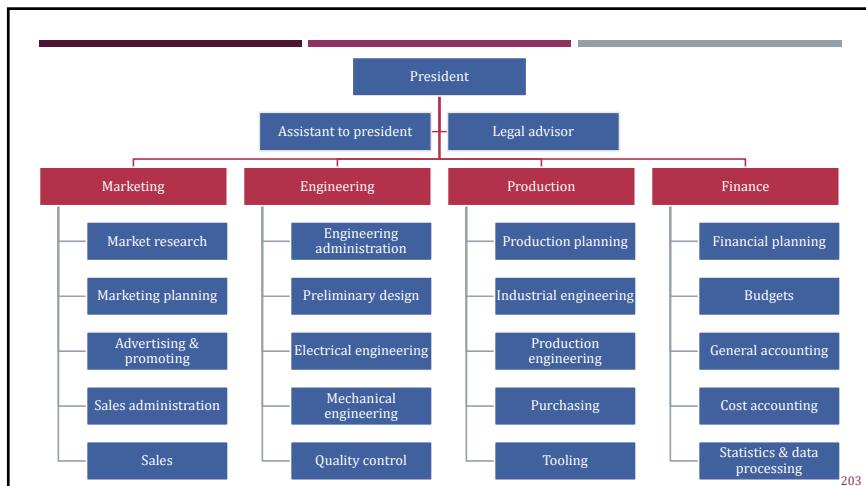
- ❖ Various bases for departmentalization are
 1. Based on enterprise function
 2. Based on territory or geography
 3. Based on customer group
 4. Based on product
 5. Matrix departmentalization

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1. Departmentalization based on enterprise function

- ❖ When departments are formed on the basis of the specialized activities or functions, it is called functional departmentalization.
- ❖ The functional approach to departmentalization is considered to be logical way to organize the departments.
- ❖ Organizational functions like finance, production, purchasing, human resource and marketing form the basis for this type of departments.

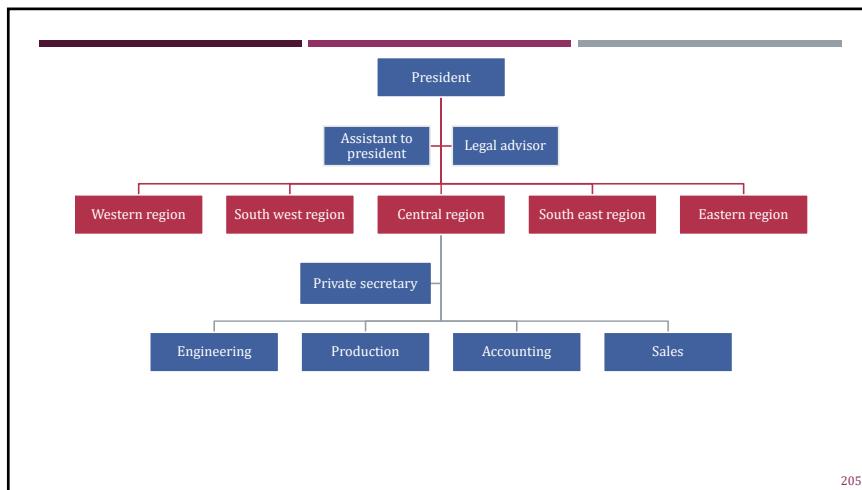
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2. Departmentalization based on territory or geography

- ❖ When organizations are spread throughout the world or have territories in many parts of a country, departmentalization by geographic area may provide better service to customers and be more cost effective.
- ❖ Global companies that market their products or service across nations often adopt global departmentalization.

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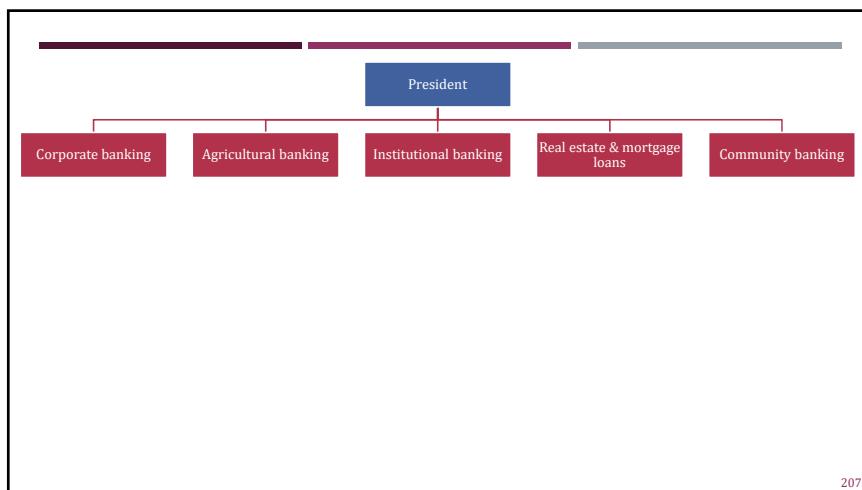


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3. Departmentalization based on customer group

- ❖ When the organizational activities are grouped on the basis of the type of customers served, it is called customer or market departmentalization.
- ❖ The primary purpose is to ensure that organizations respond to requirements of a specific customer or a group of customers efficiently.

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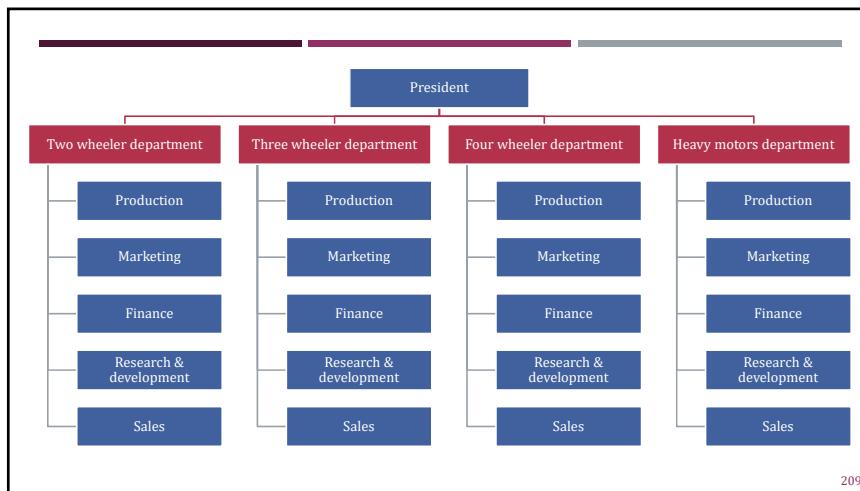


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4. Departmentalization based on product

- ❖ Grouping of activities on the basis of product or product line has been growing in importance in large scale enterprises.
- ❖ All activities connected with each product, including its production, marketing etc. are grouped together under one department.

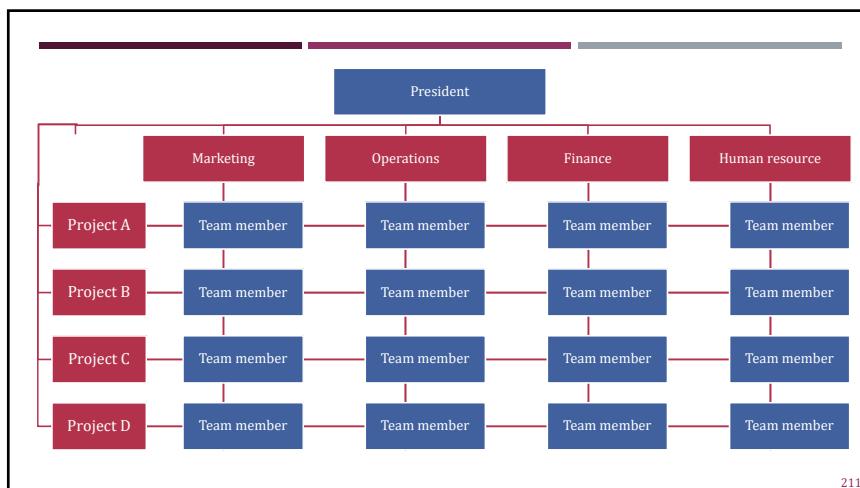
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5. Matrix departmentalization

- ❖ Matrix departmentalization combine functional and product/project organization structure.
- ❖ The different functional departments depute their specialists to work on the project under the project boss, thus cross functional teams share their expertise and information in a timely manner to solve problems.

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Decision making

- ❖ Decision making is a process by which a course of action is consciously chosen from available alternatives for the purpose of achieving desired goals.
- ❖ Factors affecting decision making are
 - Decision situation
 - Decision makers
 - Time
 - Decision support techniques
 - People affected by decision
 - Decision criteria

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Decision making

Characteristics

- ❖ Decision making implies choice
- ❖ Continuous activity
- ❖ Inbuilt uncertainty and risk
- ❖ Goal oriented process
- ❖ Time consuming activity

Importance

- ❖ Better utilization of resources
- ❖ Facing problems and challenges
- ❖ Achieving objectives
- ❖ Increases efficiency
- ❖ Facilitate innovation
- ❖ Motivates employees

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Limitation of decision making

- ❖ Time consuming
- ❖ Compromised decisions
- ❖ Biased decisions
- ❖ Limited analysis
- ❖ Uncontrollable environmental factors
- ❖ Uncertain future

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Rationality in decision making

- ❖ Rational decisions are the best decisions under the available circumstances.
- ❖ Rational and right decisions are not always possible due to the following reasons:
 - Inadequate information, data and knowledge
 - Uncertain environment
 - Failure to recognize all the alternatives
 - Limited capacity of decision maker
 - A decision cannot be fully independent

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Evaluation of alternatives

- ❖ Once appropriate alternatives have been found, the next step in planning is to evaluate them and select the one that will best contribute to the goal.
- ❖ Evaluation is required in order to select the best alternative for implementation.
- ❖ This is the point of ultimate decision making, although decisions must also be made in the other steps of planning.
- ❖ While evaluating alternatives, the managers must compare the alternative plans or decisions.
- ❖ For this, the manager must consider the quantitative and qualitative factors.

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Quantitative and qualitative factors

- ❖ Quantitative factors are those factors that can be measured numerically. They are tangible in nature.
- ❖ Qualitative factors are those factors that are difficult to measure numerically, such as the quality of labour relations, the risk of technological change, or the international political climate.

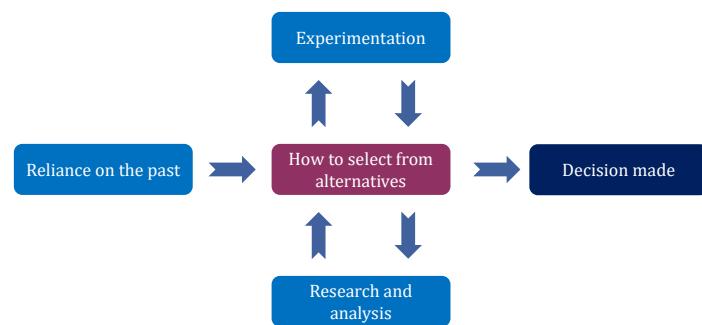
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Techniques for evaluation of alternatives

1. Marginal effectiveness
 - Marginal revenue
 - The change in the total revenue due to one additional unit.
 - Marginal cost
 - The change in the total cost on account of one additional unit produced.
2. Cost effectiveness analysis or Cost benefit analysis
 - It involves the calculation of ratio of benefits to the costs involved in a project.
 - A project is considered to be desirable when the net benefit associated with it exceeds the cost.

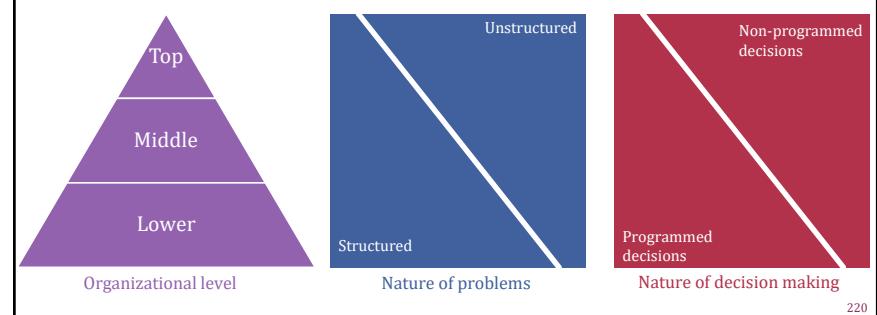
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Selecting from alternatives



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Types of decisions



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Programmed and non-programmed decisions

Programmed decisions	Non-programmed decisions
Recurring in nature	Non-recurring in nature
Problems are structured	Problems are unstructured
Decisions are relatively simple and have a small impact	Decisions are relatively complex and have a long term impact
Decisions are guided by organizational policies, procedures etc.	Decisions are guided by the factors of a particular situation.
Decisions are taken by lower level management	Decisions are taken by top level management

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Techniques for non-programmed decisions

1. Delphi method
2. Nominal group technique
3. Experience
4. Quantitative decision making
(Eg: Operations research, Monte Carlo LP, PERT, Break-even analysis)
5. Quality circles

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Risk

- ❖ Risk refers to a decision making situation where there are different possible outcomes and the probabilities of these outcomes can be measured in some way.
- ❖ Risk involves choices with multiple outcomes where the probability of each outcome is known or can be estimated.
- ❖ Systematic risk – due to macroeconomic factors like social, political and economic factors.
- ❖ Unsystematic risk – due to microeconomic factors i.e., factors existing in the organization.

Systematic risk	Unsystematic risk
<input type="checkbox"/> Market risk	<input type="checkbox"/> Business risk
<input type="checkbox"/> Inflation risk	<input type="checkbox"/> Credit risk
<input type="checkbox"/> Interest rate risk	<input type="checkbox"/> Liquidity risk

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Systematic risk

- ❖ Market risk
 - It is the chance that a portfolio of investments can lose money due to volatility in the financial market.
 - Sources of market risk include recessions, changes in investment rates etc.
- ❖ Inflation risk
 - A general increase in the price level will undermine the real economic value of any legal agreement that involves a fixed promise to pay over an extended period.
- ❖ Interest risk
 - It arises due to variability in the interest rates from time to time.

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Unsystematic risk

- ❖ Business risk
 - It is the possibility that a company will have lower than anticipated profits or experience a loss rather than making profit.
 - Business risk is also classified into internal business risk and external business risk.
- ❖ Credit risk
 - It arises when the other party fails to abide by the contractual obligations.
- ❖ Interest risk
 - It is the difficulty of selling corporate assets and investments.

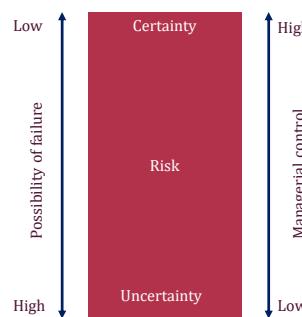
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Uncertainty

- ❖ Uncertainty refers to a decision making situation where there are different possible outcomes and the probabilities of these outcomes cannot be meaningfully measured, sometimes because all possible outcomes cannot be foreseen or specified.
- ❖ There are two sources of uncertainty:
 - Uncertainty with complete ignorance refers to those situations in which no assumptions can be made about the probabilities of alternative outcomes under different states of nature.
 - Uncertainty with partial ignorance refers to those situations in which the decision maker is able to assign subjective probabilities to possible outcome.

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Decision making under certainty, risk and uncertainty



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Business decisions under certainty

- ❖ Common technique for decision making under certainty is linear programming.
- ❖ In this method desired benefit can be expressed as a mathematical function of several variables.
- ❖ The solution is the set of values for independent variables (decision variables) that serve to maximize the benefit, subject to certain limits (constraints).

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Business decisions under risk

- ❖ Decisions under risk are perhaps most common.
- ❖ The role of a manager would be either eliminate risk or reduce the size of the risk within a project and would involve a risk assessment to be undertaken which would identify the project variables and the level of risk to be attached to each project variable.
- ❖ The decision making process with risk is as follows:
 - Problem is identified and all likely alternatives are identified.
 - All possible outcomes for each likely alternative are identified.
 - Outcomes are discussed based on their net gain in reference to assets or time.
 - The uncertainties are allocated a probability of occurrence.
 - The quality of the optimal strategy depends upon the quality of judgements made by the decision maker and allocating appropriate probabilities to associated uncertainties.
 - Decision maker should undertake sensitivity analysis

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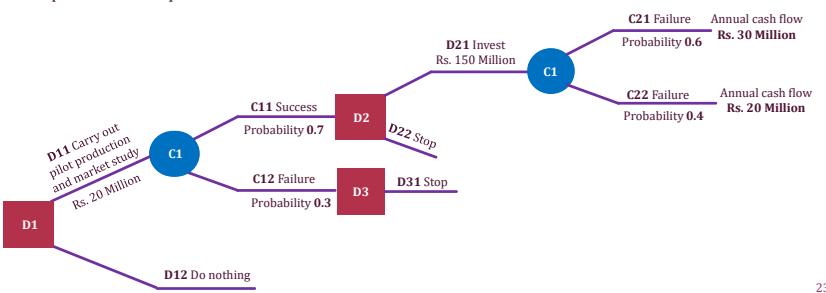
Sensitivity analysis

- ❖ Here we analyse the degree of responsiveness of the dependent variable for a given change in any of the dependent variables.
- ❖ It consists of three steps:
 1. Identifying all variables that affect NPV (Net Present Value) or IRR (Internal Rate of Return) of the project.
 2. Establishing a mathematical relationship between the independent and dependent variables.
 3. Studying and analysing the impact of the change in variables.

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Decision tree analysis

- ❖ It is a schematic representation of the alternatives available to a decision maker and their possible consequences.



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Business decision under uncertainty

- ❖ At times a decision maker cannot assess the probability of occurrence for the various states of nature. Uncertainty occurs when there exist several future states of nature but the probabilities of each of these states occurring are not known.
- ❖ Different approaches to decision making under uncertainty are:
 1. Maxi-max solution
 2. Maxi-min solution
 3. Mini-max solution
 4. Laplace criterion

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Business decision under uncertainty

1. Maxi-max solution

- This approach taken by the optimistic decision maker deals with selecting the best possible outcome for each decision and choosing the decision with the maximum payoff for all the best outcomes.
- Manager assumes that whatever action is taken, the best will happen.

2. Maxi-min solution

- This approach taken by pessimist decision maker deals with selecting an alternative whose worst outcome is least bad.
- The decision maker therefore chooses the outcome which is guaranteed to minimize the losses.

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Business decision under uncertainty

3. Mini-max solution

- Manager may choose a position between optimism and pessimism.

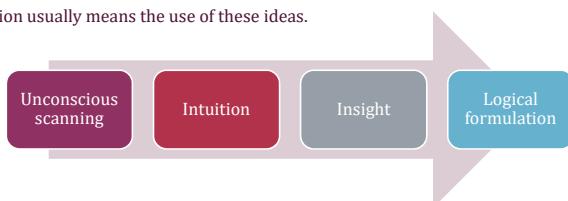
4. Laplace criterion

- In the absence of any knowledge about the probabilities of occurrence of various states of nature, one possible way out is to assume that all of them are equally likely to occur.
- If there are n states of nature, each can be assigned a probability of occurrence $1/n$.
- Using these probabilities, the expected payoff for each course of action is computed and the action with maximum expected value is regarded as optimal.

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Creative process and innovation

- ❖ The term 'creativity' usually refers to the ability and power to develop new ideas.
- ❖ Innovation usually means the use of these ideas.



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Creative process and innovation

1. Unconscious scanning

- It requires an absorption in the problem, which may be vague in the mind.
- Managers working under time constraints often make decisions prematurely rather than dealing thoroughly with ambiguous, ill-defined problems.

2. Intuition

- It connects unconscious with the conscious.
- It requires that people find new combinations and integrate diverse concepts and ideas.
- It is promoted by several techniques such as brainstorming.

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Creative process and innovation

3. Insight

- Insight may come at times when the thoughts are not directly focused on the problem at hand.
- It may last for only a few minutes, and effective managers may benefit from having paper and pencil ready to make notes of their creative ideas.

4. Logical formulation

- Insight needs to be tested through logic or experiment.
- This may be accomplished by continuing to work on an idea or by inviting critiques from others.

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MODULE - V

Staffing and related HRD Functions: definition, Empowerment, staff – delegation, decentralization and recentralisation of authority – Effective Organizing and culture-responsive organizations –Global and entrepreneurial organizing. Manager inventory chart-matching person with the job-system approach to selection. Job design skills and personal characteristics needed in managers selection process, techniques and instruments.

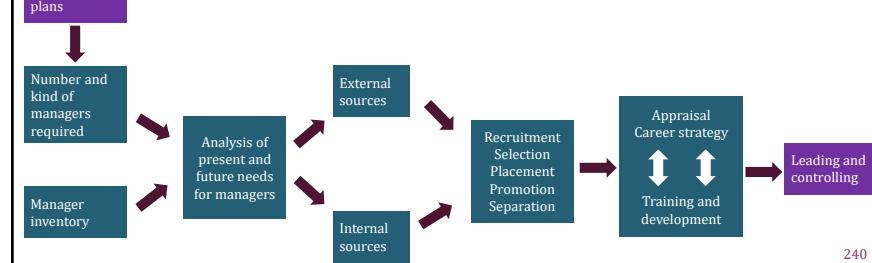
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Staffing

- ❖ The managerial function of staffing is defined as filling, and keeping filled, positions in the organization structure.
- ❖ This is done by identifying workforce requirements, inventorying the people available and recruiting, selecting, placing, promoting, appraising, planning the carriers of, compensating and training or otherwise developing both candidates and current job holders so that they can accomplish theirs tasks effectively and efficiently.
- ❖ Staffing must be closely linked to organizing, that is, the setting up of international structures of roles and positions.

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Systems approach to HR management



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Responsibility and authority

- ❖ Responsibility is the obligation of a subordinate to whom a duty has been assigned. In order to enable the subordinate to perform his responsibility well, the superior must clearly tell the subordinate as to what is expected of him.
- ❖ Authority is the power to command others to act or not to act in a manner deemed by the possessor of the authority. Authority normally rises from position.
- ❖ Types of authority:
 - Line authority
 - Staff authority
 - Functional authority

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Empowerment

- ❖ Empowerment means that employees, managers or teams at all levels in the organization are given power to make decisions without asking their superiors for permission.
- ❖ Empowerment of subordinates means that superiors have to share their authority and power with their subordinates.
- ❖ Employees feel a stronger sense of belonging and worth entrusted to make important decisions. This in turn makes them more productive in their roles.
- ❖ Companies have increasingly implemented empowerment because of the benefits of empowered employees.

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Process of empowerment

- ❖ Valuing employees
- ❖ Sharing vision
- ❖ Trust
- ❖ Provision of decision making information
- ❖ Feedback
- ❖ Solving problem
- ❖ Social reinforcement
- ❖ Training
- ❖ Emotional support

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Significance of empowerment

- ❖ Enhances the belief of employees that they are influential contributors to the organizational success
- ❖ Employees perceive meaning of work
- ❖ Employees feel competent
- ❖ Employees derive a sense of self determination
- ❖ Employees believe that they have an impact on important decisions

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Degrees of empowerment

- ❖ Total management control
- ❖ Participatory management
 - Management generally controls the work & the content, but allow employees to make some decisions (generally minor ones)
- ❖ Self management employees
 - Make most decision that related to work and work setting

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Organisation improvement through employee empowerment

- ❖ Strengthens motivation by means of providing opportunities to attain intrinsic rewards from their work to gain sense of accomplishment and feeling of importance.
- ❖ Intrinsic rewards such as job satisfaction and a sense of purposeful work can be more powerful than extrinsic rewards such as higher wages or bonuses.
- ❖ Employee empowerment promotes productivity better decisions, particularly in situations where decisions require task specific knowledge e.g., front line employees can identify problems better.

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Benefits and disadvantages of empowerment

- Benefits of empowerment**
- ❖ All employees view themselves as owners of business
 - ❖ Improved productivity
 - ❖ Creativity & Innovation
 - ❖ Customer focus
 - ❖ Faster decision making
 - ❖ Organizational learning
 - ❖ Making full use of human resources
 - ❖ Engaging the mid of every employees

- Disadvantage of empowerment**
- ❖ Increased arrogance
 - ❖ Confidential and security risk
 - ❖ Lack of experience

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Delegation

- ❖ The sharing of power or authority with another for the performance of certain tasks and duties is known as delegation.
- ❖ Delegation involves transfer of formal authority and responsibility. By delegation of authority, the manager never escapes from his responsibility.
- ❖ In delegation of authority, there should be two way communication.
- ❖ The essential elements of delegation are assignment of work and granting of authority.
- ❖ The process of delegation involves:
 - Determining the results expected from a position
 - Assigning tasks to the position
 - Delegating authority for accomplishing these tasks
 - Holding the person in that position responsible for the accomplishment of the tasks

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Characteristics of delegation

1. The delegatee has to act within the limits prescribed by the delegator. Within these limits the delegatee (subordinate) is not free to act arbitrarily but subject to the policy, rules and regulations framed by the delegating authority.
2. Delegation has a dual character. A superior or delegator delegates the authority to the subordinate but at the same time retains the authority.
3. Delegation implies partial delegation of authority. The delegator does not delegate his entire authority to his subordinates for in case, he delegates all his authority, he cannot exercise the power to supervise and control. Therefore, delegation is subject to specific or limited terms.
4. Authority once delegated is subject to variance. It can be enhanced, reduced or withdrawn. It all depends upon the requirement of the time and accomplishment of the task.

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Personal attitudes towards delegation

- ❖ Receptiveness
- ❖ Willingness to let go
- ❖ Willingness to allow mistakes by subordinates
- ❖ Willingness to trust subordinates
- ❖ Willingness to establish and use broad controls

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Overcoming weak delegation

- ❖ Define assignments and delegate authority in light of results expected
- ❖ Select the person in light of the job to be done
- ❖ Maintain open lines of communication
- ❖ Establish proper controls
- ❖ Reward effective delegation and successful assumption of authority

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Benefits of delegation

- ❖ More involved & empowered workforce
- ❖ Increased productivity and quality
- ❖ Reduced costs
- ❖ More innovation
- ❖ Greater commitment

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Need of delegation

- ❖ Volume of work
- ❖ Complexity
- ❖ Save times for policy formulation and planning
- ❖ Educative value
- ❖ Management development
- ❖ Geographical dispersions
- ❖ Economy and efficiency
- ❖ Helps in successor

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Types of delegation

1. Permanent or temporary delegation
2. Full or partial delegation
3. Conditional or unconditional
4. Direct or indirect

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Principles of delegation

- ❖ Delegation to be done in clear manner
- ❖ The delegatee must know how much authority has been delegated
- ❖ The authority is delegated to get certain results by performing particular objectives
- ❖ Authority and responsibility should go co-equal
- ❖ Total responsibility of the supervisor
- ❖ Delegation is based on unity of command
- ❖ Keeping the communication open
- ❖ Delegation should be succeeded by appraisal
- ❖ Delegation should be planned and systematic

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Hindrance to delegation

Organisational hindrance

- Lack of established standards and procedures.
- Lack of co-ordination and communication.
- Unstable and non-repetitive nature of work .
- Size and location of organisation.
- Lack of properly spelled out positions and unspecific terms of delegation of duties that cause confusion that affects the delegation authority.

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Hindrance to delegation

Personal hindrance

- Persons who rise to position of hierarchical leadership have more than normal egotism.
- People are afraid that others will not make the proper decision or carry them out in desired manner.
- Fear or disloyal or subversive powers will develop among strong subordinates.
- Strong vigorous highly motivated persons can be impatient with slower pace of indecisiveness of subordinates.
- In public administration political considerations often make it difficult.
- Practice of delegation depends on cultural change.
- Art of delegation depends on emotional maturity which rare even in successful persons.
- Personal qualities and traits (symbol of leadership) are inconsistent with philosophy of delegation
- Persons who desire to delegate do not know how to do it.
- Delegation depth is not known as science of management is immature, also work experience has not taught them as most organisations neglect the practice of delegation.

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Centralization of authority

- ❖ Centralization of authority means systematic reservation of authority at central points in an organization.
- ❖ Hence the majority of decisions are taken at the highest levels and not by those who actually perform the work.
- ❖ Uniformity in action is established throughout the organization because of central administrative power.
- ❖ Central authority ensures corporate integrity to the organization and prevent excessive departmentalization.

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Different kinds of centralization

1. Centralization of performance
 - Refers to concentration of specialized activities, generally in one department
 - For example, maintenance for a whole plant may be carried out by a single department
2. Departmental centralization
 - Pertains to geographic concentration
 - It characterizes, for example, a company operating in a single location
3. Centralization of management
 - It is the tendency to restrict delegation of decision making
 - A high degree of authority is held by managers at or near top of the organizational hierarchy

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Advantages of centralization

- ✓ Standardization of procedures and systems
- ✓ Coordination of activities
- ✓ Greater efficiency
- ✓ Reduced cost
- ✓ Simplified organization structure

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Disadvantages of centralization

- ✗ Destroys individual initiative
- ✗ Over burden a few
- ✗ Slows down the operations
- ✗ Unsuitable for large organization
- ✗ No scope for specialization

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Decentralization of authority

- ❖ It is the systematic delegation of authority in an organization.
- ❖ It relieves the work load of the management so as to enable him to devote more time and energy for the overall plans.
- ❖ Decision making is done at the point where work is actually done, which promotes initiative and responsibility in persons in charge of doing the work.
- ❖ Decentralization depends on effective management at the lower levels and this is likely to require extensive training.

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Advantages of decentralization

- ✓ Reduces the burden on top executives
- ✓ Develop managers
- ✓ Facilitate better and speedier decisions
- ✓ Growth and diversification
- ✓ Better communication

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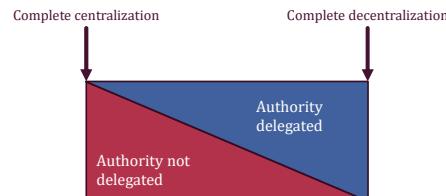
Disadvantages of decentralization

- ✗ Increased administrative expenses
- ✗ Unsuitable for small organizations
- ✗ Depends on the quality of managers
- ✗ Inconsistency
- ✗ Unsuitable for small organization

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Determinants of centralization and decentralization of authority

- ❖ Environment in which the firm operates
- ❖ Nature of decision
- ❖ Ability of low level managers
- ❖ Organization's tradition of management



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Comparing centralization and decentralization of authority

Basis	Centralization	Decentralization
Decision making	Decisions made by top management	Decision making is done at the point where work is actually done
Coordination	Excellent coordination	Coordination among many decision makers is more difficult and can lead to duplication and lack of consistency.
Flexibility	Companies are less flexible in responding to changes in the market place	Companies are flexible in responding to changes in the market place
Organizational structure	Hierarchical organization structure	Matrix organization structure
Applicability	More effective in small business	Preferable in larger organizations that handle multiple operations and also when company is geographically dispersed

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Recentralization of authority

- ❖ At times, an enterprise can be said to recentralize authority to centralize authority that was once decentralized.
- ❖ Recentralization is normally not a complete reversal of decentralization, as authority delegation is not wholly withdrawn by the managers who made it.
- ❖ The process is a centralization of authority over a certain type of activity or function, wherever in the organization it may be found.

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Effective organizing

- ❖ Organizing involves developing an intentional structure of roles for effective performance. It requires a network of decision and communication centres for coordinating efforts toward group and enterprise goals.
- ❖ To work, an organization structure must be understood, and principles must be put into practice.
- ❖ In organizing, as elsewhere in management, there is no best way. What works will always depend on the specific situation.

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Effective organizing

1. Avoiding mistakes in organizing by planning
 - Planning for the ideal
 - Modification for the human factor

2. Avoiding organizational inflexibility
 - Avoiding inflexibility through reorganization
 - Need for readjustment and change

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Effective organizing

3. Making staff work effective
 - Understanding authority relationships
 - Making line listen to staff
 - Keeping staff informed
 - Requiring complete staff work
 - Making staff work as a way of organizational life

4. Avoiding conflict by clarification
 - Organizational charts
 - Position descriptions

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Effective organizing

5. Ensuring understanding of organizing
 - Teaching the nature of organizing
 - Recognizing the importance of informal organization and grapevine

6. Defining organization culture
 - Strong organization culture
 - Weak organization culture

7. Prompting an appropriate organization culture
 - Influence of the leader on organization culture

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Culture responsive organization

- ❖ A cultural group can be described as people with common origins, customs and styles of living, who share a sense of identity and language.
- ❖ Their common experiences shape their values, goals, expectations, beliefs, perceptions and behaviors. People belonging to a unique racial, ethnic, or religious group typically share a similar culture.
- ❖ There are many benefits in being culturally responsive:
 - Foster more understanding of the person and how the person operates, feels, and the ways in which they live their life.
 - Let people know they are thought of as individuals, as human beings.
 - Effectively communicate culturally sensitive choices and their consequences.
 - Be aware of many possibilities and respond appropriately.
- ❖ The sum of these positive benefits is the ability to be responsive to the needs of individuals and their families as they make choices and plans, which often are based on a framework influenced by their cultural background.

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Culture responsive organization

- ❖ Best practices for culturally responsive organizations are:
 - Organizational commitment, leadership and governance
 - Racial and ethnic equity policies implementation and practice
 - Organizational culture, climate and communications
 - Based equity and relevance
 - User and their influences
 - Workforce composition and quality
 - Community collaboration
 - Resource allocation and contracting practices
 - Data metrics and continuous quality improvement

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Factors affecting staffing

- ❖ Promotion policy
- ❖ Future growth plans
- ❖ Technology used
- ❖ Support from top management
- ❖ Reputation of organization
- ❖ Labour laws
- ❖ Pressure from socio political groups
- ❖ Competition
- ❖ Other external factors

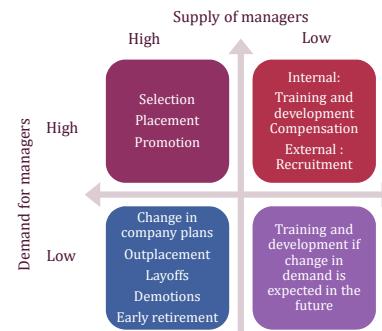
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Factors affecting the number and kinds of managers required

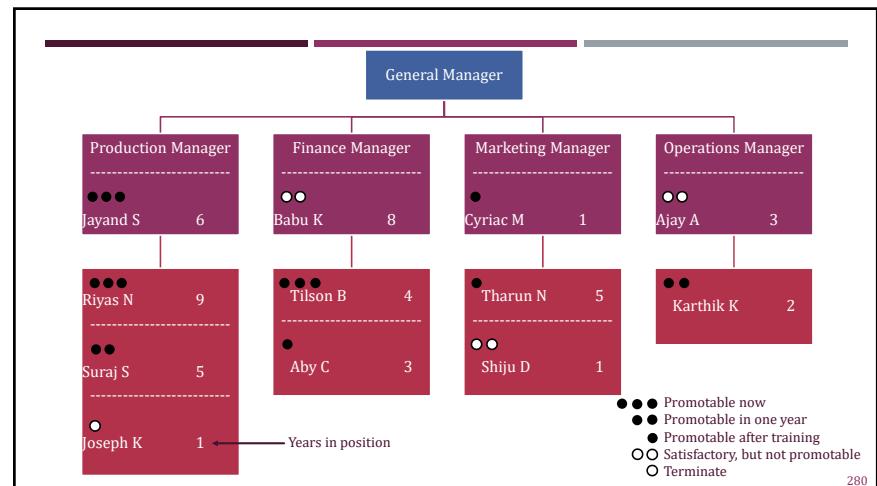
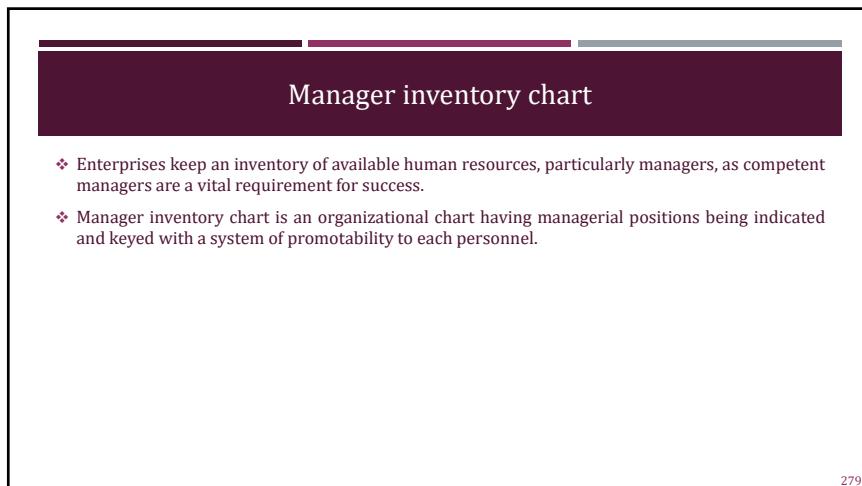
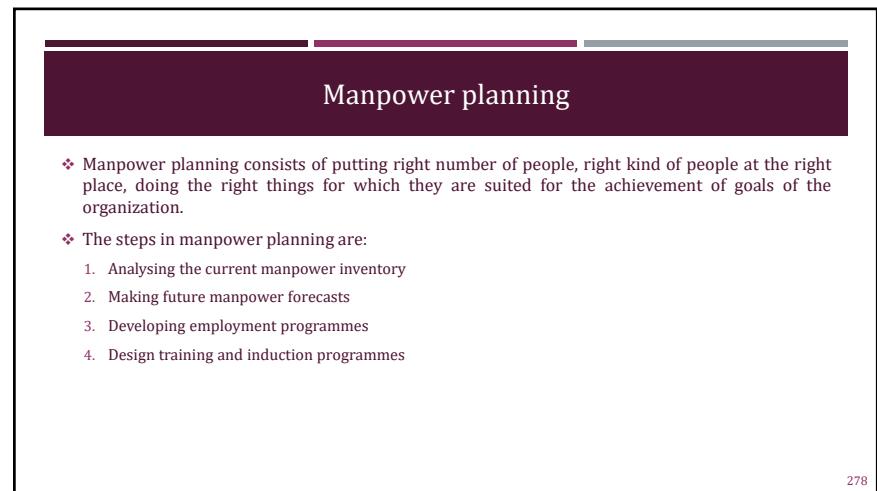
- ❖ Size of the organization
- ❖ Complexity of the organization
- ❖ Plans for expansion
- ❖ Turnover rate of managerial personnel

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HR actions based on manager supply and demand



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Advantages of manager inventory chart

- ✓ Gives an overview of the staffing situation of an organization
- ✓ Manager who are ready for promotion can be easily identified
- ✓ Chart shows the future internal supply of managers by indicating who is promotable in a year or more.
- ✓ Managers who do not perform satisfactory are identified and the need for training or replacement is indicated
- ✓ Managers who are close to retirement can be identified, and preparations can be made for their replacement

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Matching person with the job

- ❖ After the positions are identified, managers are obtained through recruitment, selection, placement and promotion.
- ❖ Recruitment means search of potential employees to suit the job requirements of the organization. It is a process of searching for prospective employees and stimulating them to apply for jobs in the concern.
- ❖ The main sources of labour for all types of employees are categorized into two:
 - From within the company
 - From outside the company

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Recruitment process

- ❖ Identifying the vacancy
 - Posts to be filled
 - Number of persons
 - Duties to be performed
 - Qualifications required
- ❖ Preparing the job description and person specification
- ❖ Locating and developing the required number and type of employees
- ❖ Screening

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Selection

- ❖ Selection is a process of examining the applicants to find out the stability of the applicant for the given job and choosing the best from them.
- ❖ It involves the rejection of unsuitable participants.
- ❖ The selection process usually consists of the following steps:
 - Obtaining job description and job specification
 - Application form
 - Employment tests
 - Interview
 - Physical examination

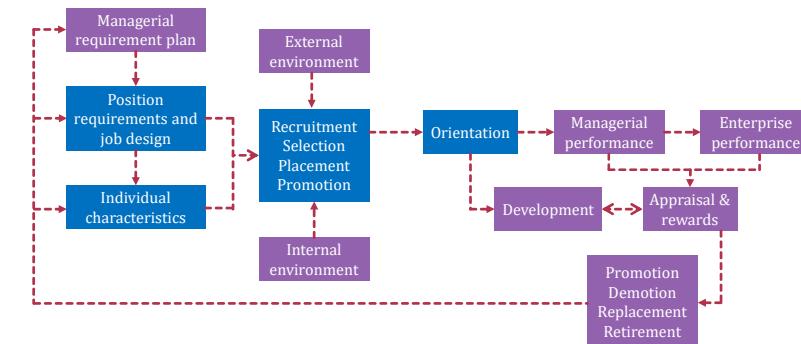
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Selection

- ❖ Initial screening or sorting process is done in which prospective applicants are given the necessary information about the nature of the job and also necessary information is elicited from the candidates about their education, experience, skill, salary expected, etc.
- ❖ If the candidate is found to be suitable, he is selected for further process and, if not, he is eliminated. This is a crude screening and can be done across the counter in the organization's employment offices.
- ❖ Due care should be taken so that suitable candidates are not turned down in a hurry. Since this provides personal contact for an individual with the company, the interviewer should be courteous, kind, receptive and informal

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Systems approach to selection



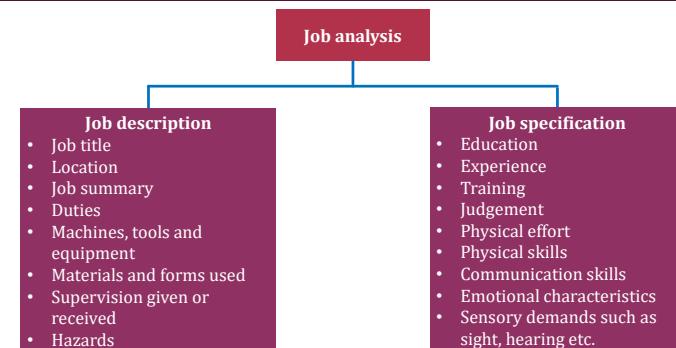
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Job analysis

- ❖ Job analysis is the process of gathering relevant information about various aspects of a job including its content, context and job performer's skill requirements.
- ❖ It specifies the tasks involved in a job and the factors that influence the performance of that job. This will enable organizations not only to identify the problems but also to develop solutions.
- ❖ The results of job analysis are normally presented in the form of **job description** and **job specification**.
 - Job description is a written statement that describes all aspects of a job. It differentiates one job from another.
 - Job specification is a statement of the minimum levels of qualifications, skills, physical and other abilities, experience, judgement and attributes required for performing job effectively.

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Job analysis



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Job design

- ❖ Job design is a process of organizing tasks, duties and responsibilities into a unit of work to achieve organizational objectives. It defines the various tasks required to do a specific job and the method of performing of tasks.
- ❖ It establishes the relationships that should exist between the job holder and his superiors, subordinates and colleagues.
- ❖ It helps in achieving cost reduction by eliminating the causes of accidents and injuries through enhanced health and safety measures.
- ❖ It enhances the employee's satisfaction, motivation, involvement and commitment levels, leading to improved cooperation between management and employees.

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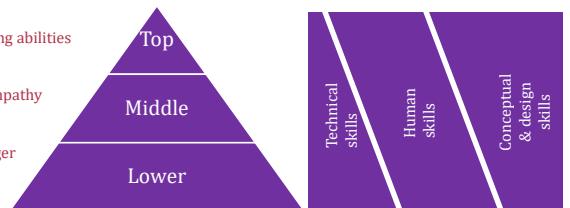
Job design

- ❖ Steps involved in job design are:
 - Specifying individual tasks
 - Specifying methods
 - Combining tasks into jobs
- ❖ Factors affecting job design are:
 - Organization's requirements
 - Individual likes and dislikes
 - Technology
 - Organizational structure

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Skills and personal characteristics needed in managers

- ❖ Technical skills
- ❖ Human relational skills
 - Motivating skills
 - Leadership skills
- ❖ Conceptual skills
- ❖ Analytical and problem solving abilities
- ❖ Desire to manage
- ❖ Communication skills and empathy
- ❖ Integrity and honesty
- ❖ Past performance as a manager



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Techniques and instruments used for selection

- ❖ Tests
 1. Achievement tests (intelligence or proficiency tests)
 2. Aptitude tests (potential ability tests)
 3. Personality tests
 4. Interest tests

- ❖ Interview
 1. Informal Interview
 2. Formal Interview
 3. Planned Interview
 4. Patterned Interview
 5. Non-directive Interview
 6. Depth Interview
 7. Stress Interview
 8. Group Interview
 9. Panel Interview

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Techniques and instruments used for selection

1. Achievement tests (intelligence or proficiency tests)

- These measure the skill or knowledge which is acquired as a result of a training programme and on the job experience.
- These are of two types:
 - a. **Trade tests**
 - These are primarily oral tests consisting of a series of questions which are believed to be satisfactorily answered only by those who know and thoroughly understand the trade or occupation.
 - Oral tests may be supplemented by written, picture or performance types.
 - b. **Work sample tests**
 - These measure the proficiency with which equipment can be handled by the candidate.
 - This is done by giving him a piece of work to judge how efficiently he does it.

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Techniques and instruments used for selection

2. Aptitude or potential ability tests

- These tests measure the latent ability of a candidate to learn a new job or skill. Through these tests you can detect peculiarity or defects in a person's sensory or intellectual capacity.
- These focus attention on particular types of talent such as learning, reasoning and mechanical or musical aptitude.
- These are of three types:
 - a. **Mental test**
 - b. **Mechanical aptitude test**
 - c. **Psychomotor or skill test**

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Techniques and instruments used for selection

a. Mental test

- This measure the overall intellectual ability or the intelligence quotient (I.Q.) of a person and enable us to know whether he has the mental capacity to deal with new problems.
- These determine an employee's fluency in language, memory, interaction, reasoning, speed of perception, and spatial visualisation.

b. Mechanical aptitude test

- This measure the capacity of a person to learn a particular type of mechanical work.
- These are useful when apprentices, machinists, mechanics, maintenance workers, and mechanical technicians are to be selected.

c. Psychomotor or skill test

- These are administered to determine mental dexterity or motor ability and similar attributes involving muscular movement, control and coordination.
- These are primarily used in the selection of workers who have to perform semi-skilled and repetitive jobs, like assembly work, packing, testing, inspection and so on.

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Techniques and instruments used for selection

3. Personality tests

- Discovers clues to an individual's value system, his emotional reactions, maturity and his characteristic mood.
- Personality tests help in assessing a person's motivation, his ability to adjust himself to the stresses of everyday life and his capacity for interpersonal relations and for projecting an impressive image of himself.
- Expressed in terms of the relative significance of such traits of a person as self confidence, ambition, tact, emotional control, optimism, decisiveness, sociability, conformity, objectivity, patience, fear, distrust, initiative, judgement, dominance, impulsiveness, sympathy, integrity, and stability.
- These tests are given to predict potential performance and success for supervisory or managerial jobs.
- Personality tests are basically of three types:
 - a. **Objective tests**
 - b. **Projective tests**
 - c. **Situation tests**

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Techniques and instruments used for selection

a. Objective tests

- These measure neurotic tendencies, self-sufficiency, dominance, submission and self-confidence.

b. Projective tests

- In these tests, a candidate is asked to project his own interpretation onto certain standard stimuli.
- The way in which he responds to these stimuli depends on his own values, motives and personality.

c. Situation tests

- These measure an applicant's reaction when he is placed in a peculiar situation, his ability to undergo stress and his demonstration of ingenuity under pressure.
- These tests usually relate to a leaderless group situation, in which some problems are posed to a group and its members are asked to reach some conclusions without the help of a leader.

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Techniques and instruments used for selection

4. Interest tests

- Designed to discover a person's areas of interest and to identify the kind of work that satisfies him.
- Generally used for vocational guidance, which is assessed in the form of answers to a well-prepared questionnaire.

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Techniques and instruments used for selection

1. Informal interview

- The employer or a manager in the HR department, may ask a few questions, like name, place of birth, previous experience, etc.
- It is not planned and is used widely when the labour market is tight and you need workers very badly.
- A friend or a relative of the employer may take a candidate to the house of the employer or manager where this type of interview may be conducted.

2. Formal interview

- This held in a more formal atmosphere in the employment office by the employment officer with the help of well-structured questions.
- The time and place of the interview are stipulated by the employment office.

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Techniques and instruments used for selection

3. Planned interview

- The interviewer has a plan of action worked out in relation to time to be devoted to each candidate, type of information to be sought, information to be given, the modality of interview and so on.
- He may use the plan with some amount of flexibility.

4. Patterned interview

- This is also a planned interview but planned to a higher degree of accuracy, precision and exactitude.
- A list of questions and areas are carefully prepared. The interviewer goes down the list of questions, asking them one after another.

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Techniques and instruments used for selection

5. Non directive interview

- This is designed to let the interviewee speak his mind freely. The interviewer is a careful and patient listener, prodding whenever the candidate is silent.
- The idea is to give the candidate complete freedom to sell himself without encumbrances of the interviewer's questions.

6. Depth interview

- This is designed to intensively examine the candidate's background and thinking and to go into considerable detail on a particular subject to special interest to the candidate.
- The theory behind it is that if the candidate is found good in his area of special interest, the chances are high that if given a job he would take serious interest in it.

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Techniques and instruments used for selection

7. Stress interview

- This is designed to test the candidate and his conduct and behaviour by putting him under conditions of stress and strain.
- This is very useful to test the behaviour of individuals under disagreeable and trying situations.

8. Group interview

- This is designed to see how the candidates react to and against each other. All the candidates may be brought together in the office and they may be interviewed.
- The candidates may, alternatively, be given a topic for discussion and be observed as to who will lead the discussion, how they will participate in the discussion, how each will make his presentation and how they will react to each other's views and presentation

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Techniques and instruments used for selection

9. Panel interview

- This is done by members of the interview board or a selection committee.
- This is done usually for supervisory and managerial positions. It pools the collective judgement and wisdom of members of the panel.
- The candidate may be asked to meet the panel individually for a fairly lengthy interview

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Techniques and instruments used for selection

❖ Important aspects of personality can be categorized under the following seven main headings:

1. Physical Make-up : Health, physique, age, appearance, speech
2. Attainments : Education, occupational training and experience
3. Intelligence : Basic and effective
4. Special aptitudes : Written and oral fluency of expression, organizational ability, administrative skill
5. Interests : Intellectual, practical, physically active, social, artistic
6. Disposition : Self-reliance, nature, motivation, acceptability.
7. Circumstances : Domestic, social background and experience, future prospects

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Placement

- ❖ Placement is the process of fitting the selected person at the right job or place. It means the right man for the right job.
- ❖ Placement also arise out of
 - Promotion
 - Demotion
 - Transfer

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Orientation

- ❖ Employee orientation is the systematic process of offering essential information to new employees to make them feel comfortable in the organization and also in the job.
- ❖ The important purposes served by employee orientation are as follows:
 - Formal welcome to employees
 - Overcoming initial uneasiness and hesitation
 - Information exchange
 - Assessing employees
 - Controlling HR cost
 - Developing team spirit
 - Socialization

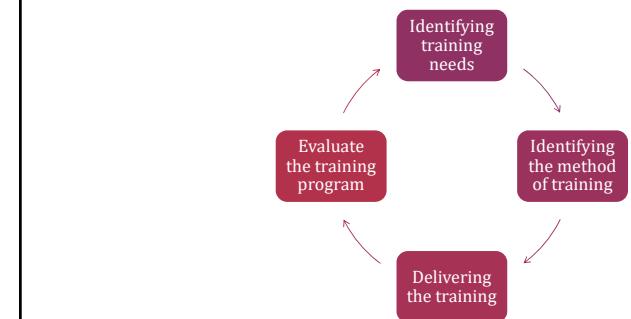
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Training and development

- ❖ Training is defined as a continuous learning process in which the employees will acquire knowledge, enhance professional skills and improve attitudes and behaviours to excel well on the job.
- ❖ Human resource development of an enterprise is an ongoing process which continues well beyond training.
- ❖ The focus of development process is the person himself where the focus of training is the organization.
- ❖ Development process includes not only imparting specific skills and knowledge but also including personality and mental attitudes.

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Steps in training program



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Methods of training

- ❖ Training by experienced workers
- ❖ On the job training
- ❖ Job rotation
- ❖ Training by special schools

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MODULE - VI

Leading and Controlling: Leading Vs Managing – Trait approach and Contingency approaches to leadership - Dimensions of Leadership - Leadership Behaviour and styles – Transactional and Transformational Leadership - Basic control process-control as a feedback system – Feed Forward Control – Requirements for effective control – control techniques – Overall controls and preventive controls – Global controlling

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Leadership

- ❖ Leadership is the process of influencing people so that they work willingly and enthusiastically towards the achievement of organizational, departmental and individual goals.
- ❖ A person who is able to make others willingly follow him is a leader. Leadership is that part of a manager's activities by which he influences the behaviour of his subordinates towards a desired objectives or results.
- ❖ Since leadership implies followership and people tend to follow who offer a means of satisfying their own needs, wishes and desires, it is understandable that leading involves
 - Communication
 - Motivation
 - Leadership styles
 - Leadership approaches

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Managing

- ❖ Managing involves doing careful planning, setting up an organization structure that will aid people in achieving goals and staffing the organization structure.
- ❖ Managing requires the creation and maintenance of an environment in which individuals work together toward the accomplishment of common objectives

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Leading vs. Managing

Manager	Leader
Focus on present	Looks towards the future
Prefers stability	Appreciates changes
Orients towards short term	Orients towards long term
Focuses on procedures	Engages in vision
Ask what & how	Ask why & what
Prefers to control	Know to delegate
Is happy in complexity	Prefers to simplify
Uses the rational mind	Trusted the intuition
Works within the context of the organization and the business	Take social and environmental contexts in to consideration

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Characteristics of leadership

- ❖ Goal based activity
- ❖ Power based activity
- ❖ Universality
- ❖ Influential process
- ❖ Situational variables

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Communication

- ❖ Communication is defined as the transfer of information from sender to the receiver with information being understood to both sender and receiver.
- ❖ Communication may be verbal or written orders, reports, instructions etc.
- ❖ Types of communication:
 - Formal communication
 - ❑ Vertical communication
 - Downward communication
 - Upward communication
 - ❑ Horizontal communication
 - Informal communication

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Motivation

- ❖ Motivation is a general term applying to the entire class of drive, desires, need, wishes and similar forces.
- ❖ Motivation is the internal feeling of individuals, which is activated through external factors like increase in pay or appreciation of work they have performed.
- ❖ It is the process of stimulating people to take desired results or course of action.
- ❖ Kinds of motivation
 - Positive motivation
 - Negative motivation
- ❖ Types of motivation
 - Primary needs
 - Secondary needs

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Factors affecting motivation

- ❖ Bonus and incentives
- ❖ Leadership role at workplace
- ❖ Achievement
- ❖ Recognition
- ❖ Possibilities of growth
- ❖ Challenging work
- ❖ Responsibility
- ❖ Workplace culture

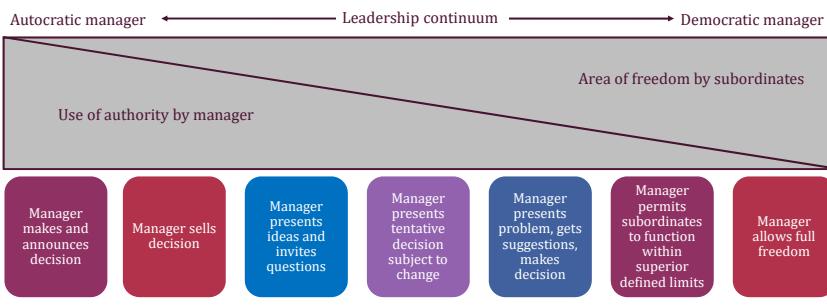
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Leadership style

- ❖ Autocratic leadership
- ❖ Democratic leadership
- ❖ Free rein leadership

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Leadership as continuum



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Trait approach to leadership

- ❖ Traits are distinguishing personal characteristics of an individual. Trait approach is called genetic approach as it assumes that leaders are born and not made.
- ❖ The great leaders posses certain innate (inborn) qualities and characteristics that differentiate them from their followers.
- ❖ People behave in a particular way because of the strengths of the traits they possess. Leaders and non-leaders can be differentiated by universal set of traits and characteristics.
 - 5 physical traits (energy, appearance, height)
 - 4 intelligent and ability traits
 - 16 personality traits (achievement drive, initiative)
 - 9 social characteristics (cooperativeness, interpersonal skills)

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Trait approach to leadership

- ❖ Strength of trait approach
 - Identified and categorized general observable behaviours in leaders
 - Serves as a benchmark against the leadership qualities of an individual can be assessed.
 - Supports the general image in the society that leaders are a special kind of people who can do extraordinary things.

- ❖ Weakness of trait approach
 - Not a helpful approach to explaining leadership
 - Does not give any idea about how much of any trait a person should have
 - Traits are not measurable
 - Not all leaders possess all the traits, and may non-leaders possess most or all of them
 - Traits are not only inborn but acquired also

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Contingency or situational approach to leadership

- ❖ An ideal leader studies the overall prevailing situation, draws conclusions about the whole situation and adopts the leadership style which is most appropriate to the prevailing situation.
- ❖ Adjusting the leadership style as per the need of the situation or as per the group of employees to be handled is the essence of situational leadership.
- ❖ Leader adopts practical and flexible approach in decision making. There is no 'one best style' of leadership under all conditions.
- ❖ People become leaders not only because of their personality attributes but also because of various situational factors and the interactions between leaders and group members.

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Contingency or situational approach to leadership

- ❖ Some important contingencies for organizations are
 - Technology
 - Suppliers and distributors
 - Customers and competitors
 - Consumer interest groups
 - Government
 - Unions

- ❖ Different contingency or situational approaches to leadership are:
 1. Fiedler's Contingency Model
 2. Path - Goal Theory

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1. Fiedler's contingency theory of leadership

Leadership styles

- Task oriented
- Human relationship oriented

Situational variables

- Leader - member relations - good or poor
- Task structure - structured or unstructured
- Position power - strong or weak

Relationship between task and style

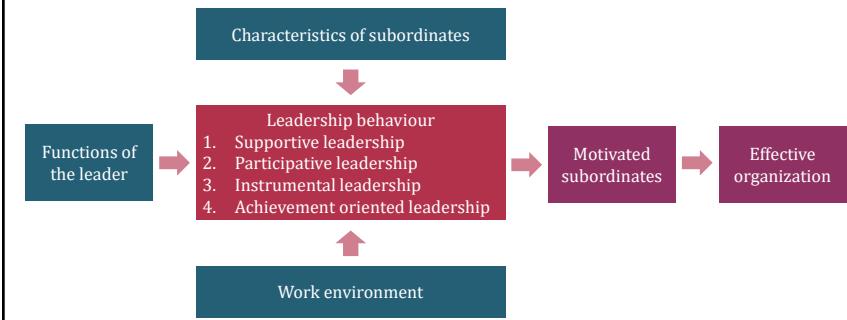
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1. Fiedler's contingency theory of leadership

Leader member relations	Good		Poor	
Task structure	Structured	Unstructured	Structured	Unstructured
Position power	Strong	Weak	Strong	Weak
Situation types	1 Favourable	2	3	4 Moderately favourable 5 6 7 8 Unfavourable
Leadership style	Task oriented		Human relationship oriented	

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2. Path - Goal Theory



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2. Path - Goal Theory

1. Supportive leadership

- ❖ Gives consideration to the needs of subordinates, shows concern for their well being and creates a pleasant organizational climate
- ❖ It has greatest impact on subordinates performance when they are frustrated and dissatisfied

2. Participative leadership

- ❖ Allows subordinates to influence the decisions of their superiors, which may increase their motivation

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2. Path - Goal Theory

3. Instrumental leadership

- ❖ Gives subordinates rather specific guidance and clarifies what is expected of them
- ❖ It involves aspects of planning, organizing, coordinating and controlling of the leader

4. Achievement oriented leadership

- ❖ Involves setting challenging goals, seeking improvement of performance and having confidence that subordinates will achieve high goals

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Dimensions of leadership

3. Affirming leadership

- Affirming leaders are friendly, approachable and nice to be around.
- They are upbeat, easygoing and positive.
- They work to create workplaces that are harmonious and caring, where everyone is respected.

- Goals : Friendship, acceptance, close relationships
- Influences others through : Agreeableness, empathy, being patient
- Judges others by : Ability to see good in others, warmth, approachability
- Fears : Pressuring others, being disliked, facing aggression

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Dimensions of leadership

4. Inclusive leadership

- Strongly inclusive leaders show optimism, promote collaboration and are dependable.
- They may follow routines with which they are comfortable, enjoying a stable environment rather than rapid changes.
- Since they try to find win-win situations and to accommodate everyone, they can be slow to make decisions, especially unpopular or disruptive ones.

- Goals : Harmony, stability, acceptance
- Influences others through : Accommodating others, consistent performance
- Judges others by : Dependability, sincerity
- Fears : Letting people down, rapid change

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Dimensions of leadership

5. Humble leadership

- Humble leaders are fair-minded and practical.
- These leaders giving others credit or acknowledging their own mistakes.

- Goals : Stability, reliable outcomes, calm environment
- Influences others through : Practicality, diplomacy, self-control, humility
- Judges others by : Precise standards, reliability, even temperament
- Fears : Emotionally charged situations, ambiguity, time pressure, chaos

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Dimensions of leadership

6. Deliberate leadership

- Deliberate leaders tend to be systematic, cautious and analytical. They are most comfortable working at a disciplined and moderate pace, ensuring accuracy in their craft or profession.
- They can be overly risk-averse and perfectionistic. They can be demanding of their followers, paying less attention to their needs than more inclusive and affirming leaders.
- This type of leader work independently, deep in analysis and planning, solving complex problems. They can seem detached and unemotional in their pursuit of high-quality outcomes.

- Goals : Accuracy, objective processes
- Influences others through : Logic, exacting standards
- Judges others by : Expertise, systematic processes
- Fears : Being wrong, strong displays of emotion

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Dimensions of leadership

7. Resolute leadership

- Leaders who primarily use the resolute dimension tend to be challenging, determined and rational.
- Resolute leaders want to turn to when a very visible project fails, a strategic project goes away, a project goes grossly over budget, or market competition is forcing a disciplined focus.
- Leader in the resolute dimension would not give motivational, emotional speeches or showing much enthusiasm. They engage deep into a debate or working on a tricky problem.

- | | |
|-----------------------------|--|
| ➢ Goals | : Independence, personal accomplishment, efficient results |
| ➢ Influences others through | : High standards, determination, strict standards |
| ➢ Judges others by | : Competence, common sense, use of logic |
| ➢ Fears | : Failure to achieve their standards, lack of control |

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Dimensions of leadership

8. Commanding leadership

- Leaders who primarily use commanding dimension tend to be competitive, driven and assertive.
- They can be powerful, decisive leaders who enlist others to work quickly toward ambitious goals.
- They enjoy blazing new trails even through unfamiliar territory.
- In their hurry to get results and beat the competition they can be challenging and demanding.
- At their worst they can be forceful, egotistical leaders who push others without a care for organizational morale or cohesion.

- | | |
|-----------------------------|--|
| ➢ Goals | : Bottom-line results, victory |
| ➢ Influences others through | : Assertiveness, insistence, competition |
| ➢ Judges others by | : Ability to achieve results |
| ➢ Fears | : Being taken advantage of, appearing weak |

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Transactional leadership

- ❖ Transactional leadership primarily focuses on the accomplishment of predetermined performance goals. They guide followers in the direction of established goals by clarifying role and task requirements.
- ❖ It is based on the concept that a leader has to give something (salary hike, incentive, promotion) to his followers in exchange for performing the tasks.
- ❖ Leader provides his subordinate less future opportunity, or may use a demotion as a form of punishment for poor performance.

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Transactional leadership

Strength of transactional leadership

- ❖ Clearly defines the roles and expectations of the leader
- ❖ Ensures that the culture within the organization is maintained

Weakness of transactional leadership

- ❖ Not fit for places where innovative ideas are valued
- ❖ Creativity is limited as goals and objectives are already set
- ❖ Does not reward personal initiative

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Transformational leadership

- ❖ Transformational leadership stimulates and inspires (transforms) followers to achieve outcomes.
- ❖ It is aimed towards encouraging employees and team members to go beyond expected day to day tasks.
- ❖ These leaders stimulate the creativity and intellectual drive of employees while remaining supportive and considerate of individual's unique set of skills.
- ❖ Leader uses his influential power and enthusiasm to motivate his followers to work for the benefit of the organizations.

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Transformational leadership

Strength of transactional leadership

- ❖ Finds better way of doing something
- ❖ Helps to change or modify the organizational systems accommodate the vision rather than working within the limitations of the existing systems

Weakness of transactional leadership

- ❖ Conflict with people who resist change
- ❖ Lacks conceptual clarity

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Basis	Transactional leadership	Transformational leadership
Meaning	A leadership style that employs rewards and punishments for motivating followers	A leadership style in which the leader employs charisma and enthusiasm to inspire his followers
Concept	Leader lays emphasis on his relation with followers	Leader lays emphasis on the values, ideals, morals and needs of the followers
Nature	Reactive	Proactive
Best suited for	Settled environment	Turbulent environment
Works for	Developing the existing organizational culture	Changing the existing organizational culture
Style	Bureaucratic	Charismatic
No. of leaders in a group	Only one	More than one
Focused on	Planning and Execution	Innovation
Motivational tool	Attracting followers by putting their own self interest in the first place	Stimulating followers by setting group interest as a priority

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Controlling

- ❖ Controlling in an organization can be defined as a process of setting standards, measuring actual performance and taking corrective actions.
- ❖ Controlling is the measurement and correction of performance in order to make sure that the enterprise objectives and the plans devised to attain them are being accomplished.
- ❖ It is the process that measures current performance and guides it towards the predetermined objectives.

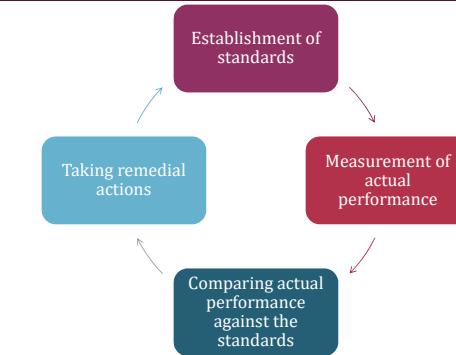
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Significance of controlling

- ❖ Basis for future action
- ❖ Facilitates decision making
- ❖ Ensure standards
- ❖ Facilitates decentralization
- ❖ Ensuring utilization of resources
- ❖ Facilitates co-ordination
- ❖ Helps in improving efficiency
- ❖ Improving quality
- ❖ Responding to environmental change
- ❖ Competitive advantage

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Basic control process



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Types of critical point standards

- ❖ Physical standards
- ❖ Cost standards
- ❖ Capital standards
- ❖ Revenue standards
- ❖ Program standards
- ❖ Intangible standards
- ❖ Goals as standards
- ❖ Strategic plans as control points for strategic control

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Benchmarking

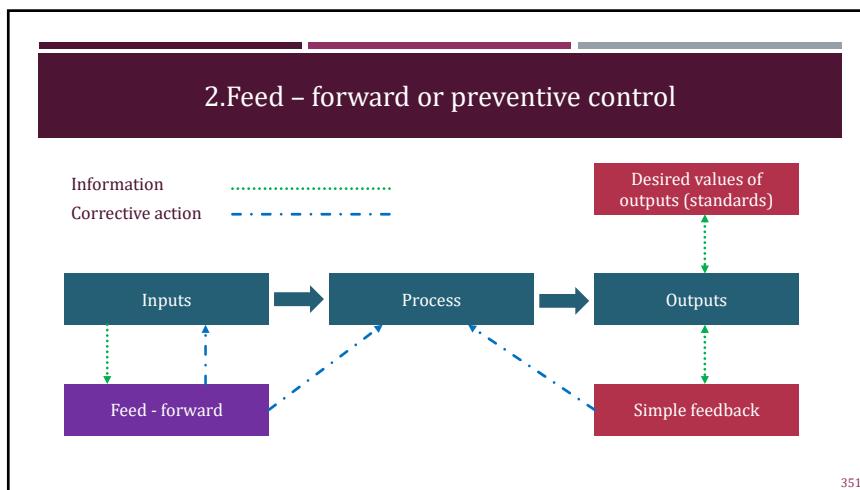
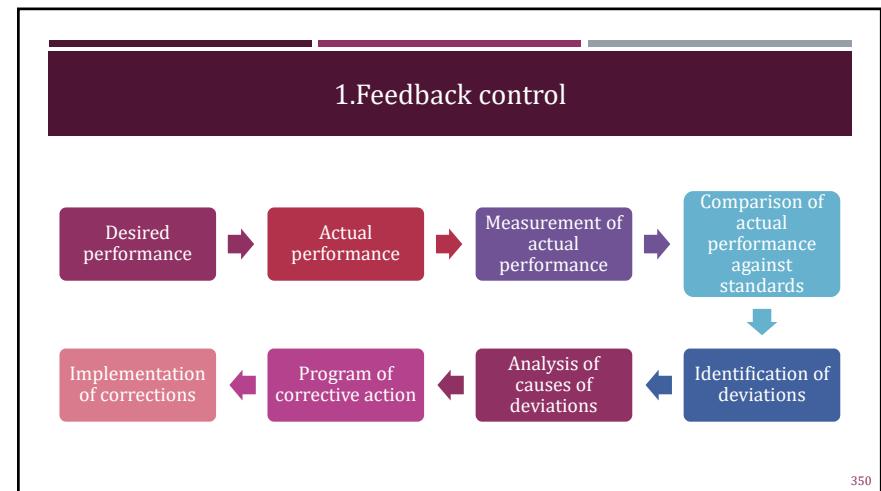
- ❖ Benchmarking is an approach for setting goals and productivity measures based on industry practices.
- ❖ It developed out of the need to have data against which performance can be measured. What should be the criteria be?
- ❖ There are three types of benchmarking:
 1. Strategic benchmarking : Compares various strategies and identifies key strategic element to success
 2. Operational benchmarking : Compares relative costs or possibilities for product differentiation
 3. Management benchmarking : Focus on support functions such as market planning and information systems, logistics, HR management etc.

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Types of control

- ❖ Depending on the time at which control is applied, controls are of three types
 - Feedback control
 - Feed – forward control
 - Concurrent control

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- ## 2.Feed – forward or preventive control
- ❖ Make a thorough and careful analysis of the planning and control system and identify the more improvement input variables
 - ❖ Develop a model of the system
 - ❖ Keep the model up to date
 - ❖ Collect data on input variables regularly and put them into the system
 - ❖ Regularly assess variations of actual input data from planned for inputs and evaluate the impact on the expected end result
 - ❖ Take action
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3. Concurrent control

- ❖ Concurrent control is exercised when the work activity is in progress. It is also called real time control or process control. It concentrates on the present situation.
- ❖ When the performance standards are not met, managers can stop the work activity in progress and can take the necessary corrective actions.
- ❖ Aim of this control is to solve the problem even while it occurs.

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Requirements for effective control

- ❖ Tailoring controls to plans and positions
- ❖ Tailoring controls to individual managers
- ❖ Making sure that the control points up expectations at critical levels
- ❖ Objectivity of control
- ❖ Economical of controls
- ❖ Flexibility of controls
- ❖ Fitting the system of control to the organizational culture
- ❖ Control should lead to corrective actions

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Reasons for resistance to control

- ❖ Excessive control
- ❖ Tendency to avoid accountability
- ❖ Rewards for inefficiency
- ❖ Absence of employee's participation in the control process
- ❖ Inconsistent focus
- ❖ Perceived bias

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Control techniques

- ❖ Since there is no universally accepted control system available for organization, it becomes essential for each organization to develop a control system that suits the situation and requirements.
- ❖ Managers need to establish control at different levels and functional areas.
- ❖ Important control techniques used by managers are:
 1. Budgets
 2. Financial statements
 3. Return on Investment
 4. Gantt chart
 5. Program Evaluation and Review Technique (PERT)
 6. Management Information System (MIS)

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Control techniques

1. Budgets

- Budgets is the formulation of plans for a given future period in numerical terms.
- They become standards to the managers for measuring, monitoring and controlling the work activities.
- Budgets are statements of anticipated results, either in **financial terms** or **non financial terms**.
- **Non financial budget** expresses planned operations in non financial terms such as units of output and machine hours.
- **Financial budgets** are of two types:
 - **Capital expenditure budget** specifies the amount of money to be spent on items that have long term use such as land or buildings.
 - **Sales budget** shows the expected number of sales units and expected price per unit.

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Control techniques

2. Financial statements

- Financial statements are prepared at the end of every financial year to assess the various financial activities and strength of an enterprise.
- Financial statements are of two types:
 - **Balance sheet** is a statement of assets and liabilities which help us to ascertain the financial position of a enterprise on a particular date.
 - **Income statement (Profit & loss account)** is a statement prepared at the end of every accounting year to ascertain the profit (or loss) from the business during that account year.

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Control techniques

3. Return on Investment (RoI)

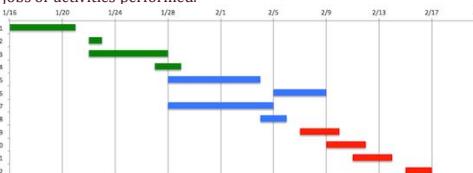
- Return on Investment or Rate of Return is the rate of return a company can earn on the capital allocated to it.
 - RoI is aimed at measuring profit as return on the capital employed for producing them..
- $$RoI = \frac{\text{Net profit}}{\text{Cost of investment}} \times 100$$
- Investment consists of fixed assets and working capital used in business.
 - If RoI is high then the financial performance of a business is good and vice-versa.

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Control techniques

4. Gantt chart

- Gantt chart is bar chart showing the relationship of activities on a time scale and is ideal for tracking the progress of activities.
- The number of days actually required to complete a task can be compared with the planned or estimated number.
- A Gantt chart consists of two coordinates, the horizontal represents the time elapsed and the vertical represents the jobs or activities performed.

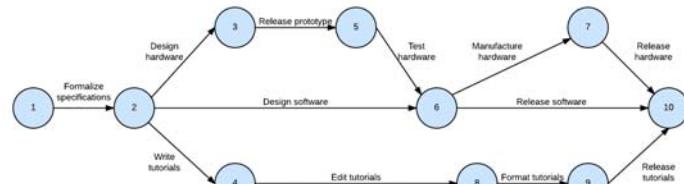


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Control techniques

5. Program Evaluation and Review Technique (PERT)

- PERT is a popular project management tool based on network analysis that allows the production managers to plan, manage and control complex projects.



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Control techniques

5. Program Evaluation and Review Technique (PERT)

- Steps involved in PERT are:
 - Specify individual activities
 - Determine the sequence of activities
 - Draw the network diagram
 - Estimate activity completion time
 - Optimistic time
 - Most likely time
 - Pessimistic time
 - Identify critical path

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Control techniques

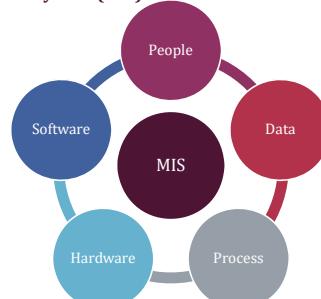
6. Management Information System (MIS)

- MIS is a formal system of gathering, integrating, comparing, analysing and dispersing internal and external information to the enterprise in a timely, effective and efficient manner.
- It provides relevant information in the right form and at the right time to different managers for the purpose of planning and controlling.
- MIS deals with planning, development, applications and management of information systems to help decision makers in an organisation.
- The activities of MIS are:
 - Capturing data
 - Processing data
 - Information storage
 - Information retrieval
 - Propagation

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Control techniques

6. Management Information System (MIS)



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Control of overall performance

- ❖ Overall controls are designed to measure the success of organization as a whole, against organizational objectives.
- ❖ Need for overall controls arise from:
 - Overall planning is applied to the enterprise or major division goals. So controls must also be applied.
 - Decentralization creates semi - autonomous units which must be subjected to overall controls to avoid complete autonomy.
 - Overall control enables the measurement of integrated area managers' total effort, rather than part of it.
- ❖ Methods used for overall control of an enterprise are
 - Profit and loss control
 - Control through Return on Investment (RoI)
 - Management audits and accounting firms

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Global controlling

- ❖ Controlling is a challenge if a company engages in multinational business
 - Barriers to effective control
 - Distance
 - Culture
 - Language
 - Practices

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