A Course Material on

PRINCIPLES OF MANAGEMENT

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PRINCIPLES OF MANAGEMENT

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UNIT I
OVERVIEW OF MANAGEMENT

DEFINITION

According to Harold Koontz, "Management is an art of getting things done through and with the people in formally organized groups. It is an art of creating an environment in which people can perform and individuals and can co-operate towards attainment of group goals".

LEVELS OF MANAGEMENT

The three levels of management are as follows
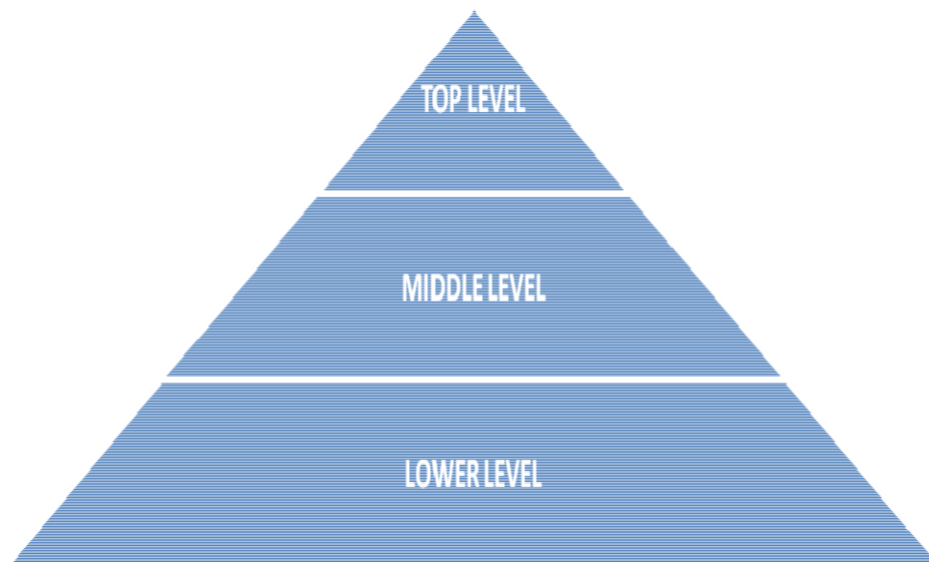
The Top Management

It consists of board of directors, chief executive or managing director. The top management is the ultimate source of authority and it manages goals and policies for an enterprise. It devotes more time on planning and coordinating functions.

The role of the top management can be summarized as follows –

Top management lays down the objectives and broad policies of the enterprise.

It issues necessary instructions for preparation of department budgets, procedures, schedules etc.

It prepares strategic plans & policies for the enterprise.

It appoints the executive for middle level i.e. departmental managers.

It controls & coordinates the activities of all the departments.

It is also responsible for maintaining a contact with the outside world.

It provides guidance and direction.

The top management is also responsible towards the shareholders for the performance of the enterprise.

Middle Level Management

The branch managers and departmental managers constitute middle level. They are responsible to the top management for the functioning of their department. They devote more time to organizational and directional functions. In small organization, there is only one layer of middle level of management but in big enterprises, there may be senior and junior middle level management. Their role can be emphasized as –

They execute the plans of the organization in accordance with the policies and directives of the top management.

They make plans for the sub-units of the organization.

They participate in employment & training of lower level management.

They interpret and explain policies from top level management to lower level.

They are responsible for coordinating the activities within the division or department.

It also sends important reports and other important data to top level management.

They evaluate performance of junior managers.

They are also responsible for inspiring lower level managers towards better performance.

Lower Level Management

Lower level is also known as supervisory / operative level of management. It consists of supervisors, foreman, section officers, superintendent etc. According to R.C. Davis, "Supervisory management refers to those executives whose work has to be largely with

personal oversight and direction of operative employees". In other words, they are concerned with direction and controlling function of management. Their activities include

Assigning of jobs and tasks to various workers.

They guide and instruct workers for day to day activities.

They are responsible for the quality as well as quantity of production.

They are also entrusted with the responsibility of maintaining good relation in the organization.

They communicate workers problems, suggestions, and recommendatory appeals etc to the higher level and higher level goals and objectives to the workers.

They help to solve the grievances of the workers.

They supervise & guide the sub-ordinates.

They are responsible for providing training to the workers.

They arrange necessary materials, machines, tools etc for getting the things done.

They prepare periodical reports about the performance of the workers.

They ensure discipline in the enterprise.

They motivate workers.

They are the image builders of the enterprise because they are in direct contact with the workers.

FUNCTIONS OF MANAGEMENT

Management has been described as a social process involving responsibility for economical and effective planning & regulation of operation of an enterprise in the fulfillment of given purposes. It is a dynamic process consisting of various elements and activities. These activities are different from operative functions like marketing, finance, purchase etc. Rather these activities are common to each and every manger irrespective of his level or status.

Different experts have classified functions of management. According to George & Jerry, "There are four fundamental functions of management i.e. planning, organizing, actuating and controlling". According to Henry Fayol, "To manage is to forecast and plan, to organize, to command, & to control". Whereas Luther Gullick has given a keyword 'POSDCORB' where P

stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting. But the most widely accepted are functions of management given by KOONTZ and O'DONNEL i.e. **Planning**, **Organizing**, **Staffing**, **Directing** and **Controlling**. For theoretical purposes, it may be convenient to separate the function of management but practically these functions are overlapping in nature i.e. they are highly inseparable. Each function blends into the other & each affects the performance of others.

Planning

It is the basic function of management. It deals with chalking out a future course of action & deciding in advance the most appropriate course of actions for achievement of pre-determined goals. According to KOONTZ, "Planning is deciding in advance – what to do, when to do & how to do. It bridges the gap from where we are & where we want to

be". A plan is a future course of actions. It is an exercise in problem solving & decision making. Planning is determination of courses of action to achieve desired goals. Thus, planning is a systematic thinking about ways & means for accomplishment of pre-determined goals. Planning is necessary to ensure proper utilization of human & non-human resources. It is all pervasive, it is an intellectual activity and it also helps in avoiding confusion, uncertainties, risks, wastages etc.

Organizing

It is the process of bringing together physical, financial and human resources and developing productive relationship amongst them for achievement of organizational goals. According to Henry Fayol, "To organize a business is to provide it with everything useful or its functioning i.e. raw material, tools, capital and personnel's". To organize a business involves determining & providing human and non-human resources to the organizational structure. Organizing as a process involves:

Identification of activities.

Classification of grouping of activities.

Assignment of duties.

Delegation of authority and creation of responsibility.

Coordinating authority and responsibility relationships.

Staffing

It is the function of manning the organization structure and keeping it manned. Staffing has assumed greater importance in the recent years due to advancement of technology, increase in size of business, complexity of human behavior etc. The main purpose o staffing is to put right man on right job i.e. square pegs in square holes and round pegs in round holes. According to Kootz & O'Donell, "Managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal & development of personnel to fill the roles designed un the structure". Staffing involves:

Manpower Planning (estimating man power in terms of searching, choose the person and giving the right place).

Recruitment, selection & placement.

Training & development.

Remuneration.

Performance appraisal.

Promotions & transfer.

Directing

It is that part of managerial function which actuates the organizational methods to work efficiently for achievement of organizational purposes. It is considered life-spark of the enterprise which sets it in motion the action of people because planning, organizing and staffing are the mere preparations for doing the work. Direction is that inert-personnel aspect of management which deals directly with influencing, guiding, supervising, motivating sub-ordinate for the achievement of organizational goals. Direction has following elements:

Supervision
Motivation
Leadership
Communication

Supervision- implies overseeing the work of subordinates by their superiors. It is the act of watching & directing work & workers.

Motivation- means inspiring, stimulating or encouraging the sub-ordinates with zeal to work. Positive, negative, monetary, non-monetary incentives may be used for this purpose.

Leadership- may be defined as a process by which manager guides and influences the work of subordinates in desired direction.

Communications- is the process of passing information, experience, opinion etc from one person to another. It is a bridge of understanding.

Controlling

It implies measurement of accomplishment against the standards and correction of deviation if any to ensure achievement of organizational goals. The purpose of controlling is to ensure that everything occurs in conformities with the standards. An efficient system of control helps to predict deviations before they actually occur. According to Theo Haimann, "Controlling is the process of checking whether or not proper progress is being made towards the objectives and goals and acting if necessary, to correct any deviation". According to Koontz & O'Donell "Controlling is the measurement & correction of performance activities of subordinates in order to make

sure that the enterprise objectives and plans desired to obtain them as being accomplished". Therefore controlling has following steps:

Establishment of standard performance.

Measurement of actual performance.

Comparison of actual performance with the standards and finding out deviation if any.

Corrective action.

ROLES OF MANAGER

Henry Mintzberg identified ten different roles, separated into three categories. The categories he defined are as follows

INTERPERSONAL
- Figurehead
- Leader
- Liaision

INFORMATIONAL
- Monitor
- Disseminator
- Spokesperson

DECISIONAL
- Entrepreneur
- Negotiator
- Resource Allocator
- Disturbance Handler
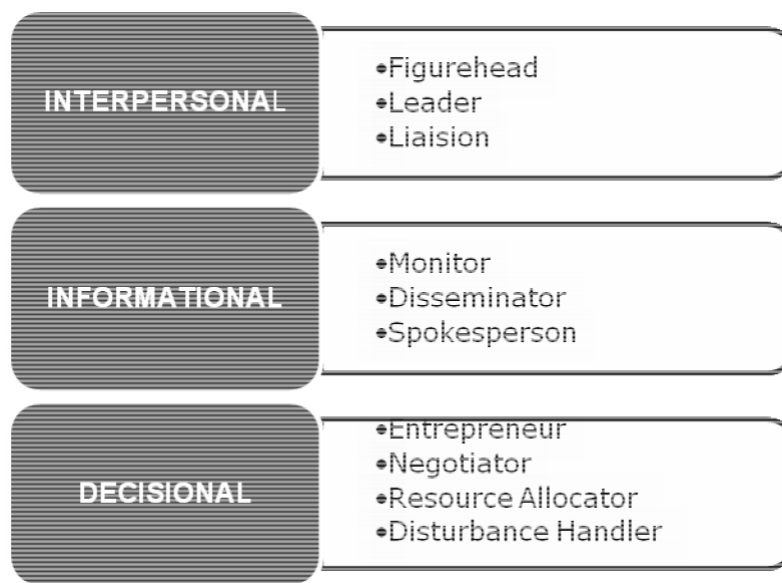
a) Interpersonal Roles

The ones that, like the name suggests, involve people and other ceremonial duties. It can be further classified as follows

Leader – Responsible for staffing, training, and associated duties.

Figurehead – The symbolic head of the organization.

Liaison – Maintains the communication between all contacts and informers that compose the organizational network.

b) Informational Roles

Related to collecting, receiving, and disseminating information.

Monitor – Personally seek and receive information, to be able to understand the organization.

Disseminator – Transmits all import information received from outsiders to the members of the organization.

Spokesperson – On the contrary to the above role, here the manager transmits the organization's plans, policies and actions to outsiders.

Decisional Roles

Roles that revolve around making choices.

Entrepreneur – Seeks opportunities. Basically they search for change, respond to it, and exploit it.

Negotiator – Represents the organization at major negotiations.

Resource Allocator – Makes or approves all significant decisions related to the allocation of resources.

Disturbance Handler – Responsible for corrective action when the organization faces disturbances.

EVOLUTION OF MANAGEMENT THOUGHT

The practice of management is as old as human civilization. The ancient civilizations of Egypt (the great pyramids), Greece (leadership and war tactics of Alexander the great) and Rome displayed the marvelous results of good management practices.

The origin of management as a discipline was developed in the late 19th century. Over time, management thinkers have sought ways to organize and classify the voluminous information about management that has been collected and disseminated. These attempts at classification have resulted in the identification of management approaches. The approaches of management are theoretical frameworks for the study of management. Each of the approaches of management are based on somewhat different assumptions about human beings and the organizations for which they work.

The different approaches of management are

a) Classical approach,

Behavioral approach,

Quantitative approach,

Systems approach,

Contingency approach.

The formal study of management is largely a twentieth-century phenomenon, and to some degree the relatively large number of management approaches reflects a lack of consensus among management scholars about basic questions of theory and practice.

a) THE CLASSICAL APPROACH:

The classical approach is the oldest formal approach of management thought. Its roots pre-date the twentieth century. The classical approach of thought generally concerns ways to manage work and organizations more efficiently. Three areas of study that can be grouped under the classical approach are scientific management, administrative management, and bureaucratic management.

(i) Scientific Management.

Frederick Winslow Taylor is known as the father of scientific management. Scientific management (also called Taylorism or the Taylor system) is a theory of management that analyzes and synthesizes workflows, with the objective of improving labor productivity. In other words, Traditional rules of thumb are replaced by precise procedures developed after careful study of an individual at work.

(ii) Administrative Management.

Administrative management focuses on the management process and principles of management. In contrast to scientific management, which deals largely with jobs and work at the individual level of analysis, administrative management provides a more general theory of management. Henri Fayol is the major contributor to this approach of management thought. (iii) Bureaucratic Management.

Bureaucratic management focuses on the ideal form of organization. Max Weber was the major contributor to bureaucratic management. Based on observation, Weber concluded that many early organizations were inefficiently managed, with decisions based on personal relationships and loyalty. He proposed that a form of organization, called a bureaucracy, characterized by division of labor, hierarchy, formalized rules, impersonality, and the selection and promotion of employees based on ability, would lead to more efficient management. Weber also contended that managers' authority in an organization should be based not on tradition or charisma but on the position held by managers in the organizational hierarchy.

b) THE BEHAVIORAL APPROACH:

The behavioral approach of management thought developed, in part, because of perceived weaknesses in the assumptions of the classical approach. The classical approach emphasized efficiency, process, and principles. Some felt that this emphasis disregarded important aspects of organizational life, particularly as it related to human behavior. Thus, the behavioral approach focused on trying to understand the factors that affect human behavior at work.

(i) Human Relations.

The Hawthorne Experiments began in 1924 and continued through the early 1930s. A variety of researchers participated in the studies, including Elton Mayo. One of the major conclusions of the Hawthorne studies was that workers' attitudes are associated with productivity. Another was that the workplace is a social system and informal group influence could exert a powerful effect on individual behavior. A third was that the style of supervision is an important factor in increasing workers' job satisfaction. (ii) Behavioral Science.

Behavioral science and the study of organizational behavior emerged in the 1950s and 1960s. The behavioral science approach was a natural progression of the human relations movement. It focused on applying conceptual and analytical tools to the problem of understanding and predicting behavior in the workplace.

The behavioral science approach has contributed to the study of management through its focus on personality, attitudes, values, motivation, group behavior, leadership, communication, and conflict, among other issues.

c) THE QUANTITATIVE APPROACH:

The quantitative approach focuses on improving decision making via the application of quantitative techniques. Its roots can be traced back to scientific management. (i) Management Science (Operations Research)

Management science (also called operations research) uses mathematical and statistical approaches to solve management problems. It developed during World War II as strategists tried to apply scientific knowledge and methods to the complex problems of war. Industry began to apply management science after the war. The advent of the computer made many management science tools and concepts more practical for industry

(ii) Production And Operations Management.

This approach focuses on the operation and control of the production process that transforms resources into finished goods and services. It has its roots in scientific management but became an identifiable area of management study after World War II. It uses many of the tools of management science.

Operations management emphasizes productivity and quality of both manufacturing and service organizations. W. Edwards Deming exerted a tremendous influence in shaping modern ideas about improving productivity and quality. Major areas of study within operations management include capacity planning, facilities location, facilities layout, materials requirement planning, scheduling, purchasing and inventory control, quality control, computer integrated manufacturing, just-in-time inventory systems, and flexible manufacturing systems.

d) SYSTEMS APPROACH:

The simplified block diagram of the systems approach is given below.
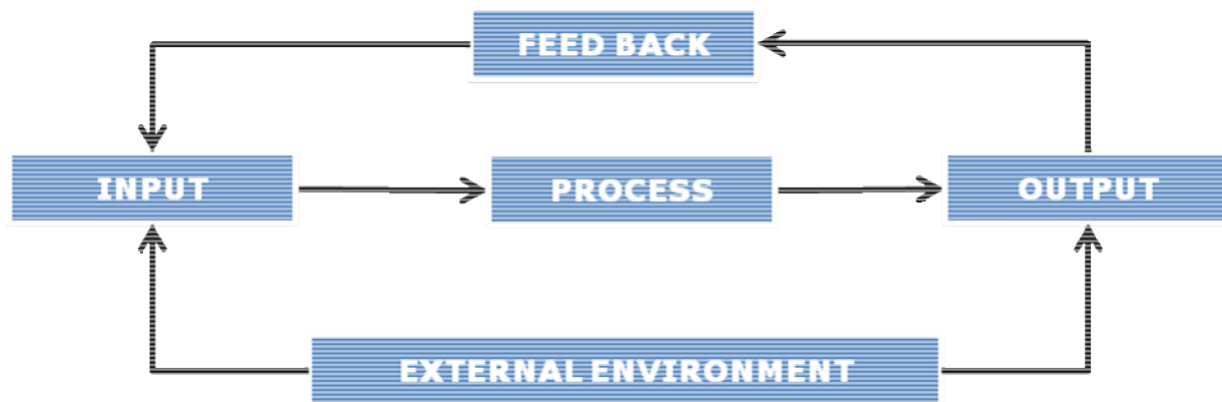
The systems approach focuses on understanding the organization as an open system that transforms inputs into outputs. The systems approach began to have a strong impact on management thought in the 1960s as a way of thinking about managing techniques that would allow managers to relate different specialties and parts of the company to one another, as well as to external environmental factors. The systems approach focuses on the organization as a whole, its interaction with the environment, and its need to achieve equilibrium

e) CONTINGENCY APPROACH:

The contingency approach focuses on applying management principles and processes as dictated by the unique characteristics of each situation. It emphasizes that there is no one best way to manage and that it depends on various situational factors, such as the external environment, technology, organizational characteristics, characteristics of the manager, and characteristics of the subordinates. Contingency theorists often implicitly or explicitly criticize the classical approach for its emphasis on the universality of management principles; however, most classical writers recognized the need to consider aspects of the situation when applying management principles.

MANAGEMENT APPROACHS	Beginning Dates	Emphasis
CLASSICAL APPROACH		
Scientific Management	1880s	Traditional rules of thumb are replaced by precise procedures developed after careful study of an individual at work.
Administrative Management	1940s	Gives idea about the primary functions of management and The 14 Principles of Administration
Bureaucratic Management	1920s	Replaces traditional leadership and charismatic leadership with legal leadership
BEHAVIORAL APPROACH		
Human Relations	1930s	workers' attitudes are associated with productivity
Behavioral Science	1950s	Gives idea to understand human behavior in the organization.

| QUANTITATIVE APPROACH		
Management Science (Operation research)	1940s	Uses mathematical and statistical approaches to solve management problems.
Production and Operations Management	1940s	This approach focuses on the operation and control of the production process that transforms resources into finished goods and services
RECENT DEVELOPEMENTS		
SYSTEMS APPROACH	1950s	Considers the organization as a system that transforms inputs into outputs while in constant interaction with its' environment.
CONTINGENCY APPROACH	1960s	Applies management principles and processes as dictated by the unique characteristics of each situation.

<u>CONTRIBUTION OF FAYOL AND TAYLOR</u>

F.W. Taylor and Henry Fayol are generally regarded as the founders of scientific management and administrative management and both provided the bases for science and art of management.

Taylor's Scientific Management

Frederick Winslow Taylor well-known as the founder of scientific management was the first to recognize and emphasis the need for adopting a scientific approach to the task of managing an enterprise. He tried to diagnose the causes of low efficiency in industry and came to the conclusion that much of waste and inefficiency is due to the lack of order and system in the methods of management. He found that the management was usually ignorant of the amount of work that could be done by a worker in a day as also the best method of doing the job. As a result, it remained largely at the mercy of the workers who deliberately shirked work. He

therefore, suggested that those responsible for management should adopt a scientific approach in their work, and make use of "scientific method" for achieving higher efficiency. The scientific method consists essentially of

Observation

Measurement

Experimentation and

Inference.

He advocated a thorough planning of the job by the management and emphasized the necessity of perfect understanding and co-operation between the management and the workers both for the enlargement of profits and the use of scientific investigation and knowledge in industrial work. He summed up his approach in these words:

Science, not rule of thumb

Harmony, not discord

Co-operation, not individualism

Maximum output, in place of restricted output

The development of each man to his greatest efficiency and prosperity.

Elements of Scientific Management: The techniques which Taylor regarded as its essential elements or features may be classified as under:

Scientific Task and Rate-setting, work improvement, etc.

Planning the Task.

Vocational Selection and Training

Standardization (of working conditions, material equipment etc.)

Specialization

Mental Revolution.

Scientific Task and Rate-Setting (work study): Work study may be defined as the systematic, objective and critical examination of all the factors governing the operational efficiency of any specified activity in order to effect improvement.

Work study includes.

(a) **Methods Study:** The management should try to ensure that the plant is laid out in the best manner and is equipped with the best tools and machinery. The possibilities of eliminating or combining certain operations may be studied.

(b) **Motion Study:** It is a study of the movement, of an operator (or even of a machine)

in performing an operation with the purpose of eliminating useless motions.

Time Study (work measurement): The basic purpose of time study is to determine the proper time for performing the operation. Such study may be conducted after the motion study. Both time study and motion study help in determining the best method of doing a job and the standard time allowed for it.

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

Rate-setting: Taylor recommended the differential piece wage system, under which workers performing the standard task within prescribed time are paid a much higher rate per unit than inefficient workers who are not able to come up to the standard set.

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

Selection and Training: Scientific Management requires a radical change in the methods and procedures of selecting workers. It is therefore necessary to entrust the task of selection to a central personnel department. The procedure of selection will also have to be systematised. Proper attention has also to be devoted to the training of the workers in the correct methods of work.

Standardization: Standardization may be introduced in respect of the following.

Tools and equipment: By standardization is meant the process of bringing about uniformity. The management must select and store standard tools and implements which will be nearly the best or the best of their kind.

Speed: There is usually an optimum speed for every machine. If it is exceeded, it is likely to result in damage to machinery.

Conditions of Work: To attain standard performance, the maintenance of standard conditions of ventilation, heating, cooling, humidity, floor space, safety etc., is very essential.

Materials: The efficiency of a worker depends on the quality of materials and the method of handling materials.

Specialization: Scientific management will not be complete without the introduction of specialization. Under this plan, the two functions of 'planning' and 'doing' are separated in the organization of the plant. The `functional foremen' are specialists who join their heads to give

thought to the planning of the performance of operations in the workshop. Taylor suggested eight functional foremen under his scheme of functional foremanship.

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

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

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

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

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

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

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

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

Mental Revolution: At present, industry is divided into two groups – management and labour. The major problem between these two groups is the division of surplus. The management wants the maximum possible share of the surplus as profit; the workers want, as large share in the form of wages. Taylor has in mind the enormous gain that arises from higher productivity. Such gains can be shared both by the management and workers in the form of increased profits and increased wages.

Henry Fayol's 14 Principles of Management:

The principles of management are given below:

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

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

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

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

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

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

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

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

Scalar Chain: The unity of command brings about a chain or hierarchy of command linking all members of the organization from the top to the bottom. Scalar denotes steps.

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

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

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

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

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

ORGANIZATION AND ENVIRONMENTAL FACTORS

An organization is a group of people intentionally organized to accomplish a common or set of goals.

Types of Business Organizations

When organizing a new business, one of the most important decisions to be made is choosing the structure of a business.

a) Sole Proprietorships

The vast majority of small business starts out as sole proprietorships . . . very dangerous. These firms are owned by one person, usually the individual who has day-to-day responsibility for running the business. Sole proprietors own all the assets of the business and the profits generated by it. They also assume "complete personal" responsibility for all of its liabilities or debts. In the eyes of the law, you are one in the same with the business.

Merits:

Easiest and least expensive form of ownership to organize.

Sole proprietors are in complete control, within the law, to make all decisions.

Sole proprietors receive all income generated by the business to keep or reinvest.

Profits from the business flow-through directly to the owner's personal tax return.

The business is easy to dissolve, if desired.

Demerits:

Unlimited liability and are legally responsible for all debts against the business.

Their business and personal assets are 100% at risk.

Has almost been ability to raise investment funds.

Are limited to using funds from personal savings or consumer loans.

Have a hard time attracting high-caliber employees, or those that are motivated by the opportunity to own a part of the business.

Employee benefits such as owner's medical insurance premiums are not directly deductible from business income (partially deductible as an adjustment to income).

b) Partnerships

In a Partnership, two or more people share ownership of a single business. Like proprietorships, the law does not distinguish between the business and its owners. The Partners should have a

legal agreement that sets forth how decisions will be made, profits will be shared, disputes will be resolved, how future partners will be admitted to the partnership, how partners can be bought out, or what steps will be taken to dissolve the partnership when needed. Yes, its hard to think about a "break-up" when the business is just getting started, but many partnerships split up at crisis times and unless there is a defined process, there will be even greater problems. They also must decide up front how much time and capital each will contribute, etc.

Merits:

Partnerships are relatively easy to establish; however time should be invested in developing the partnership agreement.

With more than one owner, the ability to raise funds may be increased.

The profits from the business flow directly through to the partners' personal taxes.

Prospective employees may be attracted to the business if given the incentive to become a partner.

Demerits:

Partners are jointly and individually liable for the actions of the other partners.

Profits must be shared with others.

Since decisions are shared, disagreements can occur.

Some employee benefits are not deductible from business income on tax returns.

The partnerships have a limited life; it may end upon a partner withdrawal or death.

c) Corporations

A corporation, chartered by the state in which it is headquartered, is considered by law to be a unique "entity", separate and apart from those who own it. A corporation can be taxed; it can be sued; it can enter into contractual agreements. The owners of a corporation are its shareholders. The shareholders elect a board of directors to oversee the major policies and decisions. The corporation has a life of its own and does not dissolve when ownership changes.

Merits:

Shareholders have limited liability for the corporation's debts or judgments against the corporations.

Generally, shareholders can only be held accountable for their investment in stock of the company. (Note however, that officers can be held personally liable for their actions, such as the failure to withhold and pay employment taxes.)

Corporations can raise additional funds through the sale of stock.

A corporation may deduct the cost of benefits it provides to officers and employees.

Can elect S corporation status if certain requirements are met. This election enables company to be taxed similar to a partnership.

Demerits:

The process of incorporation requires more time and money than other forms of organization.

Corporations are monitored by federal, state and some local agencies, and as a result may have more paperwork to comply with regulations.

Incorporating may result in higher overall taxes. Dividends paid to shareholders are not deductible form business income, thus this income can be taxed twice.

d) Joint Stock Company:

Limited financial resources & heavy burden of risk involved in both of the previous forms of organization has led to the formation of joint stock companies these have limited dilutives.

The capital is raised by selling shares of different values. Persons who purchase the shares are called shareholder. The managing body known as; Board of Directors; is responsible for policy making important financial & technical decisions. There are two main types of joint stock Companies.

Private limited company.

Public limited company

Private limited company: This type company can be formed by two or more persons. Te maximum number of member ship is limited to 50. In this transfer of shares is limited to members only. The government also does not interfere in the working of the company.

Public Limited Company: Its is one whose membership is open to general public. The minimum number required to form such company is seven, but there is no upper limit. Such company's can advertise to offer its share to genera public through a prospectus. These public limited companies are subjected to greater control & supervision of control.

Merits:

The liability being limited the shareholder bear no Rick& therefore more as make persons are encouraged to invest capital.

Because of large numbers of investors, the risk of loss is divided.

Joint stock companies are not affected by the death or the retirement of the shareholders.

Disadvantages:

It is difficult to preserve secrecy in these companies.

It requires a large number of legal formalities to be observed.

Lack of personal interest.

e) Public Corporations:

A public corporation is wholly owned by the Government centre to state. It is established usually by a Special Act of the parliament. Special statute also prescribes its management pattern power duties & jurisdictions. Though the total capital is provided by the Government, they have separate entity & enjoy independence in matters related to appointments, promotions etc.

Merits:

These are expected to provide better working conditions to the employees & supported to be better managed.

Quick decisions can be possible, because of absence of bureaucratic control.

More Hexibility as compared to departmental organization.

Since the management is in the hands of experienced & capable directors & managers, these ate managed more efficiently than that of government departments.

Demerits:

Any alteration in the power & Constitution of Corporation requires an amendment in the particular Act, which is difficult & time consuming.

Public Corporations possess monopoly & in the absence of competition, these are not interested in adopting new techniques & in making improvement in their working.

f) Government Companies:

A state enterprise can also be organized in the form of a Joint stock company; A government company is any company in which of the share capital is held by the central government or partly by central government & party by one to more state governments. It is managed b the elected board of directors which may include private individuals. These are accountable for its working to the concerned ministry or department & its annual report is required to be placed ever year on the table of the parliament or state legislatures along with the comments of the government to concerned department.

Merits:

It is easy to form.

The directors of a government company are free to take decisions & are not bound by certain rigid rules & regulations.

Demerits:

Misuse of excessive freedom cannot be ruled out.

The directors are appointed by the government so they spend more time in pleasing their political masters & top government officials, which results in inefficient management.

CLASSIFICATION OF ENVIRONMENTAL FACTORS

On the basis of the extent of intimacy with the firm, the environmental factors may be classified into different types namely internal and external.
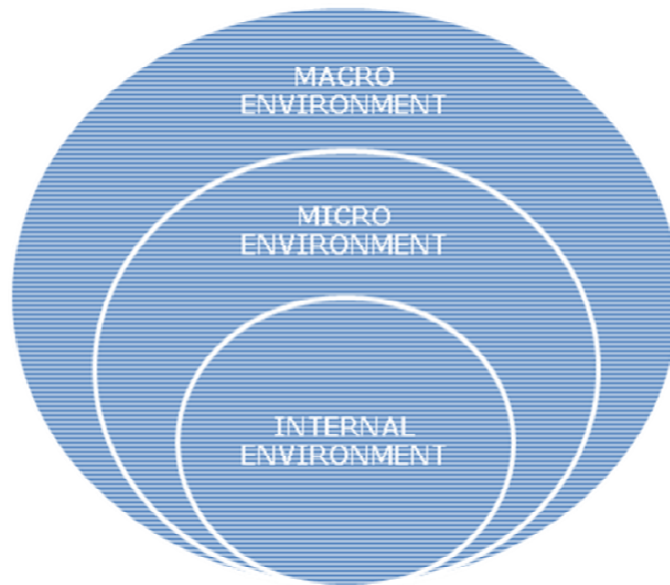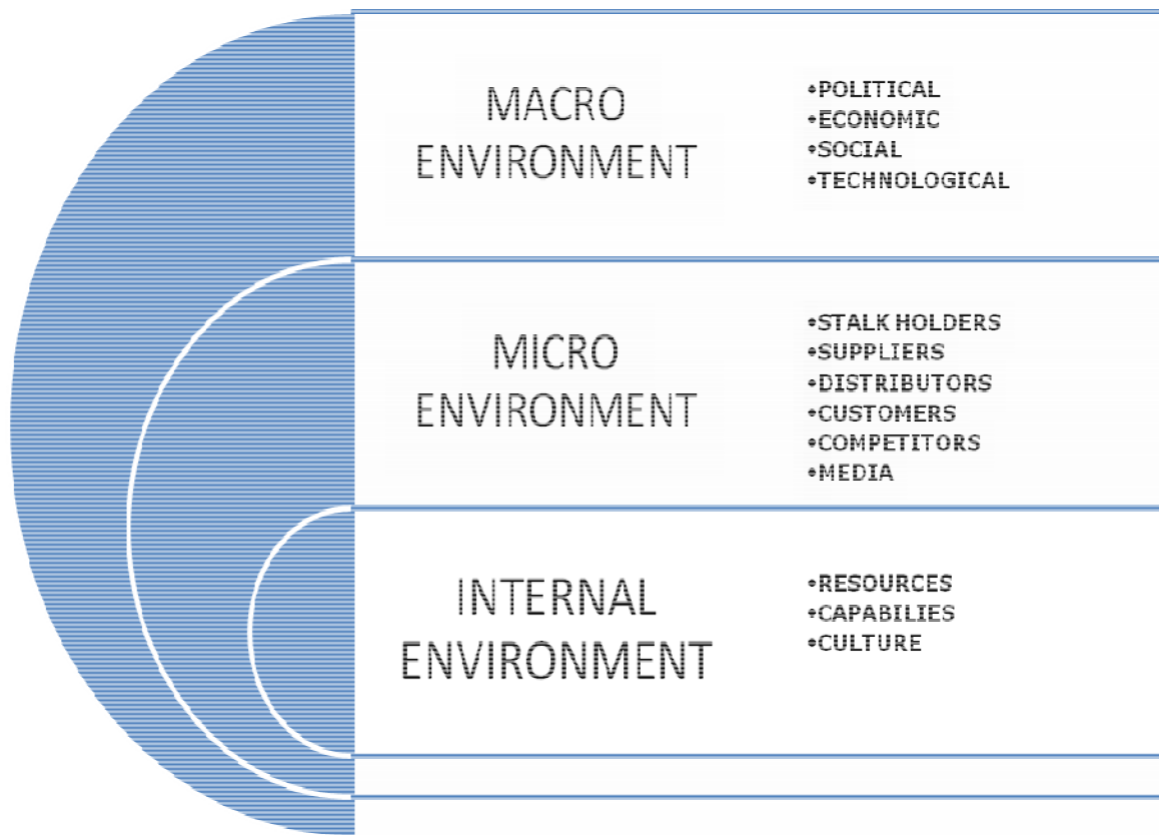
1) INTERNAL ENVIRONMENTAL FACTORS

The internal environment is the environment that has a direct impact on the business. The internal factors are generally controllable because the company has control over these factors. It can alter or modify these factors. The internal environmental factors are resources, capabilities and culture.

i) Resources:

A good starting point to identify company resources is to look at tangible, intangible and human resources.

Tangible resources are the easiest to identify and evaluate: financial resources and physical assets are identifies and valued in the firm's financial statements.

Intangible resources are largely invisible, but over time become more important to the firm than tangible assets because they can be a main source for a competitive advantage. Such intangible recourses include reputational assets (brands, image, etc.) and technological assets (proprietary technology and know-how).

Human resources or human capital are the productive services human beings offer the firm in terms of their skills, knowledge, reasoning, and decision-making abilities.

ii) Capabilities:

Resources are not productive on their own. The most productive tasks require that resources collaborate closely together within teams. The term organizational capabilities are used to refer to a firm's capacity for undertaking a particular productive activity. Our interest is not in capabilities per se, but in capabilities relative to other firms. To identify the firm's capabilities we will use the functional classification approach. A functional classification identifies organizational capabilities in relation to each of the principal functional areas.

iii) Culture:

It is the specific collection of values and norms that are shared by people and groups in an organization and that helps in achieving the organizational goals.

2) EXTERNAL ENVIRONMENT FACTORS

It refers to the environment that has an indirect influence on the business. The factors are uncontrollable by the business. The two types of external environment are micro environment and macro environment.

a) MICRO ENVIRONMENTAL FACTORS

These are external factors close to the company that have a direct impact on the organizations process. These factors include:

i) Shareholders

Any person or company that owns at least one share (a percentage of ownership) in a company is known as shareholder. A shareholder may also be referred to as a "stockholder". As organization requires greater inward investment for growth they face increasing pressure to move from private ownership to public. However this movement unleashes the forces of shareholder pressure on the strategy of organizations.

ii) Suppliers

An individual or an organization involved in the process of making a product or service available for use or consumption by a consumer or business user is known as supplier. Increase in raw material prices will have a knock on affect on the marketing mix strategy of an organization. Prices may be forced up as a result. A closer supplier relationship is one way of ensuring competitive and quality products for an organization.

iii) Distributors

Entity that buys non-competing products or product-lines, warehouses them, and resells them to retailers or direct to the end users or customers is known as distributor. Most distributors provide strong manpower and cash support to the supplier or manufacturer's promotional efforts. They usually also provide a range of services (such as product information, estimates, technical support, after-sales services, credit) to their customers. Often getting products to the end customers can be a major issue for firms. The distributors used will determine the final price of the product and how it is presented to the end customer. When selling via retailers, for example, the retailer has control over where the products are displayed, how they are priced and how much they are promoted in-store. You can also gain a competitive advantage by using changing distribution channels.

iv) Customers

A person, company, or other entity which buys goods and services produced by another person, company, or other entity is known as customer. Organizations survive on the basis of meeting the needs, wants and providing benefits for their customers. Failure to do so will result in a failed business strategy.

v) Competitors

A company in the same industry or a similar industry which offers a similar product or service is known as competitor. The presence of one or more competitors can reduce the prices of goods and services as the companies attempt to gain a larger market share. Competition also requires companies to become more efficient in order to reduce costs. Fast-food restaurants McDonald's and Burger King are competitors, as are Coca-Cola and Pepsi, and Wal-Mart and Target.

vi) Media

Positive or adverse media attention on an organisations product or service can in some cases make or break an organisation.. Consumer programmes with a wider and more direct audience can also have a very powerful and positive impact, hforcing organisations to change their tactics.

b) MACRO ENVIRONMENTAL FACTORS

An organization's macro environment consists of nonspecific aspects in the organization's surroundings that have the potential to affect the organization's strategies. When compared to a firm's task environment, the impact of macro environmental variables is less direct and the organization has a more limited impact on these elements of the environment.

The macro environment consists of forces that originate outside of an organization and generally cannot be altered by actions of the organization. In other words, a firm may be influenced by changes within this element of its environment, but cannot itself influence the environment. The curved lines in Figure 1 indicate the indirect influence of the environment on the organization.

Macro environment includes political, economic, social and technological factors. A firm considers these as part of its environmental scanning to better understand the threats and opportunities created by the variables and how strategic plans need to be adjusted so the firm can obtain and retain competitive advantage.

i) Political Factors

Political factors include government regulations and legal issues and define both formal and informal rules under which the firm must operate. Some examples include:

tax policy

employment laws

environmental regulations

trade restrictions and tariffs

political stability

Economic Factors

Economic factors affect the purchasing power of potential customers and the firm's cost of capital. The following are examples of factors in the macroeconomy:

economic growth

interest rates

exchange rates

inflation rate

iii) Social Factors

Social factors include the demographic and cultural aspects of the external macro environment. These factors affect customer needs and the size of potential markets. Some social factors include:

> health consciousness
> population growth rate
> age distribution
> career attitudes
> emphasis on safety

Technological Factors

Technological factors can lower barriers to entry, reduce minimum efficient production levels, and influence outsourcing decisions. Some technological factors include:

> R&D activity
> automation
> technology incentives
> rate of technological change

TRENDS AND CHALLENGES OF MANAGEMENT IN GLOBAL NARIO

The management functions are planning and decision making, organizing. leading, and controlling — are just as relevant to international managers as to domestic managers. International managers need to have a clear view of where they want their firm to be in the future; they have to organize to implement their plans: they have to motivate those who work lot them; and they have to develop appropriate control mechanisms.

a) Planning and Decision Making in a Global nario

To effectively plan and make decisions in a global economy, managers must have a broad-based understanding of both environmental issues and competitive issues. They need to understand local market conditions and technological factor that will affect their operations. At the corporate level, executives need a great deal of information to function effectively. Which markets are growing? Which markets are shrinking? Which are our domestic and foreign competitors doing in each market? They must also make a variety of strategic decisions about their organizations. For example, if a firm wishes to enter market in France, should it buy a local

firm there, build a plant, or seek a strategic alliance? Critical issues include understanding environmental circumstances, the role of goals and planning in a global organization, and how decision making affects the global organization.

b) Organizing in a Global nario

Managers in international businesses must also attend to a variety of organizing issues. For example, General Electric has operations scattered around the globe.The firm has made the decision to give local managers a great deal of responsibility for how they run their business. In contrast, many Japanese firms give managers of their foreign operations relatively little responsibility. As a result, those managers must frequently travel back to Japan to present problems or get decisions approved. Managers in an international business must address the basic issues of organization structure and design, managing change, and dealing with human resources.

c) Leading in a Global nario

We noted earlier some of the cultural factors that affect international organizations. Individual managers must be prepared to deal with these and other factors as they interact people from different cultural backgrounds .Supervising a group of five managers, each of whom is from a different state in the United States, is likely to be much simpler than supervising a group of five managers, each of whom is from a different culture. Managers must understand how cultural factors affect individuals. How motivational processes vary across cultures, how the role of leadership changes in different cultures, how communication varies across cultures, and how interpersonal and group processes depend on cultural background.

d) Controlling in a Global nario

Finally, managers in international organizations must also be concerned with control. Distances, time zone differences, and cultural factors also play a role in control. For example, in some cultures, close supervision is seen as being appropriate, whereas in other cultures, it is not Like-wise, executives in the United States and Japan may find it difficult to communicate vital information to one another because of the time zone differences. Basic control issues for the international manager revolve around operations management productivity, quality, technology and information systems.

UNIT II
PLANNING

DEFINITION

According to Koontz O'Donnel - "Planning is an intellectual process, the conscious determination of courses of action, the basing of decisions on purpose, acts and considered estimates".

NATURE AND PURPOSE OF PLANNING

Nature of Planning

 Ā Ā **Planning is goal-oriented:** Every plan must contribute in some positive way towards the accomplishment of group objectives. Planning has no meaning without being related to goals.

 Ā Ā **Primacy of Planning:** Planning is the first of the managerial functions. It precedes all other management functions.

 Ā Ā **Pervasiveness of Planning:** Planning is found at all levels of management. Top management looks after strategic planning. Middle management is in charge of administrative planning. Lower management has to concentrate on operational planning.

 Ā Ā **Efficiency, Economy and Accuracy:** Efficiency of plan is measured by its contribution to the objectives as economically as possible. Planning also focuses on accurate forecasts.

 Ā Ā **Co-ordination:** Planning co-ordinates the what, who, how, where and why of planning. Without co-ordination of all activities, we cannot have united efforts.

 Ā Ā **Limiting Factors:** A planner must recognize the limiting factors (money, manpower etc) and formulate plans in the light of these critical factors.

 Ā Ā **Flexibility:** The process of planning should be adaptable to changing environmental conditions.

 Ā Ā **Planning is an intellectual process:** The quality of planning will vary according to the quality of the mind of the manager.

Purpose of Planning

As a managerial function planning is important due to the following reasons:-

To manage by objectives: All the activities of an organization are designed to achieve certain specified objectives. However, planning makes the objectives more concrete by focusing attention on them.

To offset uncertainty and change: Future is always full of uncertainties and changes. Planning foresees the future and makes the necessary provisions for it.

To secure economy in operation: Planning involves, the selection of most profitable course of action that would lead to the best result at the minimum costs.

To help in co-ordination: Co-ordination is, indeed, the essence of management, the planning is the base of it. Without planning it is not possible to co-ordinate the different activities of an organization.

To make control effective: The controlling function of management relates to the comparison of the planned performance with the actual performance. In the absence of plans, a management will have no standards for controlling other's performance.

To increase organizational effectiveness: Mere efficiency in the organization is not important; it should also lead to productivity and effectiveness. Planning enables the manager to measure the organizational effectiveness in the context of the stated objectives and take further actions in this direction.

Features of Planning
- It is primary function of management.
- It is an intellectual process
- Focuses on determining the objectives
- Involves choice and decision making
- It is a continuous process
- It is a pervasive function

Classification of Planning
- On the basis of content
- Strategic Planning
  - It is the process of deciding on Long-term objectives of the organization.
  - It encompasses all the functional areas of business

Tactical Planning

– It involves conversion of detailed and specific plans into detailed and specific action plans.

– It is the blue print for current action and it supports the strategic plans.

On the basis of time period

Long term planning

– Time frame beyond five years.

– It specifies what the organization wants to become in long run.

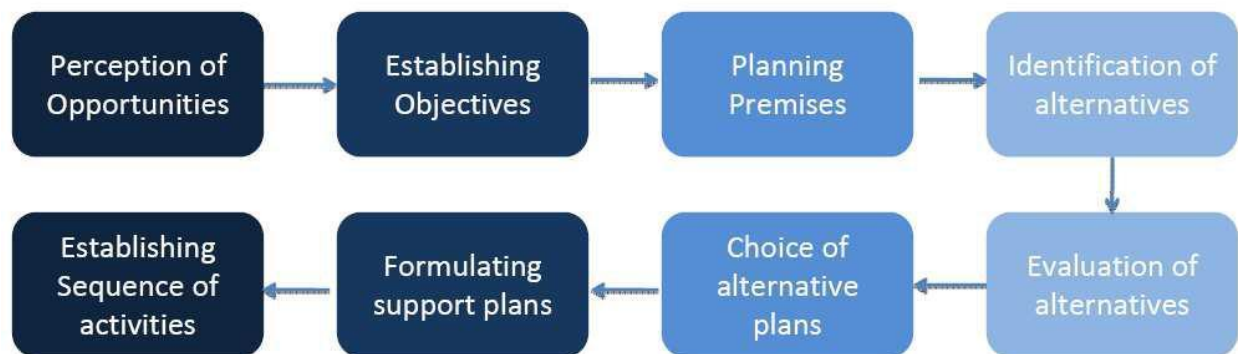– It involves great deal of uncertainty.

Intermediate term planning

– Time frame between two and five years.

– It is designed to implement long term plans.

Short term planning

– Time frame of one year or less.

– It provide basis for day to day operations.

PLANNING PROCESS

The various steps involved in planning are given below

Planning Process

a) Perception of Opportunities:

Although preceding actual planning and therefore not strictly a part of the planning process, awareness of an opportunity is the real starting point for planning. It includes a preliminary look at possible future opportunities and the ability to see them clearly and completely, knowledge of where we stand in the light of our strengths and weaknesses, an understanding of why we wish to solve uncertainties, and a vision of what we expect to gain. Setting realistic objectives depends on this awareness. Planning requires realistic diagnosis of the opportunity situation.

b) Establishing Objectives:

The first step in planning itself is to establish objectives for the entire enterprise and then for each subordinate unit. Objectives specifying the results expected indicate the end points of what is to be done, where the primary emphasis is to be placed, and what is to be accomplished by the network of strategies, policies, procedures, rules, budgets and programs.

Enterprise objectives should give direction to the nature of all major plans which, by reflecting these objectives, define the objectives of major departments. Major department objectives, in turn, control the objectives of subordinate departments, and so on down the line. The objectives of lesser departments will be better framed, however, if subdivision managers understand the overall enterprise objectives and the implied derivative goals and if they are given an opportunity to contribute their ideas to them and to the setting of their own goals.

c) Considering the Planning Premises:

Another logical step in planning is to establish, obtain agreement to utilize and disseminate critical planning premises. These are forecast data of a factual nature, applicable basic policies, and existing company plans. Premises, then, are planning assumptions – in other words, the expected environment of plans in operation. This step leads to one of the major principles of planning.

The more individuals charged with planning understand and agree to utilize consistent planning premises, the more coordinated enterprise planning will be.

Planning premises include far more than the usual basic forecasts of population, prices, costs, production, markets, and similar matters.

Because the future environment of plans is so complex, it would not be profitable or realistic to make assumptions about every detail of the future environment of a plan.

Since agreement to utilize a given set of premises is important to coordinate planning, it becomes a major responsibility of managers, starting with those at the top, to make sure that subordinate managers understand the premises upon which they are expected to plan. It is not unusual for chief executives in well- managed companies to force top managers with differing views, through group deliberation, to arrive at a set of major premises that all can accept.

d) Identification of alternatives:

Once the organizational objectives have been clearly stated and the planning premises have been developed, the manager should list as many available alternatives as possible for reaching those objectives.

The focus of this step is to search for and examine alternative courses of action, especially those not immediately apparent. There is seldom a plan for which reasonable alternatives do not exist, and quite often an alternative that is not obvious proves to be the best.

The more common problem is not finding alternatives, but reducing the number of alternatives so that the most promising may be analyzed. Even with mathematical techniques and the computer, there is a limit to the number of alternatives that may be examined. It is therefore usually necessary for the planner to reduce by preliminary examination the number of alternatives to those promising the most fruitful possibilities or by mathematically eliminating, through the process of approximation, the least promising ones.

e) Evaluation of alternatives

Having sought out alternative courses and examined their strong and weak points, the following step is to evaluate them by weighing the various factors in the light of premises and goals. One course may appear to be the most profitable but require a large cash outlay and a slow payback; another may be less profitable but involve less risk; still another may better suit the company in long–range objectives.

If the only objective were to examine profits in a certain business immediately, if the future were not uncertain, if cash position and capital availability were not worrisome, and if most factors could be reduced to definite data, this evaluation should be relatively easy. But typical planning is replete with uncertainties, problems of capital shortages, and intangible factors, and so evaluation is usually very difficult, even with relatively simple problems. A company may wish to enter a new product line primarily for purposes of prestige; the forecast of expected results may show a clear financial loss, but the question is still open as to whether the loss is worth the gain.

f) Choice of alternative plans

An evaluation of alternatives must include an evaluation of the premises on which the alternatives are based. A manager usually finds that some premises are unreasonable and can therefore be excluded from further consideration. This elimination process helps the manager determine which alternative would best accomplish organizational objectives.

g) Formulating of Supporting Plans

After decisions are made and plans are set, the final step to give them meaning is to numberize them by converting them to budgets. The overall budgets of an enterprise represent the sum total of income and expenses with resultant profit or surplus and budgets of major balance–sheet items such as cash and capital expenditures. Each department or program of a business or other enterprise can have its own budgets, usually of expenses and capital expenditures, which tie into the overall budget.

If this process is done well, budgets become a means of adding together the various plans and also important standards against which planning progress can be measured.

h) Establishing sequence of activities

Once plans that furnish the organization with both long-range and short-range direction have been developed, they must be implemented. Obviously, the organization can not directly benefit from planning process until this step is performed.

TYPES OF PLANS / COMPONENTS OF PLANNING

In the process of planning, several plans are prepared which are known as components of planning.
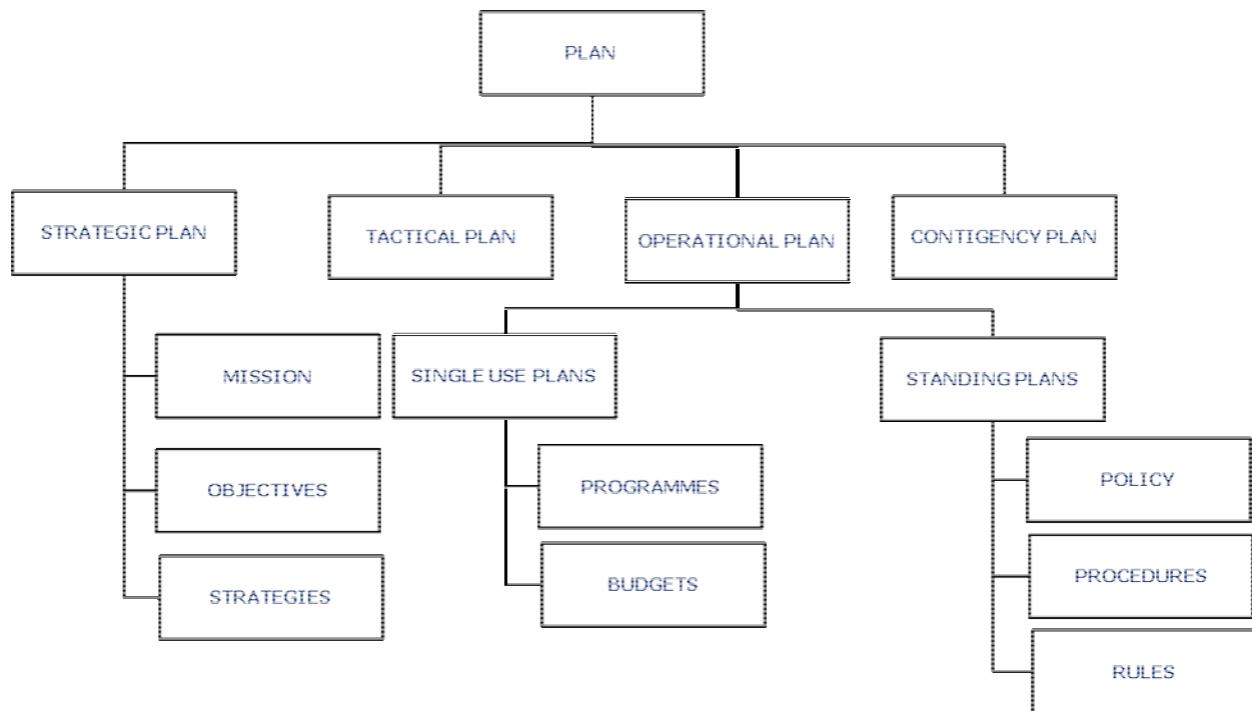
Plans can be broadly classified as

Strategic plans

Tactical plans

Operational plans

Operational plans lead to the achievement of tactical plans, which in turn lead to the attainment of strategic plans. In addition to these three types of plans, managers should also develop a contingency plan in case their original plans fail.

a) Strategic plans:

A strategic plan is an outline of steps designed with the goals of the entire organization as a whole in mind, rather than with the goals of specific divisions or departments. It is further classified as

i) Mission:

  The mission is a statement that reflects the basic purpose and focus of the organization which normally remain unchanged. The mission of the company is the answer of the question : why does the organization exists?

Properly crafted mission statements serve as filters to separate what is important from what is not, clearly state which markets will be served and how, and communicate a sense of intended direction to the entire organization.

Mission of Ford: "we are a global, diverse family with a proud inheritance, providing exceptional products and services".

ii) Objectives or goals:

Both goal and objective can be defined as statements that reflect the end towards which the organization is aiming to achieve. However, there are significant differences between the two. A goal is an abstract and general umbrella statement, under which specific objectives can be clustered. Objectives are statements that describe—in precise, measurable, and obtainable terms which reflect the desired organization's outcomes.

iii) Strategies:

Strategy is the determination of the basic long term objectives of an organization and the adoption of action and collection of action and allocation of resources necessary to achieve these goals.

Strategic planning begins with an organization's mission. Strategic plans look ahead over the next two, three, five, or even more years to move the organization from where it currently is to where it wants to be. Requiring multilevel involvement, these plans demand harmony among all levels of management within the organization. Top-level management develops the directional objectives for the entire organization, while lower levels of management develop compatible objectives and plans to achieve them. Top management's strategic plan for the entire organization becomes the framework and sets dimensions for the lower level planning.

b) Tactical plans:

A tactical plan is concerned with what the lower level units within each division must do, how they must do it, and who is in charge at each level. Tactics are the means needed to activate a strategy and make it work.

Tactical plans are concerned with shorter time frames and narrower scopes than are strategic plans. These plans usually span one year or less because they are considered short-term goals. Long-term goals, on the other hand, can take several years or more to accomplish. Normally, it

is the middle manager's responsibility to take the broad strategic plan and identify specific tactical actions.

c) Operational plans

The specific results expected from departments, work groups, and individuals are the operational goals. These goals are precise and measurable. "Process 150 sales applications each week" or "Publish 20 books this quarter" are examples of operational goals.

An operational plan is one that a manager uses to accomplish his or her job responsibilities. Supervisors, team leaders, and facilitators develop operational plans to support tactical plans (see the next section). Operational plans can be a single-use plan or a standing plan.

Single-use plans apply to activities that do not recur or repeat. A one-time occurrence, such as a special sales program, is a single-use plan because it deals with the who, what, where, how, and how much of an activity.

Programme: Programme consists of an ordered list of events to be followed to execute a project.

Budget: A budget predicts sources and amounts of income and how much they are used for a specific project.

Standing plans are usually made once and retain their value over a period of years while undergoing periodic revisions and updates. The following are examples of ongoing plans:

Policy: A policy provides a broad guideline for managers to follow when dealing with important areas of decision making. Policies are general statements that explain how a manager should attempt to handle routine management responsibilities. Typical human resources policies, for example, address such matters as employee hiring, terminations, performance appraisals, pay increases, and discipline.

Procedure: A procedure is a set of step-by-step directions that explains how activities or tasks are to be carried out. Most organizations have procedures for purchasing supplies and equipment, for example. This procedure usually begins with a supervisor completing a purchasing requisition. The requisition is then sent to the next level of management for approval. The approved requisition is forwarded to the purchasing department. Depending on the amount of the request, the purchasing department may place an order, or they may need to secure quotations and/or bids for several vendors before placing the order. By defining the steps to be taken and

the order in which they are to be done, procedures provide a standardized way of responding to a repetitive problem.

Rule: A rule is an explicit statement that tells an employee what he or she can and cannot do. Rules are "do" and "don't" statements put into place to promote the safety of employees and the uniform treatment and behavior of employees. For example, rules about tardiness and absenteeism permit supervisors to make discipline decisions rapidly and with a high degree of fairness.

Contingency plans

Intelligent and successful management depends upon a constant pursuit of adaptation, flexibility, and mastery of changing conditions. Strong management requires a "keeping all options open" approach at all times — that's where contingency planning comes in.

Contingency planning involves identifying alternative courses of action that can be implemented if and when the original plan proves inadequate because of changing circumstances.

Keep in mind that events beyond a manager's control may cause even the most carefully prepared alternative future narios to go awry. Unexpected problems and events frequently occur. When they do, managers may need to change their plans. Anticipating change during the planning process is best in case things don't go as expected. Management can then develop alternatives to the existing plan and ready them for use when and if circumstances make these alternatives appropriate.

<u>OBJECTIVES</u>

Objectives may be defined as the goals which an organisation tries to achieve. Objectives are described as the end- points of planning. According to Koontz and O'Donnell, "an objective is a term commonly used to indicate the end point of a management programme." Objectives constitute the purpose of the enterprise and without them no intelligent planning can take place.

Objectives are, therefore, the ends towards which the activities of the enterprise are aimed. They are present not only the end-point of planning but also the end towards which organizing, directing and controlling are aimed. Objectives provide direction to various activities. They also serve as the benchmark of measuring the efficiency and effectiveness of the enterprise. Objectives make every human activity purposeful. Planning has no meaning if it is not related to certain objectives.

Features of Objectives

The objectives must be predetermined.

A clearly defined objective provides the clear direction for managerial effort.

Objectives must be realistic.

Objectives must be measurable.

Objectives must have social sanction.

All objectives are interconnected and mutually supportive.

Objectives may be short-range, medium-range and long-range.

Objectives may be constructed into a hierarchy.

Advantages of Objectives

Clear definition of objectives encourages unified planning.

Objectives provide motivation to people in the organization.

When the work is goal-oriented, unproductive tasks can be avoided.

Objectives provide standards which aid in the control of human efforts in an organization.

Objectives serve to identify the organization and to link it to the groups upon which its existence depends.

Objectives act as a sound basis for developing administrative controls.

Objectives contribute to the management process: they influence the purpose of the organization, policies, personnel, leadership as well as managerial control.

Process of Setting Objectives

Objectives are the keystone of management planning. It is the most important task of management. Objectives are required to be set in every area which directly and vitally effects the survival and prosperity of the business. In the setting of objectives, the following points should be borne in mind.

Objectives are required to be set by management in every area which directly and vitally affects the survival and prosperity of the business.

The objectives to be set in various areas have to be identified.

While setting the objectives, the past performance must be reviewed, since past performance indicates what the organization will be able to accomplish in future.

The objectives should be set in realistic terms i.e., the objectives to be set should be reasonable and capable of attainment.

Objectives must be consistent with one and other.

Objectives must be set in clear-cut terms.

For the successful accomplishment of the objectives, there should be effective communication.

MANAGEMENT BY OBJECTIVES (MBO)

MBO was first popularized by Peter Drucker in 1954 in his book 'The practice of Management'. It is a process of agreeing within an organization so that management and employees buy into the objectives and understand what they are. It has a precise and written description objectives ahead, timelines for their motoring and achievement.

The employees and manager agree to what the employee will attempt to achieve in a period ahead and the employee will accept and buy into the objectives.

Definition

"MBO is a process whereby the superior and the mangers of an organization jointly identify its common goals, define each individual's major area of responsibility in terms of results expected of him, and use these measures as guides for operating the unit and assessing the contribution of each of its members."

Features of MBO

MBO is concerned with goal setting and planning for individual managers and their units.

The essence of MBO is a process of joint goal setting between a supervisor and a subordinate.

Managers work with their subordinates to establish the performance goals that are consistent with their higher organizational objectives.

MBO focuses attention on appropriate goals and plans.

MBO facilitates control through the periodic development and subsequent evaluation of individual goals and plans.

Steps in MBO:

Step 1: Setting goals

Step 2: Developing actions plans

CORPORATE STRATEGIC GOALS

DEPARTMENTAL GOALS

INDIVIDUAL GOALS

ACTION PLAN

APPRAISAL OF OVERALL PERFORMANCE

CORRECTIVE ACTION

REVIEW PROGRESS

Step 3: Performance appraisal

Step 4: Reviewing progress
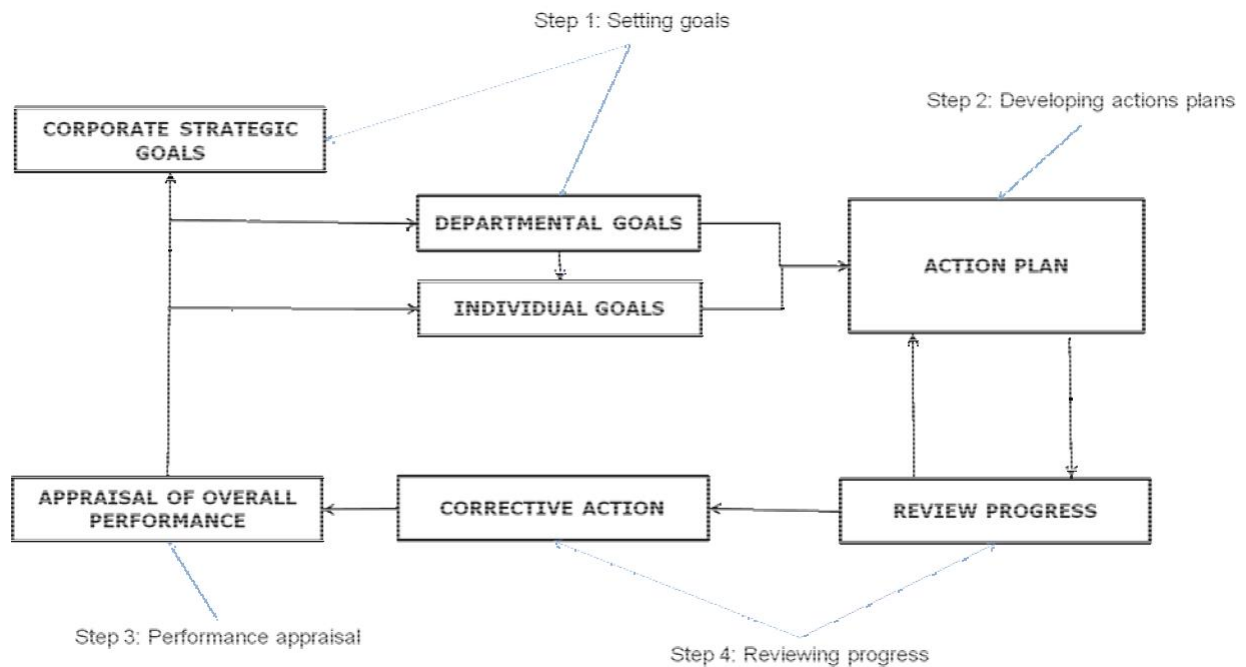
The typical MBO process consists of:

   Establishing a clear and precisely defined statement of objectives for the employee

   Developing an action plan indicating how these objectives are to be achieved

   Reviewing the performance of the employees

   Appraising performance based on objective achievement

1) Setting objectives:

For Management by Objectives (MBO) to be effective, individual managers must understand the specific objectives of their job and how those objectives fit in with the overall company objectives set by the board of directors.

The managers of the various units or sub-units, or sections of an organization should know not only the objectives of their unit but should also actively participate in setting these objectives and make responsibility for them.

Management by Objective (MBO) systems, objectives are written down for each level of the organization, and individuals are given specific aims and targets.

Managers need to identify and <u>set objectives</u> both for themselves, their units, and their organizations.

2) Developing action plans

Actions plans specify the actions needed to address each of the top organizational issues and to reach each of the associated goals, who will complete each action and according to what timeline. An overall, top-level action plan that depicts how each strategic goal will be reached is developed by the top level management. The format of the action plan depends on the objective of the organization.

3) Reviewing Progress:

Performance is measured in terms of results. Job performance is the net effect of an employee's effort as modified by abilities, role perceptions and results produced. Effort refers to the amount of energy an employee uses in performing a job. Abilities are personal characteristics used in performing a job and usually do not fluctuate widely over short periods of time. Role perception refers to the direction in which employees believe they should channel their efforts on their jobs, and they are defined by the activities and behaviors they believe are necessary.

4) Performance appraisal:

Performance appraisals communicate to employees how they are performing their jobs, and they establish a plan for improvement. Performance appraisals are extremely important to both employee and employer, as they are often used to provide predictive information related to possible promotion. Appraisals can also provide input for determining both individual and organizational training and development needs. Performance appraisals encourage performance improvement. Feedback on behavior, attitude, skill or knowledge clarifies for employees the job expectations their managers hold for them. In order to be effective, performance appraisals must be supported by documentation and management commitment.

Advantages

Motivation – Involving employees in the whole process of goal setting and increasing employee empowerment. This increases employee job satisfaction and commitment.

Better communication and Coordination – Frequent reviews and interactions between superiors and subordinates helps to maintain harmonious relationships within the organization and also to solve many problems.

Clarity of goals

Subordinates have a higher commitment to objectives they set themselves than those imposed on them by another person.

Managers can ensure that objectives of the subordinates are linked to the organization's objectives.

Limitations

There are several limitations to the assumptive base underlying the impact of managing by objectives, including:

It over-emphasizes the setting of goals over the working of a plan as a driver of outcomes.

It underemphasizes the importance of the environment or context in which the goals are set. That context includes everything from the availability and quality of resources, to relative buy-in by leadership and stake-holders.

Companies evaluated their employees by comparing them with the "ideal" employee. Trait appraisal only looks at what employees should be, not at what they should do.

When this approach is not properly set, agreed and managed by organizations, self-centered employees might be prone to distort results, falsely representing achievement of targets that were set in a short-term, narrow fashion. In this case, managing by objectives would be counterproductive.

<u>STRATEGIES</u>

The term 'Strategy' has been adapted from war and is being increasingly used in business to reflect broad overall objectives and policies of an enterprise. Literally speaking, the term 'Strategy' stands for the war-art of the military general, compelling the enemy to fight as per out chosen terms and conditions.

According to Koontz and O' Donnell, "Strategies must often denote a general programme of action and deployment of emphasis and resources to attain comprehensive objectives". Strategies are plans made in the light of the plans of the competitors because a modern business institution operates in a competitive environment. They are a useful framework for guiding enterprise thinking and action. A perfect strategy can be built only on perfect knowledge of the plans of others in the industry. This may be done by the management of a firm putting itself in the place of a rival firm and trying to estimate their plans.

Characteristics of Strategy

It is the right combination of different factors.

It relates the business organization to the environment.

It is an action to meet a particular challenge, to solve particular problems or to attain desired objectives.

Strategy is a means to an end and not an end in itself.

It is formulated at the top management level.

It involves assumption of certain calculated risks.

Strategic Planning Process / Strategic Formulation Process

Input to the Organization: Various Inputs (People, Capital, Management and Technical skills, others) including goals input of claimants (Employees, Consumers, Suppliers, Stockholders, Government, Community and others)need to be elaborated.

Industry Analysis: Formulation of strategy requires the evaluation of the attractiveness of an industry by analyzing the external environment. The focus should be on the kind of compaction within an industry, the possibility of new firms entering the market, the availability of substitute products or services, the bargaining positions of the suppliers, and buyers or customers.

Enterprise Profile: Enterprise profile is usually the starting point for determining where the company is and where it should go. Top managers determine the basic purpose of the enterprise and clarify the firm's geographic orientation.

Orientation, Values, and Vision of Executives: The enterprise profile is shaped by people, especially executives, and their orientation and values are important for formulation the strategy. They set the organizational climate, and they determine the direction of the firm though their vision. Consequently, their values, their preferences, and their attitudes toward risk have to be carefully examined because they have an impact on the strategy.

Mission (Purpose), Major Objectives, and Strategic Intent: Mission or Purpose is the answer to the question: What is our business? The major Objectives are the end points towards which the activates of the enterprise are directed. Strategic intent is the commitment (obsession) to win in the competitive environment, not only at the top-level but also throughout the organization.

Present and Future External Environment: The present and future external environment must be assessed in terms of threats and opportunities.

Internal Environment: Internal Environment should be audited and evaluated with respect to its resources and its weaknesses, and strengths in research and development, production, operation, procurement, marketing and products and services. Other internal factors include, human resources and financial resources as well as the company image, the organization structure and climate, the planning and control system, and relations with customers.

Development of Alternative Strategies: Strategic alternatives are developed on the basis of an analysis of the external and internal environment. Strategies may be specialize or concentrate. Alternatively, a firm may diversify, extending the operation into new and profitable markets. Other examples of possible strategies are joint ventures, and strategic alliances which may be an appropriate strategy for some firms.

Evaluation and Choice of Strategies: Strategic choices must be considered in the light of the risk involved in a particular decision. Some profitable opportunities may not be pursued because a failure in a risky venture could result in bankruptcy of the firm. Another critical element in choosing a strategy is timing. Even the best product may fail if it is introduced to the market at an inappropriate time.

Medium/Short Range Planning, Implementation through Reengineering the Organization Structure, Leadership and Control: Implementation of the Strategy often requires reengineering the organization, staffing the organization structure and providing leadership. Controls must also be installed monitoring performance against plans.

Consistency Testing and Contingency Planning: The last key aspect of the strategic planning process is the testing for consistency and preparing for contingency plans.

TYPES OF STRATEGIES

According to Michel Porter, the strategies can be classified into three types. They are

Cost leadership strategy

Differentiation strategy

Focus strategy

The following table illustrates Porter's generic strategies:
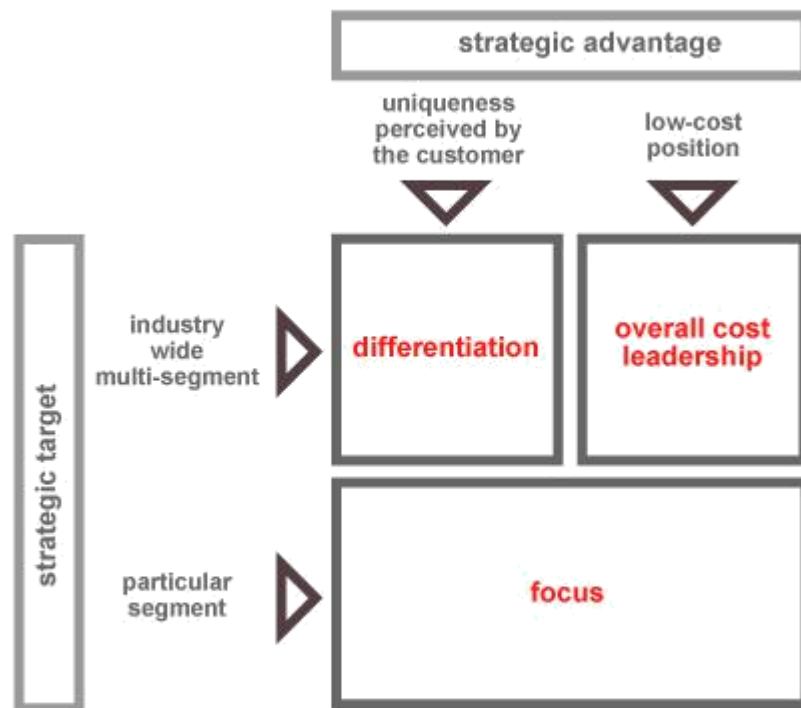
a) Cost Leadership Strategy

This generic strategy calls for being the low cost producer in an industry for a given level of quality. The firm sells its products either at average industry prices to earn a profit higher than that of rivals, or below the average industry prices to gain market share. In the event of a price war, the firm can maintain some profitability while the competition suffers losses. Even without a price war, as the industry matures and prices decline, the firms that can produce more cheaply will remain profitable for a longer period of time. The cost leadership strategy usually targets a broad market.

Some of the ways that firms acquire cost advantages are by improving process efficiencies, gaining unique access to a large source of lower cost materials, making optimal outsourcing and vertical integration decisions, or avoiding some costs altogether. If competing firms are unable to lower their costs by a similar amount, the firm may be able to sustain a competitive advantage based on cost leadership.

Firms that succeed in cost leadership often have the following internal strengths:

    Access to the capital required to make a significant investment in production assets; this investment represents a barrier to entry that many firms may not overcome.

    Skill in designing products for efficient manufacturing, for example, having a small component count to shorten the assembly process.

    High level of expertise in manufacturing process engineering.

    Efficient distribution channels.

Each generic strategy has its risks, including the low-cost strategy. For example, other firms may be able to lower their costs as well. As technology improves, the competition may be able to leapfrog the production capabilities, thus eliminating the competitive advantage. Additionally, several firms following a focus strategy and targeting various narrow markets may be able to achieve an even lower cost within their segments and as a group gain significant market share.

b) Differentiation Strategy

A differentiation strategy calls for the development of a product or service that offers unique attributes that are valued by customers and that customers perceive to be better than or different from the products of the competition. The value added by the uniqueness of the product may allow the firm to charge a premium price for it. The firm hopes that the higher price will more than cover the extra costs incurred in offering the unique product. Because of the product's unique attributes, if suppliers increase their prices the firm may be able to pass along the costs to its customers who cannot find substitute products easily.

Firms that succeed in a differentiation strategy often have the following internal strengths:

    Access to leading scientific research.

    Highly skilled and creative product development team.

    Strong sales team with the ability to successfully communicate the perceived strengths of the product.

    Corporate reputation for quality and innovation.

The risks associated with a differentiation strategy include imitation by competitors and changes in customer tastes. Additionally, various firms pursuing focus strategies may be able to achieve even greater differentiation in their market segments.

c) Focus Strategy

The focus strategy concentrates on a narrow segment and within that segment attempts to achieve either a cost advantage or differentiation. The premise is that the needs of the group can be better serviced by focusing entirely on it. A firm using a focus strategy often enjoys a high degree of customer loyalty, and this entrenched loyalty discourages other firms from competing directly.

Because of their narrow market focus, firms pursuing a focus strategy have lower volumes and therefore less bargaining power with their suppliers. However, firms pursuing a differentiation-focused strategy may be able to pass higher costs on to customers since close substitute products do not exist.

Firms that succeed in a focus strategy are able to tailor a broad range of product development strengths to a relatively narrow market segment that they know very well.

Some risks of focus strategies include imitation and changes in the target segments. Furthermore, it may be fairly easy for a broad-market cost leader to adapt its product in order to compete directly. Finally, other focusers may be able to carve out sub-segments that they can serve even better.

A Combination of Generic Strategies

These generic strategies are not necessarily compatible with one another. If a firm attempts to achieve an advantage on all fronts, in this attempt it may achieve no advantage at all. For example, if a firm differentiates itself by supplying very high quality products, it risks undermining that quality if it seeks to become a cost leader. Even if the quality did not suffer, the firm would risk projecting a confusing image. For this reason, Michael Porter argued that to be successful over the long-term, a firm must select only one of these three generic strategies. Otherwise, with more than one single generic strategy the firm will be "stuck in the middle" and will not achieve a competitive advantage.

Porter argued that firms that are able to succeed at multiple strategies often do so by creating separate business units for each strategy. By separating the strategies into different units having different policies and even different cultures, a corporation is less likely to become "stuck in the middle."

However, there exists a viewpoint that a single generic strategy is not always best because within the same product customers often seek multi-dimensional satisfactions such as a combination of quality, style, convenience, and price. There have been cases in which high quality producers faithfully followed a single strategy and then suffered greatly when another

firm entered the market with a lower-quality product that better met the overall needs of the customers.

POLICIES

Policies are general statements or understandings that guide managers' thinking in decision making. They usually do not require action but are intended to guide managers in their commitment to the decision they ultimately make.
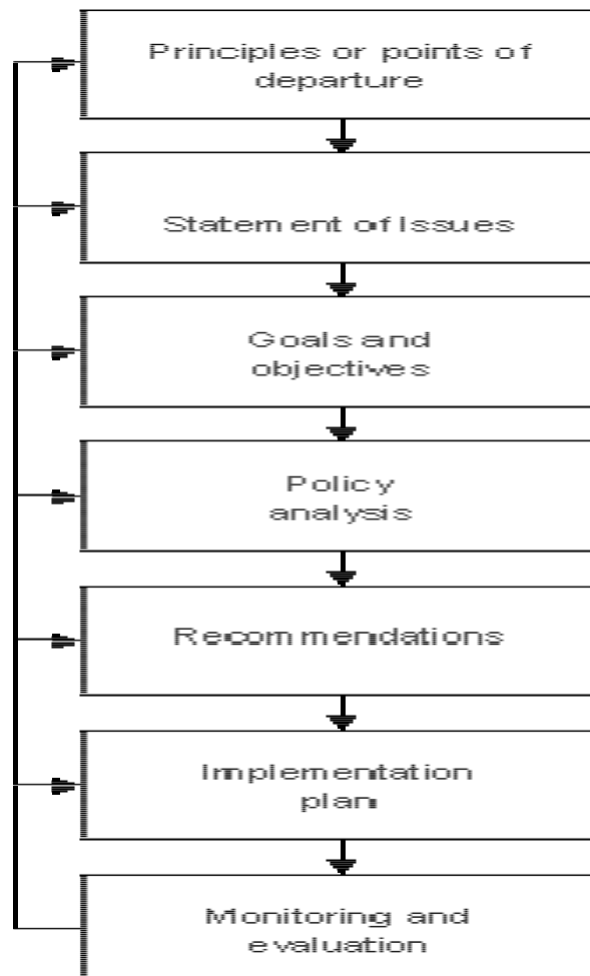
The first step in the process of policy formulation, as shown in the diagram below, is to capture the values or principles that will guide the rest of the process and form the basis on which to produce a statement of issues. The statement of issues involves identifying the opportunities and constraints affecting the local housing market, and is to be produced by

thoroughly analyzing the housing market. The kit provides the user with access to a housing data base to facilitate this analysis.

The statement of issues will provide the basis for the formulation of a set of housing goals and objectives, designed to address the problems identified and to exploit the opportunities which present themselves.

The next step is to identify and analyze the various policy options which can be applied to achieve the set of goals and objectives. The options available to each local government will depend on local circumstances as much as the broader context and each local authority will have to develop its own unique approach to addressing the housing needs of its residents.

An implementation program for realizing the policy recommendations must then be prepared, addressing budgetary and programming requirements, and allocating roles and responsibilities. Finally, the implementation of the housing strategy needs to be systematically monitored and evaluated against the stated goals and objectives, and the various components of the strategy modified or strengthened, as required.

At each step of the way, each component of the strategy needs to be discussed and debated, and a public consultation process engaged in. The extent of consultation and the participants involved will vary with each step.

Essentials of Policy Formulation

The essentials of policy formation may be listed as below:

A policy should be definite, positive and clear. It should be understood by everyone in the organization.

A policy should be translatable into the practices.

A policy should be flexible and at the same time have a high degree of permanency.

A policy should be formulated to cover all reasonable anticipatable conditions.

A policy should be founded upon facts and sound judgment.

A policy should conform to economic principles, statutes and regulations.

A policy should be a general statement of the established rule.

Importance of Policies

Policies are useful for the following reasons:

They provide guides to thinking and action and provide support to the subordinates.

They delimit the area within which a decision is to be made.

They save time and effort by pre-deciding problems and

They permit delegation of authority to mangers at the lower levels.

DECISION MAKING

The word decision has been derived from the Latin word "decidere" which means "cutting off". Thus, decision involves cutting off of alternatives between those that are desirable and those that are not desirable.

In the words of George R. Terry, "Decision-making is the selection based on some criteria from two or more possible alternatives".

Characteristics of Decision Making

Decision making implies that there are various alternatives and the most desirable alternative is chosen to solve the problem or to arrive at expected results.

The decision-maker has freedom to choose an alternative.

Decision-making may not be completely rational but may be judgemental and emotional.

Decision-making is goal-oriented.

Decision-making is a mental or intellectual process because the final decision is made by the decision-maker.

A decision may be expressed in words or may be implied from behaviour.

Choosing from among the alternative courses of operation implies uncertainty about the final result of each possible course of operation.

Decision making is rational. It is taken only after a thorough analysis and reasoning and weighing the consequences of the various alternatives.

TYPES OF DECISIONS

Programmed and Non-Programmed Decisions: Herbert Simon has grouped organizational decisions into two categories based on the procedure followed. They are:

Programmed decisions: Programmed decisions are routine and repetitive and are made within the framework of organizational policies and rules. These policies and rules are established well in advance to solve recurring problems in the organization. Programmed decisions have short-run impact. They are, generally, taken at the lower level of management.

Non-Programmed Decisions: Non-programmed decisions are decisions taken to meet non-repetitive problems. Non-programmed decisions are relevant for solving unique/ unusual problems in which various alternatives cannot be decided in advance. A common feature of non-programmed decisions is that they are novel and non-recurring and therefore, readymade solutions are not available. Since these decisions are of high importance and have long-term consequences, they are made by top level management.

Strategic and Tactical Decisions: Organizational decisions may also be classified as strategic or tactical.

Strategic Decisions: Basic decisions or strategic decisions are decisions which are of crucial importance. Strategic decisions a major choice of actions concerning allocation of resources and contribution to the achievement of organizational objectives. Decisions like plant location, product diversification, entering into new markets, selection of channels of distribution, capital expenditure etc are examples of basic or strategic decisions.

Tactical Decisions: Routine decisions or tactical decisions are decisions which are routine and repetitive. They are derived out of strategic decisions. The various features of a tactical decision are as follows:

Tactical decision relates to day-to-day operation of the organization and has to be taken very frequently.

Tactical decision is mostly a programmed one. Therefore, the decision can be made within the context of these variables.

The outcome of tactical decision is of short-term nature and affects a narrow part of the organization.

The authority for making tactical decisions can be delegated to lower level managers because: first, the impact of tactical decision is narrow and of short-term nature and Second, by delegating authority for such decisions to lower-level managers, higher level managers are free to devote more time on strategic decisions.

DECISION MAKING PROCESS

The decision making process is presented in the figure below:
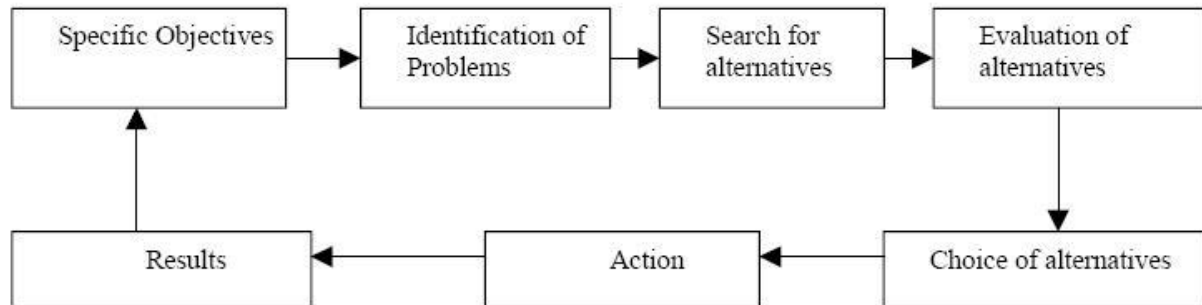
Specific Objective: The need for decision making arises in order to achieve certain specific objectives. The starting point in any analysis of decision making involves the determination of whether a decision needs to be made.

Problem Identification: A problem is a felt need, a question which needs a solution. In the words of Joseph L Massie "A good decision is dependent upon the recognition of the right problem". The objective of problem identification is that if the problem is precisely and specifically identifies, it will provide a clue in finding a possible solution. A problem can be identified clearly, if managers go through diagnosis and analysis of the problem.

Diagnosis: Diagnosis is the process of identifying a problem from its signs and symptoms. A symptom is a condition or set of conditions that indicates the existence of a problem. Diagnosing the real problem implies knowing the gap between what is and what ought to be, identifying the reasons for the gap and understanding the problem in relation to higher objectives of the organization.

Analysis: Diagnosis gives rise to analysis. Analysis of a problem requires:

Who would make decision?

What information would be needed?

From where the information is available?

Search for Alternatives: A problem can be solved in several ways; however, all the ways cannot be equally satisfying. Therefore, the decision maker must try to find out the various alternatives available in order to get the most satisfactory result of a decision. A decision maker can use several sources for identifying alternatives:

His own past experiences

Practices followed by others and

Using creative techniques.

Evaluation of Alternatives: After the various alternatives are identified, the next step is to evaluate them and select the one that will meet the choice criteria. /the decision maker must check proposed alternatives against limits, and if an alternative does not meet them, he can discard it. Having narrowed down the alternatives which require serious consideration, the decision maker will go for evaluating how each alternative may contribute towards the objective supposed to be achieved by implementing the decision.

Choice of Alternative: The evaluation of various alternatives presents a clear picture as to how each one of them contribute to the objectives under question. A comparison is made among the likely outcomes of various alternatives and the best one is chosen.

Action: Once the alternative is selected, it is put into action. The actual process of decision making ends with the choice of an alternative through which the objectives can be achieved.

Results: When the decision is put into action, it brings certain results. These results must correspond with objectives, the starting point of decision process, if good decision has been made and implemented properly. Thus, results provide indication whether decision making and its implementation is proper.

Characteristics of Effective Decisions

An effective decision is one which should contain three aspects. These aspects are given below:

Action Orientation: Decisions are action-oriented and are directed towards relevant and of controllable aspects the environment. Decisions should ultimately find their utility in implementation.

Goal Direction: Decision making should be goal-directed to enable the organization to meet its objectives.

Effective in Implementation: Decision making should take into account all the possible factors not only in terms of external context but also in internal context so that a decision can be implemented properly.

RATIONAL DECISION MAKING MODEL

The Rational Decision Making Model is a model which emerges from Organizational Behavior. The process is one that is logical and follows the orderly path from problem identification through solution. It provides a structured and sequenced approach to decision making. Using such an approach can help to ensure discipline and consistency is built into your decision making process.

The Six-Step Rational Decision-Making Model
Define the problem.
Identify decision criteria
Weight the criteria
Generate alternatives
Rate each alternative on each criterion
Compute the optimal decision
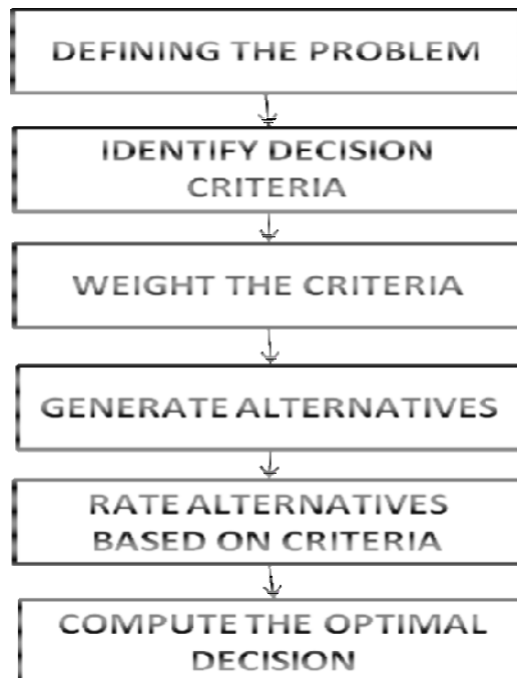
1) Defining the problem

This is the initial step of the rational decision making process. First the problem is identied and then defined to get a clear view of the situation.

2) Identify decision criteria

Once a decision maker has defined the problem, he or she needs to identify the decision criteria that will be important in solving the problem. In this step, the decision maker is determining what's relevant in making the decision.

This step brings the decision maker's interests, values, and personal preferences into the process.

Identifying criteria is important because what one person thinks is relevant, another may not.

Also keep in mind that any factors not identified in this step are considered as irrelevant to the decision maker.

3) Weight the criteria

The decision-maker weights the previously identified criteria in order to give them correct priority in the decision.

4) Generate alternatives

The decision maker generates possible alternatives that could succeed in resolving the problem. No attempt is made in this step to appraise these alternatives, only to list them.

5) Rate each alternative on each criterion

The decision maker must critically analyze and evaluate each one. The strengths and weakness of each alternative become evident as they compared with the criteria and weights established in second and third steps.

6) Compute the optimal decision

Evaluating each alternative against the weighted criteria and selecting the alternative with the highest total score.

DECISION MAKING UNDER VARIOUS CONDITIONS

The conditions for making decisions can be divided into three types. Namely a) Certainty, b) Uncertainty and c) Risk

Virtually all decisions are made in an environment to at least some uncertainty However; the degree will vary from relative certainty to great uncertainty. There are certain risks involved in making decisions.

a) Certainty:

In a situation involving certainty, people are reasonably sure about what will happen when they make a decision. The information is available and is considered to be reliable, and the cause and effect relationships are known.

b) Uncertainty

In a situation of uncertainty, on the other hand, people have only a meager database, they do not know whether or not the data are reliable, and they are very unsure about whether or not the situation may change.

Moreover, they cannot evaluate the interactions of the different variables. For example, a corporation that decides to expand its Operation to an unfamiliar country may know little about the country, culture, laws, economic environment, and politics. The political situation may be volatile that even experts cannot predict a possible change in government.

c) Risk

In a situation with risks, factual information may exist, but it may be incomplete. 1o improve decision making One may estimate the objective probability of an outcome by using, for example, mathematical models On the other hand, subjective probability, based on judgment and experience may be used

All intelligent decision makers dealing with uncertainty like to know the degree and nature of the risk they are taking in choosing a course of action. One of the deficiencies in using the traditional approaches of operations research for problem solving is that many of the data used in model are merely estimates and others are based on probabilities. The ordinary practice is to have staff specialists conic up with best estimates.

Virtually every decision is based on the interaction of a number of important variables, many of which has e an element of uncertainty but, perhaps, a fairly high degree of probability. Thus, the wisdom of launching a new product might depend on a number of critical variables: the cost of introducing the product, the cost of producing it, the capital investment that will he required, the price that can be set for the product, the size of the potential market, and the share of the total market that it will represent.

UNIT III

ORGANIZING

DEFINITION

According to Koontz and O'Donnell, "Organization involves the grouping of activities necessary to accomplish goals and plans, the assignment of these activities to appropriate departments and the provision of authority, delegation and co-ordination."

Organization involves division of work among people whose efforts must be co-ordinated to achieve specific objectives and to implement pre-determined strategies.

NATURE OR CHARACTERISTICS OF ORGANIZING

From the study of the various definitions given by different management experts we get the following information about the characteristics or nature of organization,

Division of Work: Division of work is the basis of an organization. In other words, there can be no organization without division of work. Under division of work the entire work of business is divided into many departments .The work of every department is further sub-divided into sub-works. In this way each individual has to do the saran work repeatedly which gradually makes that person an expert.

Coordination: Under organizing different persons are assigned different works but the aim of all these persons happens to be the some - the attainment of the objectives of the enterprise. Organization ensures that the work of all the persons depends on each other's work even though it happens to be different. The work of one person starts from where the work of another person ends. The non-completion of the work of one person affects the work of everybody. Therefore, everybody completes his work in time and does not hinder the work of others. It is thus, clear that it is in the nature of an organization to establish coordination among different works, departments and posts in the enterprise.

Plurality of Persons: Organization is a group of many persons who assemble to fulfill a common purpose. A single individual cannot create an organization.

Common Objectives: There are various parts of an organization with different functions to perform but all move in the direction of achieving a general objective.

Well-defined Authority and Responsibility: Under organization a chain is established between different posts right from the top to the bottom. It is clearly specified as to what will be

the authority and responsibility of every post. In other words, every individual working in the organization is given some authority for the efficient work performance and it is also decided simultaneously as to what will be the responsibility of that individual in case of unsatisfactory work performance.

Organization is a Structure of Relationship: Relationship between persons working on different posts in the organization is decided. In other words, it is decided as to who will be the superior and who will be the subordinate. Leaving the top level post and the lowest level post everybody is somebody's superior and somebody's subordinate. The person working on the top level post has no superior and the person working on the lowest level post has no subordinate.

Organization is a Machine of Management: Organization is considered to be a machine of management because the efficiency of all the functions depends on an effective organization. In the absence of organization no function can be performed in a planned manner. It is appropriate to call organization a machine of management from another point of view. It is that machine in which no part can afford tube ill-fitting or non-functional. In other words, if the division of work is not done properly or posts are not created correctly the whole system of management collapses.

Organization is a Universal Process: Organization is needed both in business and non-business organizations. Not only this, organization will be needed where two or mom than two people work jointly. Therefore, organization has the quality of universality. (9) Organization is a Dynamic Process: Organization is related to people and the knowledge and experience of the people undergo a change. The impact of this change affects the various functions of the organizations. Thus, organization is not a process that can be decided for all times to come but it undergoes changes according to the needs. The example in this case can be the creation or abolition of a new post according to the need.

IMPORTANCE OR ADVANTAGES OF ORGANIZING

Organization is an instrument that defines relations among different people which helps them to understand as in who happens to be their superior and who is their subordinate. This information helps in fixing responsibility and developing coordination. In such circumstances the objectives of the organization can be easily achieved. That is why, it is said that Organization Is a mechanism of management. In addition to that it helps in the other functions of management like planning, staffing, leading, controlling, etc. The importance of organization or its merits becomes clear from the following facts,

Increase In Managerial Efficiency: A good and balanced organization helps the managers to increase their efficiency. Managers, through the medium of organization, make a proper distribution of the whole work among different people according to their ability.

Proper Utilization of Resources: Through the medium of organization optimum utilization of all the available human and material resources of an enterprise becomes possible. Work is allotted to every individual according to his ability and capacity and conditions ant created to enable him to utilize his ability to the maximum extent. For example, if an employee possesses the knowledge of modem machinery but the modem machinery is not available in the organization, in that case, efforts are made to make available the modem machinery.

Sound Communication Possible: Communication is essential for taking the right decision at the right time. However, the establishment of a good communication system is possible only through an organization. In an organization the time of communication is decided so that all the useful information reaches the officers concerned which. in turn, helps the decision-making.

Facilitates Coordination: In order to attain successfully the objectives of the organization, coordination among various activities in the organization is essential. Organization is the only medium which makes coordination possible. Under organization the division of work is made in such a manner as to make all the activities complementary to each other increasing their inter-dependence. Inter-dependence gives rise to the establishment of relations which, in turn, increases coordination.

Increase in Specialization: Under organization the whole work is divided into different parts. Competent persons are appointed to handle all the sub-works and by handling a particular work repeatedly they become specialists. This enables them to have maximum work performance in the minimum time while the organization gets the benefit of specialization.

Helpful in Expansion: A good organization helps the enterprise in facing competition. When an enterprise starts making available good quality product at cheap rates, it increases the demand for its products. In order to meet the increasing demand for its products an organization has to expand its business. On the other hand, a good organization has an element of flexibility which far from impeding the expansion work encourages it.

ORGANIZING PROCESS

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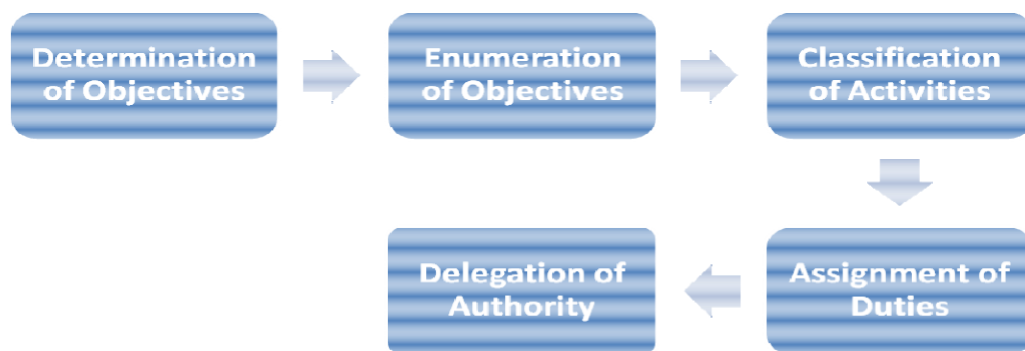
a) Determination of Objectives:

It is the first step in building up an organization. Organization is always related to certain objectives. Therefore, it is essential for the management to identify the objectives before starting any activity. Organization structure is built on the basis of the objectives of the enterprise. That means, the structure of the organization can be determined by the management only after knowing the objectives to be accomplished through the organization. This step helps the management not only in framing the organization structure but also in achieving the enterprise objectives with minimum cost and efforts. Determination of objectives will consist in deciding as to why the proposed organization is to be set up and, therefore, what will be the nature of the work to be accomplished through the organization.

b) Enumeration of Objectives:

If the members of the group are to pool their efforts effectively, there must be proper division of the major activities. The first step in organizing group effort is the division of the total job into essential activities. Each job should be properly classified and grouped. This will enable the people to know what is expected of them as members of the group and will help in avoiding duplication of efforts. For example, the work of an industrial concern may be divided into the following major functions – production, financing, personnel, sales, purchase, etc.

c) Classification of Activities:

The next step will be to classify activities according to similarities and common purposes and functions and taking the human and material resources into account. Then, closely related and similar activities are grouped into divisions and departments and the departmental activities are further divided into sections.

d) Assignment of Duties:

Here, specific job assignments are made to different subordinates for ensuring a certainty of work performance. Each individual should be given a specific job to do according to his ability and made responsible for that. He should also be given the adequate authority to do the job assigned to him. In the words of Kimball and Kimball - "Organization embraces the duties of designating the departments and the personnel that are to carry on the work, defining their functions and specifying the relations that are to exist between department and individuals."

e) Delegation of Authority:

Since so many individuals work in the same organization, it is the responsibility of management to lay down structure of relationship in the organization. Authority without responsibility is a dangerous thing and similarly responsibility without authority is an empty vessel. Everybody should clearly know to whom he is accountable; corresponding to the responsibility authority is delegated to the subordinates for enabling them to show work performance. This will help in the smooth working of the enterprise by facilitating delegation of responsibility and authority.

ORGANIZATION STRUCTURE

An organization structure is a framework that allots a particular space for a particular department or an individual and shows its relationship to the other. An organization structure shows the authority and responsibility relationships between the various positions in the organization by showing who reports to whom. It is an established pattern of relationship among the components of the organization.

March and Simon have stated that-"Organization structure consists simply of those aspects of pattern of behavior in the organization that are relatively stable and change only slowly." The structure of an organization is generally shown on an organization chart. It shows the authority and responsibility relationships between various positions in the organization while designing the organization structure, due attention should be given to the principles of sound organization.

Significance of Organization Structure

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

Organization structure determines the location of decision-making in the organization.

Sound organization structure stimulates creative thinking and initiative among organizational members by providing well defined patterns of authority.

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

Organization structure provides the pattern of communication and coordination.

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

PRINCIPLES OF ORGANIZATION STRUCTURE

Modern organizational structures have evolved from several organizational theories, which have identified certain principles as basic to any organization structure.

a) Line and Staff Relationships:

Line authority refers to the scalar chain, or to the superior-subordinate linkages, that extend throughout the hierarchy (Koontz, O'Donnell and Weihrich). Line employees are responsible for achieving the basic or strategic objectives of the organization, while staff plays a supporting role to line employees and provides services. The relationship between line and staff

is crucial in organizational structure, design and efficiency. It is also an important aid to information processing and coordination.

b) Departmentalization:

Departmentalization is a process of horizontal clustering of different types of functions and activities on any one level of the hierarchy. Departmentalization is conventionally based on purpose, product, process, function, personal things and place.

c) Span of Control:

This refers to the number of specialized activities or individuals supervised by one person. Deciding the span of control is important for coordinating different types of activities effectively.

d) De-centralization and Centralization:

De-centralization refers to decision making at lower levels in the hierarchy of authority. In contrast, decision making in a centralized type of organizational structure is at higher levels. The degree of centralization and de-centralization depends on the number of levels of hierarchy, degree of coordination, specialization and span of control.

Every organizational structure contains both centralization and de-centralization, but to varying degrees. The extent of this can be determined by identifying how much of the decision making is concentrated at the top and how much is delegated to lower levels. Modern organizational structures show a strong tendency towards de-centralization.

FORMAL AND INFORMAL ORGANIZATION

The 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 organization is built by the management to realize objectives of an enterprise and is bound by rules, systems and procedures. Everybody is assigned a certain responsibility for the performance of the given task and given the required amount of authority for carrying it out. Informal organization, which does not appear on the organization chart, supplements the formal organization in achieving organizational goals effectively and efficiently. The working of informal groups and leaders is not as simple as it may appear to be. Therefore, it is obligatory for every manager to study thoroughly the working pattern of informal relationships in the organization and to use them for achieving organizational objectives.

FORMAL ORGANIZATION

Chester I Bernard defines formal organization as -"a system of consciously coordinated activities or forces of two or more persons. It refers to the structure of well-defined jobs, each bearing a definite measure of authority, responsibility and accountability." The essence of formal organization is conscious common purpose and comes into being when persons–

   Are able to communicate with each other

   Are willing to act and

   Share a purpose.

   Division of labor

   Scalar and functional processes

   Structure and

   Span of control

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

Characteristic Features of formal organization

   Formal organization structure is laid down by the top management to achieve organizational goals.

   Formal organization prescribes the relationships amongst the people working in the organization.

   The organization structures is consciously designed to enable the people of the organization to work together for accomplishing the common objectives of the enterprise

   Organization structure concentrates on the jobs to be performed and not the individuals who are to perform jobs.

   In a formal organization, individuals are fitted into jobs and positions and work as per the managerial decisions. Thus, the formal relations in the organization arise from the pattern of responsibilities that are created by the management.

   A formal organization is bound by rules, regulations and procedures.

   In a formal organization, the position, authority, responsibility and accountability of each level are clearly defined.

   Organization structure is based on division of labor and specialization to achieve efficiency in operations.

A formal organization is deliberately impersonal. The organization does not take into consideration the sentiments of organizational members.

The authority and responsibility relationships created by the organization structure are to be honored by everyone.

In a formal organization, coordination proceeds according to the prescribed pattern.

Advantages of formal organization

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

A formal organization is bound by rules, regulations and procedures. It thus ensures law and order in the organization.

The organization structure enables the people of the organization to work together for accomplishing the common objectives of the enterprise

Disadvantages or criticisms of formal organization

The formal organization does not take into consideration the sentiments of organizational members.

The formal organization does not consider the goals of the individuals. It is designed to achieve the goals of the organization only.

The formal organization is bound by rigid rules, regulations and procedures. This makes the achievement of goals difficult.

INFORMAL ORGANIZATION

Informal organization refers to the relationship between people in the organization based on personal attitudes, emotions, prejudices, likes, dislikes etc. an informal organization is an organization which is not established by any formal authority, but arises from the personal and social relations of the people. These relations are not developed according to procedures and regulations laid down in the formal organization structure; generally large formal groups give rise to small informal or social groups. These groups may be based on same taste, language, culture or some other factor. These groups are not pre-planned, but they develop automatically within the organization according to its environment.

Characteristics features of informal organization

Informal organization is not established by any formal authority. It is unplanned and arises spontaneously.

Informal organizations reflect human relationships. It arises from the personal and social relations amongst the people working in the organization.

Formation of informal organizations is a natural process. It is not based on rules, regulations and procedures.

The inter-relations amongst the people in an informal organization cannot be shown in an organization chart.

In the case of informal organization, the people cut across formal channels of communications and communicate amongst themselves.

The membership of informal organizations is voluntary. It arises spontaneously and not by deliberate or conscious efforts.

Membership of informal groups can be overlapping as a person may be member of a number of informal groups.

Informal organizations are based on common taste, problem, language, religion, culture, etc. it is influenced by the personal attitudes, emotions, whims, likes and dislikes etc. of the people in the organization.

Benefits of Informal organization

It blends with the formal organization to make it more effective.

Many things which cannot be achieved through formal organization can be achieved through informal organization.

The presence of informal organization in an enterprise makes the managers plan and act more carefully.

Informal organization acts as a means by which the workers achieve a sense of security and belonging. It provides social satisfaction to group members.

An informal organization has a powerful influence on productivity and job satisfaction.

The informal leader lightens the burden of the formal manager and tries to fill in the gaps in the manager's ability.

Informal organization helps the group members to attain specific personal objectives.

Informal organization is the best means of employee communication. It is very fast.

Informal organization gives psychological satisfaction to the members. It acts as a safety valve for the emotional problems and frustrations of the workers of the organization because they get a platform to express their feelings.

It serves as an agency for social control of human behavior.

DIFFERENCES BETWEEN FORMAL AND INFORMAL ORGANIZATION

Formal Organization	Informal Organization
1. Formal organization is established with the explicit aim of achieving well-defined goals.	1. Informal organization springs on its own. Its goals are ill defined and intangible.
2. Formal organization is bound together by authority relationships among members. A hierarchical structure is created, constituting top management, middle management and supervisory management.	2. Informal organization is characterized by a generalized sort of power relationships. Power in informal organization has bases other than rational legal right.
3. Formal organization recognizes certain tasks which are to be carried out to achieve its goals.	3. Informal organization does not have any well-defined tasks.
4. The roles and relationships of people in formal organization are impersonally defined	4. In informal organization the relationships among people are interpersonal.
5. In formal organization, much emphasis is placed on efficiency, discipline, conformity, consistency and control.	5. Informal organization is characterized by relative freedom, spontaneity, by relative freedom, spontaneity, homeliness and warmth.
6. In formal organization, the social and psychological needs and interests of members of the organization get little attention.	6. In informal organization the sociopsychological needs, interests and aspirations of members get priority.
7. The communication system in formal organization follows certain pre-determined patterns and paths.	7. In informal organization, the communication pattern is haphazard, intricate and natural.
8. Formal organization is relatively slow to respond and adapt to changing situations and realities.	8. Informal organization is dynamic and very vigilant. It is sensitive to its surroundings.

LINE AND STAFF AUTHORITY

In an organization, the line authority flows from top to bottom and the staff authority is exercised by the specialists over the line managers who advise them on important matters. These specialists stand ready with their specialty to serve line mangers as and when their services are called for, to collect information and to give help which will enable the line officials to carry out their activities better. The staff officers do not have any power of command in the organization as they are employed to provide expert advice to the line officers. The 'line' maintains discipline and stability; the 'staff' provides expert information. The line gets out the production, the staffs carries on the research, planning, scheduling, establishing of standards and recording of performance. The authority by which the staff performs these functions is delegated by the line and the performance must be acceptable to the line before action is taken. The following figure depicts the line and staff authority:

Types of Staff

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

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

Specialized Staff: Such staff acts as the fountainhead of expertise in specialized areas like R & D, personnel, accounting etc.

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

Features of line and staff organization

Under this system, there are line officers who have authority and command over the subordinates and are accountable for the tasks entrusted to them. The staff officers are specialists who offer expert advice to the line officers to perform their tasks efficiently.

Under this system, the staff officers prepare the plans and give advice to the line officers and the line officers execute the plan with the help of workers.

The line and staff organization is based on the principle of specialization.

Advantages

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

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

As the staff officers look after the detailed analysis of each important managerial activity, it relieves the line managers of the botheration of concentrating on specialized functions.

Staff specialists help the line managers in taking better decisions by providing expert advice. Therefore, there will be sound managerial decisions under this system.

It makes possible the principle of undivided responsibility and authority, and at the same time permits staff specialization. Thus, the organization takes advantage of functional organization while maintaining the unity of command.

It is based upon planned specialization.

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

Disadvantages

Unless the duties and responsibilities of the staff members are clearly indicated by charts and manuals, there may be considerable confusion throughout the organization as to the functions and positions of staff members with relation to the line supervisors.

There is generally a conflict between the line and staff executives. The line managers feel that staff specialists do not always give right type of advice, and staff officials generally complain that their advice is not properly attended to.

Line managers sometimes may resent the activities of staff members, feeling that prestige and influence of line managers suffer from the presence of the specialists.

The staff experts may be ineffective because they do not get the authority to implement their recommendations.

This type of organization requires the appointment of large number of staff officers or experts in addition to the line officers. As a result, this system becomes quite expensive.

Although expert information and advice are available, they reach the workers through the officers and thus run the risk of misunderstanding and misinterpretation.

Since staff managers are not accountable for the results, they may not be performing their duties well.

Line mangers deal with problems in a more practical manner. But staff officials who are specialists in their fields tend to be more theoretical. This may hamper coordination in the organization.

DEPARTMENTATION BY DIFFERENT STRATEGIES

DEPARTMENTATION refers to the process of grouping activities into departments. Departmentation is the process of grouping of work activities into departments, divisions, and other homogenous units.

Key Factors in Departmentation

It should facilitate control.

It should ensure proper coordination.

It should take into consideration the benefits of specialization.

It should not result in excess cost.

It should give due consideration to Human Aspects.

Departmentation takes place in various patterns like departmentation by functions, products, customers, geographic location, process, and its combinations.

a) FUNCTIONAL DEPARTMENTATION
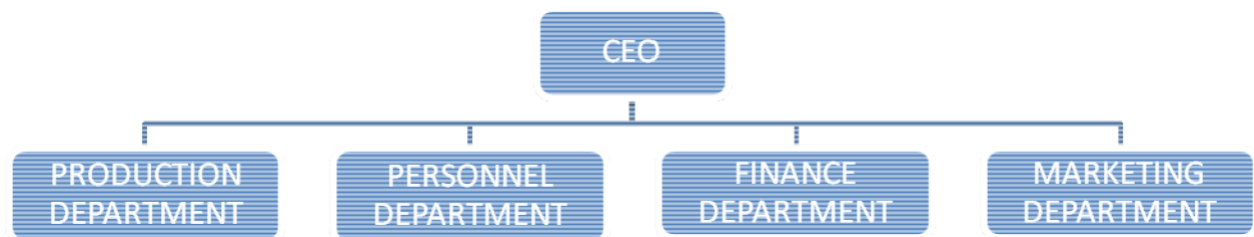
Functional departmentation is the process of grouping activities by functions performed. Activities can be grouped according to function (work being done) to pursue economies of scale by placing employees with shared skills and knowledge into departments for example human resources, finance, production, and marketing. Functional departmentation can be used in all types of organizations.

Advantages:

Advantage of specialization

Easy control over functions

Pinpointing training needs of manager

It is very simple process of grouping activities.

Lack of responsibility for the end result

Overspecialization or lack of general management

It leads to increase conflicts and coordination problems among departments.

PRODUCT DEPARTMENTATION
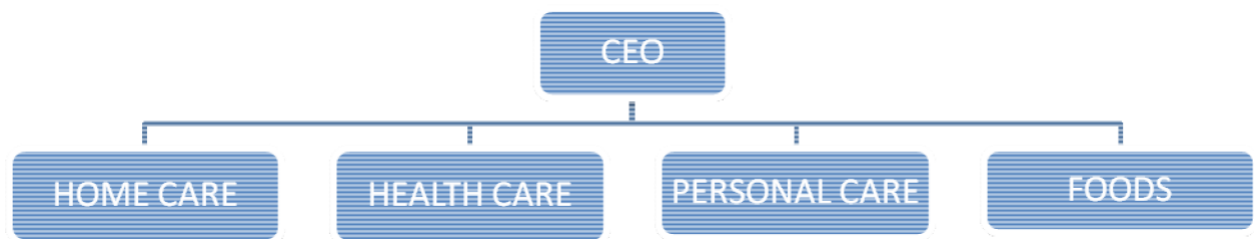
Product departmentation is the process of grouping activities by product line. Tasks can also be grouped according to a specific product or service, thus placing all activities related to the product or the service under one manager. Each major product area in the corporation is under the authority of a senior manager who is specialist in, and is responsible for, everything related to the product line. Dabur India Limited is the India's largest Ayurvedic medicine manufacturer is an example of company that uses product departmentation. Its structure is based on its varied product lines which include Home care, Health care, Personal care and Foods.

Advantages

It ensures better customer service

Unprofitable products may be easily determined

It assists in development of all around managerial talent

Makes control effective

It is flexible and new product line can be added easily.

Disadvantages

It is expensive as duplication of service functions occurs in various product divisions

Customers and dealers have to deal with different persons for complaint and information of different products.

CUSTOMER DEPARTMENTATION
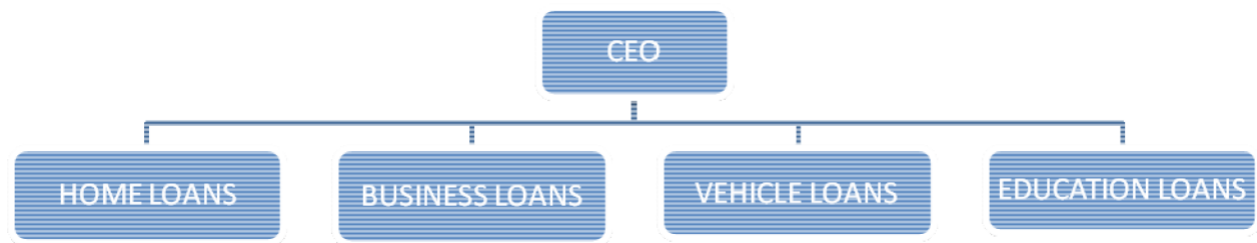
Customer departmentation is the process of grouping activities on the basis of common customers or types of customers. Jobs may be grouped according to the type of customer served by the organization. The assumption is that customers in each department have a common set of problems and needs that can best be met by specialists. UCO is the one of the largest commercial banks of India is an example of company that uses customer departmentation. Its structure is based on various services which includes Home loans, Business loans, Vehicle loans and Educational loans.

Advantages

It focused on customers who are ultimate suppliers of money

Better service to customer having different needs and tastes

Development in general managerial skills

Disadvantages

      Sales being the exclusive field of its application, co-ordination may appear difficult between sales function and other enterprise functions.

      Specialized sales staff may become idle with the downward movement of sales to any specified group of customers.

GEOGRAPHIC DEPARTMENTATION
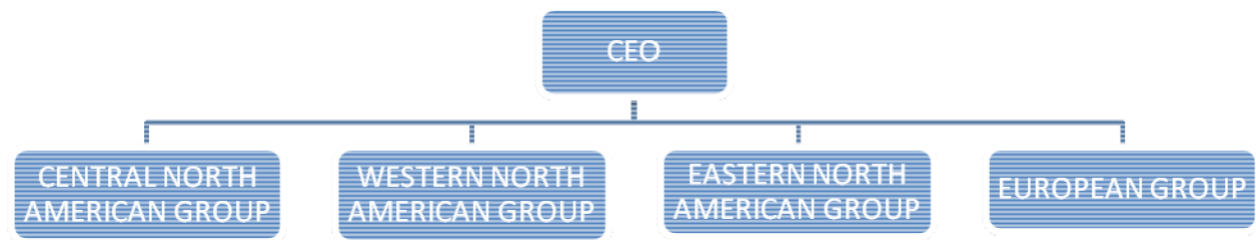
      Geographic departmentation is the process of grouping activities on the basis of territory. If an organization's customers are geographically dispersed, it can group jobs based on geography. For example, the organization structure of Coca-Cola Ltd has reflected the company's operation in various geographic areas such as Central North American group, Western North American group, Eastern North American group and European group

Advantages

      Help to cater to the needs of local people more satisfactorily.

      It facilitates effective control

      Assists in development of all-round managerial skills

Disadvantages

      Communication problem between head office and regional office due to lack of means of communication at some location

      Coordination between various divisions may become difficult.

      Distance between policy framers and executors

      It leads to duplication of activities which may cost higher.

e) PROCESS DEPARTMENTATION

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                            ┌─────────────┐
                            │     CEO     │
                            └──────┬──────┘
             ┌─────────────────────┼─────────────────────┐
    ┌────────┴────────┐   ┌────────┴────────┐   ┌────────┴────────┐
    │  TREE CUTTING   │   │    CHEMICAL     │   │ FINISHING       │
    │    DIVISION     │   │ PROCESSING      │   │ DIVISION        │
    │                 │   │   DIVISION      │   │                 │
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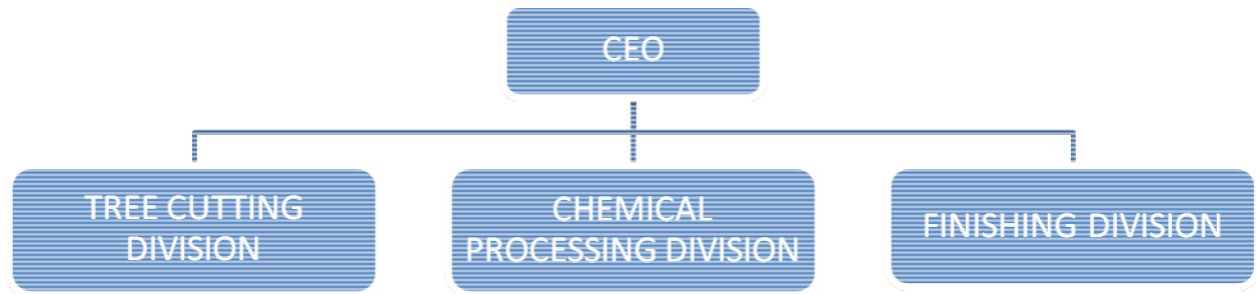
Geographic departmentation is the process of grouping activities on the basis of product or service or customer flow. Because each process requires different skills, process departmentation allows homogenous activities to be categorized. For example, Bowater Thunder Bay, a Canadian company that harvests trees and processes wood into newsprint and pulp. Bowater has three divisions namely tree cutting, chemical processing, and finishing (which makes newsprint).

Departmentation by process: -

Advantages

       Oriented towards end result.

       Professional identification is maintained.

       Pinpoints product-profit responsibility.

Disadvantage

       Conflict in organization authority exists.

       Possibility of disunity of command.

       Requires managers effective in human relation

MARTIX DEPARTMENTATION

	General Manager			
	Production	Marketing	Finance	Personnel
Project A	Prod.	Mktg.	Finance	Pers.
Project B	Prod.	Mktg.	Finance	Pers.
Project C	Prod.	Mktg.	Finance	Pers.
Project D	Prod.	Mktg.	Finance	Pers.
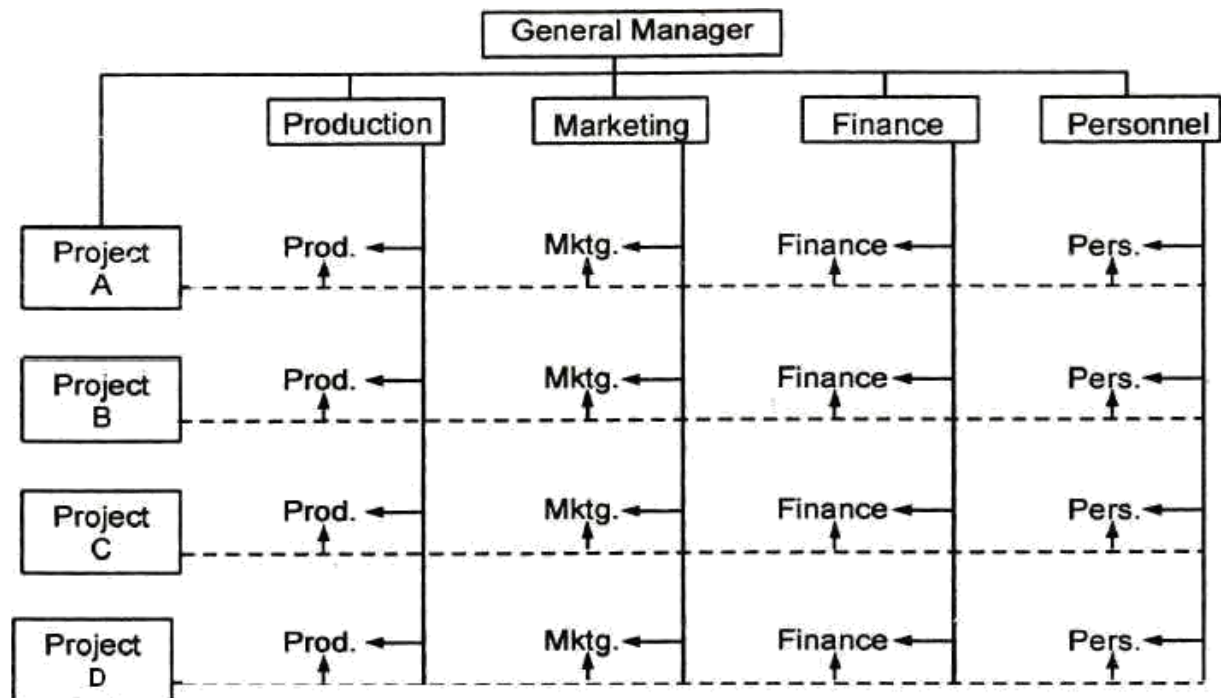
In actual practice, no single pattern of grouping activities is applied in the organization structure with all its levels. Different bases are used in different segments of the enterprise. Composite or hybrid method forms the common basis for classifying activities rather than one particular method,. One of the mixed forms of organization is referred to as matrix or grid organization's According to the situations, the patterns of Organizing varies from case to case. The form of structure must reflect the tasks, goals and technology if the originations the type of people employed and the environmental conditions that it faces. It is not unusual to see firms that utilize the function and project organization combination. The same is true for process and project as well as other combinations. For instance, a large hospital could have an accounting department, surgery department, marketing department, and a satellite center project team that make up its organizational structure.

Advantages

Efficiently manage large, complex tasks

Effectively carry out large, complex tasks

Disadvantages

Requires high levels of coordination

Conflict between bosses

Requires high levels of management skills

SPAN OF CONTROL

Span of Control means the number of subordinates that can be managed efficiently and effectively by a superior in an organization. It suggests how the relations are designed between a superior and a subordinate in an organization.

Factors Affecting Span of control:

Capacity of Superior:

Different ability and capacity of leadership, communication affect management of subordinates.

Capacity of Subordinates:

Efficient and trained subordinates affects the degree of span of management.

Nature of Work:

Different types of work require different patterns of management.

Degree of Centralization or Decentralization:

Degree of centralization or decentralization affects the span of management by affecting the degree of involvement of the superior in decision making.

Degree of Planning:

Plans which can provide rules, procedures in doing the work higher would be the degree of span of management.

Communication Techniques:

Pattern of communication, its means, and media affect the time requirement in managing subordinates and consequently span of management.

Use of Staff Assistance:

Use of Staff assistance in reducing the work load of managers enables them to manage more number of subordinates.

Supervision of others:

If subordinate receives supervision form several other personnel besides his direct supervisor. In such a case, the work load of direct superior is reduced and he can supervise more number of persons.

Span of control is of two types:

Narrow span of control: Narrow Span of control means a single manager or supervisor oversees few subordinates. This gives rise to a tall organizational structure.
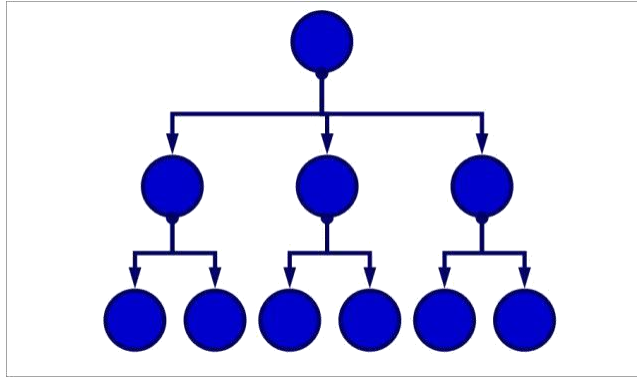
Advantages:

    Close supervision

    Close control of subordinates

    Fast communication

Disadvantages:

    Too much control

    Many levels of management

    High costs

    Excessive distance between lowest level and highest level

Wide span of control: Wide span of control means a single manager or supervisor oversees a large number of subordinates. This gives rise to a flat organizational structure.
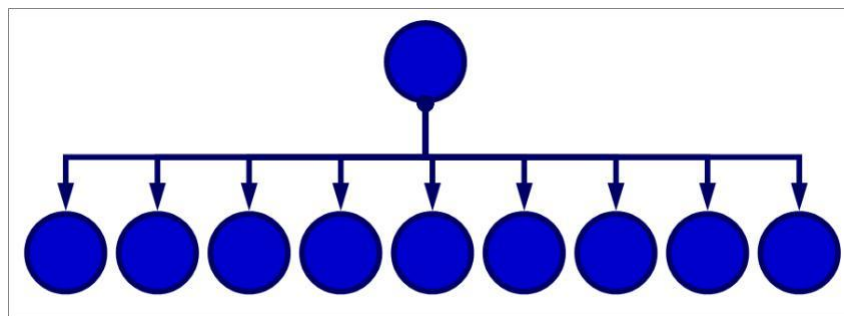
Advantages:

    More Delegation of Authority

    Development of Managers

    Clear policies

Disadvantages:

    Overloaded supervisors

Danger of superiors loss of control

Requirement of highly trained managerial personnel

Block in decision making

CENTRALIZATION AND DECENTRALIZATION

CENTRALIZATION:

It is the process of transferring and assigning decision-making authority to higher levels of an organizational hierarchy. The span of control of top managers is relatively broad, and there are relatively many tiers in the organization.

Characteristics

Philosophy / emphasis on: top-down control, leadership, vision, strategy.

Decision-making: strong, authoritarian, visionary, charismatic.

Organizational change: shaped by top, vision of leader.

Execution: decisive, fast, coordinated. Able to respond quickly to major issues and changes.

Uniformity. Low risk of dissent or conflicts between parts of the organization.

Advantages of Centralization

Provide Power and prestige for manager

Promote uniformity of policies, practices and decisions

Minimal extensive controlling procedures and practices

Minimize duplication of function

Disadvantages of Centralization

Neglected functions for mid. Level, and less motivated beside personnel.

Nursing supervisor functions as a link officer between nursing director and first-line management.

DECENTRALIZATION:

It is the process of transferring and assigning decision-making authority to lower levels of an organizational hierarchy. The span of control of top managers is relatively small, and there are relatively few tears in the organization, because there is more autonomy in the lower ranks.

Characteristics

        Philosophy / emphasis on: bottom-up, political, cultural and learning dynamics.

        Decision-making: democratic, participative, detailed.

        Organizational change: emerging from interactions, organizational dynamics.

        Execution: evolutionary, emergent. Flexible to adapt to minor issues and changes.

        Participation, accountability. Low risk of not-invented-here behavior.

Three Forms of decentralization

        De-concentration. The weakest form of decentralization. Decision making authority is redistributed to lower or regional levels of the same central organization.

        Delegation. A more extensive form of decentralization. Through delegation the responsibility for decision-making are transferred to semi-autonomous organizations not wholly controlled by the central organization, but ultimately accountable to it.

        Devolution. A third type of decentralization is devolution. The authority for decision-making is transferred completely to autonomous organizational units.

Advantages of Decentralization

    Raise morale and promote interpersonal relationships

    Relieve from the daily administration

    Bring decision-making close to action

    Develop Second-line managers

    Promote employee's enthusiasm and coordination

    Facilitate actions by lower-level managers

Disadvantages of Decentralization

    Top-level administration may feel it would decrease their status

    Managers may not permit full and maximum utilization of highly qualified personnel

    Increased costs. It requires more managers and large staff

    It may lead to overlapping and duplication of effort

Centralization and Decentralization are two opposite ways to transfer decision-making power and to change the organizational structure of organizations accordingly.

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

DELEGATION OF AUTHORITY

A manager alone cannot perform all the tasks assigned to him. In order to meet the targets, the manager should delegate authority. Delegation of Authority means division of authority and powers downwards to the subordinate. Delegation is about entrusting someone else to do parts of your job. Delegation of authority can be defined as subdivision and sub-allocation of powers to the subordinates in order to achieve effective results. Elements of Delegation

Authority - in context of a business organization, authority can be defined as the power and right of a person to use and allocate the resources efficiently, to take decisions and to give orders so as to achieve the organizational objectives. Authority must be well- defined. All people who have the authority should know what is the scope of their authority is and they shouldn't misutilize it. Authority is the right to give commands, orders and get the things done. The top level management has greatest authority. Authority always flows from top to bottom. It explains how a superior gets work done from his subordinate by clearly explaining what is expected of him and how he should go about it. Authority should be accompanied with an equal amount of responsibility. Delegating the authority to someone else doesn't imply escaping from accountability. Accountability still rest with the person having the utmost authority.

Responsibility - is the duty of the person to complete the task assigned to him. A person who is given the responsibility should ensure that he accomplishes the tasks assigned to him. If the tasks for which he was held responsible are not completed, then he should not give explanations or excuses. Responsibility without adequate authority leads to discontent and dissatisfaction among the person. Responsibility flows from bottom to top. The middle level and lower level management holds more responsibility. The person held responsible for a job is answerable for it. If he performs the tasks assigned as expected, he is bound for praises. While if he doesn't accomplish tasks assigned as expected, then also he is answerable for that.

Accountability - means giving explanations for any variance in the actual performance from the expectations set. Accountability cannot be delegated. For example, if 'A' is given a task with sufficient authority, and 'A' delegates this task to B and asks him to ensure that task is done well, responsibility rest with 'B', but accountability still rest with 'A'. The top level

management is most accountable. Being accountable means being innovative as the person will think beyond his scope of job. Accountability ,in short, means being answerable for the end result. Accountability can't be escaped. It arises from responsibility.

DELEGATION PROCESS

The steps involved in delegation are given below

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         ALLOCATION OF DUTIES
                  ⬇
         GRANTING  OF AUTHORITY
                  ⬇
      ASSIGNMENT OF RESPONSIBILITY
                  ⬇
      CREATION OF ACCOUNTABILITY
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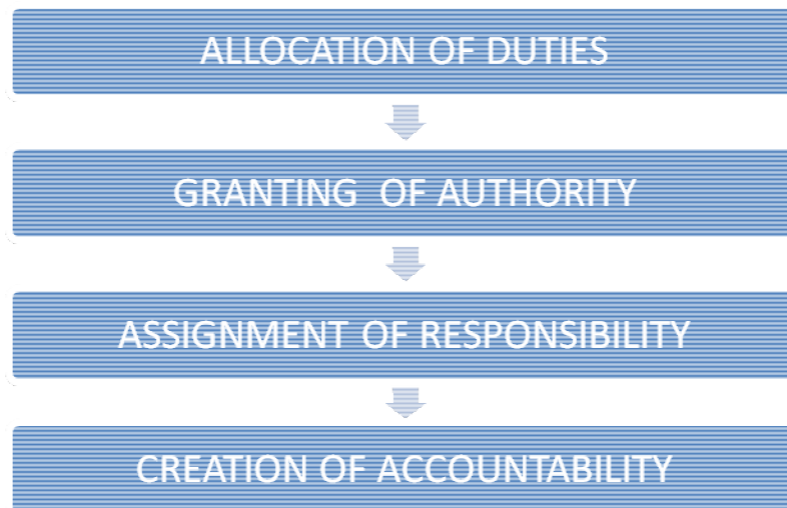
Allocation of duties – The delegator first tries to define the task and duties to the subordinate. He also has to define the result expected from the subordinates. Clarity of duty as well as result expected has to be the first step in delegation.

Granting of authority – Subdivision of authority takes place when a superior divides and shares his authority with the subordinate. It is for this reason; every subordinate should be given enough independence to carry the task given to him by his superiors. The managers at all levels delegate authority and power which is attached to their job positions. The subdivision of powers is very important to get effective results.

Assigning of Responsibility and Accountability – The delegation process does not end once powers are granted to the subordinates. They at the same time have to be obligatory towards the duties assigned to them. Responsibility is said to be the factor or obligation of an individual to carry out his duties in best of his ability as per the directions of superior. Therefore, it is that which gives effectiveness to authority. At the same time, responsibility is absolute and cannot be shifted.

Creation of accountability – Accountability, on the others hand, is the obligation of the individual to carry out his duties as per the standards of performance. Therefore, it is said that authority is delegated, responsibility is created and accountability is imposed. Accountability arises out of responsibility and responsibility arises out of authority. Therefore, it becomes important that with every authority position an equal and opposite responsibility should be attached.

Therefore every manager, i.e., the delegator has to follow a system to finish up the delegation process. Equally important is the delegatee's role which means his responsibility and accountability is attached with the authority over to here.

STAFFING

Staffing involves filling the positions needed in the organization structure by appointing competent and qualified persons for the job.

The staffing process encompasses man power planning, recruitment, selection, and training.

a) Manpower requirements:

Manpower Planning which is also called as Human Resource Planning consists of putting right number of people, right kind of people at the right place, right time, doing the right things for which they are suited for the achievement of goals of the organization. The primary function of man power planning is to analyze and evaluate the human resources available in the organization, and to determine how to obtain the kinds of personnel needed to staff positions ranging from assembly line workers to chief executives.

b) Recruitment:

Recruitment is the process of finding and attempting to attract job candidates who are capable of effectively filling job vacancies.

Job descriptions and job specifications are important in the recruiting process because they specify the nature of the job and the qualifications required of job candidates.

c) Selection:

Selecting a suitable candidate can be the biggest challenge for any organization. The success of an organization largely depends on its staff. Selection of the right candidate builds the foundation of any organization's success and helps in reducing turnovers.

d) Training and Development:

Training and Development is a planned effort to facilitate employee learning of job-related behaviors in order to improve employee performance. Experts sometimes distinguish between the terms "training" and "development"; "training" denotes efforts to increase employee skills on present jobs, while "development" refers to efforts oriented toward improvements relevant to future jobs. In practice, though, the distinction is often blurred (mainly because upgrading skills in present jobs usually improves performance in future jobs).

RECRUITMENT PROCESS

Recruitment is the process of finding and attempting to attract job candidates who are capable of effectively filling job vacancies. The recruitment process consists of the following steps

Identification of vacancy

Preparation of job description and job specification

Selection of sources

Advertising the vacancy

Managing the response

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┌─────────────────────────────────────────┐
│        IDENTIFICATION OF  VACANCY        │
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┌─────────────────────────────────────────┐
│  PREPARATION OF JOB DESCRIPTION AND JOB  │
│              SPECIFICATION               │
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│           SELECTION OF SOURCES           │
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│          ADVERTISING THE VACANCY         │
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┌─────────────────────────────────────────┐
│          MANAGING THE RESPONSE           │
└─────────────────────────────────────────┘
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a) Identification of vacancy:

The recruitment process begins with the human resource department receiving requisitions for recruitment from any department of the company. These contain:

> Posts to be filled
>
> Number of persons
>
> Duties to be performed
>
> Qualifications required

Preparation of job description and job specification:

A job description is a list of the general tasks, or functions, and responsibilities of a position. It may often include to whom the position reports, specifications such as the qualifications or skills needed by the person in the job, or a salary range. A job specification describes the

knowledge, skills, education, experience, and abilities you believe are essential to performing a particular job.

c) Selection of sources:

Every organization has the option of choosing the candidates for its recruitment processes from two kinds of sources: internal and external sources. The sources within the organization itself (like transfer of employees from one department to other, promotions) to fill a position are known as the internal sources of recruitment. Recruitment candidates from all the other sources (like outsourcing agencies etc.) are known as the external sources of the recruitment.

d) Advertising the vacancy:

After choosing the appropriate sources, the vacancy is communicated to the candidates by means of a suitable media such as television, radio, newspaper, internet, direct mail etc.

e) Managing the response:

After receiving an adequate number of responses from job seekers, the sieving process of the resumes begins. This is a very essential step of the recruitment selection process, because selecting the correct resumes that match the job profile, is very important. Naturally, it has to be done rather competently by a person who understands all the responsibilities associated with the designation in its entirety. Candidates with the given skill set are then chosen and further called for interview. Also, the applications of candidates that do not match the present nature of the position but may be considered for future requirements are filed separately and preserved.

The recruitment process is immediately followed by the selection process.

JOB ANALYSIS

Job Analysis is the process of describing and recording aspects of jobs and specifying the skills and other requirements necessary to perform the job. The outputs of job analysis are

Job description
Job specification

Job Description

A job description (JD) is a written statement of what the job holder does, how it is done, under what conditions it is done and why it is done. It describes what the job is all about, throwing light on job content, environment and conditions of employment. It is descriptive in nature and defines the purpose and scope of a job. The main purpose of writing a job description is to differentiate the job from other jobs and state its outer limits.

Contents

A job description usually covers the following information:

Job title: Tells about the job title, code number and the department where it is done.

Job summary: A brief write-up about what the job is all about.

Job activities: A description of the tasks done, facilities used, extent of supervisory help, etc.

Working conditions: The physical environment of job in terms of heat, light, noise and other hazards.

Social environment: Size of work group and interpersonal interactions required to do the job.

Job Specification

Job specification summarizes the human characteristics needed for satisfactory job completion. It tries to describe the key qualifications someone needs to perform the job successfully. It spells out the important attributes of a person in terms of education, experience, skills, knowledge and abilities (SKAs) to perform a particular job. The job specification is a logical outgrowth of a job description. For each job description, it is desirable to have a job specification. This helps the organization to find what kinds of persons are needed to take up specific jobs.

Contents

A job specification usually covers the following information:

Education

Experience

Skill, Knowledge, Abilities

Work Orientation Factors

Age

SELECTION PROCESS

Selecting a suitable candidate can be the biggest challenge for any organisation. The success of an organization largely depends on its staff. Selection of the right candidate builds the foundation of any organization's success and helps in reducing turnovers.
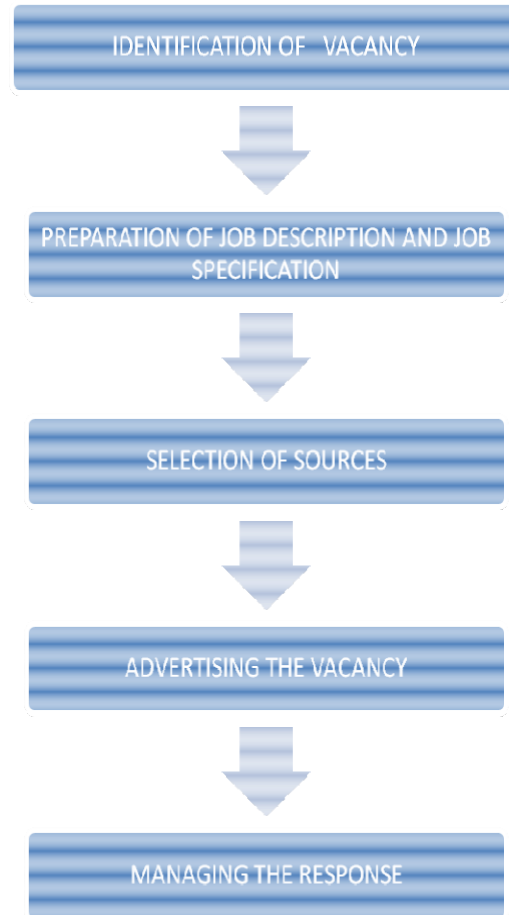
Though there is no fool proof selection procedure that will ensure low turnover and high profits, the following steps generally make up the selection process-

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          INITIAL SCREENING
                 ↓
        PRELIMINARY INTERVIEW
                 ↓
      FILLING APPLICATION FORM
                 ↓
         PERSONAL INTERVIEW
                 ↓
          REFERENCE CHECK
                 ↓
      BACKGROUND VERIFICATION
                 ↓
          FINAL INTERVIEW
                 ↓
        PHYSICAL EXAMINATION
                 ↓
             JOB OFFER
```

a) Initial Screening

This is generally the starting point of any employee selection process. Initial Screening eliminates unqualified applicants and helps save time. Applications received from various sources are scrutinized and irrelevant ones are discarded.

b) Preliminary Interview

It is used to eliminate those candidates who do not meet the minimum eligibility criteria laid down by the organization. The skills, academic and family background, competencies and interests of the candidate are examined during preliminary interview. Preliminary interviews are less formalized and planned than the final interviews. The candidates are given a brief up about the company and the job profile; and it is also examined how much the candidate knows about the company. Preliminary interviews are also called screening interviews.

c) Filling Application Form

An candidate who passes the preliminary interview and is found to be eligible for the job is asked to fill in a formal application form. Such a form is designed in a way that it records the personal as well professional details of the candidates such as age, qualifications, reason for leaving previous job, experience, etc.

d) Personal Interview

Most employers believe that the personal interview is very important. It helps them in obtaining more information about the prospective employee. It also helps them in interacting with the candidate and judging his communication abilities, his ease of handling pressure etc. In some Companies, the selection process comprises only of the Interview.

e) References check

Most application forms include a section that requires prospective candidates to put down names of a few references. References can be classified into - former employer, former customers, business references, reputable persons. Such references are contacted to get a feedback on the person in question including his behaviour, skills, conduct etc.

f) Background Verification

A background check is a review of a person's commercial, criminal and (occasionally) financial records. Employers often perform background checks on employers or candidates for employment to confirm information given in a job application, verify a person's identity, or ensure that the individual does not have a history of criminal activity, etc., that could be an issue upon employment.

g) Final Interview

Final interview is a process in which a potential employee is evaluated by an employer for prospective employment in their organization. During this process, the employer hopes to

determine whether or not the applicant is suitable for the job. Different types of tests are conducted to evaluate the capabilities of an applicant, his behaviour, special qualities etc. Separate tests are conducted for various types of jobs.

h) Physical Examination

If all goes well, then at this stage, a physical examination is conducted to make sure that the candidate has sound health and does not suffer from any serious ailment.

i) Job Offer

A candidate who clears all the steps is finally considered right for a particular job and is presented with the job offer. An applicant can be dropped at any given stage if considered unfit for the job.

<u>Employee Induction / Orientation</u>

Orientation or induction is the process of introducing new employees to an organization, to their specific jobs & departments, and in some instances, to their community.

Purposes of Orientation
Orientation isn't a nicety! It is used for the following purposes:
1. To Reduce Startup-Costs:
      Proper orientation can help the employee get "up to speed" much more quickly, thereby reducing the costs associated with learning the job.
2. To Reduce Anxiety:
      Any employee, when put into a new, strange situation, will experience anxiety that can impede his or her ability to learn to do the job. Proper orientation helps to reduce anxiety that results from entering into an unknown situation, and helps provide guidelines for behaviour and conduct, so the employee doesn't have to experience the stress of guessing.
3. To Reduce Employee Turnover:
      Employee turnover increases as employees feel they are not valued, or are put in positions where they can't possibly do their jobs. Orientation shows that the organization values the employee, and helps provide tools necessary for succeeding in the job.
4. To Save Time for Supervisor & Co-Workers:

Simply put, the better the initial orientation, the less likely supervisors and co-workers will have to spend time teaching the employee.

5. To Develop Realistic Job Expectations, Positive Attitudes and Job Satisfaction:

It is important that employees learn early on what is expected of them, and what to expect from others, in addition to learning about the values and attitudes of the organization. While people can learn from experience, they will make many mistakes that are unnecessary and potentially damaging.

An orientation program principally conveys 3 types of information, namely:

General information about the daily work routine to be followed

A review of the organization's history, founders, objectives, operations & products or services, as well as how the employee's job contributes to the organization's needs.

A detailed presentation of the organization's policies, work rules & employee benefits.

Two Kinds of Orientation

There are two related kinds of orientation. The first we will call Overview Orientation, and deals with the basic information an employee will need to understand the broader system he or she works in.

Overview Orientation includes helping employees understand:

Management in general

Department and the branch

Important policies

General procedures (non-job specific)

Information about compensation

Accident prevention measures

Employee and union issues (rights, responsibilities)

Physical facilities

Often, Overview Orientation can be conducted by the personnel department with a little help from the branch manager or immediate supervisor, since much of the content is generic in nature.

The second kind of orientation is called Job-Specific Orientation, and is the process that is used to help employees understand:

Function of the organization,

Responsibilities,

Expectations,

Duties

Policies, procedures, rules and regulations

Layout of workplace

Introduction to co-workers and other people in the broader organization.

Job specific orientation is best conducted by the immediate supervisor, and/or manager, since much of the content will be specific to the individual. Often the orientation process will be ongoing, with supervisors and co-workers supplying coaching.

CARRER DEVELOPMENT

Career development not only improves job performance but also brings about the growth of the personality. Individuals not only mature regarding their potential capacities but also become better individuals.

Purpose of development

Management development attempts to improve managerial performance by imparting

Knowledge

Changing attitudes

Increasing skills

The major objective of development is managerial effectiveness through a planned and a deliberate process of learning. This provides for a planned growth of managers to meet the future organizational needs.

Development Process:

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┌─────────────────────────┐
│  SETTING DEVELOPMENT    │
│      OBJECTIVES         │
└─────────────────────────┘
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             ▼
┌─────────────────────────┐
│    ASCERTAINING         │
│  DEVELOPMENT NEEDS      │
└─────────────────────────┘
             │
             ▼
┌─────────────────────────┐
│     DETERMINING         │
│  DEVELOPMENT NEEDS      │
└─────────────────────────┘
             │
             ▼
┌─────────────────────────┐
│     CONDUCTING          │
│  DEVELOPMENT PROGRAM    │
└─────────────────────────┘
             │
             ▼
┌─────────────────────────┐
│   PROGRAM EVALUATION    │
└─────────────────────────┘
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The development process consists of the following

steps **1. Setting Development Objectives:**

It develops a framework from which executive need can be determined.

2. Artaining Development Needs:

It aims at organizational planning & forecast the present and future growth.

Determining Development

Needs: This consists of

Appraisal of present management talent

Management Manpower Inventory

The above two processes will determine the skill deficiencies that are relative to the future needs of the organization.

4. Conducting Development Programs:

It is carried out on the basis of needs of different individuals, differences in their attitudes and behavior, also their physical, intellectual and emotional qualities. Thus a comprehensive and well conceived program is prepared depending on the organizational needs and the time & cost involved.

5. Program Evaluation:

It is an attempt to assess the value of training in order to achieve organizational objectives.

TRAINING

Training is a process of learning a sequence of programmed behaviour. It improves the employee's performance on the current job and prepares them for an intended job. Purpose of Training:

   To improve Productivity: Training leads to increased operational productivity and increased company profit.

   To improve Quality: Better trained workers are less likely to make operational mistakes.

   To improve Organizational Climate: Training leads to improved production and product quality which enhances financial incentives. This in turn increases the overall morale of the organization.

   To increase Health and Safety: Proper training prevents industrial accidents.

   Personal Growth: Training gives employees a wider awareness, an enlarged skill base and that leads to enhanced personal growth.

Steps in Training Process:
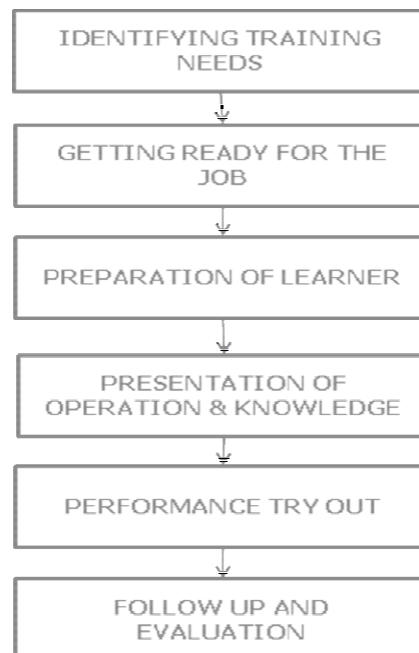
   Identifying Training needs: A training program is designed to assist in providing solutions for specific operational problems or to improve performance of a trainee.

   Organizational determination and Analysis: Allocation of resources that relate to organizational goal.

   Operational Analysis: Determination of a specific employee behaviour required for a particular task.

Man Analysis: Knowledge, attitude and skill one must possess for attainment of organizational objectives

Getting ready for the job: The trainer has to be prepared for the job. And also who needs to be trained - the newcomer or the existing employee or the supervisory staff.

Preparation of the learner:

Putting the learner at ease

Stating the importance and ingredients of the job

Creating interest

Placing the learner as close to his normal working position

Familiarizing him with the equipment, materials and trade terms

Presentation of Operation and Knowledge: The trainer should clearly tell, show, illustrate and question in order to convey the new knowledge and operations. The trainee should be encouraged to ask questions in order to indicate that he really knows and understands the job.

Performance Try out: The trainee is asked to go through the job several times. This gradually builds up his skill, speed and confidence.

Follow-up: This evaluates the effectiveness of the entire training effort

TRAINING METHODS

Training methods can be broadly classified as on-the-job training and off-the-job taining

a) On-the-job training

On the job training occurs when workers pick up skills whilst working along side experienced workers at their place of work. For example this could be the actual assembly line or offices where the employee works. New workers may simply **"shadow"** or observe fellow employees to begin with and are often given instruction manuals or interactive training programmes to work through.

b) Off-the-job training

This occurs when workers are **taken away from their place of work** to be trained. This may take place at training agency or local college, although many larger firms also have their own training centres. Training can take the form of lectures or self-study and can be used to develop more general skills and knowledge that can be used in a variety of situations. The various types of off-the-job training are

Instructor presentation: The trainer orally presents new information to the trainees, usually through lecture. Instructor presentation may include classroom lecture, seminar, workshop, and the like.

Group discussion: The trainer leads the group of trainees in discussing a topic.

Demonstration: The trainer shows the correct steps for completing a task, or shows an example of a correctly completed task.

Assigned reading: The trainer gives the trainees reading assignments that provide new information.

Exercise: The trainer assigns problems to be solved either on paper or in real situations related to the topic of the training activity.

Case study: The trainer gives the trainees information about a situation and directs them to come to a decision or solve a problem concerning the situation.

Role play: Trainees act out a real-life situation in an instructional setting.

Field visit and study tour: Trainees are given the opportunity to observe and interact with the problem being solved or skill being learned.

CAREER STAGES

What people want from their careers also varies according to the stage of one's career. What may have been important in an early stage may not be important in a later one. Four distinct career stages have been identified: trial, establishment/advancement, mid-career, and late career. Each stage represents different career needs and interests of the individual

Trial stage: The trial stage begins with an individual's exploration of career-related matters and ends usually at about age 25 with a commitment on the part of the individual to a particular occupation. Until the decision is made to settle down, the individual may try a number of jobs and a number of organizations. Unfortunately for many organizations, this trial and exploration stage results in high level of turnover among new employees. Employees in this stage need opportunities for self-exploration and a variety of job activities or assignments.

Establishment Stage: The establishment/advancement stage tends to occur between ages 25 and 44. In this stage, the individual has made his or her career choice and is concerned with achievement, performance, and advancement. This stage is marked by high employee productivity and career growth, as the individual is motivated to succeed in the organization and in his or her chosen occupation. Opportunities for job challenge and use of special competencies are desired in this stage. The employee strives for creativity and innovation

through new job assignments. Employees also need a certain degree of autonomy in this stage so that they can experience feelings of individual achievement and personal success.

Mid Career Crisis Sub Stage: The period occurring between the mid-thirties and mid-forties during which people often make a major reassessment of their progress relative to their original career ambitions and goals.

Maintenance stage: The mid-career stage, which occurs roughly between the ages 45 and 64, has also been referred to as the maintenance stage. This stage is typified by a continuation of established patterns of work behavior. The person is no longer trying to establish a place for himself or herself in the organization, but seeks to maintain his or her position. This stage is viewed as a mid-career plateau in which little new ground is broken. The individual in this stage may need some technical updating in his or her field. The employee should be encouraged to develop new job skills in order to avoid early stagnation and decline.

Late-career stage: In this stage the career lessens in importance and the employee plans for retirement and seeks to develop a sense of identity outside the work environment.

PERFORMANCE APPRAISAL

Performance appraisal is the process of obtaining, analyzing and recording information about the relative worth of an employee. The focus of the performance appraisal is measuring and improving the actual performance of the employee and also the future potential of the employee. Its aim is to measure what an employee does.

Objectives of Performance appraisal:
- To review the performance of the employees over a given period of time.
- To judge the gap between the actual and the desired performance.
- To help the management in exercising organizational control.
- Helps to strengthen the relationship and communication between superior – subordinates and management – employees.
- To diagnose the strengths and weaknesses of the individuals so as to identify the training and development needs of the future.
- To provide feedback to the employees regarding their past performance.
- Provide information to assist in the other personal decisions in the organization.

Provide clarity of the expectations and responsibilities of the functions to be performed by the employees.

To judge the effectiveness of the other human resource functions of the organization such as recruitment, selection, training and development.

To reduce the grievances of the employees.

Process of performance appraisal:

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┌─────────────────────────┐
│ Establishing performance│
│       standards         │
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             ↓
┌─────────────────────────┐
│ Communicating standards │
│     and expectations    │
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┌─────────────────────────┐
│   Measuring the actual  │
│       performance       │
└────────────┬────────────┘
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┌─────────────────────────┐
│  Comparing with standards│
└────────────┬────────────┘
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┌─────────────────────────┐
│    Discussing results   │
│   (Providing feedback)  │
└────────────┬────────────┘
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┌─────────────────────────┐
│  Decision making - taking│
│     corrective actions  │
└─────────────────────────┘
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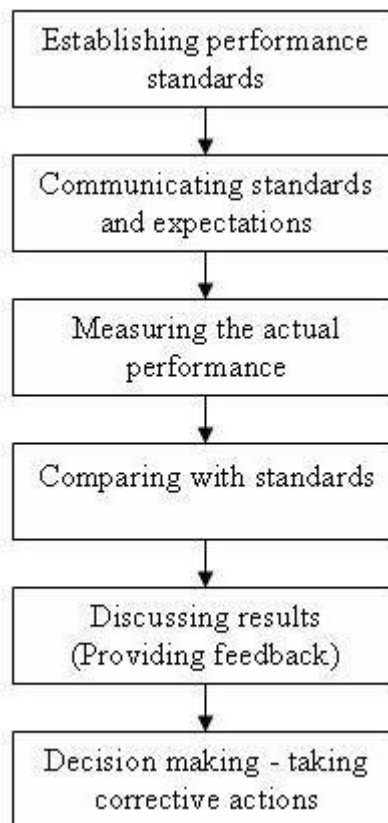
a) Establishing performance standards:

The first step in the **process of performance appraisal** is the setting up of the standards which will be used to as the base to compare the actual performance of the employees. This step requires setting the criteria to judge the performance of the employees as successful or unsuccessful and the degrees of their contribution to the organizational goals and objectives. The standards set should be clear, easily understandable and in measurable terms.

In case the performance of the employee cannot be measured, great care should be taken to describe the standards.

b) Communicating the standards:

After establishing the standards, it is the responsibility of the management to communicate the standards to all the employees of the organization.
The employees should be informed and the standards should be clearly explained to the. This will help them to understand their roles and to know what exactly is expected from them. The standards should also be communicated to the appraisers or the evaluators and if required, the standards can also be modified at this stage itself according to the relevant feedback from the employees or the evaluators.

c) Measuring the actual performance:

The most difficult part of the Performance appraisal process is measuring the actual performance of the employees that is the work done by the employees during the specified period of time. It is a continuous process which involves monitoring the performance throughout the year. This stage requires the careful selection of the appropriate techniques of measurement, taking care that personal bias does not affect the outcome of the process and providing assistance rather than interfering in an employees work.

d) Comparing the actual with the desired performance:

The actual performance is compared with the desired or the standard performance. The comparison tells the deviations in the performance of the employees from the standards set. The result can show the actual performance being more than the desired performance or, the actual performance being less than the desired performance depicting a negative deviation in the organizational performance. It includes recalling, evaluating and analysis of data related to the employees' performance.

e) Discussing results:

The **result of the appraisal** is communicated and discussed with the employees on one-to-one basis. The focus of this discussion is on communication and listening. The results, the problems and the possible solutions are discussed with the aim of problem solving and reaching consensus. The feedback should be given with a positive attitude as this can have an

effect on the employees' future performance. The purpose of the meeting should be to solve the problems faced and motivate the employees to perform better.

f) Decision making:

The last step of the process is to take decisions which can be taken either to improve the performance of the employees, take the required corrective actions, or the related HR decisions like rewards, promotions, demotions, transfers etc.

UNIT IV

DIRECTING

DEFINITION

"Activating deals with the steps a manager takes to get sub-ordinates and others to carry out plans" - Newman and Warren.

Directing concerns the total manner in which a manager influences the actions of subordinates. It is the final action of a manager in getting others to act after all preparations have been completed.

Characteristics

Elements of Management

Continuing Function

Pervasive Function

Creative Function

Linking function

Management of Human Factor

Scope of Directing

Initiates action

Ensures coordination

Improves efficiency

Facilitates change

Assists stability and growth

Elements of Directing

The three elements of directing are

Motivation

Leadership

Communication

CREATIVITY AND INNOVATION

Often used interchangeably, they should to be considered separate and distinct. Creativity can be described as problem identification and idea generation and innovation is considered as idea selection, development and commercialization.

Creativity is creation of new ideas and Innovation is implementation of the new ideas.

There cannot be innovation without creativity. There can be creativity without innovation but it has no value.

Steps involved in creativity
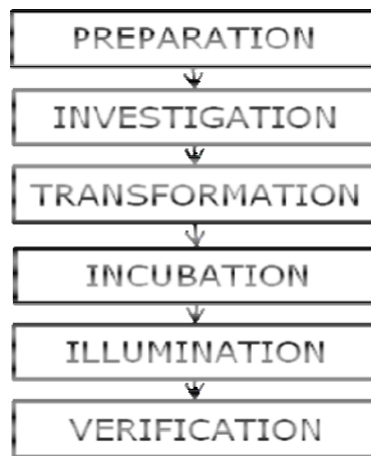
Preparation: This is the first stage at which the base for creativity and innovation is defined; the mind is prepared for subsequent use in creative thinking. During preparation the individual is encouraged to appreciate the fact that every opportunity provides situations that can educate and experiences from which to learn.

The creativity aspect is kindled through a quest to become more knowledgeable. This can be done through reading about various topics and/or subjects and engaging in discussions with others. Taking part in brainstorming sessions in various forums like professional and trade association seminars, and taking time to study other countries and cultures to identify viable opportunities is also part of preparation. Of importance is the need to cultivate a personal ability to listen and learn from others.

Investigation: This stage of enhancing entrepreneurial creativity and innovation involves the business owner taking time to study the problem at hand and what its various components are.

Transformation: The information thus accumulated and acquired should then be subjected to convergent and divergent thinking which will serve to highlight the inherent similarities and differences. Convergent thinking will help identify aspects that are similar and connected while divergent thinking will highlight the differences. This twin manner of thinking is of particular importance in realizing creativity and innovation for the following reasons:

✶ One will be able to skim the details and see what the bigger picture is the situation/problem's components can be reordered and in doing so new patterns can be identified.

It will help visualize a number of approaches that can be used to simultaneously tackle the problem and the opportunity.

One's decision-making abilities will be bettered such that the urge to make snap decisions will be resisted.

Incubation: At this stage in the quest for creativity and innovation it is imperative that the subconscious reflect on the accumulated information, i.e. through incubation, and this can be improved or augmented when the entrepreneur:

Engages in an activity completely unrelated to the problem/opportunity under scrutiny.

Takes time to daydream i.e. letting the mind roam beyond any restrictions self-imposed or otherwise.

Relax and play

Study the problem/opportunity in a wholly different environment

Illumination: This happens during the incubation stage and will often be spontaneous. The realizations from the past stages combine at this instance to form a breakthrough.

Verification: This is where the entrepreneur attempts to artain whether the creativity of thought and the action of innovation are truly effective as anticipated. It may involve activities like simulation, piloting, prototype building, test marketing, and various experiments. While the tendency to ignore this stage and plunge headlong with the breakthrough may be tempting, the transformation stage should ensure that the new idea is put to the test.

MOTIVATION AND SATISFACTION

MOTIVATION

"Motivation" is a Latin word, meaning "to move". Human motives are internalized goals within individuals. Motivation may be defined as those forces that cause people to behave in certain ways. Motivation encompasses all those pressures and influences that trigger, channel, and sustain human behavior. Most successful managers have learned to understand the concept of human motivation and are able to use that understanding to achieve higher standards of subordinate work performance.

According to Koontz and O'Donnell, "Motivation is a class of drives, needs, wishes and similar forces".

NATURE AND CHARACTERISTICS OF MOTIVATION

Psychologists generally agree that all behavior is motivated, and that people have reasons for doing the things they do or for behaving in the manner that they do. Motivating is the work a manager performs to inspire, encourage and impel people to take required action.

The characteristics of motivation are given below:-

Motivation is an Internal Feeling

Motivation is a psychological phenomenon which generates in the mind of an individual the feeling that he lacks certain things and needs those things. Motivation is a force within an individual that drives him to behave in a certain way.

Motivation is Related to Needs

Needs are deficiencies which are created whenever there is a physiological or psychological imbalance. In order to motivate a person, we have to understand his needs that call for satisfaction.

Motivation Produces Goal-Directed Behaviour

Goals are anything which will alleviate a need and reduce a drive. An individual's behavior is directed towards a goal.

Motivation can be either Positive or Negative

Positive or incentive motivation is generally based on reward. According to Flippo - "positive motivation is a process of attempting to influence others to do your will through the possibility of gain or reward".

Negative or fear motivation is based on force and fear. Fear causes persons to act in a certain way because they are afraid of the consequences if they don't.

IMPORTANCE OF MOTIVATION

A manager's primary task is to motivate others to perform the tasks of the organization. Therefore, the manager must find the keys to get subordinates to come to work regularly and on time, to work hard, and to make positive contributions towards the effective and efficient achievement of organizational objectives. Motivation is an effective instrument in the hands of a manager for inspiring the work force and creating confidence in it. By motivating the work force, management creates "will to work" which is necessary for the achievement of organizational goals. The various benefits of motivation are:-

Motivation is one of the important elements in the directing process. By motivating the workers, a manager directs or guides the workers' actions in the desired direction for accomplishing the goals of the organization.

Workers will tend to be as efficient as possible by improving upon their skills and knowledge so that they are able to contribute to the progress of the organization thereby increasing productivity.

For performing any tasks, two things are necessary. They are: (a) ability to work and (b) willingness to work. Without willingness to work, ability to work is of no use. The willingness to work can be created only by motivation.

Organizational effectiveness becomes, to some degree, a question of management's ability to motivate its employees, to direct at least a reasonable effort towards the goals of the organization.

Motivation contributes to good industrial relations in the organization. When the workers are motivated, contented and disciplined, the frictions between the workers and the management will be reduced.

Motivation is the best remedy for resistance to changes. When changes are introduced in an organization, generally, there will be resistance from the workers. But if the workers of an

organization are motivated, they will accept, introduce and implement the changes whole heartily and help to keep the organization on the right track of progress.

Motivation facilitates the maximum utilization of all factors of production, human, physical and financial resources and thereby contributes to higher production.

Motivation promotes a sense of belonging among the workers. The workers feel that the enterprise belongs to them and the interest of the enterprise is their interests.

Many organizations are now beginning to pay increasing attention to developing their employees as future resources upon which they can draw as they grow and develop.

SATISFACTION

Employee satisfaction (Job satisfaction) is the terminology used to describe whether employees are happy and contented and fulfilling their desires and needs at work. Many measures purport that employee satisfaction is a factor in employee motivation, employee goal achievement, and positive employee morale in the workplace.

Employee satisfaction, while generally a positive in your organization, can also be a downer if mediocre employees stay because they are satisfied with your work environment.

Factors contributing to employee satisfaction include treating employees with respect, providing regular employee recognition, empowering employees, offering above industry-average benefits and compensation, providing employee perks and company activities, and positive management within a success framework of goals, measurements, and expectations.

Employee satisfaction is often measured by anonymous employee satisfaction surveys administered periodically that gauge employee satisfaction in areas such as:

management,

understanding of mission and vision,

empowerment,

teamwork,

communication, and

Coworker interaction.

The facets of employee satisfaction measured vary from company to company.

A second method used to measure employee satisfaction is meeting with small groups of employees and asking the same questions verbally. Depending on the culture of the company, either method can contribute knowledge about employee satisfaction to managers and employees.

JOB DESIGN

It is the process of Work arrangement (or rearrangement) aimed at reducing or overcoming job dissatisfaction and employee alienation arising from repetitive and mechanistic tasks. Through job design, organizations try to raise productivity levels by offering non-monetary rewards such as greater satisfaction from a sense of personal achievement in meeting the increased challenge and responsibility of one's work.

Approaches to job design include:

    Job Enlargement: Job enlargement changes the jobs to include more and/or different tasks. Job enlargement should add interest to the work but may or may not give employees more responsibility.

    Job Rotation: Job rotation moves employees from one task to another. It distributes the group tasks among a number of employees.

    Job Enrichment: Job enrichment allows employees to assume more responsibility, accountability, and independence when learning new tasks or to allow for greater participation and new opportunities.

TYPES OF MOTIVATION TECHNIQUES

If a manager wants to get work done by his employees, he may either hold out a promise of a reward (positive motivation) or he/she may install fear (negative motivation). Both these types are widely used by managements.

a) Positive Motivation:

This type of motivation is generally based on reward. A positive motivation involves the possibility of increased motive satisfaction. According to Flippo - "Positive motivation is a process of attempting to influence others to do your will through the possibility of gain or reward". Incentive motivation is the "pull" mechanism. The receipt of awards, due recognition and praise for work-well done definitely lead to good team spirit, co-operation and a feeling of happiness.

        Positive motivation include:-

        Praise and credit for work done

        Wages and Salaries

Appreciation

A sincere interest in subordinates as individuals

Delegation of authority and responsibility

Negative Motivation:

This type of motivation is based on force and fear. Fear causes persons to act in a certain way because they fear the consequences. Negative motivation involves the possibility of decreased motive satisfaction. It is a "push" mechanism. The imposition of punishment frequently results in frustration among those punished, leading to the development of maladaptive behaviour. It also creates a hostile state of mind and an unfavourable attitude to the job. However, there is no management which has not used the negative motivation at some time or the other.

MOTIVATION THEORIES

Some of the motivation theories are discussed below

a) McGregor's Theory X and Theory Y:

McGregor states that people inside the organization can be managed in two ways. The first is basically negative, which falls under the category X and the other is basically positive, which falls under the category Y. After viewing the way in which the manager dealt with employees, McGregor concluded that a manager's view of the nature of human beings is based on a certain grouping of assumptions and that he or she tends to mold his or her behavior towards subordinates according to these assumptions.

Under the assumptions of theory X :

Employees inherently do not like work and whenever possible, will attempt to avoid it.

Because employees dislike work, they have to be forced, coerced or threatened with punishment to achieve goals.

Employees avoid responsibilities and do not work fill formal directions are issued.

Most workers place a greater importance on security over all other factors and display little ambition.

Physical and mental effort at work is as natural as rest or play.

People do exercise self-control and self-direction and if they are committed to those goals.

Average human beings are willing to take responsibility and exercise imagination, ingenuity and creativity in solving the problems of the organization.

That the way the things are organized, the average human being's brainpower is only partly used.

On analysis of the assumptions it can be detected that theory X assumes that lower-order needs dominate individuals and theory Y assumes that higher-order needs dominate individuals. An organization that is run on Theory X lines tends to be authoritarian in nature, the word "authoritarian" suggests such ideas as the "power to enforce obedience" and the "right to command." In contrast Theory Y organizations can be described as "participative", where the aims of the organization and of the individuals in it are integrated; individuals can achieve their own goals best by directing their efforts towards the success of the organization.

b) Abraham Maslow's "Need Hierarchy Theory":

One of the most widely mentioned theories of motivation is the hierarchy of needs theory put forth by psychologist Abraham Maslow. Maslow saw human needs in the form of a hierarchy, anding from the lowest to the highest, and he concluded that when one set of needs is satisfied, this kind of need ceases to be a motivator. As per his theory these needs are:

(i) Physiological needs:

These are important needs for sustaining the human life. Food, water, warmth, shelter, sleep, medicine and education are the basic physiological needs which fall in the primary list of need satisfaction. Maslow was of an opinion that until these needs were satisfied to a degree to maintain life, no other motivating factors can work.

(ii) Security or Safety needs:

These are the needs to be free of physical danger and of the fear of losing a job, property, food or shelter. It also includes protection against any emotional harm.

(iii) Social needs:

Since people are social beings, they need to belong and be accepted by others. People try to satisfy their need for affection, acceptance and friendship.

(iv) Esteem needs:

According to Maslow, once people begin to satisfy their need to belong, they tend to want to be held in esteem both by themselves and by others. This kind of need produces such satisfaction as power, prestige status and self-confidence. It includes both internal esteem factors like self-respect, autonomy and achievements and external esteem factors such as states, recognition and attention.

(v) Need for self-actualization:

Maslow regards this as the highest need in his hierarchy. It is the drive to become what one is capable of becoming; it includes growth, achieving one's potential and self-fulfillment. It is to maximize one's potential and to accomplish something.
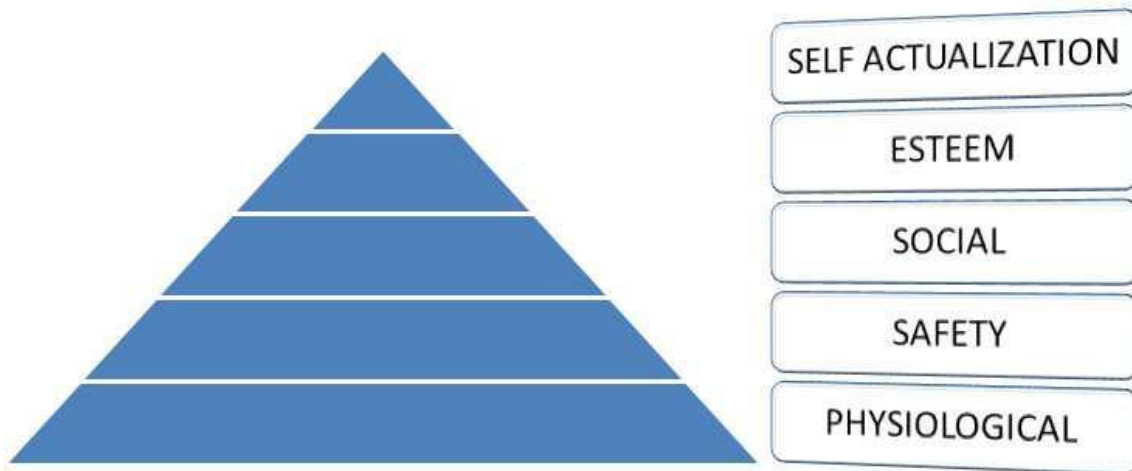
All of the needs are structured into a hierarchy and only once a lower level of need has been fully met, would a worker be motivated by the opportunity of having the next need up in the hierarchy satisfied. For example a person who is dying of hunger will be motivated to achieve a basic wage in order to buy food before worrying about having a secure job contract or the respect of others.

A business should therefore offer different incentives to workers in order to help them fulfill each need in turn and progress up the hierarchy. Managers should also recognize that workers are not all motivated in the same way and do not all move up the hierarchy at the same pace. They may therefore have to offer a slightly different set of incentives from worker to worker.

c) Frederick Herzberg's motivation-hygiene theory:

Frederick has tried to modify Maslow's need Hierarchy theory. His theory is also known as two-factor theory or Hygiene theory. He stated that there are certain satisfiers and dissatisfiers for employees at work. Intrinsic factors are related to job satisfaction, while extrinsic factors are associated with dissatisfaction. He devised his theory on the question: "What do people want from their jobs?" He asked people to describe in detail, such situations when they felt exceptionally good or exceptionally bad. From the responses that he received, he concluded that opposite of satisfaction is not dissatisfaction. Removing dissatisfying characteristics from a job does not necessarily make the job satisfying. He states that presence of certain factors in the organization is natural and the presence of the same does not lead to motivation. However, their non-presence leads to de-motivation. In similar manner there are certain factors, the absence of which causes no dissatisfaction, but their presence has motivational impact. Examples of Hygiene factors are:

Security, status, relationship with subordinates, personal life, salary, work conditions, relationship with supervisor and company policy and administration. Examples of Motivational factors are:

Growth prospectus job advancement, responsibility, challenges, recognition and achievements.

d) Victor Vroom's Expectancy theory:

The most widely accepted explanations of motivation have been propounded by Victor Vroom. His theory is commonly known as expectancy theory. The theory argues that the strength of a tendency to act in a specific way depends on the strength of an expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual to make this simple, expectancy theory says that an employee can be motivated to perform better when there is a belief that the better performance will lead to good performance appraisal and that this shall result into realization of personal goal in form of some reward. Therefore an employee is:

Motivation = Valence x Expectancy.

The theory focuses on three things:

Efforts and performance relationship

Performance and reward relationship

Rewards and personal goal relationship

Clayton Alderfer's ERG Theory:

Alderfer has tried to rebuild the hierarchy of needs of Maslow into another model named ERG i.e. Existence – Relatedness – Growth. According to him there are 3 groups of core needs as mentioned above. The existence group is concerned mainly with providing basic material existence. The second group is the individuals need to maintain interpersonal relationship with other members in the group. The final group is the intrinsic desire to grow and develop personally. The major conclusions of this theory are :

In an individual, more than one need may be operative at the same time.

If a higher need goes unsatisfied than the desire to satisfy a lower need intensifies.

It also contains the frustration-regression dimension.

McClelland's Theory of Needs:

David McClelland has developed a theory on three types of motivating needs :

Need for Power

Need for Affiliation

Need for Achievement

Basically people for high need for power are inclined towards influence and control. They like to be at the center and are good orators. They are demanding in nature, forceful in manners and ambitious in life. They can be motivated to perform if they are given key positions or power positions.

In the second category are the people who are social in nature. They try to affiliate themselves with individuals and groups. They are driven by love and faith. They like to build a friendly environment around themselves. Social recognition and affiliation with others provides them motivation.

People in the third area are driven by the challenge of success and the fear of failure. Their need for achievement is moderate and they set for themselves moderately difficult tasks. They are analytical in nature and take calculated risks. Such people are motivated to perform when they see at least some chances of success.

McClelland observed that with the advancement in hierarchy the need for power and achievement increased rather than Affiliation. He also observed that people who were at the top, later ceased to be motivated by this drives.

g) Stacey Adams' Equity Theory:

As per the equity theory of J. Stacey Adams, people are motivated by their beliefs about the reward structure as being fair or unfair, relative to the inputs. People have a tendency to use subjective judgment to balance the outcomes and inputs in the relationship for comparisons between different individuals. Accordingly:

$$\frac{\text{Out comes by a person}}{\text{Inputs by a person}} = \frac{\text{Out comes by another person}}{\text{Input by another person}}$$

If people feel that they are not equally rewarded they either reduce the quantity or quality of work or migrate to some other organization. However, if people perceive that they are rewarded higher, they may be motivated to work harder.

h) Skinner's Reinforcement Theory:

B.F. Skinner, who propounded the reinforcement theory, holds that by designing the environment properly, individuals can be motivated. Instead of considering internal factors like impressions, feelings, attitudes and other cognitive behavior, individuals are directed by what happens in the environment external to them. Skinner states that work environment should be made suitable to the individuals and that punishment actually leads to frustration and de-motivation. Hence, the only way to motivate is to keep on making positive changes in the external environment of the organization.

LEADERSHIP

Definition

Leadership is defined as influence, the art or process of influencing people so that they will strive willingly and enthusiastically toward the achievement of group goals.

Leaders act to help a group attain objectives through the maximum application of its capabilities.

Leaders must instill values – whether it be concern for quality, honesty and calculated risk taking or for employees and customers.

Importance of Leadership

Aid to authority

Motive power to group efforts

Basis for co operation

Integration of Formal and Informal Organization.

LEADERSHIP STYLES

The leadership style we will discuss here are:

Autocratic style

Democratic Style

Laissez Faire Style

a) Autocratic style

Manager retains as much power and decision-making authority as possible. The manager does not consult employees, nor are they allowed to give any input. Employees are expected to obey orders without receiving any explanations. The motivation environment is produced by creating a structured set of rewards and punishments.

Autocratic leadership is a classical leadership style with the following characteristics:

Manager seeks to make as many decisions as possible

Manager seeks to have the most authority and control in decision making

Manager seeks to retain responsibility rather than utilize complete delegation

Consultation with other colleagues in minimal and decision making becomes a solitary process

Managers are less concerned with investing their own leadership development, and prefer to simply work on the task at hand.

Advantages

Reduced stress due to increased control

A more productive group 'while the leader is watching'
Improved logistics of operations

Faster decision making

Disadvantages

Short-termistic approach to management.

Manager perceived as having poor leadership
skills Increased workload for the manager

People dislike being ordered around

Teams become dependent upon their leader

b) Democratic Style

Democratic Leadership is the leadership style that promotes the sharing of responsibility, the exercise of delegation and continual consultation.

The style has the following characteristics:

Manager seeks consultation on all major issues and decisions.

Manager effectively delegate tasks to subordinates and give them full control and responsibility for those tasks.

Manager welcomes feedback on the results of intiatives and the work environment.

Manager encourages others to become leaders and be involved in leadership development.

Advantages

Positive work environment
Successful initiatives

Creative thinking

Reduction of friction and office politics
Reduced employee turnover

Disadvantages

Takes long time to take decisions
Danger of pseudo participation

Like the other styles, the democratic style is not always appropriate. It is most successful when used with highly skilled or experienced employees or when implementing operational changes or resolving individual or group problems.

c) Laissez-Faire Style

This French phrase means "leave it be" and is used to describe a leader who leaves his/her colleagues to get on with their work. The style is largely a "hands off" view that tends to minimize the amount of direction and face time required.

Advantages

No work for the leader

Frustration may force others into leadership roles

Allows the visionary worker the opportunity to do what they want, free from interference

Empowers the group

Disadvantages

It makes employees feel insecure at the unavailability of a manager.

The manager cannot provide regular feedback to let employees know how well they are doing.

Managers are unable to thank employees for their good work.

The manager doesn't understand his or her responsibilities and is hoping the employees can cover for him or her.

LEADERSHIP THEORIES

The various leadership theories are

Great Man Theory:

Assumptions

Leaders are born and not made.

Great leaders will arise when there is a great need.

Description

Early research on leadership was based on the study of people who were already great leaders. These people were often from the aristocracy, as few from lower classes had the opportunity to lead. This contributed to the notion that leadership had something to do with breeding.

The idea of the Great Man also strayed into the mythic domain, with notions that in times of need, a Great Man would arise, almost by magic. This was easy to verify, by pointing to people such as Eisenhower and Churchill, let alone those further back along the timeline, even to Jesus, Moses, Mohammed and the Buddah.

Discussion

Gender issues were not on the table when the 'Great Man' theory was proposed. Most leaders were male and the thought of a Great Woman was generally in areas other than leadership. Most researchers were also male, and concerns about androcentric bias were a long way from being realized.

Trait Theory:

Assumptions

People are born with inherited traits.

Some traits are particularly suited to leadership.

People who make good leaders have the right (or sufficient) combination of traits.

Description

Early research on leadership was based on the psychological focus of the day, which was of people having inherited characteristics or traits. Attention was thus put on discovering these

traits, often by studying successful leaders, but with the underlying assumption that if other people could also be found with these traits, then they, too, could also become great leaders.

McCall and Lombardo (1983) researched both success and failure identified four primary traits by which leaders could succeed or 'derail':

Emotional stability and composure: Calm, confident and predictable, particularly when under stress.

Admitting error: Owning up to mistakes, rather than putting energy into covering up.

Good interpersonal skills: able to communicate and persuade others without resort to negative or coercive tactics.

Intellectual breadth: Able to understand a wide range of areas, rather than having a narrow (and narrow-minded) area of expertise.

Behavioral Theory:

Assumptions

Leaders can be made, rather than are born.

Successful leadership is based in definable, learnable behavior.

Description

Behavioral theories of leadership do not seek inborn traits or capabilities. Rather, they look at what leaders actually do.

If success can be defined in terms of describable actions, then it should be relatively easy for other people to act in the same way. This is easier to teach and learn then to adopt the more ephemeral 'traits' or 'capabilities'.

Participative

Leadership: Assumptions

Involvement in decision-making improves the understanding of the issues involved by those who must carry out the decisions.

People are more committed to actions where they have involved in the relevant decision-making.

People are less competitive and more collaborative when they are working on joint goals.

When people make decisions together, the social commitment to one another is greater and thus increases their commitment to the decision.

Several people deciding together make better decisions than one person alone.

Description

A Participative Leader, rather than taking autocratic decisions, seeks to involve other people in the process, possibly including subordinates, peers, superiors and other stakeholders. Often, however, as it is within the managers' whim to give or deny control to his or her subordinates, most participative activity is within the immediate team. The question of how much influence others are given thus may vary on the manager's preferences and beliefs, and a whole spectrum of participation is possible

Situational Leadership:

Assumptions

The best action of the leader depends on a range of situational factors.

Description

When a decision is needed, an effective leader does not just fall into a single preferred style. In practice, as they say, things are not that simple.

Factors that affect situational decisions include motivation and capability of followers. This, in turn, is affected by factors within the particular situation. The relationship between followers and the leader may be another factor that affects leader behavior as much as it does follower behavior.

The leaders' perception of the follower and the situation will affect what they do rather than the truth of the situation. The leader's perception of themselves and other factors such as stress and mood will also modify the leaders' behavior.

Contingency Theory:

Assumptions

The leader's ability to lead is contingent upon various situational factors, including the leader's preferred style, the capabilities and behaviors of followers and also various other situational factors.

Description

Contingency theories are a class of behavioral theory that contend that there is no one best way of leading and that a leadership style that is effective in some situations may not be successful in others.

An effect of this is that leaders who are very effective at one place and time may become unsuccessful either when transplanted to another situation or when the factors around them change.

Contingency theory is similar to situational theory in that there is an assumption of no simple one right way. The main difference is that situational theory tends to focus more on the behaviors that the leader should adopt, given situational factors (often about follower behavior), whereas contingency theory takes a broader view that includes contingent factors about leader capability and other variables within the situation.

Transactional Leadership:

Assumptions

People are motivated by reward and punishment.

Social systems work best with a clear chain of command.

When people have agreed to do a job, a part of the deal is that they cede all authority to their manager.

The prime purpose of a subordinate is to do what their manager tells them to do.

Description

The transactional leader works through creating clear structures whereby it is clear what is required of their subordinates, and the rewards that they get for following orders. Punishments are not always mentioned, but they are also well-understood and formal systems of discipline are usually in place.

The early stage of Transactional Leadership is in negotiating the contract whereby the subordinate is given a salary and other benefits, and the company (and by implication the subordinate's manager) gets authority over the subordinate.

When the Transactional Leader allocates work to a subordinate, they are considered to be fully responsible for it, whether or not they have the resources or capability to carry it out. When things go wrong, then the subordinate is considered to be personally at fault, and is punished for their failure (just as they are rewarded for succeeding).

h)Transformational Leadership:

Assumptions

      People will follow a person who inspires them.

      A person with vision and passion can achieve great things.

      The way to get things done is by injecting enthusiasm and energy.

Description

Working for a Transformational Leader can be a wonderful and uplifting experience. They put passion and energy into everything. They care about you and want you to succeed.

Transformational Leaders are often charismatic, but are not as narcissistic as pure Charismatic Leaders, who succeed through a belief in themselves rather than a belief in others.

One of the traps of Transformational Leadership is that passion and confidence can easily be mistaken for truth and reality.

Transformational Leaders, by definition, seek to transform. When the organization does not need transforming and people are happy as they are, then such a leader will be frustrated. Like wartime leaders, however, given the right situation they come into their own and can be personally responsible for saving entire companies.

<u>COMMUNICATION</u>

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

connections between employees and build cooperation. Communication also functions to build and reinforce interdependence between various parts of the organization. As a linking mechanism among the different organizational subsystems, communication is a central feature of the structure of groups and organizations. It helps to coordinate tasks and activities within and between organizations.

DEFINITION

According to Koontz and O'Donnell, "Communication, is an intercourse by words, letters symbols or messages, and is a way that the organization members shares meaning and understanding with another".

THE COMMUNICATION PROCESS

Communication is important in building and sustaining human relationships at work. Communication can be thought of as a process or flow. Before communication can take place, a purpose, expressed as a message to be conveyed is needed. It passes between the sender and the receiver. The result is transference of meaning from one person to another.

The figure below depicts the communication process. This model is made up of seven parts:

Source, (2) Encoding, (3) Message, (4) Channel, (5) Decoding, (6) Receiver, and (7) Feedback.
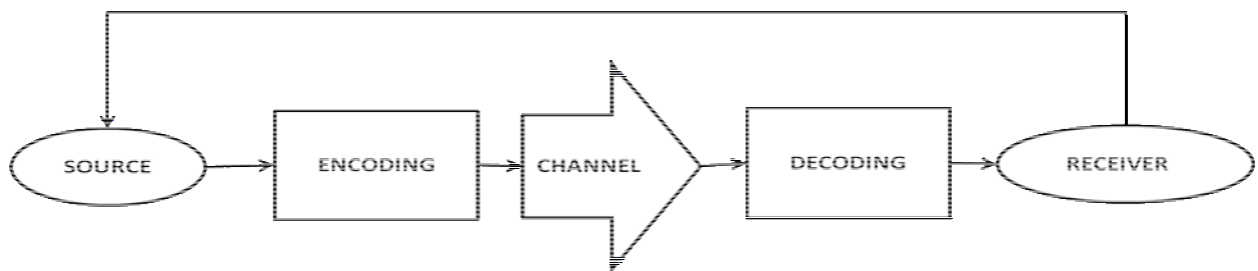
a) Source:

The source initiates a message. This is the origin of the communication and can be an individual, group or inanimate object. The effectiveness of a communication depends to a considerable degree on the characteristics of the source. The person who initiates the communication process is known as sender, source or communicator. In an organization, the sender will be a person who has a need or desire to send a message to others. The sender has some information which he wants to communicate to some other person to achieve some purpose. By initiating the message, the sender attempts to achieve understanding and change in the behaviour of the receiver.

b) Encoding:

Once the source has decided what message to communicate, the content of the message must be put in a form the receiver can understand. As the background for encoding information, the sender uses his or her own frame of reference. It includes the individual's view of the organization or situation as a function of personal education, interpersonal relationships, attitudes, knowledge and experience. Three conditions are necessary for successful encoding the message.

Skill: Successful communicating depends on the skill you posses. Without the requisite skills, the message of the communicator will not reach the requisite skills; the message of the communicator will not reach the receiver in the desired form. One's total communicative success includes speaking, reading, listening and reasoning skills.

Attitudes: Our attitudes influence our behaviour. We hold predisposed ideas on a number of topics and our communications are affected by these attitudes.

Knowledge: We cannot communicate what we don't know. The amount of knowledge the source holds about his or her subject will affect the message he or she seeks to transfer.

The Message:

The message is the actual physical product from the source encoding. The message contains the thoughts and feelings that the communicator intends to evoke in the receiver. The message has two primary components:-

The Content: The thought or conceptual component of the message is contained in the words, ideas, symbols and concepts chosen to relay the message.

The Affect: The feeling or emotional component of the message is contained in the intensity, force, demeanour (conduct or behaviour), and sometimes the gestures of the communicator.

The Channel:

The actual means by which the message is transmitted to the receiver (Visual, auditory, written or some combination of these three) is called the channel. The channel is the medium through which the message travels. The channel is the observable carrier of the message. Communication in which the sender's voice is used as the channel is called oral communication. When the channel involves written language, the sender is using written communication. The sender's choice of a channel conveys additional information beyond that contained in the

message itself. For example, documenting an employee's poor performance in writing conveys that the manager has taken the problem seriously.

f) Decoding:

Decoding means interpreting what the message means. The extent to which the decoding by the receiver depends heavily on the individual characteristics of the sender and receiver. The greater the similarity in the background or status factors of the communicators, the greater the probability that a message will be perceived accurately. Most messages can be decoded in more than one way. Receiving and decoding a message are a type of perception. The decoding process is therefore subject to the perception biases.

g) The Receiver:

The receiver is the object to whom the message is directed. Receiving the message means one or more of the receiver's senses register the message - for example, hearing the sound of a supplier's voice over the telephone or seeing the boss give a thumbs-up signal. Like the sender, the receiver is subject to many influences that can affect the understanding of the message. Most important, the receiver will perceive a communication in a manner that is consistent with previous experiences. Communications that are not consistent with expectations is likely to be rejected.

h) Feedback:

The final link in the communication process is a feedback loop. Feedback, in effect, is communication travelling in the opposite direction. If the sender pays attention to the feedback and interprets it accurately, the feedback can help the sender learn whether the original communication was decoded accurately. Without feedback, one-way communication occurs between managers and their employees. Faced with differences in their power, lack of time, and a desire to save face by not passing on negative information, employees may be discouraged from providing the necessary feedback to their managers.

Guidelines for effective Communication

Senders of message must clarify in their minds what they want to communicate. Purpose of the message and making a plan to achieve the intended end must be clarified.

Encoding and decoding be done with symbols that are familiar to the sender and the receiver of the message.

For the planning of the communication, other people should be consulted and encouraged to participate.

It is important to consider the needs of the receivers of the information. Whenever appropriate, one should communicate something that is of value to them, in the short run as well as in the more distant future.

In communication, tone of voice, the choice of language and the congruency between what is said and how it is said influence the reactions of the receiver of the message.

Communication is complete only when the message is understood by the receiver. And one never knows whether communication is understood unless the sender gets a feedback.

(vii) The function of communication is more than transmitting the information. It also deals with emotions that are very important in interpersonal relationships between superiors, subordinates and colleagues in an organization.

Effective communicating is the responsibility not only of the sender but also of the receiver of the information.

BARRIERS TO EFFECTIVE COMMUNICATION

Barriers to communication are factors that block or significantly distort successful communication. Effective managerial communication skills helps overcome some, but not all, barriers to communication in organizations. The more prominent barriers to effective communication which every manager should be aware of is given below:

a) Filtering:

Filtering refers to a sender manipulating information so it will be seen more favourably by the receiver. The major determinant of filtering is the number of levels in an organization's structure. The more vertical levels in the organization's hierarchy, the more opportunities for filtering. Sometimes the information is filtered by the sender himself. If the sender is hiding some meaning and disclosing in such a fashion as appealing to the receiver, then he is "filtering" the message deliberately. A manager in the process of altering communication in his favour is attempting to filter the information.

b) Selective Perception:

Selective perception means seeing what one wants to see. The receiver, in the communication process, generally resorts to selective perception i.e., he selectively perceives the message based on the organizational requirements, the needs and characteristics, background of the employees etc. Perceptual distortion is one of the distressing barriers to the effective communication. People interpret what they see and call it a reality. In our regular activities, we tend to see those things that please us and to reject or ignore unpleasant things. Selective perception allows us to keep out dissonance (the existence of conflicting elements in our perceptual set) at a tolerable level. If we encounter something that does not fit out current image of reality, we structure the situation to minimize our dissonance. Thus, we manage to overlook many stimuli from the environment that do not fit into out current perception of the world. This process has significant implications for managerial activities. For example, the employment interviewer who expects a female job applicant to put her family ahead of her career is likely to see that in female applicants, regardless of whether the applicants feel that way or not.

c) Emotions:

How the receiver feels at the time of receipt of information influences effectively how he interprets the information. For example, if the receiver feels that the communicator is in a jovial mood, he interprets that the information being sent by the communicator to be good and interesting. Extreme emotions and jubilation or depression are quite likely to hinder the effectiveness of communication. A person's ability to encode a message can become impaired when the person is feeling strong emotions. For example, when you are angry, it is harder to consider the other person's viewpoint and to choose words carefully. The angrier you are, the harder this task becomes. Extreme emotions – such as jubilation or depression - are most likely to hinder effective communication. In such instances, we are most prone to disregard our rational and objective thinking processes and substitute emotional judgments.

d) Language:

Communicated message must be understandable to the receiver. Words mean different things to different people. Language reflects not only the personality of the individual but also the culture of society in which the individual is living. In organizations, people from different regions, different backgrounds, and speak different languages. People will have different academic backgrounds, different intellectual facilities, and hence the jargon they use varies. Often, communication gap arises because the language the sender is using may be

incomprehensible, vague and indigestible. Language is a central element in communication. It may pose a barrier if its use obscures meaning and distorts intent. Words mean different things to different people. Age, education and cultural background are three of the more obvious variables that influence the language a person uses and the definitions he or she gives to words. Therefore, use simple, direct, declarative language.

Speak in brief sentences and use terms or words you have heard from you audience. As much as possible, speak in the language of the listener. Do not use jargon or technical language except with those who clearly understand it.

e) Stereotyping:

Stereotyping is the application of selective perception. When we have preconceived ideas about other people and refuse to discriminate between individual behaviours, we are applying selective perception to our relationship with other people. Stereotyping is a barrier to communications because those who stereotype others use selective perception in their communication and tend to hear only those things that confirm their stereotyped images. Consequently, stereotypes become more deeply ingrained as we find more "evidence" to confirm our original opinion. Stereotyping has a convenience function in our interpersonal relations. Since people are all different, ideally we should react and interact with each person differently. To do this, however, requires considerable psychological effort. It is much easier to categorize (stereotype) people so that we can interact with them as members of a particular category. Since the number of categories is small, we end up treating many people the same even though they are quite different. Our communications, then, may be directed at an individual as a member of a category at the sacrifice of the more effective communication on a personal level.

f) Status Difference:

The organizational hierarchy pose another barrier to communication within organization, especially when the communication is between employee and manager. This is so because the employee is dependent on the manager as the primary link to the organization and hence more likely to distort upward communication than either horizontal or downward communication. Effective supervisory skills make the supervisor more approachable and help reduce the risk of problems related to status differences. In addition, when employees feel secure, they are more likely to be straightforward in upward communication.

g) Use of Conflicting Signals:

A sender is using conflicting signals when he or she sends inconsistent messages. A vertical message might conflict with a nonverbal one. For example, if a manager says to his employees, "If you have a problem, just come to me. My door is always open", but he looks annoyed whenever an employee knocks on his door". Then we say the manager is sending conflicting messages. When signals conflict, the receivers of the message have to decide which, if any, to believe.

h) Reluctance to Communicate:

For a variety of reasons, managers are sometimes reluctant to transmit messages. The reasons could be:-

They may doubt their ability to do so.

They may dislike or be weary of writing or talking to others.

They may hesitate to deliver bad news because they do not want to face a negative reaction.

When someone gives in to these feelings, they become a barrier to effective communications.

i) Projection:

Projection has two meanings.

Projecting one's own motives into others behavior. For example, managers who are motivated by money may assume their subordinates are also motivated by it. If the subordinate's prime motive is something other than money, serious problems may arise.

The use of defense mechanism to avoid placing blame on oneself. As a defense mechanism, the projection phenomenon operates to protect the ego from unpleasant communications. Frequently, individuals who have a particular fault will see the same fault in others, making their own fault seem not so serious.

j) The "Halo Effect":

The term "halo effect" refers to the process of forming opinions based on one element from a group of elements and generalizing that perception to all other elements. For example, in an organization, a good attendance record may cause positive judgments about productivity, attitude, or quality of work. In performance evaluation system, the halo effect refers to the practice of singling out one trait of an employee (either good or bad) and using this as a basis for judgments of the total employee.

CHANNELS OF COMMUNICATION

a) Formal Communication

Formal communication follows the route formally laid down in the organization structure. There are three directions in which communications flow: downward, upward and laterally (horizontal).

i) Downward Communication

Downward communication involves a message travelling to one or more receivers at the lower level in the hierarchy. The message frequently involves directions or performance feedback. The downward flow of communication generally corresponds to the formal organizational communications system, which is usually synonymous with the chain of command or line of authority. This system has received a great deal of attention from both managers and behavioral scientists since it is crucial to organizational functioning.

ii) Upward Communication

In upward communication, the message is directed toward a higher level in the hierarchy. It is often takes the form of progress reports or information about successes and failures of the individuals or work groups reporting to the receiver of the message. Sometimes employees also send suggestions or complaints upward through the organization's hierarchy.

The upward flow of communication involves two distinct manager-subordinate activities in addition to feedback:

The participation by employees in formal organizational decisions.

Employee appeal is a result against formal organization decisions. The employee appeal is a result of the industrial democracy concept that provides for two-way communication in areas of disagreement.

iii) Horizontal Communication

When takes place among members of the same work group, among members of work groups at the same level, among managers at the same level or among any horizontally equivalent personnel, we describe it as lateral communications. In lateral communication, the sender and receiver(s) are at the same level in the hierarchy. Formal communications that travel laterally involve employees engaged in carrying out the same or related tasks.

The messages might concern advice, problem solving, or coordination of activities.

b) Informal Communication or Grapevine

Informal communication, generally associated with interpersonal communication, was primarily seen as a potential hindrance to effective organizational performance. This is no longer the case. Informal communication has become more important to ensuring the effective conduct of work in modern organizations.

Probably the most common term used for the informal communication in the workplace is "grapevine" and this communication that is sent through the organizational grapevine is often considered gossip or rumor. While grapevine communication can spread information quickly and can easily cross established organizational boundaries, the information it carries can be changed through the deletion or exaggeration crucial details thus causing the information inaccurate – even if it's based on truth.

The use of the organizational grapevine as an informal communication channel often results when employees feel threatened, vulnerable, or when the organization is experiencing change and when communication from management is restricted and not forthcoming.

ORGANIZATIONAL CULTURE

Organizational culture is an idea in the field of organizational studies and management which describes the psychology, attitudes, experiences, beliefs and values (personal and cultural values) of an organization. It has been defined as "the specific collection of values and norms that are shared by people and groups in an organization and that control the way they interact with each other and with stakeholders outside the organization."

ELEMENTS OF ORGANIZATIONAL CULTURE

Johnson and Scholes described a cultural web, identifying a number of elements that can be used to describe or influence Organizational Culture:

Stories

Rituals &
Routines

Symbols

The
Paradigm

Control
Systems

Power
Structures

Organizational
Structures
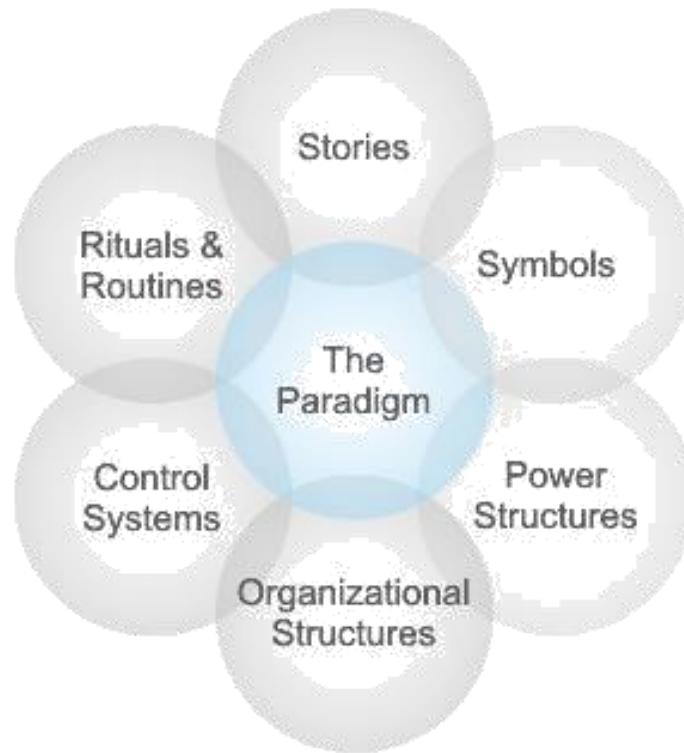
The six elements are:

Stories: The past events and people talked about inside and outside the company. Who and what the company chooses to immortalize says a great deal about what it values, and perceives as great behavior.

Rituals and Routines: The daily behavior and actions of people that signal acceptable behavior. This determines what is expected to happen in given situations, and what is valued by management.

Symbols: The visual representations of the company including logos, how plush the offices are, and the formal or informal dress codes.

Organizational Structure: This includes both the structure defined by the organization chart, and the unwritten lines of power and influence that indicate whose contributions are most valued.

Control Systems: The ways that the organization is controlled. These include financial systems, quality systems, and rewards (including the way they are measured and distributed within the organization.)

Power Structures: The pockets of real power in the company. This may involve one or two key senior executives, a whole group of executives, or even a department. The key is that these people have the greatest amount of influence on decisions, operations, and strategic direction.

TYPES OF ORGANIZATIONAL CULTURE

Deal and Kennedy argue organizational culture is based on based on two elements:

Feedback Speed: How quickly are feedback and rewards provided (through which the people are told they are doing a good or a bad job).

Degree of Risk: The level of risk taking (degree of uncertainty).

The combination of these two elements results in **four types of corporate cultures**:

Tough-Guy Culture or Macho Culture (Fast feedback and reward, high risk):

Stress results from the high risk and the high potential decrease or increase of the reward.

Focus on now, individualism prevails over teamwork.

Typical examples: advertising, brokerage, sports.

The most important aspect of this kind of culture is big rewards and quick feedback. This kind of culture is mostly associated with quick financial activities like brokerage and currency trading. It can also be related with activities, like a sports team or branding of an athlete, and also the police team. This kind of culture is considered to carry along, a high amount of stress, and people working within the organization are expected to possess a strong mentality, for survival in the organization.

Work Hard/Play Hard (Fast feedback and reward, low risk):

Stress results from quantity of work rather than uncertainty.

Focus on high-speed action, high levels of energy.

Typical examples: sales, restaurants, software companies.

This type of organization does not involve much risk, as the organizations already consist of a firm base along with a strong client relationship. This kind of culture is mostly opted by large

organizations which have strong customer service. The organization with this kind of culture is equipped with specialized jargons and is qualified with multiple team meetings.

Bet Your Company Culture (Slow feedback and reward, high risk):
Stress results from high risk and delay before knowing if actions have paid off.
Focus on long-term, preparation and planning.
Typical examples: pharmaceutical companies, aircraft manufacturers, oil prospecting companies.

In this kind of culture, the company makes big and important decisions over high stakes endeavors. It takes time to see the consequence of these decisions. Companies that postulate experimental projects and researches as their core business, adopt this kind of culture. This kind of culture can be adopted by a company designing experimental military weapons for example.

Process Culture (Slow feedback and reward, low risk):
Stress is generally low, but may come from internal politics and stupidity of the system.
Focus on details and process excellence.
Typical examples: bureaucracies, banks, insurance companies, public services.

This type of culture does not include the process of feedback. In this kind of culture, the organization is extremely cautious about the adherence to laws and prefer to abide by them. This culture provides consistency to the organization and is good for public services.

One of the most difficult tasks to undertake in an organization, is to change its work culture. An organizational culture change requires an organization to make amendments to its policies, its workplace ethics and its management system. It needs to start right from its base functions which includes support functions, operations and the production floor, which finally affects the overall output of the organization. It requires a complete overhaul of the entire system, and not many organizations prefer it as the process is a long and tedious one, which requires patience and endurance. However, when an organization succeeds in making a change on such a massive level, the results are almost always positive and fruitful. The different types of organizational cultures mentioned above must have surely helped you to understand them. You

can also adopt one of them for your own organization, however, persistence and patience is ultimately of the essence.

MANAGING CULTURAL DIVERSITY

Experts indicate that business owners and managers who hope to create and manage an effective, harmonious multicultural work force should remember the importance of the following:

Setting a good example—This basic tool can be particularly valuable for small business owners who hope to establish a healthy environment for people of different cultural backgrounds, since they are generally able to wield significant control over the business's basic outlook and atmosphere.

Communicate in writing—Company policies that explicitly forbid prejudice and discriminatory behavior should be included in employee manuals, mission statements, and other written communications. Jorgensen referred to this and other similar practices as "internal broadcasting of the diversity message in order to create a common language for all members of the organization."

Training programs—Training programs designed to engender appreciation and knowledge of the characteristics and benefits of multicultural work forces have become ubiquitous in recent years. "Two types of training are most popular: awareness and skill-building," wrote Cox. "The former introduces the topic of managing diversity and generally includes information on work force demographics, the meaning of diversity, and exercises to get participants thinking about relevant issues and raising their own self-awareness. The skill-building training provides more specific information on cultural norms of different groups and how they may affect work behavior." New employee orientation programs are also ideal for introducing workers to the company's expectations regarding treatment of fellow workers, whatever their cultural or ethnic background.

Recognize individual differences—Writing in The Complete MBA Companion, contributor Rob Goffee stated that "there are various dimensions around which differences in human relationships may be understood. These include such factors as orientation towards authority; acceptance of power inequalities; desire for orderliness and structure; the need to belong to a wider social group and so on. Around these dimensions researchers have demonstrated systematic differences between national, ethnic, and religious groups." Yet Goffee also cautioned business owners, managers, and executives to recognize that differences between individuals can not always be traced back to easily understood

differences in cultural background: "Do not assume differences are always 'cultural.' There are several sources of difference. Some relate to factors such as personality, aptitude, or competence. It is a mistake to assume that all perceived differences are cultural in origin. Too many managers tend to fall back on the easy 'explanation' that individual behavior or performance can be attributed to the fact that someone is 'Italian' or 'a Catholic' or 'a woman.' Such conclusions are more likely to reflect intellectually lazy rather than culturally sensitive managers."

Actively seek input from minority groups—Soliciting the opinions and involvement of minority groups on important work committees, etc., is beneficial not only because of the contributions that they can make, but also because such overtures confirm that they are valued by the company. Serving on relevant committees and task forces can increase their feelings of belonging to the organization. Conversely, relegating minority members to superfluous committees or projects can trigger a downward spiral in relations between different cultural groups.

Revamp reward systems—An organization's performance appraisal and reward systems should reinforce the importance of effective diversity management, according to Cox. This includes assuring that minorities are provided with adequate opportunities for career development.

Make room for social events—Company sponsored social events—picnics, softball games, volleyball leagues, bowling leagues, Christmas parties, etc.—can be tremendously useful in getting members of different ethnic and cultural backgrounds together and providing them with opportunities to learn about one another.

Flexible work environment—Cox indicated that flexible work environments—which he characterized as a positive development for all workers—could have particularly "beneficial to people from nontraditional cultural backgrounds because their approaches to problems are more likely to be different from past norms."

Don't assume similar values and opinions—Goffee noted that "in the absence of reliable information there is a well-documented tendency for individuals to assume that others are 'like them.' In any setting this is likely to be an inappropriate assumption; for those who manage diverse work forces this tendency towards 'cultural assimilation' can prove particularly damaging."

Continuous monitoring—Experts recommend that business owners and managers establish and maintain systems that can continually monitor the organization's policies and practices to ensure that it continues to be a good environment for all employees. This, wrote

Jorgensen, should include "research into employees' needs through periodic attitude surveys."

"Increased diversity presents challenges to business leaders who must maximize the opportunities that it presents while minimizing its costs," summarized Cox. "The multicultural organization is characterized by pluralism, full integration of minority-culture members both formally and informally, an absence of prejudice and discrimination, and low levels of inter-group conflict…. The organization that achieves these conditions will create an environment in which all members can contribute to their maximum potential, and in which the 'value in diversity' can be fully realized."

UNIT V

CONTROLLING

DEFINITION

Control is the process through which managers assure that actual activities conform to planned activities.

In the words of Koontz and O'Donnell - "Managerial control implies measurement of accomplishment against the standard and the correction of deviations to assure attainment of objectives according to plans."

Nature & Purpose of Control

Control is an essential function of management

Control is an ongoing process

Control is forward – working because pas cannot be controlled

Control involves measurement

The essence of control is action

Control is an integrated system

CONTROL PROCESS

The basic control process involves mainly these steps as shown in Figure

a) The Establishment of Standards:

Because plans are the yardsticks against which controls must be revised, it follows logically that the first step in the control process would be to accomplish plans. Plans can be considered as the criterion or the standards against which we compare the actual performance in order to figure out the deviations.

Examples for the standards

Profitability standards: In general, these standards indicate how much the company would like to make as profit over a given time period- that is, its return on investment.

Market position standards: These standards indicate the share of total sales in a particular market that the company would like to have relative to its competitors.

Productivity standards: How much that various segments of the organization should produce is the focus of these standards.

Product leadership standards: These indicate what must be done to attain such a position.

Employee attitude standards: These standards indicate what types of attitudes the company managers should strive to indicate in the company's employees.

Social responsibility standards: Such as making contribution to the society.

Standards reflecting the relative balance between short and long range goals.

Measurement of Performance:

The measurement of performance against standards should be on a forward looking basis so that deviations may be detected in advance by appropriate actions. The degree of difficulty in measuring various types of organizational performance, of course, is determined primarily by the activity being measured. For example, it is far more difficult to measure the performance of highway maintenance worker than to measure the performance of a student enrolled in a college level management course.

c) Comparing Measured Performance to Stated Standards:

When managers have taken a measure of organizational performance, their next step in controlling is to compare this measure against some standard. A standard is the level of activity established to serve as a model for evaluating organizational performance. The performance evaluated can be for the organization as a whole or for some individuals working within the organization. In essence, standards are the yardsticks that determine whether organizational performance is adequate or inadequate.

d) Taking Corrective Actions:

After actual performance has been measured compared with established performance standards, the next step in the controlling process is to take corrective action, if necessary. Corrective action is managerial activity aimed at bringing organizational performance up to the level of performance standards. In other words, corrective action focuses on correcting organizational mistakes that hinder organizational performance. Before taking any corrective action, however, managers should make sure that the standards they are using were properly established and that their measurements of organizational performance are valid and reliable.

At first glance, it seems a fairly simple proposition that managers should take corrective action to eliminate problems - the factors within an organization that are barriers to organizational goal attainment. In practice, however, it is often difficult to pinpoint the problem causing some undesirable organizational effect.

BARRIERS FOR CONTROLLING

There are many barriers, among the most important of them:

Control activities can create an undesirable overemphasis on short-term production as opposed to long- term production.

Control activities can increase employees' frustration with their jobs and thereby reduce morale. This reaction tends to occur primarily where management exerts too much control.

Control activities can encourage the falsification of reports.

Control activities can cause the perspectives of organization members to be too narrow for the good of the organization.

Control activities can be perceived as the goals of the control process rather than the means by which corrective action is taken.

REQUIREMENTS FOR EFFECTIVE CONTROL

The requirements for effective control are

a) Control should be tailored to plans and positions

This means that, all control techniques and systems should reflect the plans they are designed to follow. This is because every plan and every kind and phase of an operation has its unique characteristics.

b) Control must be tailored to individual managers and their responsibilities

This means that controls must be tailored to the personality of individual managers. This because control systems and information are intended to help individual managers carry out their function of control. If they are not of a type that a manager can or will understand, they will not be useful.

c) Control should point up exceptions as critical points

This is because by concentration on exceptions from planned performance, controls based on the time honored exception principle allow managers to detect those places where their attention is required and should be given. However, it is not enough to look at exceptions, because some deviations from standards have little meaning and others have a great deal of significance.

d) Control should be objective

This is because when controls are subjective, a manager's personality may influence judgments of performance inaccuracy. Objective standards can be quantitative such as costs or man hours per unit or date of job completion. They can also be qualitative in the case of training programs that have specific characteristics or are designed to accomplish a specific kind of upgrading of the quality of personnel.

e) Control should be flexible

This means that controls should remain workable in the case of changed plans, unforeseen circumstances, or outsight failures.Much flexibility in control can be provided by having alternative plans for various probable situations.

f) Control should be economical

This means that control must worth their cost. Although this requirement is simple, its practice is often complex. This is because a manager may find it difficult to know what a particular system is worth, or to know what it costs.

g) Control should lead to corrective actions

This is because a control system will be of little benefit if it does not lead to corrective action, control is justified only if the indicated or experienced deviations from plans are corrected through appropriate planning, organizing, directing, and leading.

TYPES OF CONTROL SYSTEMS

The control systems can be classified into three types namely feed forward, concurrent and feedback control systems.
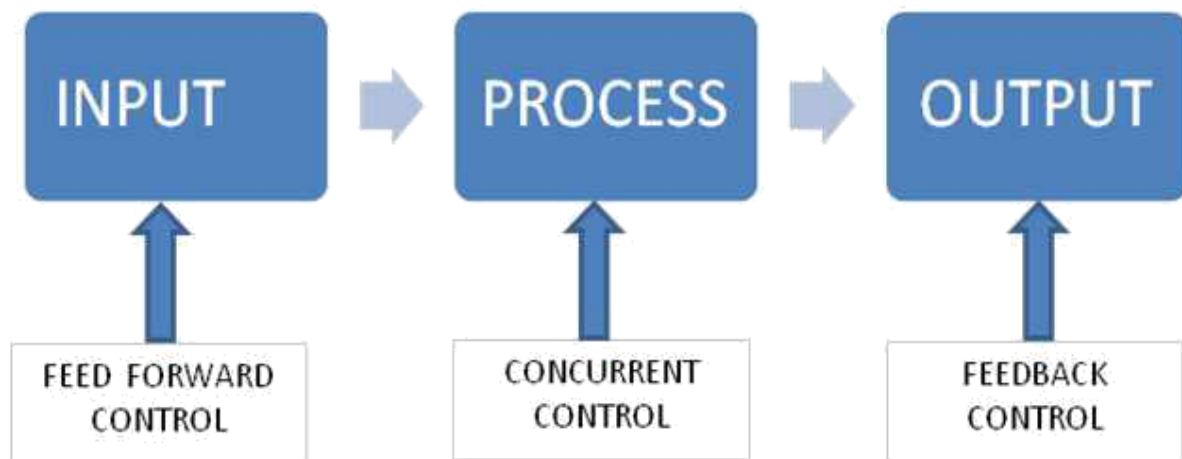
Feed forward controls: They are preventive controls that try to anticipate problems and take corrective action before they occur. Example – a team leader checks the quality, completeness and reliability of their tools prior to going to the site.

Concurrent controls: They (sometimes called screening controls) occur while an activity is taking place. Example – the team leader checks the quality or performance of his members while performing.

Feedback controls: They measure activities that have already been completed. Thus corrections can take place after performance is over. Example – feedback from facilities engineers regarding the completed job.

BUDGETARY CONTROL

Definition: Budgetary Control is defined as "the establishment of budgets, relating the responsibilities of executives to the requirements of a policy, and the continuous comparison of actual with budgeted results either to secure by individual action the objective of that policy or to provide a base for its revision.

Salient features:
a. Objectives: Determining the objectives to be achieved, over the budget period, and the policy(ies) that might be adopted for the achievement of these ends.
b. Activities: Determining the variety of activities that should be undertaken for achievement of

the objectives.

c. Plans: Drawing up a plan or a scheme of operation in respect of each class of activity, in physical a well as monetary terms for the full budget period and its parts.

d. Performance Evaluation: Laying out a system of comparison of actual performance by each person section or department with the relevant budget and determination of causes for the discrepancies, if any.

e. Control Action: Ensuring that when the plans are not achieved, corrective actions are taken; and when corrective actions are not possible, ensuring that the plans are revised and objective achieved

CLASSIFICATION OF BUDGETS

Budgets may be classified on the following bases –

TIME PERIOD	• LONG-TERM BUDGET • SHORT-TERM BUDGET
CONDITIONS	• BASIC BUDGET • CURRENT BUDGET
CAPACITY	• FIXED BUDGET • FLEXIBLE BUDGET
COVERAGE	• FUNCTIONAL BUDGET • MASTER BUDGET
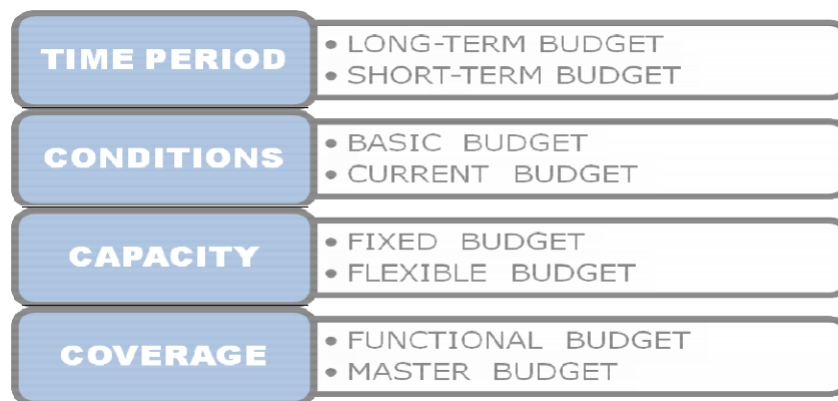
BASED ON TIME PERIOD:

Long Term Budget

Budgets which are prepared for periods longer than a year are called LongTerm Budgets. Such Budgets are helpful in business forecasting and forward planning. Eg: Capital Expenditure Budget and R&D Budget.

Short Term Budget

Budgets which are prepared for periods less than a year are known as ShortTerm Budgets. Such Budgets are prepared in cases where a specific action has to be immediately taken to bring any variation under control.

Eg: Cash Budget.

BASED ON CONDITION:

Basic Budget

A Budget, which remains unaltered over a long period of time, is called Basic Budget.

Current Budget

A Budget, which is established for use over a short period of time and is related to the current conditions, is called Current Budget.

BASED ON CAPACITY:

Fixed Budget

It is a Budget designed to remain unchanged irrespective of the level of activity actually attained. It operates on one level of activity and less than one set of conditions. It assumes that there will be no change in the prevailing conditions, which is unrealistic.

Flexible Budget

It is a Budget, which by recognizing the difference between fixed, semi variable and variable costs is designed to change in relation to level of activity attained. It consists of various budgets for different levels of activity

BASED ON COVERAGE:

Functional Budget

Budgets, which relate to the individual functions in an organization, are known as Functional Budgets, e.g. purchase Budget, Sales Budget, Production Budget, plant Utilization Budget and Cash Budget.

Master Budget

It is a consolidated summary of the various functional budgets. It serves as the basis upon which budgeted Profit & Loss Account and forecasted Balance Sheet are built up.

BUDGETARY CONTROL TECHNIQUES

The various types of budgets are as follows

i) Revenue and Expense Budgets:

The most common budgets spell out plans for revenues and operating expenses in rupee terms. The most basic of revenue budget is the sales budget which is a formal and

detailed expression of the sales forecast. The revenue from sales of products or services furnishes the principal income to pay operating expenses and yield profits. Expense budgets may deal with individual items of expense, such as travel, data processing, entertainment, advertising, telephone, and insurance.

ii) Time, Space, Material, and Product Budgets:

Many budgets are better expressed in quantities rather than in monetary terms. e.g. direct-labor-hours, machine-hours, units of materials, square feet allocated, and units produced. The Rupee cost would not accurately measure the resources used or the results intended.

iii) Capital Expenditure Budgets:

Capital expenditure budgets outline specifically capital expenditures for plant, machinery, equipment, inventories, and other items. These budgets require care because they give definite form to plans for spending the funds of an enterprise. Since a business takes a long time to recover its investment in plant and equipment, (Payback period or gestation period) capital expenditure budgets should usually be tied in with fairly long-range planning.

iv) Cash Budgets:

The cash budget is simply a forecast of cash receipts and disbursements against which actual cash "experience" is measured. The availability of cash to meet obligations as they fall due is the first requirement of existence, and handsome business profits do little good when tied up in inventory, machinery, or other noncash assets.

v) Variable Budget:

The variable budget is based on an analysis of expense items to determine how individual costs should vary with volume of output.

Some costs do not vary with volume, particularly in so short a period as 1 month, 6 months, or a year. Among these are depreciation, property taxes and insurance, maintenance of plant and equipment, and costs of keeping a minimum staff of supervisory and other key personnel. Costs that vary with volume of output range from those that are completely variable to those that are only slightly variable.

The task of variable budgeting involves selecting some unit of measure that reflects volume; inspecting the various categories of costs (usually by reference to the chart of

accounts); and, by statistical studies, methods of engineering analyses, and other means, determining how these costs should vary with volume of output.

vi) Zero Based Budget:

The idea behind this technique is to divide enterprise programs into "packages" composed of goals, activities, and needed resources and then to calculate costs for each package from the ground up. By starting the budget of each package from base zero, budgeters calculate costs afresh for each budget period; thus they avoid the common tendency in budgeting of looking only at changes from a previous period.

Advantages

There are a number of advantages of budgetary control:

Compels management to think about the future, which is probably the most important feature of a budgetary planning and control system. Forces management to look ahead, to set out detailed plans for achieving the targets for each department, operation and (ideally) each manager, to anticipate and give the organization purpose and direction.

Promotes coordination and communication.

Clearly defines areas of responsibility. Requires managers of budget centre's to be made responsible for the achievement of budget targets for the operations under their personal control.

Provides a basis for performance appraisal (variance analysis). A budget is basically a yardstick against which actual performance is measured and assessed. Control is provided by comparisons of actual results against budget plan. Departures from budget can then be investigated and the reasons for the differences can be divided into controllable and non-controllable factors.

Enables remedial action to be taken as variances emerge.

Motivates employees by participating in the setting of budgets.

Improves the allocation of scarce resources.

Economises management time by using the management by exception principle.

Problems in budgeting

Whilst budgets may be an essential part of any marketing activity they do have a number of disadvantages, particularly in perception terms.

Budgets can be seen as pressure devices imposed by management, thus resulting in:

bad labour relations

inaccurate record-keeping.

Departmental conflict arises due to:

disputes over resource allocation

departments blaming each other if targets are not attained.

It is difficult to reconcile personal/individual and corporate goals.

Waste may arise as managers adopt the view, "we had better spend it or we will lose it". This is often coupled with "empire building" in order to enhance the prestige of a department.

Responsibility versus controlling, i.e. some costs are under the influence of more than one person, e.g. power costs.

Managers may overestimate costs so that they will not be blamed in the future should they overspend.

NON-BUDGETARY CONTROL TECHNIQUES

There are, of course, many traditional control devices not connected with budgets, although some may be related to, and used with, budgetary controls. Among the most important of these are: statistical data, special reports and analysis, analysis of break- even points, the operational audit, and the personal observation.

i) Statistical data:

Statistical analyses of innumerable aspects of a business operation and the clear presentation of statistical data, whether of a historical or forecast nature are, of course, important to control. Some managers can readily interpret tabular statistical data, but most managers prefer presentation of the data on charts.

ii) Break- even point analysis:

An interesting control device is the break even chart. This chart depicts the relationship of sales and expenses in such a way as to show at what volume revenues exactly cover expenses.

iii) Operational audit:

Another effective tool of managerial control is the internal audit or, as it is now coming to be called, the operational audit. Operational auditing, in its broadest sense, is the regular and independent appraisal, by a staff of internal auditors, of the accounting, financial, and other operations of a business.

iv) Personal observation:

In any preoccupation with the devices of managerial control, one should never overlook the importance of control through personal observation.

v) PERT:

The Program (or Project) Evaluation and Review Technique, commonly abbreviated PERT, is a is a method to analyze the involved tasks in completing a given project, especially the time needed to complete each task, and identifying the minimum time needed to complete the total project.

vi) GANTT CHART:

A Gantt chart is a type of bar chart that illustrates a project schedule. Gantt charts illustrate the start and finish dates of the terminal elements and summary elements of a project. Terminal elements and summary elements comprise the work breakdown structure of the project. Some Gantt charts also show the dependency (i.e., precedence network) relationships between activities.

PRODUCTIVITY

Productivity refers to the ratio between the output from production processes to its input. Productivity may be conceived of as a measure of the technical or engineering efficiency of production. As such quantitative measures of input, and sometimes output, are emphasized.

Typical Productivity Calculations

Measures of size and resources may be combined in many different ways. The three common approaches to defining productivity based on the model of Figure 2 are referred to as physical, functional, and economic productivity. Regardless of the approach selected, adjustments may be needed for the factors of diseconomy of scale, reuse, requirements churn, and quality at delivery.

a) Physical Productivity

This is a ratio of the amount of product to the resources consumed (usually effort). Product may be measured in lines of code, classes, screens, or any other unit of product. Typically, effort is measured in terms of staff hours, days, or months. The physical size also may be used to estimate software performance factors (e.g., memory utilization as a function of lines of code).

b) Functional Productivity

This is a ratio of the amount of the functionality delivered to the resources consumed (usually effort). Functionality may be measured in terms of use cases, requirements, features, or function points (as appropriate to the nature of the software and the development method). Typically, effort is measured in terms of staff hours, days, or months. Traditional measures of Function Points work best with information processing systems. The effort involved in embedded and scientific software is likely to be underestimated with these measures, although several variations of Function Points have been developed that attempt to deal with this issue.

c) Economic Productivity

This is a ratio of the value of the product produced to the cost of the resources used to produce it. Economic productivity helps to evaluate the economic efficiency of an organization. Economic productivity usually is not used to predict project cost because the outcome can be affected by many factors outside the control of the project, such as sales volume, inflation, interest rates, and substitutions in resources or materials, as well as all the other factors that affect physical and functional measures of productivity. However, understanding economic productivity is essential to making good decisions about outsourcing and subcontracting. The basic calculation of economic productivity is as follows:

Economic Productivity = Value/Cost

PROBLEMS IN MEASUREMENT OF PRODUCTIVITY OF KNOWLEDGE WORKERS

Productivity implies measurement, which in turn, is an essential step in the control process. Although there is a general agreement about the need for improving productivity, there

is little consensus about the fundamental causes of the problem and what to do about them. The blame has been assigned to various factors. Some people place it on the greater proportion of less skilled workers with respect to the total labor force, but others disagree. There are those who see cutback in research and the emphasis on immediate results as the main culprit. Another reason given for the productivity dilemma is the growing affluence of people, which makes them less ambitious. Still others cite the breakdown in family structure, the workers' attitudes, and government policies and regulations. Another problem is that the measurement of skills work is relatively easy, but it becomes more difficult for knowledge work. The difference between the two kinds is the relative use of knowledge and skills.

COST CONTROL

Cost control is the measure taken by management to assure that the cost objectives set down in the planning stage are attained and to assure that all segments of the organization function in a manner consistent with its policies.

Steps involved in designing process of cost control system:

Establishing norms: To exercise cost control it is essential to establish norms, targets or parameters which may serve as yardsticks to achieve the ultimate objective. These standards, norms or targets may be set on the basis of research, study or past actual.

Appraisal: The actual results are compared with the set norms to artain the degree of utilization of men, machines and materials. The deviations are analyzed so as to arrive at the causes which are controllable and uncontrollable.

Corrective measures: The variances are reviewed and remedial measures or revision of targets, norms, standards etc., as required are taken.

Advantages of cost control

Better utilization of resources

To prepare for meeting a future competitive position.

Reasonable price for the customers

Firm standing in domestic and export markets.

Improved methods of production and use of latest manufacturing techniques which have the effect of rising productivity and minimizing cost.

By a continuous search for improvement creates proper climate for the increase efficiency.

Improves the image of company for long-term benefits.

Improve the rate of return on investment.

PURCHASE CONTROL

Purchase control is an element of material control. Material procurement is known as the purchase function. The functional responsibility of purchasing is that of the purchase manager or the purchaser. Purchasing is an important function of materials management because in purchase of materials, a substantial portion of the company's finance is committed which affects cash flow position of the company. Success of a business is to a large extent influenced by the efficiency of its purchase organization. The advantages derived from a good and adequate system of the purchase control are as follows:

Continuous availability of materials: It ensures the continuous flow of materials. so production work may not be held up for want of materials. A manufacturer can complete schedule of production in time.

Purchasing of right quantity: Purchase of right quantity of materials avoids locking up of working capital. It minimizes risk of surplus and obsolete stores. It means there should not be possibility of overstocking and understocking.

Purchasing of right quality: Purchase of materials of proper quality and specification avoids waste of materials and loss in production. Effective purchase control prevents wastes and losses of materials right from the purchase till their consumptions. It enables the management to reduce cost of production.

Economy in purchasing: The purchasing of materials is a highly specialized function. By purchasing materials at reasonable prices, the efficient purchaser is able to make a valuable contribution to the success of a business.

Works as information centre: It serves as a function centre on the materials knowledge relating to prices, sources of supply, specifications, mode of delivery, etc. By providing continuous information to the management it is possible to prepare planning for production.

Development of business relationship: Purchasing of materials from the best market and from reliable suppliers develops business relationships. The result is that there may be smooth supply of materials in time and so it avoid disputes and financial losses.

Finding of alternative source of supply: If a particular supplier fails to supply the materials in time, it is possible to develop alternate sources of supply. the effect of this is that the production work is not disturbed.

Fixing responsibilities: Effective purchase control fix the responsibilities of operating units and individuals connected with the purchase, storage and handling of materials.

In short, the basic objective of the effective purchase control is to ensure continuity of supply of requisite quantity of material, to avoid held up of production and loss in production and at the same time reduces the ultimate cost of the finished products.

MAINTENANCE CONTROL

Maintenance department has to excercise effective cost control, to carry out the maintenance functions in a pre-specified budget, which is possible only through the following measures:

First line supervisors must be apprised of the cost information of the various materials so that the objective of the management can be met without extra expenditure on maintenance functions

A monthly review of the budget provisions and expenditures actually incurred in respect of each center/shop will provide guidlines to the departmental head to exercise better cost control.

The total expenditure to be incurred can be uniformly spread over the year for better budgetary control. however, the same may not be true in all cases particularly where overhauling of equipment has to be carried out due to unforseen breakdowns. some budgetary provisions must be set aside, to meet out unforeseen exigencies.

The controllable elements of cost such as manpower cost and material cost can be discussed with the concerned personnel, which may help in reducing the total cost of maintenance. Emphasis should be given to reduce the overhead expenditures, as other expenditures cannot be compromised.

It is observed through studies that the manpower cost is normally fixed, but the same way increase due to overtime cost. however, the material cost, which is the prime factor in maintenance cost, can be reduced by timely inspections designed, to detect failures. If the

inspection is carried out as per schedule, the total failure of parts may be avoided, which otherwise would increase the maintenance cost. the proper handling of the equipment by the operators also reduces the frequency of repair and material requirements. Operators, who check their equipment regularly and use it within the operating limits, can help avoid many unwanted repairs. In the same way a good record of equipment failures/ maintenance would indicate the nature of failures, which can then be corrected even permanently.

QUALITY CONTROL

Quality control refers to the technical process that gathers, examines, analyze & report the progress of the project & conformance with the performance requirements

The steps involved in quality control process are

Determine what parameter is to be controlled.

Establish its criticality and whether you need to control before, during or after results are produced.

Establish a specification for the parameter to be controlled which provides limits of acceptability and units of measure.

Produce plans for control which specify the means by which the characteristics will be achieved and variation detected and removed.

Organize resources to implement the plans for quality control.

Install a sensor at an appropriate point in the process to sense variance from specification.

Collect and transmit data to a place for analysis.

Verify the results and diagnose the cause of variance.

Propose remedies and decide on the action needed to restore the status quo.

Take the agreed action and check that the variance has been corrected.

Advantages and disadvantages

Advantages include better products and services ultimately establishing a good reputation for a company and higher revenue from having more satisfied customers. Disadvantages include needing more man power/operations to maintain quality control and adding more time to the initial process.

PLANNING OPERATIONS

An **operational planning** is a subset of strategic work plan. It describes short-term ways of achieving milestones and explains how, or what portion of, a strategic plan will be put into operation during a given operational period, in the case of commercial application, a fiscal year or another given budgetary term. An operational plan is the basis for, and justification of an annual operating budget request. Therefore, a five-year strategic plan would need five operational plans funded by five operating budgets.

Operational plans should establish the activities and budgets for each part of the organization for the next 1 – 3 years. They link the strategic plan with the activities the organization will deliver and the resources required to deliver them.

An operational plan draws directly from agency and program strategic plans to describe agency and program missions and goals, program objectives, and program activities. Like a strategic plan, an operational plan addresses four questions:

Where are we now?

Where do we want to be?

How do we get there?

How do we measure our progress?

The OP is both the first and the last step in preparing an operating budget request. As the first step, the OP provides a plan for resource allocation; as the last step, the OP may be modified to reflect policy decisions or financial changes made during the budget development process.

Operational plans should be prepared by the people who will be involved in implementation.

There is often a need for significant cross-departmental dialogue as plans created by one part of the organization inevitably have implications for other parts. Operational plans should contain:

clear objectives

activities to be delivered

quality standards

desired outcomes

staffing and resource requirements

implementation timetables

a process for monitoring progress.

2 & 16 MARKS QUESTIONS WITH ANSWERS

PRINCIPLES OF MANAGEMENT

Part – A (2 Marks)

UNIT -I

1. What is Management?

   Management is the process of planning, Organizing, Directing, Staffing and controlling the various activities of the people to achieve the objectives of an organization.

2. Define Management.

   "Management is the process of designing and maintaining of an environment in which individuals working together in groups efficiently accomplish selected aims".

3. Write some characteristics of Management?

   Management is a continuous process. Manager use the resources of organization both physical as well as human achieve the goal. Management aims act achieving the organization goals by ensuring effective use of resources.

4. Write any two points favor for management as a science

   Management principle should be verified. Reliable basis for predicting future.

5. What is time study?

   The movement which take minimum time is the best one.

6. What is motion study?

   Taylor suggested that the eliminating wasteful movements and performing only necessary movement.

7. What is authority?

   It is the power given to a person to get work from his subordinates.

8. What is responsibility?

   It is the amount of work from a man by his superior.

9. Comment: Management is both –A science and an art

   Management is a science because it contains general principles. It is also an art because it requires certain personal skills achieve desired result.

10. What is centralization?

   The organization is centralized when the power is concentrated with one person.

11. What is decentralization?

   If the power is fully distributed to the subordinates of the organization.

12. What is Esprit-de-corps?

   This means union is strength. In organization employees should be harmony and unity.

What are the various levels of management?
Top level management.
2)Middle level management.
3)lower level management.

Write some important functions of top level management? 1)To
formulate goals and policies of the company.
2)To formulate budgets.
3)To appoint top executives.

Write the functions of management?
Planning.
Organizing.
Staffing.
coordinating.
controlling.

Define sole proprietorship?

The sole proprietorship is that form of business organization which owned and controlled by a single individual.

17. What is partnership?

A partnership is an association of two or more persons to carry on business and to share its profit and losses in an agreed ratio.

18. What is joint stock company?

Joint stock company is association of many persons who contribute money worth to common stock and explaining source trade and also share the profit and losses.

19. What is private limited company?

A private limited company is a company which has a minimum paid up capital dory be prescribed.

20. White is a co-operative society?

It is a voluntary association of persons for mutual benefit and it aims are accomplished through self heap and collective effort.

21. What is a social responsibility?

Society is the part of the management to interact actions wither to protect social interest a society.

UNIT - II

22. Define planning.

Planning is the process of selecting the objectives and determining the course of action required to achieve these objectives.

23. What are the main objective of planning?

Planning is a primary function of organization It helps in achieving objectives It done to cope with uncertainty and change. It helps in facilitating control It helps in coordination Planning increases organization effectiveness Planning guides in decision making.

Define "Mission"

Mission may be defined as "a statement which defines the role that an organization plays in the society"

Define "objectives"

The term "objective" or "goals" are often used interchangeably. Objective are the end results towards which   the activities of attain its objectives.

26. What is mean by strategy?

Strategy of an organization is the programmers of action and deployment of resources to attain its objectives.

27. What are the factors to be considered while formulating strategies? Mission and objectives of an organization. Values, aspiration and prejudices of top level management. Opportunities and threats of the external environment, Strength and weakness of the firm in various aspects such as funds, organization structure, human talent, technology etc.

Define "policies"

Policies are general statement or understanding which provide guidance in decision making to various managers.

29. What is procedure?

Procedure is a chronological order of action required to implement a policy and to achieve an objectives.

30. What is programme?

Programme is a broad term which includes goals , polices , procedure , rules , task assignment , step to be taken, resources to be employed to carryout a given course of action.

31. Define budgets.

A budget is a statement of expected result in numerical terms and therefore, it may be referred as a numerical programmer.

32. What is objective?

Objectives are the aims, purposes or goals that an organization wants to achieve over varying period of time.

What is MBO?

MBO is a process whereby the superior and the superior and the subordinate manager of an enterprise jointly identify its common goals, define each individuals major areas of responsibility in terms of result expected of him , and use these measures as guides for operating the unit and the contribution of each of its members is assessed.

What do you mean by "strategy"?

A strategy may also be defined as a special type of plan prepared for meeting the challenge posted by the activities of competitors and other environmental forces.

35. What are the major kinds of strategies and policies?

Growth, Finance, organization, personnel, products or service and market.

36. Write down any four factors which leads to fail of strategic planning.

Managers are inadequately prepare for strategic planning. The information for preparing the plans is insufficient for planning for action. The goals of the Organization are too vague. The business units are not clearly identified.

37. What is planning premises ?

The assumptions about future derived from forecasting and used in planning are known as planning premises.

What are the practices made in making effective premising?

Selection of premises.
Collection of information..
Development of alternative premises for contingency
planning. Verification of the consistency of premises.
Communication of planning premises.

Explain the term decision and decision making?

A decision may be a direction to other to do or not to do.. Decision making is defined as the process of choosing a course of action from among alternatives to achieve a desired goal. It is one of the functions of management and also a core process of planning. The management executive takes a number of decisions every day. Thus, a decisions may be rational or irrational. The best one is selected out of the available alternatives.

40. How would you evaluate the importance of a decision?

Decision making is a selection process. The best alternative is selected out of many available alternatives. Decision –making is a goal –oriented process. Decisions are made to achieve some goal or objective.

Decision making is the end process. It is preceded by detailed discussion and selection of alternatives. Decision making is a human and rational process involving the application of intellectual ablates. It involves deep thinking and foreseeing things.

Decision making is a dynamic process. An individual takes a number of decisions each day.

Mention the three approaches generally adapted by managers in selections an alternative?

Quantitative and Qualitative analysis.
Marginal analysis.
Cost effectiveness analysis.

UNIT - III

42. Define Organizing

Organizing is the process of identifying and grouping of activities required to attain objectives , delegating authority, creating the responsibility and establishing relationship for the people to work effectively.

43. What do you understand by effective organizing?

Effective organizing focuses on finding in present organizing avoids organizational inflexibility and makes the staff work effective by avoiding conflicts by clarification.

How informal organization characteristics differ from formal organization? It arises without any external cause

It is created on the basis of some similarity among the member. The bases of similarity may be age, sex, place of birth, caste, religion, liking/ disliking etc…

Informal organization has no place in the organization chart.

It is one of the parts of total organization.

45. What is span control?

Span of control means the number of people managed effective by a single superior in an organization. The term "Span of control" is also known as "Span of management", "span of authority", and "Span of responsibility". But span of management is a better term because control and supervision are elements of management.

46. What is matrix structure?

Matrix structure is a hybrid organizational form, containing characteristics of both project and functional structures.

47. How can we define power?

"Power is the probability that one actor with in the relationship will be in a position to carry out his own despite resistance".

48. What is line authority?

Line authority is the direct authority which a superior exercises over a number of subordinates to carry out orders and instruction. In organization process, authority is delegated to the individuals to perform the activities.

49. What is staff authority?

The relationship between a staff manager with whom he works depends in part on the staff duties.

50. Define staffing.

Staffing is the part of the management process which is concerned with the procurement utilization, maintenance and development of large satisfied work force on the organization.

51. Define Human resource planning.

"Human resource planning is the process by which an organization ensures that it has the right number and all kind of people at the right place at the right time, capable of effectively and efficiently completion, those tasks that will help the organization achieve its overall objectives".

52. What is job analysis?

Job analysis is a detailed study of a job to identify the skills, experience and aptitude required for the job.

53. What is job design?

The job design is usually broad enough to accommodate people's needs and desires.

Define : Recruitment

B. Flippo define recruitment as "The process of searching for prospective employees and stimulating to apply for jobs in the organization".

What is selection?

Selection is the process of finding out the most suitable candidate to the job out of the candidates attracted.

What is grading method?

It is one of the trait-based appraisal method. The actual performance of the employees is measured against these grades. This method is generally useful for promotion based on performance.

What is mean by resources allocation?

Manager is responsible for allocation of money, material and human resource in the organization. He utilizes minimum resource to give maximum profit to the organization.

58. Define the Peter principle.

The principle states that every person in a hierarchy tends to rise to the level of his incompetence.

59. Define :Training

According to B.Flippo "Training is the act of increasing the knowledge and skill of an employee for doing a particular job".

60. Define ; Organizational conflict .

According to Stephen "conflict is a process in which an effort is purposefully made by one person or unit to block another that result in frustrating the attainment of others goals of the furthering of his or her interests.

61. What is managerial grid?

Managerial grid is behavioral theory of leadership. It plays an important role in managerial behavior in organizational development.

62. What is meant by the term directing?

Directing may be defined as the process of instructing, guiding and inspiring human factors in the organization objectives. It is not only issuing orders and instructions by a superior to his subordinates but also including process of guiding and inspiring them to work effectively.

List down the human factors in managing?

Multiplicity of roles.
Individuality.
Personal dignity.

Define creativity.

Creativity is defined as the ability to produce new and useful ideas through the components in novel and non obvious ways. Creativity exists throughout the populations, largely independent of age, sex and education.

65. What is a SCAMPER tool?

SCAMPER is a checklist that helps us to think of changes. We can make to an existing product to create a new one. These changes can be used either as direct suggestions or as starting points for lateral thinking.

66. What is meant by reframing matrix?

Reframing Matrix is a simple technique that helps to look at business problems from a number of different viewpoints. It expands the range of creative solutions that you can generate. The approach relies on the fact that different people with different experience approach problems in different ways.

State the function of mind mapping tool?

This tool is similar to concept fan except looking one step back from main topic .A mindmap consists of a central word or concept with 5 to10 main ideas that relate to that word , similar to creating a spider-web.

Mention the use of DO IT process for creativity?

DO IT is a process for creativity. Techniques explained earlier in this chapter focus on specific aspects of creative thinking. DO IT bundles them together introduce formal methods of problem definition and evaluation. These help you to get the best out of the creativity techniques. DO IT is an acronym that stands for:

D – Define problem
O – Open mind and apply creative techniques
I _ Identify best solution
T _ Transform

Differentiate innovation and invention. Innovation
means the use of creative ideas.
Invention means really finding new things which are not already available.

How can be harmonizing objectives achieved?

Mutual trust.

Cooperation and understanding.

Worker's participation in management, and

Balancing the objectives of the organization with those of individuals.

Define "multiplicity of roles".

Individuals are not only the productive factor in management's plans. They are members of social system of many organizations.

72. What is meant by Brain storming?

Brainstorming is an excellent way of developing many creative solutions to a problem. It works by focusing on a problem, and then coming up with very many radical solutions to it. The essence of brainstorming is a creative conference, ideally of a to 8 to12 people meeting for less than an hour to develop a long listed without criticism on a backboard or newsprint as they are offered ; one visible idea leads to others. At the end of this session, participants are asked how the ideas could be combined or improve.

73. Define motivation

According to koontz O'Donnell, "Motivation is a general terms applying to the entire class of drives, desires, needs wishes and similar forces that induce an individual or a group of people to work"

Names the steps involved in motivation process.

Analysis of situation.

Preparing, selecting and applying a set of appropriate motivating tools. Follow up.

What are the types of motivation

Positive motivation

Negative motivation

Extrinsic motivation

Intrinsic motivation

76. What is job enrichment?

Job enrichment is therefore based on the assumptions that in order to motivate personnel, the job itself must provide opportunities achievement, recognition, responsibility, advancement and growth.

77. Define Leadership.

Leadership is the process of influencing the behavior of others towards the accomplishment of goals in a given situation.

List out few leadership traits The

Michigan studies

The Ohio state university

studies The managerial grid

State House's path- goal approach.

Leaders are effective because of the influence on the followers motivation, ability to perform and their satisfaction.

80. What is Laissez- faire?

Complete freedom is given to the subordinate so that they plan, motivate, control and otherwise be responsible for their own action.

81. What is communication?

Communication is the passing of information from one person to another person.

Name the various types of communication

Downward communication Upward
communication Horizontal or
Lateral communication

UNIT - V

83. Define control?

According to Knootz "Controlling to the measurement and correction of performance in order to make sure that enterprise objectives and the plans devised to attain them are accomplished".

Why need of control in the organization?

Control process is universal.
Control is a continuous process.
Control is action based. Control
is forward looking.

Why need of control in the organization? Control

can minimize the mistake.
To discover the deviations in the management
To discover and control the minimal dishonest behavior of employees

What are the Inter –relationship between planning and end with control?

The management process of adjusting future action on the basis of information about past performance. Control helps in achieving them.

87. What is Feedback Control?

Feedback control is the process of adjusting future action on the basis of information about past performance.

88. What is management by exception?

Actual performance compare with the standard performance deviations which can not significant should be avoid.

89. What is concurrent control?

This control measures for taking corrective action while an programme meet any obstacle in this activities.

90. What is feed forward control?

It is preventive in nature. This control involves evaluation of inputs and taking corrective action before a particular operation is completed.

91. What is direct labour Budget?

Direct labour Budget reveals the expected labour requirements during the budget period.

92. What is fixed Budget?

In this budget in which targets are rigidly fixed .This is a forecast of the targets for the coming years prepared well in advance.

93. What is flexible budget?

A flexible budget is a budget designed to change in the level of activity.

94. What is Internal Audit?

Internal audit is done by an internal auditors who is an employee of the organization. He examines the objectives, policies, plans procedures and performance of the management.

95. Define Productivity?

Productivity is a measure of how much input is required to produce a given output.
i.e. the ratio (output/input) is called productivity.

96. Define: OR.

Operation Research is a systematic analysis of a problem through scientific methods, carried out by appropriate specialists ,working together. As a team, finding an optimum and the most appropriate solution to meet the given set of constraints.

97. What is JIT ?

Just In Time Inventory system. In this method the suppliers deliver the materials to the production spot just in time to be assembled .This method reduces cost of inventory.

98. What is value engineering?

It is a special type of cost reduction and product improved technique.

99. What is preventive control?

An efficient manager applies the skills in managerial philosophy to eliminate undesirable activated which are the reasons for poor management.

Define : Multinational corporation.?

"An enterprise which own or control production or service facilities outside the country in which they are based".

1. **Explain the contribution of F.W.Taylor to scientific management.**

Frederick Taylor (1856-1915), developer of scientific management. **Scientific management** (also called **Taylorism** or the **Taylor system**) is a theory of management that analyzes and synthesizes workflows, with the objective of improving labor productivity. The core ideas of the theory were developed by Frederick Winslow Taylor in the 1880s and 1890s, and were first published in his monographs, *Shop Management* (1905) and *The Principles of Scientific Management* (1911). Taylor believed that decisions based upon tradition and rules of thumb should be replaced by precise procedures developed after careful study of an individual at work. Its application is contingent on a high level of managerial control over employee work practices.

Taylorism is a variation on the theme of efficiency; it is a late 19th and early 20th century instance of the larger recurring theme in human life of increasing efficiency, decreasing waste, and using empirical methods to decide what matters, rather than uncritically accepting pre-existing ideas of what matters. Thus it is a chapter in the larger narrative that also includes, for example, the folk wisdom of thrift, time and motion study, Fordism, and lean manufacturing. It overlapped considerably with the Efficiency Movement, which was the broader cultural echo of scientific management's impact on business managers specifically.

In management literature today, the greatest use of the concept of Taylorism is as a contrast to a new, improved way of doing business. In political and sociological terms, Taylorism can be seen as the division of labor pushed to its logical extreme, with a consequent de-skilling of the worker and dehumanisation of the workplace.

General approach

Shift in decision making from employees to managers
Develop a standard method for performing each job
Select workers with appropriate abilities for each job
Train workers in the standard method previously developed
Support workers by planning their work and eliminating interruptions
Provide wage incentives to workers for increased output

Contributions

Scientific approach to business management and process improvement
Importance of compensation for performance
Began the careful study of tasks and jobs
Importance of selection criteria by management

Elements

Labor is defined and authority/responsibility is legitimised/official
Positions placed in hierarchy and under authority of higher level
Selection is based upon technical competence, training or experience

Actions and decisions are recorded to allow continuity and memory
Management is different from ownership of the organization
Managers follow rules/procedures to enable reliable/predictable behavior

Criticisms

Did not appreciate the social context of work and higher needs of workers.
Did not acknowledge variance among individuals.
Tended to regard workers as uninformed and ignored their ideas
and suggestions.

   □□□□□ Elements and Tools of Scientific Management
Separation of planning and doing
Functional Foremanship
Job Analysis
Standardization
Scientific Selection and training of workers
Financial Incentives
Economy
Mental Revolution
   □□□□□ Principles of Scientific Management
Replacing rule of thumb with science
Harmony in group action
Co-operation
Maximum output
Development of workers

Explain the contribution of Henry Fayol to modern management.

Fayolism is one of the first comprehensive statement of a general theory of management, developed by the French management theorist Henri Fayol (1841–1925): one of the most influential contributors to modern concepts of management,

Fayol has proposed that there are five primary functions of management: (1) planning, (2) organizing, (3) commanding, (4) coordinating, and (5) controlling (Fayol, 1949, 1987). Controlling is described in the sense that a manager must receive feedback on a process in order to make necessary adjustments.

Fayol's work has stood the test of time and has been shown to be relevant and appropriate to contemporary management. Many of today's management texts including Daft (2005) have reduced the five functions to four: (1) planning, (2) organizing, (3) leading, and (4) controlling. Daft's text is organized around Fayol's four functions.

The 6 types of Operations

For Fayol any Organisation can be subdivided into six types of *Operations*. Each *Operation* being fulfilled by its corresponding *Essential Function*:

    Technical Operations (production, manufacturing, transformation)
    Commercial Operations (purchases, sales, exchanges)
    Financial Operations (seek for capital and finance management)
    Security Operations (protection of goods and people)
    Accounting Operations (balance, P&L, cost control, statistics, etc)

Administrative' *Operations (Management)*(see below *The 5 Elements of Administration*)

In 1925 six month before Henri Fayol's death Verney helped Fayol redefine The function of administration (Administration Industrielle et Generale). The old definition went as follows: The activities involved in businesses can all be classified under one of the following six headings: TECHNICAL, COMMERCIAL, FINANCIAL, SECURITY, ACCOUNTING, ADMINISTRATIVE organization, command, coordination and control. Compared with the new definition: The activities involved in businesses can all be classified under one of the following five headings: TECHNICAL, COMMERCIAL, FINANCIAL, SECURITY, ACCOUNTING These activities must be planned, organized, directed, coordinated and controlled, in a word: administered. The removal of the distinction between management and administration and the re-definition of administration, it appears that Fayol had finally synthesized these two concepts. Therefore the previous difficulties with this distinction no longer exist(Breeze, J., & Miner Jr., F.)

The 9 Levels

Fayol was representing an organisation like a living body (« **corps social** », ie. "social body") with main organs hierarchically structured as follow:

Shareholders,

Board of Administration,

General Direction and its General staff (advisors),

Regional/local Directions,

Main Engineers,

Services Managers,

Workshops Managers,

Foremen,

Workers.

The 5 Elements of Administration

Popularized by Fayol with the acronym of POCCC:

Planning' (to foresee/anticipate and make plans)

Organisation (to provide the *Function* with all is needed for its smooth running: Supplies, Tools, Funding, Employees)

Commandment (to lead the people employed by the organisation)

Coordination (to harmonise all actions of an Organisation in order to facilitate its smooth running and *success*)

Control (to **verify** if everything happens in accordance with defined plans, orders given, and accepted principles)

The word *Control* clearly provoked some misunderstanding by English-readers because its 1st meaning in French is "to check" and its 2nd meaning is "to have a grip over". And it is the other way round in English. So for the French-reader Fayol clearly meant "Check everything!".

For Fayol, "*The Art of Commanding* relies upon certain personal qualities and upon the knowledge of management general principles. (...) It has, like all other arts, its degrees. (...) The manager in charge of a commandment must:

> have a deep knowledge of his staff;
>
> cull the incapables;
>
> well know the conventions binding the organisation and its members;
>
> give the good example (by his attitude);
>
> conduct regular inspections of the « corps social »;
>
> get together his main partners in conferences (meetings) where are prepared the Unity of Direction and the Focus of Efforts;
>
> not be distracted by details;
>
> 8. aim to make prevalent among his staff, energy, initiative and « dévouement»."

The 14 Principles of Administration

> **Division of work:** *Reduces the span of attention or effort for any one person or group. Develops practice or routine and familiarity.*
>
> **Authority:** *"The right to give orders. Should not be considered without reference to responsibility."*
>
> **Discipline:** *"Outward marks of respect in accordance with formal or informal agreements between a firm and it's employees."*
>
> **Unity of command:** "*One man one superior!"*
>
> **Unity of direction:** "*One head and One plan for a group of activities with the same objective."*
>
> **Subordination of Individual Interests to the Common Interest:** "*The interests of one individual or group should not prevail over the general or common good."*
>
> **Remuneration of personnel:** "*Pay should be fair to both the worker as well as the organization."*
>
> **Centralisation:** "*Is always present to a greater or lesser extent, depending on the size of the company and the quality of its managers."*
>
> **Scalar chain:** *"The line of authority from top to bottom of the organization."*
>
> **Order: "***A place for everything and everything in its right place; ie. the right man in the right place."*
>
> **Equity:** "*A combination of kindness and justice towards employees."*
>
> **Stability of personnel tenure:** "*Employees need to be given time to settle in to their jobs, even though this may be a lengthy period in the case of some managers."*
>
> **Initiative:** "*Within the limits of authority and discipline, all levels of staff should be encouraged to show initiative."*
>
> **Esprit de corps (Union is strength):** "*Harmony is a great strength to an organization; **teamwork** should be encouraged."*

Fayol suggested that it is important to have unity of command: a concept that suggests there should be only one supervisor for each person in an organization. Like

Socrates, Fayol suggested that management is a universal human activity that applies equally well to the family as it does to the corporation.

3. **What are the major functions of management explain.**

   ### Basic functions of management

   Management operates through various functions, often classified as planning, organizing, leading/directing, and controlling/monitoring.

   Planning:

   Deciding what needs to happen in the future (today, next week, next month, next year, over the next 5 years, etc.) and generating plans for action.

   Organizing:

   (Implementation) making optimum use of the resources required to enable the successful carrying out of plans.

   Staffing:

   Job Analyzing, recruitment, and hiring individuals for appropriate jobs.

   Leading/directing:

   Determining what needs to be done in a situation and getting people to do it.

   Controlling/Monitoring:

   checking progress against plans, which may need modification based on feedback.

   ### Formation of the business policy

   The **mission** of the business is its most obvious purpose -- which may be, for example, to make soap.

   The **vision** of the business reflects its aspirations and specifies its intended direction or future destination.

   The **objectives** of the business refers to the ends or activity at which a certain task is aimed.

   The business's **policy** is a guide that stipulates rules, regulations and objectives, and may be used in the managers' decision-making. It must be flexible and easily interpreted and understood by all employees.

   The business's **strategy** refers to the coordinated plan of action that it is going to take, as well as the resources that it will use, to realize its vision and long-term objectives. It is a guideline to managers, stipulating how they ought to allocate and utilize the factors of production to the business's advantage. Initially, it could help the managers decide on what type of business they want to form.

How to implement policies and strategies

All policies and strategies must be discussed with all managerial personnel and staff.

Managers must understand where and how they can implement their policies and strategies.

A plan of action must be devised for each department.

Policies and strategies must be reviewed regularly.

Contingency plans must be devised in case the environment changes.

Assessments of progress ought to be carried out regularly by top-level managers.

A good environment and team spirit is required within the business.

The missions, objectives, strengths and weaknesses of each department must be analysed to determine their roles in achieving the business's mission.

The **forecasting method** develops a reliable picture of the business's future environment.

A **planning unit** must be created to ensure that all plans are consistent and that policies and strategies are aimed at achieving the same mission and objectives.

Contingency plans must be developed, just in case.

All policies must be discussed with all managerial personnel and staff that is required in the execution of any departmental policy.

Organizational change is strategically achieved through the implementation of the eight-step plan of action established by John P. Kotter: Increase urgency, get the vision right, communicate the buy-in, empower action, create short-term wins, don't let up, and make change stick.

Explain management is an art or science both science and art.

Management as a Science

The following characteristics are essential for a subject to be recognized as a Science.

The existence of systematic body of knowledge with an array of principles

Based on Scientific enquiry

Principles should be verifiable

Reliable basis for predicting future events

Management as a discipline fulfills the science criterion. The application of these principles helps any practicing manager to achieve the desired goals.

Science can be classified into two types they are:

Exact Science

Inexact Science

Exact Science:

In this the results are Accurate. There is no scope for the probability.

In-Exact Science:

Every organization human resources are different in attitude, aspirations and perceptions. So standard results may not be obtained.

Readymade and Standard Solutions cannot be obtained.

Management is complex and Unpredictable.

Every organization decisions are influenced by the environment. The environment is so complex and prone to unexpected changes.

Management as a Science

Art means application of skjill in finding a desired result. Art is the way of doing things skillfully. Management is an art because of the following facts.

Management process involves the use of practical knowledge and personal skill.

Management is creative.

Application of practical knowledge helps to achieve concrete result

Management as both Science and Art

"Management is a science because it contains general principles. It is also an art because it requires certain personal skills to achieve desired results."

5. **Explain the types of business organization.**

In India, the following types of business entities are available:

Private Limited Company

Public Limited Company

Unlimited Company

Limited Liability Partnership (LLP)

Partnership

Sole Proprietorship

Liaison Office/Representative Office

Project Office

Branch Office

Joint Venture Company

Subsidiary Company

Both the Indian promoters and the foreign promoters can form the following business entities: Private Limited Company, Public Limited Company, Limited Liability Partnership, Unlimited Company, Partnership and Sole Proprietorship. The foreign companies also have the options of forming the following type of business entities: Liaison Office/Representative Office, Project Office, Branch Office, and Joint Venture Company. It must be noted that a Joint Venture Company is not a separate type of legal entity; it could be either a Private Limited Company, a Public Limited Company, or an Unlimited Company. Similarly a wholly owned Subsidiary of a foreign company in India could be either a Private Limited Company, a Public Limited Company, an Unlimited Company, or a Branch Office.

For a foreign Investor in India it is very important to choose a right kind of business or corporate entity which best suits its purposes and takes care of liability issues and tax planning issues. Foreign Companies planning to do business in India should pay special attention to Entry Strategies in India for Foreign Investors and corporate structuring to save taxes to the best extent allowed by laws and international tax treaties.

It is also mandatory for foreign investors or foreign shareholders, both individuals and corporate shareholders, to seek Government Approvals for Investing in India In some special cases Foreign Investment Promotion Board, FIPB Approval for Foreign Investment in India is required. In other cases Reserve Bank of India, RBI Approvals for Foreign Investment in India is required. The sectors where RBI Approval for foreign investors is available under automatic route can be found at FDI in India Sector wise Guide.

There are various steps required to establish a business in India, before and after incorporation, as mentioned hereinafter. See also the Procedure for Formation of Company in India. A Company in India can have foreign directors provided some conditions are fulfilled. The directors of an Indian company, both Indian and foreigner directors, are required to obtain Director Identification Number - DIN and Digital Signature Certificate - DSC. There are some restrictions regarding issuing sweat equity for a company incorporated in India.Also see Annual Corporate Filings in India for corporate maintenance requirements in India.

Sole proprietorship
Partnership firm
Joint stock companies
Co-operative societies

UNIT - II
Give an account of various steps involved in planning?

Perception of opportunities
Establishing objectives
Planning premises
Identification of alternatives
Evaluation of alternatives
Choice of alternatives
Formulation of supporting plans
Establishing sequence of activities

Steps involved in Planning

Identification of Opportunities

↓

Establishment of Objectives

↓

Developing Planning Premises

↓

Identification of Alternatives

↓

Evaluation of Alternatives

↓

Selecting an Alternative

↓

Formulating Dervative Plans

↓

Establishing a Sequence of Activites
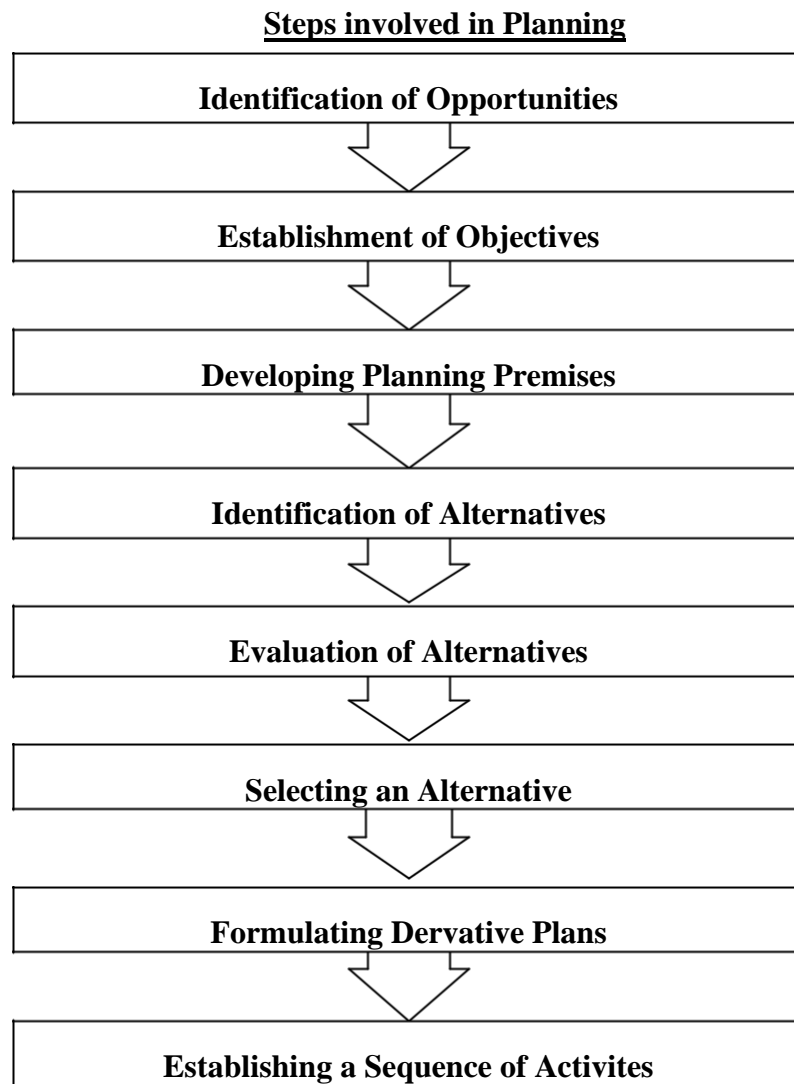
7. Explain the concept of MBO?

Management by Objectives (MBO) is a process of agreeing upon objectives within an organization so that management and employees agree to the objectives and understand what they are in the organization.

The term "management by objectives" was first popularized by Peter Drucker in his 1954 book 'The Practice of Management'.

The essence of MBO is participative goal setting, choosing course of actions and decision making. An important part of the MBO is the measurement and the comparison of the employee's actual performance with the standards set. Ideally, when employees themselves have been involved with the goal setting and the choosing the course of action to be followed by them, they are more likely to fulfill their responsibilities.

Processof MBO

MBO is a system for achieving organizational objectives, enhancement of employee commitment and participation.

Setting of Organizational Purpose and Objectives

Key Result Areas

Setting Subordinate Goals

Matching Resources with Objectives

Apprisal

Recycling

Features and Advantages

Unique features and advantage of the MBO process

The principle behind Management by Objectives (MBO) is to create empowered employees who have clarity of the roles and responsibilities expected from them, understand their objectives to be achieved and thus help in the achievement of organizational as well as personal goals.

Some of the important features and advantages of MBO are:

Clarity of goals

Clarity in Organizational actions

Personnel satisfaction

Basis of Organizational Change

Motivation – Involving employees in the whole process of goal setting and increasing employee empowerment increases employee job satisfaction and commitment.

Better communication and Coordination – Frequent reviews and interactions between superiors and subordinates helps to maintain harmonious relationships within the enterprise and also solve many problems faced during the period.

well to be supposed if yet this management by objectives has certain advantages as well as disadvantages, it is a virtual technique for effective management and it takes around 5 years to get mbo yielding results.

Domains and levels

Objectives can be set in all domains of activities (production, services, sales, R&D, human resources, finance, information systems etc.).Some objectives are collective, for a whole department or the whole company, others can be individualized.

Practice

Objectives need quantifying and monitoring. Reliable management information systems are needed to establish relevant objectives and monitor their "reach ratio" in an objective way. Pay incentives (bonuses) are often linked to results in reaching the objectives

Limitations

There are several limitations to the assumptive base underlying the impact of managing by objectives, including:

Time and Cost

Failure to teach MBO

Problems in Objecive Setting

Emphasis on Short term Goals

Inlexibility

It over-emphasizes the setting of goals over the working of a plan as a driver of outcomes.

It underemphasizes the importance of the environment or context in which the goals are set. That context includes everything from the availability and quality of resources, to relative buy-in by leadership and stake-holders. As an example of the influence of management buy-in as a contextual influencer, in a 1991 comprehensive review of thirty years of research on the impact of Management by Objectives, Robert Rodgers and John Hunter concluded that companies whose CEOs demonstrated high commitment to MBO showed, on average, a 56% gain in productivity. Companies with CEOs who showed low commitment only saw a 6% gain in productivity.

Companies evaluated their employees by comparing them with the "ideal" employee. Trait appraisal only looks at what employees *should be*, not at what they *should do*.

It did not address the importance of successfully responding to obstacles and constraints as essential to reaching a goal. The model didn't adequately cope with the obstacles of:

Defects in resources, planning and methodology,

The increasing burden of managing the information organization challenge,

The impact of a rapidly changing environment, which could alter the landscape enough to make yesterday's goals and action plans irrelevant to the present.

Explain strategy formulation and implementation process.

Strategic planning process consists of the following

stages: Step1: Develop Mission and Objectives

Mission is the organizations purpose and fundamental reason for existence. Before Formulating the strategy, the organization has to develop clear mission and objectives

Step 2: Diagnise Internal and external Environment

In this diagnosis. The external environment is scanned for technological development and changes in market condition.

Step 3: Situation Analysis

Include SWOT. The information required fopr conduting situational analysis ca n be derived from a variety of sources such as government reports, journals. Customers, suppliers, consultants and association meetings.

Step 4: Develop alternative Strategies

Develop Alternative strategies considering external and internal environment, diversification, joint ventures strategic alliance, globalization, retrenchment and liquidation are some of the possible alternative strategies

Step 5: Formulate Strategies

This step can further be categorised into three stages

Formulate Corporate Level Strategy

Formulate Business Level Strategy

Formulate Fuctional Level Strategy

Step 6: Implementing Strategy

Strategy implementaion is the process of translation of strategies and policies into action through the development of programmes, budgets and procedures.

[Strategy may be implemented by Middle Level and Lower Level Management]

Problem Analysis vs. Decision Making

It's important to differentiate between problem analysis and decision making. The concepts are completely separate of one another. Problem analysis must be done first, then the information gathered in that process may be used towards decision making.

Problem Analysis

Analyze performance, what should the results be against what they actually are
  Problems are merely deviations from performance standards
  Problem must be precisely identified and described
  Problems are caused by some change from a distinctive feature
Something can always be used to distinguish between what has and hasn't been effected by a cause
Causes to problems can be deducted from relevant changes found in analyzing the problem
  Most likely cause to a problem is the one that exactly explains all the facts

Decision Making

  Objectives must first be established
  Objectives must be classified and placed in order of importance
  Alternative actions must be developed
  The alternative must be evaluated against all the objectives
The alternative that is able to achieve all the objectives is the tentative decision
  The tentative decision is evaluated for more possible consequences
The decisive actions are taken, and additional actions are taken to prevent any adverse consequences from becoming problems and starting both systems (problem analysis and decision making) all over again

Everyday techniques

Some of the decision making techniques people use in everyday life include:

Listing the advantages and disadvantages of each option, popularized by Plato and Benjamin Franklin

Choosing the alternative with the highest probability-weighted utility for each alternative (see Decision Analysis)

satisficing: Accepting the first option that seems like it might achieve the desired result

Acquie to a person in authority or an "expert", just following orders

flipism: Flipping a coin, cutting a deck of playing cards, and other random or coincidence methods

Prayer, tarot cards, astrology, augurs, revelation, or other forms of divination
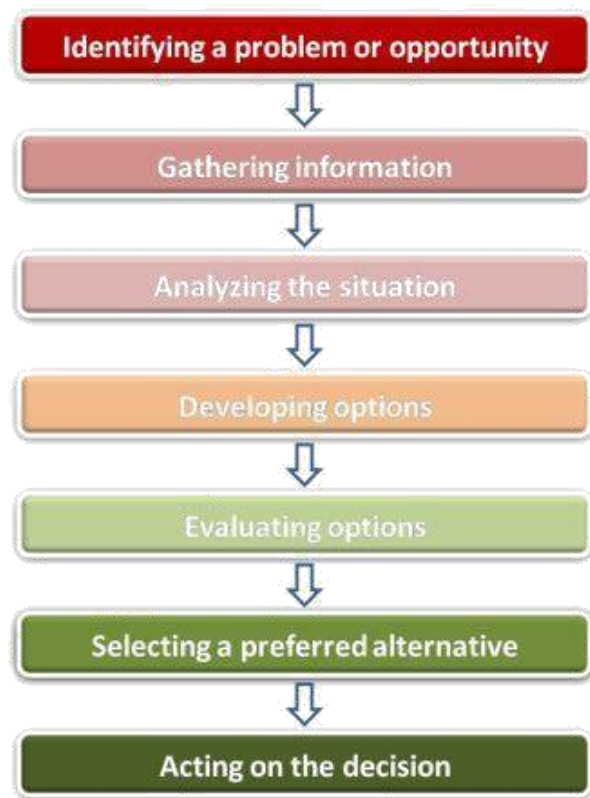
Fig Represents - Rational Decision Making

UNIT – III

10. Distinguish between formal and informal organization.

Organizations are basically clasified on the basis of relationships. There are two types of organizations formed on the basis of relationships in an organization

Formal Organization - This is one which refers to a structure of well defined jobs each bearing a measure of authority and responsibility. It is a conscious determination by which people accomplish goals by adhering to the norms laid down by the structure. This kind of organization is an arbitrary set up in which each person is responsible for his performance. Formal organization has a formal set up to achieve pre- determined goals.

Informal Organization - It refers to a network of personal and social relationships which spontaneously originates within the formal set up. Informal organizations develop relationships which are built on likes, dislikes, feelings and emotions. Therefore, the network of social groups based on friendships can be called as informal organizations. There is no conscious effort made to have informal organization. It emerges from the formal organization and it is not based on any rules and regulations as in case of formal organization.

Relationship between formal and informal organizations

For a concerns working both formal and informal organization are important. Formal organization originates from the set organizational structure and informal organization originates from formal organization. For an efficient organization, both formal and informal organizations are required. They are the two phase of a same concern. Formal organization can work independently. But informal organization depends totally upon the formal organization. Formal and informal organization helps in bringing efficient working organization and smoothness in a concern. Within the formal organization, the members undertake the assigned duties in co- operation with each other. They interact and communicate amongst themselves. Therefore, both formal and informal organizations are important. When several people work together for achievement of organizational goals, social tie ups tends to built and therefore informal organization helps to secure co-operation by which goals can be achieved smooth. Therefore, we can say that informal organization emerges from formal organization.

Formal and Informal Organization

Formal Organiation

The formal orgainzation describes the job of each individiual and relationship between organiational members

Benefits of Formal Organization

Formal Organiation helps in implementing the objectives and policies

Effective Control can be made in these types of formal Organization

Formal Organiation helps to achieve individual goals in the frame work of organizational goals

It is Larger in size

Informal Organization

There is no definite organization structure for informal orgainzation. Ininformal organization individula and group goals are more important than organization goals.

Functions of Informal Organization

It helps to preserve the integrity of the groups as a whole

It acts as an efective communication channel

It provides job satisfaction

It controls the social behaviour of the employees

Benefits of Informal Organization

Informal organizations encourage co-operation

Reduces the work load of managers

Informal Organizations provide job security and stability to an employee.

Disadvantages of Informal Organization

Informal Organization creates conflict between employees and employers

What are the needs for formal organization structure?

- Facilitating management action
- Encouraging efficiency
- Communication
- Optimum use of organizational resources
- Stimulating creativity
- Job satisfaction

What are the bases of departmentation?

Departmentation by Function

Grouping activites accorgint ot the function of the management is known as functional departmentation. The basic organizational fucntions are finance, accounting, purchasing, production and marketing

Advantages

Functional departmentation reduces communication and co-ordination problems

It promotes high quality decision making

It increases job satisfaction of employees

Authority and responsibilty are clearly defined in functional departmentation

Disadvantages

Co-ordination between functions of different departments is very difficult

Results in inadequate communication between departments

Departmentation by Teritory or Geography

Grouping all the functions within a specific geographic area is known as geograpic departmentaion. Geographic departmentations is very much suitable for large organizations whose activites are geographically dispersed, Territorial departmentation is suitable for automobile manufacturing, automobile assembly, wholesaling and oil refining

Advantages

Production cost and sales prices are lower

Transportaiton cast can be reduced to a greater extent

Disadvantages

It is very difficult to co-ordinate across departments

Top management contorl over departments is very difficult

3. **Departmentation by Customer**

In customer departmentaion, separate departments or divisions are made to serve the needs of particular customers. Customer departmentaion is employed in large ad complex orgaization.

Advantages

1. Customer departmention aims to satisfy the needs of the customers in abetter and effective way

2. Managers can become experts in customers area

3. This enables to identify the key customers

4. It enables to understand customers needs.

Disadvantages

It is very difficult to achieve co-ordination across departments

It requires experts to solve customers problems

Grouping of customers into department is a difficult problem

Departmentation by Product

Product departmentation is suitable for large organizations of products or product lines

5. Departmentation by Process

Activities are grouped according to the process involved. This suitable for manufacturing enterprises.

For eg: the processes are drilling process, paintin process, etc..

6. Departmentation by Time

Grouping of activites on time basis is more common in many organization. In organization there may be first shift, second shift and night shift. The tasks performed by employees in each shift are similar. This type of departmentaion is generally found in public utility services such as Railways, Hospitals, Call centers and in Manufacturing Orgainzations.

7. Departmentation by Number

Grouping of activities on the basis of number prescribed for each unit is known as departmention by numbers

Eg: In armysoldiers are grouped in Battalion, regiments, brigades, so on…

8. Matrix Departmention

A hybrid structure in which two or more forms of departmentaion are used together is known as matrix departmentaion. In matrix organization there are dual lines of authority. The matrix departmentaion is applicable in cinstructuion of bridges, in aerospace projects, etc..

Martix Organiation is otherwuise known as Project Organization

9. **Strategic Business Unit**

It is a Division of an organization that provides a distinct product or service and has its own mission and goals

What are the factors affecting span of management?

Factors influencing larger span of management.

Work performed by subordinates is stable and routine.

Subordinates perform similar work tasks.

Subordinates are concentrated in a single location.

Subordinates are highly trained and need little direction in performing tasks.

Rules and procedures defining task activities are available.

Support systems and personnel are available for the managers.

Little time is required in non-supervisory activities such as coordination with other departments or planning.

Managers' personal preferences and styles favour a large span.

- Capacity of superior
- Capacity of subordinates
- Nature of work
- Degree of decentralization
- Degree of planning
- Communication techniques
- Use of staff assistance
- Supervision from others

Explain the various selection process that are followed by an organization.

Employee Selection is the process of putting right men on right job. It is a procedure of matching organizational requirements with the skills and qualifications of people. Effective selection can be done only when there is effective matching. By selecting best candidate for the required job, the organization will get quality performance of employees. Moreover, organization will face less of absenteeism and employee turnover problems. By selecting right candidate for the required job, organization will also save time and money. Proper screening of candidates takes place during selection procedure. All the potential candidates who apply for the given job are tested.

But selection must be differentiated from recruitment ,though these are two phases of employment process. Recruitment is considered to be a positive process as it motivates more of candidates to apply for the job. It creates a pool of applicants. It is just sourcing of data. While selection is a negative process as the inappropriate candidates are rejected here. Recruitment precedes selection in staffing process. Selection involves choosing the best candidate with best abilities, skills and knowledge for the required job

The **Employee selection Process** takes place in following order-

Preliminary Interviews- It is used to eliminate those candidates who do not meet the minimum eligiblity criteria laid down by the organization. The skills, academic and family background, competencies and interests of the candidate

are examined during preliminary interview. Preliminary interviews are less formalized and planned than the final interviews. The candidates are given a brief up about the company and the job profile; and it is also examined how much the candidate knows about the company. Preliminary interviews are also called screening interviews.

Application blanks- The candidates who clear the preliminary interview are required to fill application blank. It contains data record of the candidates such as details about age, qualifications, reason for leaving previous job, experience, etc.

Written Tests- Various written tests conducted during selection procedure are aptitude test, intelligence test, reasoning test, personality test, etc. These tests are used to objectively assess the potential candidate. They should not be biased.

Employment Interviews- It is a one to one interaction between the interviewer and the potential candidate. It is used to find whether the candidate is best suited for the required job or not. But such interviews consume time and money both. Moreover the competencies of the candidate cannot be judged. Such interviews may be biased at times. Such interviews should be conducted properly. No distractions should be there in room. There should be an honest communication between candidate and interviewer.

Medical examination- Medical tests are conducted to ensure physical fitness of the potential employee. It will decrease chances of employee absenteeism.

Appointment Letter- A reference check is made about the candidate selected and then finally he is appointed by giving a formal appointment letter.

      Screening of applications
      Selection test
      Interview
      Checking of references
      Physical examination
      Approval by appropriate authority
      Placement

What are the various sources of manpower supply in an organization.

Recruitment is of 2 types

Internal Recruitment – is a recruitment which takes place within the concern or organization. Internal sources of recruitment are readily available to an organization. Internal sources are primarily three – Transfers, promotions and Re-employment of ex-employees. Re-employment of ex-employees is one of the internal sources of recruitment in which employees can be invited and appointed to fill vacancies in the concern. There are situations when ex-employees provide unsolicited applications also.

Internal recruitment may lead to increase in employee's productivity as their motivation level increases. It also saves time, money and efforts. But a drawback of internal recruitment is that it refrains the organization from new blood. Also, not all the manpower requirements can be met through internal recruitment. Hiring from outside has to be done.

Internal sources are primarily

3 a. **Transfers**

Promotions (through Internal Job Postings) and

Re-employment of ex-employees - Re-employment of ex-employees is one of the internal sources of recruitment in which employees can be invited and appointed to fill vacancies in the concern. There are situations when ex-employees provide unsolicited applications also.

External Recruitment – External sources of recruitment have to be solicited from outside the organization. External sources are external to a concern. But it involves lot of time and money .The external sources of recruitment include – Employment at factory gate, advertisements, employment exchanges, employment agencies, educational institutes, labour contractors, recommendations etc.

Employment at Factory Level – This a source of external recruitment in which the applications for vacancies are presented on bulletin boards outside the Factory or at the Gate. This kind of recruitment is applicable generally where factory workers are to be appointed. There are people who keep on soliciting jobs from one place to another. These applicants are called as unsolicited applicants. These types of workers apply on their own for their job. For this kind of recruitment workers have a tendency to shift from one factory to another and therefore they are called as "badli" workers.

Advertisement – It is an external source which has got an important place in recruitment procedure. The biggest advantage of advertisement is that it covers a wide area of market and scattered applicants can get information from advertisements. Medium used is Newspapers and Television.

Employment Exchanges – There are certain Employment exchanges which are run by government. Most of the government undertakings and concerns employ people through such exchanges. Now-a-days recruitment in government agencies has become compulsory through employment exchange.

Employment Agencies – There are certain professional organizations which look towards recruitment and employment of people, i.e. these private agencies run by private individuals supply required manpower to needy concerns.

Educational Institutions – There are certain professional Institutions which serves as an external source for recruiting fresh graduates from these institutes. This kind of recruitment done through such educational institutions, is called as Campus Recruitment. They have special recruitment cells which helps in providing jobs to fresh candidates.

Recommendations – There are certain people who have experience in a particular area. They enjoy goodwill and a stand in the company. There are certain vacancies which are filled by recommendations of such people. The biggest drawback of this source is that the company has to rely totally on such people which can later on prove to be inefficient.

Labour Contractors – These are the specialist people who supply manpower to the Factory or Manufacturing plants. Through these contractors, workers are appointed on contract basis, i.e. for a particular time period. Under conditions when these contractors leave the organization, such people who are appointed have to also leave the concern.

Explain the theory of Maslow's hierarchy of needs.

Maslow's hierarchy of needs is a theory in psychology, proposed by Abraham Maslow in his 1943 paper *A Theory of Human Motivation*. Maslow subsequently extended the idea to include his observations of humans' innate curiosity. Maslow studied what he called exemplary people such as Albert Einstein, Jane Addams, Eleanor Roosevelt, and Frederick Douglass rather than mentally ill or neurotic people, writing that "the study of crippled, stunted, immature, and unhealthy specimens can yield only a cripple psychology and a cripple philosophy." Maslow also studied the healthiest 1% of the college student population.

Maslow's theory was fully expressed in his 1954 book *Motivation and Personality.*
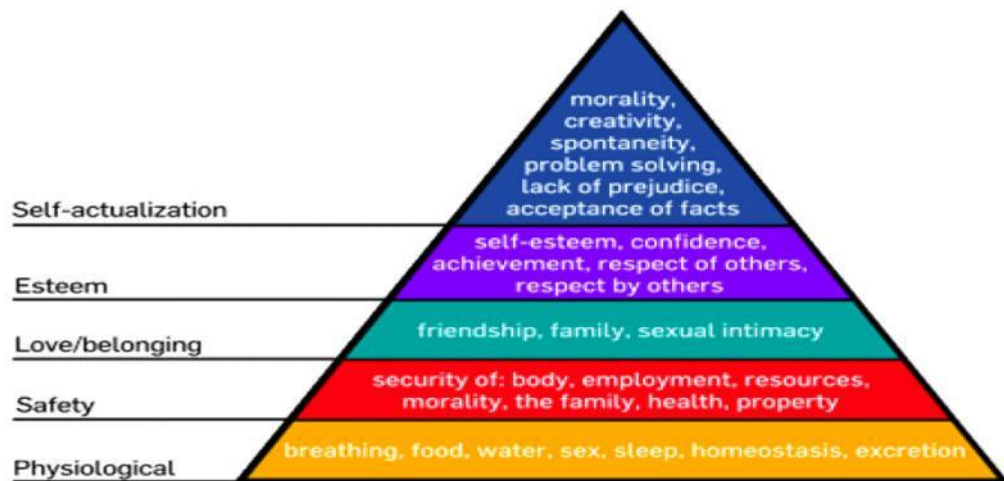
Representations

Maslow's hierarchy of needs is often portrayed in the shape of a pyramid, with the largest and lowest levels of needs at the bottom, and the need for self-actualization at the top, also the needs for people.

Deficiency needs

The lower four layers of the pyramid contain what Maslow called "deficiency needs" or "d-needs": physiological (including sexuality), security of position, friendship and love, and esteem. With the exception of the lowest (physiological) needs, if these "deficiency needs" are not met, the body gives *no* physical indication but the individual feels anxious and tense.

Physiological needs

For the most part, physiological needs are obvious—they are the literal requirements for human survival. If these requirements are not met (with the exception of clothing and shelter), the human body simply cannot continue to function.

Physiological needs include:

Breathing

Food

Sexual activity

Homeostasis

Air, water, and food are metabolic requirements for survival in all animals, including humans. The intensity of the human sexual instinct is shaped more by sexual competition than maintaining a birth rate adequate to survival of the species.

The urge to have sex is so powerful that it can drain psychic energy away from other necessary goals. Therefore every culture has to invest great efforts in rechanneling and restraining it, and many complex social institutions exist only in order to regulate this urge. The saying that "love makes the world go round" is a polite reference to the fact that most of our deeds are impelled, either directly or indirectly, by sexual needs.

—Mihaly Csikszentmihalyi, *Flow: The Psychology of Optimal Experience* **Safety needs**

With their physical needs relatively satisfied, the individual's safety needs take precedence and dominate behavior. These needs have to do with people's yearning for a predictable, orderly world in which injustice and inconsistency are under control, the familiar frequent and the unfamiliar rare. In the world of work, these safety needs manifest themselves in such things as a preference for job security, grievance procedures for protecting the individual from unilateral authority, savings accounts, insurance policies, and the like.

For most of human history many individuals have found their safety needs unmet, but as of 2009 "First World" societies provide most with their satisfaction, although the poor—both those who are poor as a class and those who are temporarily poor (university students would be an example)—must often still address these needs.

Safety and Security needs include:

Personal security

Financial security

Health and well-being

Safety net against accidents/illness and their adverse impacts

Love and Belonging

After physiological and safety needs are fulfilled, the third layer of human needs are social and involve feelings of belongingness. This aspect of Maslow's hierarchy involves emotionally-based relationships in general, such as:

Friendship

Intimacy

Family

Humans need to feel a sense of belonging and acceptance, whether it comes from a large social group, such as clubs, office culture, religious groups, professional organizations, sports teams, gangs ("Safety in numbers"), or small social connections (family members, intimate partners, mentors, close colleagues, confidants). They need to love and be loved (sexually and non-sexually) by others. In the absence of these elements, many people become suptible to loneliness, social anxiety, and clinical depression. This need for belonging can often overcome the physiological and security needs, depending on the strength of the peer pressure; an anorexic, for example, may ignore the need to eat and the security of health for a feeling of control and belonging.

Esteem

All humans have a need to be respected and to have self-esteem and self-respect. Also known as the *belonging need*, esteem presents the normal human desire to be accepted and valued by others. People need to engage themselves to gain recognition and have an activity or activities that give the person a sense of contribution, to feel accepted and self-valued, be it in a profession or hobby. Imbalances at this level can result in low self-esteem or an inferiority complex. People with low self-esteem need respect from others. They may seek fame or glory, which again depends on others. Note, however, that many people with low self-esteem will not be able to improve their view of themselves simply by receiving fame, respect, and glory externally, but must first accept themselves internally. Psychological imbalances such as depression can also prevent one from obtaining self-esteem on both levels.

Most people have a need for a stable self-respect and self-esteem. Maslow noted two versions of esteem needs, a lower one and a higher one. The lower one is the need for the respect of others, the need for status, recognition, fame, prestige, and attention. The higher one is the need for self-respect, the need for strength, competence, mastery, self-confidence, independence and freedom. The latter one ranks higher because it rests more on inner competence won through experience. Deprivation of these needs can lead to an inferiority complex, weakness and helplessness.

Maslow stresses the dangers associated with self-esteem based on fame and outer recognition instead of inner competence. He sees healthy self-respect as based on earned respect.

Self-actualization

"What a man can be, he must be". This forms the basis of the perceived need for self-actualization. This level of need pertains to what a person's full potential is and realizing that potential. Maslow describes this desire as the desire to become more and more what one is, to become everything that one is capable of becoming.. This is a broad definition of the need for self-actualization, but when applied to individuals the need is specific. For example one individual may have the strong desire to become an ideal parent, in another it may be expressed athletically, and in another it may be expressed in painting, pictures, or inventions. As mentioned before, in order to reach a clear understanding of this level of need one must first not only achieve the previous needs, physiological, safety, love, and esteem, but master these needs. Below are Maslow's descriptions of a self-actualized person's different needs and personality traits.

Explain McGregor's Theory X and Theory Y

THEORY X AND THEORY Y

In 1960, Douglas McGregor formulated Theory X and Theory Y suggesting two aspects of human behaviour at work, or in other words, two different views of individuals (employees): one of which is negative, called as Theory X and the other is positive, so called as Theory Y. According to McGregor, the perception of managers on the nature of individuals is based on various assumptions.

Assumptions of Theory X

An average employee intrinsically does not like work and tries to escape it whenever possible.

Since the employee does not want to work, he must be persuaded, compelled, or warned with punishment so as to achieve organizational goals. A close supervision is required on part of managers. The managers adopt a more dictatorial style.

Many employees rank job security on top, and they have little or no aspiration/ ambition.

Employees generally dislike responsibilities.

Employees resist change.

An average employee needs formal direction.

Assumptions of Theory Y

Employees can perceive their job as relaxing and normal. They exercise their physical and mental efforts in an inherent manner in their jobs.

Employees may not require only threat, external control and coercion to work, but they can use self-direction and self-control if they are dedicated and sincere to achieve the organizational objectives.

If the job is rewarding and satisfying, then it will result in employees' loyalty and commitment to organization.

An average employee can learn to admit and recognize the responsibility. In fact, he can even learn to obtain responsibility.

The employees have skills and capabilities. Their logical capabilities should be fully utilized. In other words, the creativity, resourcefulness and innovative potentiality of the employees can be utilized to solve organizational problems.

Thus, we can say that Theory X presents a pessimistic view of employees' nature and behaviour at work, while Theory Y presents an optimistic view of the employees' nature and behaviour at work. If correlate it with Maslow's theory, we can say that Theory X is based on the assumption that the employees emphasize on the physiological needs and the safety needs; while Theory X is based on the assumption that the social needs, esteem needs and the self-actualization needs dominate the employees.

McGregor views Theory Y to be more valid and reasonable than Theory X. Thus, he encouraged cordial team relations, responsible and stimulating jobs, and participation of all in decision-making process.

Implications of Theory X and Theory Y

Quite a few organizations use Theory X today. Theory X encourages use of tight control and supervision. It implies that employees are reluctant to organizational changes. Thus, it does not encourage innovation.

Many organizations are using Theory Y techniques. Theory Y implies that the managers should create and encourage a work environment which provides opportunities to employees to take initiative and self-direction. Employees should be given opportunities to contribute to organizational well-being. Theory Y encourages

decentralization of authority, teamwork and participative decision making in an organization. Theory Y searches and discovers the ways in which an employee can make significant contributions in an organization. It harmonizes and matches employees' needs and aspirations with organizational needs and aspirations.

18. Explain Hertzbergs Two Factor Theory or Hygeine Theory

In 1959, Frederick Herzberg, a behavioural scientist proposed a two-factor theory or the motivator-hygiene theory. According to Herzberg, there are some job factors that result in satisfaction while there are other job factors that prevent dissatisfaction. According to Herzberg, the opposite of "Satisfaction" is "No satisfaction" and the opposite of "Dissatisfaction" is "No Dissatisfaction".
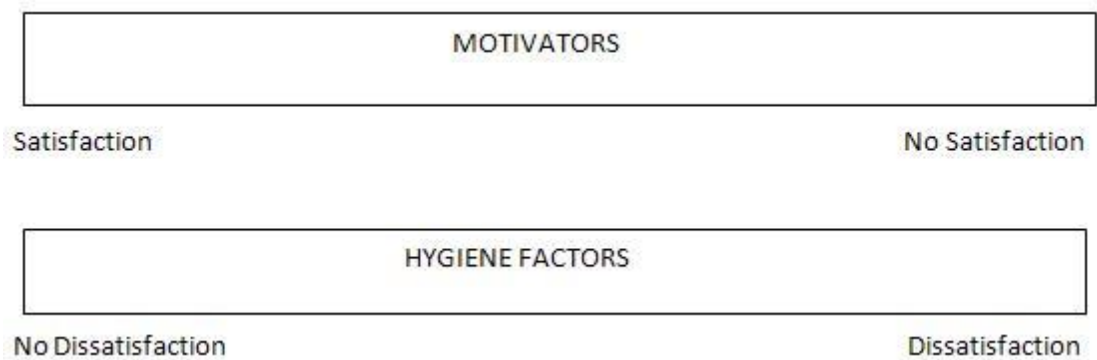
FIGURE: Herzberg's view of satisfaction and dissatisfaction

Herzberg classified these job factors into two categories-

a.**Hygiene factors-** Hygiene factors are those job factors which are essential for existence of motivation at workplace. These do not lead to positive satisfaction for long-term. But if these factors are absent / if these factors are non-existant at workplace, then they lead to dissatisfaction. In other words, hygiene factors are those factors which when adequate / reasonable in a job, pacify the employees and do not make them dissatisfied. These factors are extrinsic to work. Hygiene factors are also called as **dissatisfiers or maintenance factors** as they are required to avoid dissatisfaction. These factors describe the job environment / nario. The hygiene factors symbolized the physiological needs which the individuals wanted and expected to be fulfilled. Hygiene factors include:

Pay- The pay or salary structure should be appropriate and reasonable. It must be equal and competitive to those in the same industry in the same domain.

Company Policies and administrative policies- The company policies should not be too rigid. They should be fair and clear. It should include flexible working hours, dress code, breaks, vacation, etc.

Fringe benefits- The employees should be offered health care plans (mediclaim), benefits for the family members, employee help programmes, etc.

Physical Working conditions- The working conditions should be safe, clean and hygienic. The work equipments should be updated and well-maintained.

Status- The employees' status within the organization should be familiar and retained.

Interpersonal relations-The relationship of the employees with his peers, superiors and subordinates should be appropriate and acceptable. There should be no conflict or humiliation element present.

Job Security- The organization must provide job security to the employees.

b.**Motivational factors-** According to Herzberg, the hygiene factors cannot be regarded as motivators. The motivational factors yield positive satisfaction. These factors are inherent to work. These factors motivate the employees for a superior performance. These factors are called satisfiers. These are factors involved in performing the job. Employees find these factors intrinsically rewarding. The motivators symbolized the psychological needs that were perceived as an additional benefit. Motivational factors include:

Recognition- The employees should be praised and recognized for their accomplishments by the managers.

Sense of achievement- The employees must have a sense of achievement. This depends on the job. There must be a fruit of some sort in the job.

Growth and promotional opportunities- There must be growth and advancement opportunities in an organization to motivate the employees to perform well.

Responsibility- The employees must hold themselves responsible for the work. The managers should give them ownership of the work. They should minimize control but retain accountability.

Meaningfulness of the work- The work itself should be meaningful, interesting and challenging for the employee to perform and to get motivated.

Limitations of Two-Factor Theory

The two factor theory is not free from limitations:

The two-factor theory overlooks situational variables.

Herzberg assumed a correlation between satisfaction and productivity. But the research conducted by Herzberg stressed upon satisfaction and ignored productivity.

The theory's reliability is uncertain. Analysis has to be made by the raters. The raters may spoil the findings by analyzing same response in different manner.

No comprehensive measure of satisfaction was used. An employee may find his job acceptable despite the fact that he may hate/object part of his job.

The two factor theory is not free from bias as it is based on the natural reaction of employees when they are enquired the sources of satisfaction and dissatisfaction at work. They will blame dissatisfaction on the external factors such as salary structure, company policies and peer relationship. Also, the employees will give credit to themselves for the satisfaction factor at work.

The theory ignores blue-collar workers. Despite these limitations, Herzberg's Two-Factor theory is acceptable broadly.

Implications of Two-Factor Theory

ü   The Two-Factor theory implies that the managers must stress upon guaranteeing the adequacy of the hygiene factors to avoid employee dissatisfaction. Also, the managers must make sure that the work is stimulating and rewarding so that the employees are motivated to work and perform harder
and better. This theory emphasize upon job-enrichment so as to motivate the employees. The job must utilize the employee's skills and competencies to the maximum. Focusing on the motivational factors can improve work-quality.

19. Explain the process of communication in detail.

Communication is a process of transferring information from one entity to another. Communication processes are sign-mediated interactions between at least two agents which share a *repertoire* of signs and *semiotic* rules. Communication is commonly defined as "the **imparting** or interchange of thoughts, opinions, or information by speech, writing, or signs". Although there is such a thing as one-way communication, communication can be perceived better as a two-way process in which there is an exchange and progression of thoughts, feelings or ideas (energy) towards a mutually accepted goal or direction (information).

Communication is a process whereby information is enclosed in a package and is channeled and imparted by a sender to a receiver via some medium. The receiver then decodes the message and gives the sender a feedback. All forms of communication require a sender, a message, and an intended recipient, however the receiver need not be present or aware of the sender's intent to communicate at the time of communication in order for the act of communication to occur. Communication requires that all parties have an area of communicative commonality. There are auditory means, such as speech, song, and tone of voice, and there are nonverbal means, such as body language, sign language, paralanguage, touch, eye contact, through media, i.e., pictures, graphics and sound, and writing.

Sender
Message
Encoding
Channel
Receiver
Decoding
Feed back

The Communication Process

Transmission

| Message | → | Encoding | → | Medium | → | Decoding |

| Sender | | NOISE | | Receiver (now |

| Decoding | ← | Medium | ← | Encoding | ← | Message |
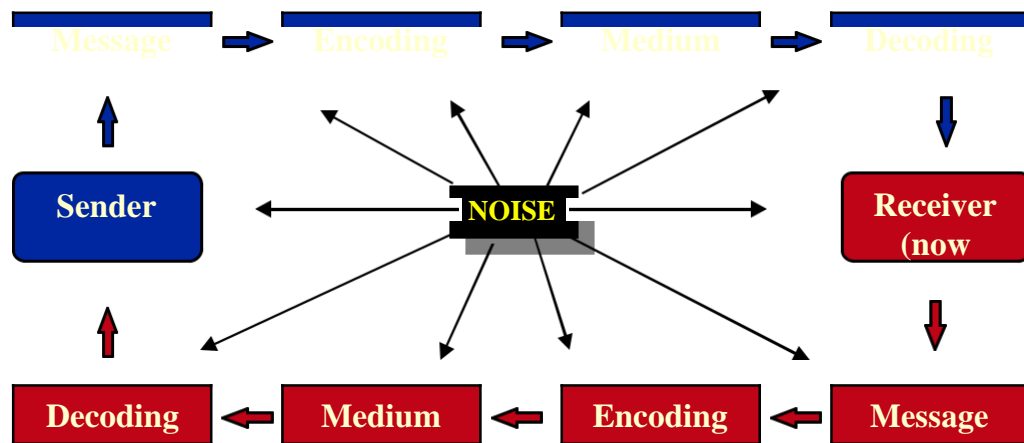
Feedback Phase

What are the barriers of effective communication? Explain them.

Communication noise

In every communication models, noise is anything that interferes with the decoding of messages sent over the channel by an encoder. There are many examples of noise:

Environmental Noise: Noise that physically disrupts communication, such as standing next to loud speakers at a party, or a construction site next to a classroom making it hard to hear the professor.

Physiological-Impairment Noise: physical maladies that prevent effective communication, such as actual deafness or blindness preventing messages from being received correctly.

Semantic Noise: different interpretations of the meanings of certain words, like how the word "weed" can be interpreted as both an undesirable plant in your yard or marijuana, or how "LOL" is easily recognizable by most teens, but complete gibberish to older readers.

Syntactical Noise: mistakes in grammar can disrupt communication, such as abrupt changes in verb tense during a sentence, or differing sentence structures between different cultures.

Organizational Noise: poorly structured communication can prevent the receiver from accurate interpretations, like unclear and badly stated directions can

make the receiver even more lost, or how unfocused and disorganized lectures by professors are extremely hard for students to understand.

Cultural Noise: stereotypical assumptions can cause misunderstandings, such as unintentionally offending Jews by wishing them a "Merry Ch ristmas," or how Democrats and Republicans alike are bigoted about the other party's policies.

Psychological Noise: certain attitudes can make communication difficult, like when great anger or sadness causes someone to lose focus on the present, or how more serious psychological diseases like autism severely hamper effective communication.

1. Semantic Barriers

    Symbols with different meanings
    Badly expressed message
    Faulty translations
    Unclarified assumptions
    Specialist language
    Emotional or Psychological barriers
    Organizational Barriers
    Personal Barriers

Explain electronic media of communication used in business organization.
Information communication revolutions

Over time, technology has progressed and has created new forms of and ideas about communication. The newer advances include media and communications psychology. Media psychology is an emerging field of study. These technological advances revolutionized the processes of communication. Researchers have divided how communication was transformed into three revolutionary stages:

In the 1st Information Communication Revolution, the first written communication began, with pictographs. These writings were made on stone, which were too heavy to transfer. During this era, written communication was not mobile, but nonetheless existed.

In the 2nd Information Communication Revolution, writing began to appear on paper, papyrus, clay, wax, etc. Common alphabets were introduced, allowing the uniformity of language across large distances. Much later the Gutenberg printing-press was invented. Gutenberg created this printing-press after a long period of time in the 15th century.

In the 3rd Information Communication Revolution, information can now be transferred via controlled waves and electronic signals.

Communication is thus a process by which meaning is assigned and conveyed in an attempt to create shared understanding. This process requires a vast repertoire of skills in intrapersonal and interpersonal processing, listening, observing, speaking, questioning, analyzing, and evaluating. It is through communication that collaboration and cooperation occur. There are also many common barriers to successful communication, two of which are **message overload** (when a person receives too many messages at the same time), and **message complexity**. Communication is a continuous process. The

psychology of media communications is an emerging area of increasing attention and study.

Email
Mobile Phones
Internet

S	M	C	R
Communication Skills	Content	Hearing	Communication Skills
Attitude	Elements	Seeing	Attitude
Knowledge	Treatment	Touching	Knowledge
Social System	Structure	Tasting	Social System
Culture	Codes	Feeling	Culture

UNIT - V
22. Explain the steps in the process of controlling.

Management control can be defined as a systematic effort by business management to compare performance to predetermined standards, plans, or objectives in order to determine whether performance is in line with these standards and presumably in order to take any remedial action required to see that human and other corporate resources are being used in the most effective and efficient way possible in achieving corporate objectives.

Also control can be defined as "that function of the system that adjusts operations as needed to achieve the plan, or to maintain variations from system objectives within allowable limits". The control subsystem functions in close harmony with the operating system. The degree to which they interact depends on the nature of the operating system and its objectives. Stability concerns a system's ability to maintain a pattern of output without wide fluctuations. Rapidity of response pertains to the speed with which a system can correct variations and return to expected output.

Characteristics of Control

Control is a continuous process

Control is a management process

Control is embedded in each level of organizational hierarchy

Control is forward looking

Control is closely linked with planning

Control is a tool for achieving organizational activities

Actual performance

Measurement of performance

Comparison of actual and standard performance

Identification of deviation

Analysis of caused of deviations

Corrective action plan

Implementation of corrections

Desired performance

Explain the role of MIS play at various levels of management.

Trends in Information Systems
Expanding roles of IS in business and management
The expanding participation of end users and managers in Information Systems
    Data Processing (1950-1960)
    Electronic data processing systems: Transaction processing, record keeping, and traditional accounting applications
    Management Reporting: 1960-1970s
    Management information system: Management reports of pre-specified information to support decision making
    Decision support: 1970s 1980s
    Decision support systems: Interactive ad hoc support of the managerial decision making
    Strategic and End User support: 1980s-1990s
    End user computing systems: Direct computing support for end user productivity and work group collaboration
    Executive information systems: Critical information for top management
    Expert systems: Knowledge based expert advice for end users
    Strategic information system: Strategic products and services for competitive advantage
    Electronic Business and Commerce 1990s-2000s
    Internetworked E-business and E-commerce systems:
    Internetworked enterprise and global E-business operations and electronic commerce on the internet, intranets, extranets, and other networks.

	MIS	DSS
<u>Types of support</u>	Provide information about the performance of the organisation	*Provide information and decision support techniques to confront specific problems or opportunities*
<u>Stages of decision making supported</u>	Support the intelligence stage of decision making	*Support the intelligence design, and choice stage of decision making*
<u>Types of decisions supported</u>	Structured decisions for operational and tactical planning and control	*Semi-structured and unstructured decisions for tactical and strategic planning and control*
<u>Types of decision maker supported</u>	Indirect support designed for many managers	*Direct support tailored to the decision making styles of individual managers.* *Interactive inquiries and responses.*
<u>Information form and frequency</u>	Periodic, exception, and demand reports and responses.	*Ad hoc, flexible and adaptable format*
<u>**Information format**</u>	Pre-specified, fixed format	
<u>Information processing methodology</u>	Information produced by mathematical and statistical analysis of operational data	*Information produced by mathematical and statistical simulations using operational and external data*
<u>System control</u>	Controlled by information system professional	*controlled by managerial end users.*

Reducing the cost
Greater precision of data
Co-ordination through unifying the concepts of each sub-system
More rapid access by managers to the information that they need quickly

Explain Globalisation of Business.

Stages of Globalisation

A firm passes through different stages of development before it becomes a truly global corporation.

Typically, a domestic firm starts its international business by exporting. Later it may establish joint ventures or subsidiaries abroad. From an international firm it may then develop into a multinational firm and finally into a global one.

Ohmae identifies five different stages in the development of a firm into a global corporation.

First Stage is the arm's length service activity of essentially domestic company which moves into new markets overseas by linking up with local dealers and distribution.

Second Stage the company takes over these activities on its own.

Third Stage the domestic based company begins to carry out its own manufacturing, marketing and sales in the key foreign markets.

Fourth Stage the company moves to a insider position in these markets, supported by a complete business system including R and D and engineering.

Fifth Stage the company moves towards a genuinely global mode of operation.

Essential Conditions for Globalisation

1. **Business Freedom**

   There should not be unnecessary government restrictions which come in the way globalization like import restriction, restrictions on sourcing finance or other factors from abroad, foreign investments etc.

2. **Facilities**

   The extent to which an enterprise can develop globally from home country base depends on the facilities available like the infrastructural facilities.

3. **Government Support**

   Unnecessary government interference is a hindrance to globalization, government support can encourage globalization.

4. **Resources**

   Resources is one of the important factors which often decide, the ability of a firm to globalize. Resourceful companies may find it easier to thrust ahead in the global market.

5. **Competitiveness**

   The competitive advantage of the company is a very important determinant of success in global business. A firm may derive competitive advantage from any one or more of the factors such as low costs and price, product quality, product differentiation, technological superiority, after-sales services, marketing strength etc.

6. **Orientation**

   A global orientation on the part of the business firms and suitable globalization strategies are essential for globalization.

Advantages of Globalisation

Foreign capital, if properly utilized can substantial contribution to the economic development of the nation.

Productivity grows more quickly when countries produces goods and services in which they have comparative advantage.

Increase in competition would make companies more cost and quality conscious and innovative.

Global competition and imports keep a lid on prices, so inflation is less likely to derail economic growth.

Exports jobs often pay more than other jobs.

Unfettered capital flows gives the country access to foreign investment and keep interest rate low.

Globalisation opens up enormous domestic and global opportunities for firms in developing countries.

25. Explain the requirements of Effective Control

Control is necessary in every organization to ensure that everything is going properly.

1. **Reflecting Organizational Needs**

    All control systems and techniques should reflect the jobs they are to perform. There may be several control techniques which have general applicability such as, budgeting, costing, etc.

2. **Forward Looking**

    Control should be forward looking. Though many of the controls are instantaneous, they must focus attention as to how future actions can be conformed with plans.

3. **Promptness in**

    An ideal control system detects deviations promptly and forms the manager concerned to take timely actions.

4. **Pointing out Exceptions at Critical Points**

    Control should point exception at critical points and suggest whether action is to be taken for deviations or not some deviations in the organizations have no impact while others, through very little in quantity, may have great significance. Thus control system should provide formation for critical point control and control on exception.

5. **Objectives**

    The control should be objective, definite and determinable in a clear and positive way. The standards of measurement should be quantified as far as possible. If they are not quantifiable, such as training effectiveness etc. they must be determinable and verifiable.

6. **Flexible**

    Control should be flexible so that it remains workable in the case of changed plans, unforeseen circumstances or outright failures.

7. **Economical**

    Control should be economical and must be worth its costs. Economy is relative, since the benefits vary with the importance of the activity, the size of the operation, the expense that might be incurred in the absence of control and the contribution the control system can make.

8. **Simple**

    Control system must be simple and understandable so that all managers can use it effectively.

9. **Motivating**

    Control system should motivate both controller and controlled.

10. **Reflecting**

    The control system should reflect orgnaisational pattern by focusing attention on positions in organisation structure through which deviations are corrected.

26. Explain the Control Techniques

Budget and Budgetary Control

A budget can be defined as a numerical statement expressing the plans, policies and goals of an organization for a definite period in future. Budget are mostly expressed in financial terms though they can be expressed in non-monetary terms also.

Budgetary control is a process of comparing the actual results with the corresponding budget data in order to approve accomplishments or to remedy differences by either adjusting the budget estimates or correcting the cause of the difference.

Features

Budgetary control establishment a plan or target of performance which becomes the basis of measuring progression of activities in the organization.

It tries to focus attention of the management on deviation between what is planned and what is being achieved so that necessary actions are taken to correct the situation and to achieve the objectives of the activities.

Benefits of Budgetary Control

Budget and budgetary control leads to maximum utilization f resources with a view to ensure maximum returns because it provides aid to managerial planning and control.

Budgetary Control as Tool for Planning

The system of budgetary control by preparing budgets before the activities are actually undertaken.

Budgetary control forces managers to plan their activities. Since budget allocated is based on the nature of activities undertaken in a department or section, the managers have to define what activities they plan for future.

Since budgetary control is duly concerned with concrete numerical goals, it does not leave any ambiguity regarding the targets.

It leads to a continuous utilization of resources since it keeps a rigid check over activities in the organisation.

It also contributes indirectly to the managerial planning at higher levels.

Budgetary control provides an effective means by which management can delegate authority without sacrificing overall control.

Budgetary Control as Tool for Control

As a control device, is very exact, accurate and precise budget provides standards against which control activities are undertaken.

Budgetary control pinpoints any deviation between budgeted standards and actual achievement.

Budgetary control system also points out the reasons which may be responsible for deviation between budget and actual.

Budgetary Control as an Aid to Co-ordination

Ä˞Ā☐Ā∀Ġ   Budgetary control system promotes co-operation among various sub-units in the organisation.

Ä˞Ā☐Ā∀Ġ   The system encourages exchange of information among various units of the organisation.

Ä˞Ā☐Ā∀Ġ   The system promotes balanced activities in the organisation.

Volume of each activity depends upon the objectives of the organization.

Problems in Budgetary Control

Planning Problems

Uncertainity of future

Inflexibility

Operational Problems

Sophisticated guesswork

TO save themselves from criticism, they may pass on the blame on other manager.

This may create many types of problems and conflicts in the organisation.

Budgetary Control System requires a lot of paper work which the technical personnel always resent.

Types of Budgets

1. **Functional Budget**

    Have a number of classifications depending upon the types of functions performed and budgeting practices adopted by an organisation.

2. **Master Budget**

    The master budget is the summary budget incorporating its component functional budgets.

3. **Capital and Revenue Budget**

    Creating of facilities for carrying the business activities is called capital.

    Carry out the activities is called revenue budget.

4. **Flexible Budget**

    A budget which is designed to change in accordance with the activities of the ognaisation is known as flexible budget.

5. **Performance Budgeting**

    It shows costs matching with operation.

GLOSSARY FOR PRINCIPLES OF MANAGEMENT

A

Absenteeism	Any failure of an employee to report for or to remain at work as scheduled, regardless of reason
Absolute Rating Systems	Rating formats that evaluate each employee in terms of performance standards, without reference to other employees
Acceptance Sample	An operation management monitoring tool in which a sample of materials or products is measured against a benchmark
Action Learning	A process in which participants learn through experience and application A training techniques by which management trainees are allowed to work full time analyzing and solving problems in other departments
Acting Listening	Listening in which five things are done well: taking time to listen, communicating verbally and nonverbally, not interrupting or arguing, watching for verbal and nonverbal cues, and summarizing what was said and what was agreed to
Action Programs	Programs, including the activities of recruitment, selection, performance appraisal, training, and transfer that help organization adapt to change in their environment
Adaptability screening	A process that aims to assess the assignee's (and spouse's) probable success in handling a foreign transfer
ADEA	Age Discrimination in Employment Act of 1967 (ADEA) The act prohibiting arbitrary age discrimination and specifically protecting individuals over 40 year old
Administration	the systematized ordering of affairs and the calculated use of resources, aimed at making those things happen which we want to happen and simultaneously preventing developments that fail to square with our industries, generally the word administer means to serve to manage the affairs of the people
Administrative Control	while the administration is supposed toenforcement the government polices ad implement its programmes for the welfare and development of the state subjects a need arise to monitor and keep a check on the public administration
Administrative Management	The management approach that examines an organization from the perspective of the managers and executives responsible for coordinating the activities of diverse groups and units across the entire organization
Adverse Impact	The overall impact of employer practices that result in significantly higher percentage of members of minorities and other protected groups being rejected for employment, placement, or promotion
Alternative staffing	The use of non---traditional recruitment sources
Annual Bonus	Plans that are designed to motivate short---term performance of managers and are tied to company profitability
Application Form	The form that provides information on education, prior work, record, and skills
Applicant Group	Individuals who are eligible for and interested in selection or promotion
Arbitrator	A third party to a negotiation who has the authority to dictate an agreement
Appraisal interview	An interview in which the supervisor and subordinate review the appraisal and make plans to remedy deficiencies and reinforce strengths
Apprenticeship Training	A structure process by which people become skilled workers through a combination of class room instructions and on---the job training
Arbitration	The most definitive type of third---party intervention, in which the arbitrator usually has the power to determine and dictate the settlement terms
At risk variable pay plans	Plans that put some portion of the employee's weekly pay a risk, subject to the firm's meeting its financial goals
Assessment centre Method	A process that evaluates a candidates potential for management on the basis of multiple assessment techniques, standardized methods of making inference from such techniques, and pooled judgements from multiple assessors
Attaché	most junior diplomatic ranks, not to be confused with military attaché, or special attaché

B

Term	Definition
Baby---boom generation	People born between 1946 and 1964, currently 55 percent of the workforce, who believe that the
Bar chart	A chart that compares different groups of data to each other through the use of bars that represent each group. Bar charts can be simple, in which each group of data consists of a single type of data, or grouped or stacked, in which the groups of data are broken down into internal categories
Bargaining unit	The group of employees the union will be authorized to represent
BARS	Behaviorally Anchored Rating Scale (BARS) An appraisal method that aims at combing the benefits of narrative critical incidents and quantified ratings by anchoring a quantified scale with specific narrative examples of good and poor performance
Base Compensation	The fixed amount of money the employee expects to receive in a pay Check weekly or monthly or as an hourly wage
Behaviour Modeling	A training techniques in which trainees are first shown good management techniques in a film are asked to play roles in a simulated situation, and are then given feedback and praise by their supervisor
Behavioural Interview	A series of job---related questions that focus on how they reacted to actual situations in the past
Benchmarking	A technique that involves comparing one's own processes to excellent examples of Similar Processes in other organizations or departments. Through benchmarking, rapid learning can occur, and processes can undergo dramatic improvements
Benchmarking	A strategic management approach that assess capabilities by comparing the firms, activities or functions with those of other firms
Benchmark Jobs	Jobs that are characterized by stable tasks and stable job specifications also known as key jobs
A job that is used to anchor the employer's pay scale and around which other jobs are arranged in order of relatives worth
Benefits	A compensation component that accounts for almost 40 percent of the typical total compensation package and includes health insurance, pension plans, unemployment insurance, vacations, sick leave and the like
Bias	The tendency to allow individual differences such as age, race, and sex to affect the appraisal ratings employee receive
BFOQ	Bond Fide Occupational Qualification (BFOQ) Requirement that an employee be of a certain religion, sex, or national origin where that is reasonably necessary to the organization's normal operation. Specified by the 1964 Civil Right Act
Bottom---Up---Change	organizational change that originates with employees
Boycott	The combined refusal by employees and other interested parties to buy or use the employer's product
Brand	A name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers. The legal term for brand is trademark. A brand may identify one item, a family of items, or all items of that seller. If used for the firm as a whole, the preferred term is trade name. See also: advertised brand, brand extension, brand generic, brand image, brand name, brand personality, branded merchandise, branding, individual, branding, line family, competitive brands, distributor\'s brand, family brand,
Fighting brand, flanker
Brand Manager	A management role that coordinates the on---going activities of marketing branded consumer products
Broad Banding	Consolidating salary grades and ranges into just a few wide levels or bands each of which contains a relatively wide range of jobs and salary levels.
Brainstorming	A technique to generate creative ideas for solving problems by reducing critical and judgement reactions to ideas from group members. (B) A group method of problem solving,

	used in product concept generation. It is sometimes thought to be an open, free---wheeling idea session, but more correctly is a specific procedure developed by Alex Osborn, with precise rules of session conduct
Break Even Value	The length of time an observed training effect would need to be maintained in order to recover the cost of the training program
Breakthrough thinking	A management technique which emphasizes the development of new, radical Approaches to traditional constraints, as opposed to incremental or minor changes in thought that build on the original approach
Bureaucracy	A structure with highly routine operating tasks achieved through specialization very formalized, rules and regulations task, that are grouped into functional departments centralized authority narrow span of control and decision making that flows to chain of command
Bureaucratic Management	The management approach that examines the entire organizationas a rational entity, using impersonal rules and procedures for decision making
Bumping/Layoff Procedures	Detailed procedures that determine who will be laid off if no work is available; generally allow employees to use their seniority to remain on the job.
Burnout	The total depletion of physical and mental resources caused by excessive striving to reach an unrealistic work---related goal
Business	Specifies the present and/or prospective scope of a strategic business unit's activities in terms of the boundaries of the arena in which the business elects to compete. The definition also serves to direct attention to the true function of the business---that is, the way that the business meets the needs of its target customers. A complete definition requires choices about the business position a long four dimensions: (1) customer functions---addressing the benefits being provided; (2) customer segments---specifying the customer groups seeking similar benefits and sharing characteristics that are strategically relevant; (3) technology------specifying the alternative ways in which a particular function can be performed; and (4) vertical business system------specifying where the business chooses to participate in the sequence of stages in the vertical business system (or value---added system).
Business Game	A situation test in which candidates play themselves, not an assigned role, and are evaluated within a group
Business Plan	The business's proposal that maps out its business strategy for entering markets and that explains the business to potential investors
Business Process Redesign or Reengineering	A management method which stresses the fundamental rethinking of processes, questioning all assumptions, in an effort to streamline organizations and to focus on adding value in core processes

C

Capacity	The firm's ability to produce the product during a given period
Career	A sequence of positions occupied by a person during the course of a lifetime: also known as one's Objectives career
	The occupational positions a person has had over many years
Career Anchors	Pivots around which a person's career swings; require self---awareness of talents and abilities, motives and needs, and attitudes and values. A concern or value that you will not give up if a {career} choice has to be made
Career Cycle	The various stages a person's career goes through.
Career Development	The lifelong series of activities that contribute to a person's career exploration, establishment, success, and fulfilment
Career Management	The process for enabling employees to better understand and develop their career skills and interests most effectively
Career Paths	Logical and possible sequences of positions that could be held in an organization, based on an analysis of what people actually do in the organization
Career Planning	A support mechanism to help employees plan out their long---term goals
	The deliberate process through which a person becomes aware of personal career related attributes and the lifelong series of steps that contribute to hisor her career fulfillments
Case study method	a development method in which the manager is presented with a written description of an organizational problem to diagnose and solve
Centralization	in any organization concentration of authority and power in the hands of top---management is referred to as centralization. (b) The location of decision authority at the top of the organization hierarch. (C) This term describes the concentration of government and political authority in the capital city and at the national level, as opposed to the sharing of powers and responsibilities between national, local authorities
Chain of Command	The superior –subordinate authority relationship that starts at the top of the organization hierarchy and extends to the lowest levels. (b) The unbroken line of authority that extends from the top of the organization to the lowest echelon and clarifies who report to whom
Change agents	People who act as catalysts and assume responsibility for management change
Charisma	Charisma was used by Weber to describe one of three principal types of political authority. To Weber charisma was a personal quality of attraction and psychological power, capable of inspiring deep political loyalty in large numbers of people
Charismatic Leader	a term from Max Weber which is used to describe a politician To whom more than natural qualities of leadership are attributed by his followers. Weber identifies charisma as one of three main justifications of political authority. The other bases on which people accept the legitimacy of authority over them has been legality and tradition
Charismatic Leader	A leader who can engender a strong emotional attachment from followers; charisma is associated with admiration, trust and a willingness to believe what the leadersay
Charter	Another name for a local constitution; the organic law of local government. It is either drawn by the legislature, or under the authority of home rule
Civil Law	The legal system that relies on a comprehensive set of rules that form part of ahighly structured code; enforcement and interpretation of laws are made in reference to this code
Civil Service	It comprises all the persons employed by government in a civil as contrasted with a military capacity. It is synonymous with bureaucracy
Civil Service, Recruitment	The first country to develop a science system of recruitment for civil servants was china. In modern times Prussia was the first introduce a system of recruitment for civil servants gradually replacing the patronage system prevalent in USA. The spoil system was replaced by the merit, principles by civil service act of 1853
Communication	A process that involves the transmission of meaningful information forms one party to another through the use of shared symbols
Communication Channel	Influences the quantity and quality of information that is conveyed to the receiver. Channels of communication include face to--- face conversation group meetings, memos,

	policy manuals email, voice mail
Common Law	The legal system in which precedents based on past court decisions play a key role in interpreting the meaning and intent of legal statutes
Conciliator	A trusted third party who provides an informal communication link between the negotiator and opponent
Conceptual Skills	The mental ability to analyze and diagnose complex situation
Confrontation Strategy	One mean a firm may use to deal with a stakeholder group whose goals are perceived to threaten company performance; the firm may use the courts, engage n public relations, or lobby against legislation
Contingency theory	The management theory that there is no "best way" to manage and organize an organization because situational characteristic, called contingencies, differ also, the view that no HR strategy is good or bad in and of itself but rather depends on the situation or context in which it used
Controlling	The management function that measures performance, compares it to objectives, implements necessary changes, and monitors progress. (b) Monitoring activities to ensure they are being accomplished
Control Chart	graph of data used to determine when a result should be explored as aspecial cause. Developed by Dr. Shewart in the 1920's while he worked at Bell Labs. A control chart has lower control limit and upper control limit and a mean line. Dr. Stewart developed the control chart to aid in effective exploration and improvement. Often the regular variation (common cause variation) of a process is taken as something special to be examined which wastes time. In addition, if action is then taken based on this exploration, the effects of tampering often exacerbate problems. Using control charts the only time special because analysis is used is when the result was above the upper control limit or below the lower control limit. While this is generally true there are other practices to explore when the data shows odd traits (such as 7 points on one side of the mean). Types of Control Charts: ❖❖ X---chart: used with variable data ❖❖ p---chart: used with percentage data (binomial) ❖❖ u---chart: used with defect count data ❖❖ c---chart: used with count data
Cooperative behavior	Team behavior that is manifested in member's willingness to share nformation and help others
Cooperative strategies	Establishing partnership or strategic alliances with other firms
Coordination	Linking activities so that diverse departments or divisions work in harmony and learn from each other
Core beliefs	A firm's principles that are widely shared, that operate unconsciously, and that are considered non negotiable
Core Competency	Those things that define what is special about an organization, what sets it apart from other organizations, Competencies are those things the company or organization does well. Core competencies are those things that are fundamental to the organization. Without those core competencies the organization would not be the same organization. Core competencies of organization provide the organization a competitive advantage in the marketplace. For example, Dell's efficient, just in time manufacturing system is an core competency that provides Dell a competitive advantage in the marketplace. Some define core competencies as "world class." That definition would mean many organizations have no core competencies. That seems to limit the usefulness of the concept. Some management consultants suggest organizations focus exclusively on their core competencies; and outsource other functions to other organizations. I can't say I agree with that --- as a rule. Often an organization is better off performing functions internally rather than outsourcing them even if the function is not a core competency

Corporate level strategy	The corporation's overall plan concerning the number of businesses the corporation holds, the variety of markets or industries it serves, the distribution of resources among those businesses
Creativity	The ability to produce novel and useful ideas
Cultural shock	The reaction when exposed to other cultural (social structure, religion, language, and historical background) with different norms, customs, and expectation
Cultural Symbols	The acts, events or objects that communicate organizational values, used by management to convey and sustain shard meaning among employees

D

Damage control strategy	A means a firm uses to deal with a stakeholder group when it decides that it may have made mistakes and wants to improve its relationship with the stakeholders and to elevate its public image
Data	Raw facts, such as the number of items sold or the number of hours worked in a department
Data base	computer programs that assign multiple characteristic to data and allow users to sort the data by characteristic
Data mining	the process of determine the relevant factors in the accumulated data to extract the data that are important to the user
Decentralization	Delegation of authority and duties is usually referred to as decentralization in which set up the organization is divided different sections and departments in order to help the organization grow scientifically and with a purpose of direction leading to harmony in relations and healthy atmosphere which generally is absent in centralized system of organization
Decision acceptance	The aspect of decision making that is based on people's feeling's decision acceptance happens when people who are affected by a decision like it
Decision making	The process of identifying problems and opportunities and resolving them. (b) Refers to process of identifying problems for decision, devising alternative courses of action, and choosing one alternative. It is distinguished from problem---solving by (a) requirement that problems be sought rather than given, (b) alternative formulated rather than given. Sometimes distinguished from policy---making by (a) presence of sanctions to compel compliance with the decision and (b) including not only policy---making in governmental or political organizations, but all kinds of decisional affair
Decision quality	The aspect of decision making that is based on such facts as cost, revenues, and product design specifications
Decision scope	The effect and time horizon of the decision
Decoding	Translating the symbolic verbal, written or visual symbols into an undistorted, clear message
Decline stage	Period where many people face having to accept reduced levels of power and responsibility, and must learn to develop new roles as mentors or confidantes for younger people
Deferred profit---sharing plan	A plan in which a certain amount of profits is credited to each employee's account, payable at retirement, termination or death.
Dejobbing	Broadening the responsibilities of the company's jobs, and encouraging employees not to limit themselves to what's on their job descriptions
Delegation	The transfer of decision making authority from a manger to a subordinate or a team at a lower level in the organization
Delegation of power	transfer of powers, originally vested in one branch of the government, to another
Delphi technique	A decision---making technique in which group members are presented with a problem and

	complete an anonymous questionnaire soliciting, solution the result are tabulated, summarized and returned to the group members, and in each is asked again for solutions, the process continues until a consensus decision is reached
Departmentalization	The horizontal basis for organizing jobs into units in an organization
Development phase	A career development steps in which actions are designed to help the employee grow and learn the necessary skills to move along the desired career path
Differentiation strategy	Delivering products and services that customers perceive as unique
Direction phase	the step in career development that involves determining the steps employees must take to reach their career goals
Discrimination	The unfair treatment of employees because of personal characteristics that are not job related
Dismissal	Involuntary termination of an employee's employment with the firm.
Disparate treatment	A form of discrimination that occurs when an employer treats employees differently because of his or her protected class status
Diversification strategy	A firm's strategic plan to create and mange a mix of businesses owned by the firm
Diversity	The wide spectrum of individual and group differences
Divestiture	The corporate process of selling a business in order to generate cash, which the corporation can better deploy elsewhere, or to refocus on its core related businesses, which are better, understood by management
Divisional approach	a departmentalization approach, sometimes called the product approach, which organizes employees into units based on common products, services, or markets
Division of labor	the production process in which each worker repeats one step over and over, achieving greater, efficiencies in the use of time and knowledge, also the formal assignment of authority and responsibility to job holders
Dominating style	conflict resolution used when the manager or team member acts assertively and forcefully and persuades the other party to abandon his or her objectives
Downsizing	A management strategy used to reduce the scale and scope of a business to improve its financial performance
	The process of reducing, usually dramatically, the number of people employed bya firm
Downward Communication	sending a message or interaction from a high position in the organization (ex. instruction from Management to his/her subordinate) to an individual or group lower in the hierarchy
Dysfunctional conflict	conflict that has a negative effect on team and organizational performance
360 Degree feedback	multilayer feedback from peers, supplies, other levels of management, and internal and external customers

E

E---business	The process of conducting business transaction using online resources, also called e---commerce
E---commerce	Any business transaction executed electronically by companies or consumers. (Electronic mail)
Emotional intelligence	the attributes of self---awareness, impulse control, persistence confidence, self---motivation empathy, social deftness, trustworthiness, adaptability and a talent for collaboration
Empirical validity	Statistical evidence that the selection method distinguishes between higher and lower performing employees
Empowering Employee	Putting employees in charge of what to do
Empowerment	the process of transferring control of individual work behavior from the supervisor to the employee
Encounter stage	the stage of socialization at which the individual begins to compare expectations about the firm's cultural with reality
Entrepreneur	an individual who creates an enterprise that becomes a new entry to a market
Entrepreneurship	the process of creating a business enterprise capable of entering new or established markets by deploying resources and people in a unique way to develop a new organization
Enterprise resource planning, (ERP) software	a computer program that combines all of a firm's computerized functions into a single integrated software program that runs off a single database, allowing various departments to easily share information and communicate with each other
Environment	those instructions or forces outside the organization that potentially affect the organization performance
Equity Financing	a means of obtaining financial resources that involves the sale of part the ownership of the business to investors
Ethical Policy statement	firm formal guidelines that provides specific formula for employee's ethical conduct
Ethical structure	the procedures and the division or department within a company that promotes and advocates ethical behavior
Ethic training	a means of providing employees and managers practice in handing ethical dilemmas that they are likely to experience
Ethnocentrism	**A** believe that may become prevalent among majority –group employees meaning that they believe that their way of doing, things their values and their norms are inherently superior to those of other groups and cultures
Evaluation	the organization reexamination of whether training is providing the expected benefits and meeting the identified needs
Executive	Refers to one of the three basic powers of the state, assumed by parts of classis political science to engage in implementing the will of the legislature. it includes a political apex, such as the president in the USA and the cabinet in Great Britain and India and the civil service subordinated to it. Modern political science recognized the essential policy---forming functions of both parts of the executive which are constantly increasing in most contemporary states
Exit Interview	interviews conducted by the employer immediately prior to the employee leaving the firm with the aim of better understanding what the employee thinks about the company
Expatriates	non---citizen of the country in which they are working
Expert power	power delivering from the leader's unique knowledge or skills
Expert system	an advanced information that uses human knowledge captured in a computer to solve problems that normally require human expertise
External locus of control	causing feelings of helplessness and decreasing intensity of goal---seeking efforts in the face of failure

F

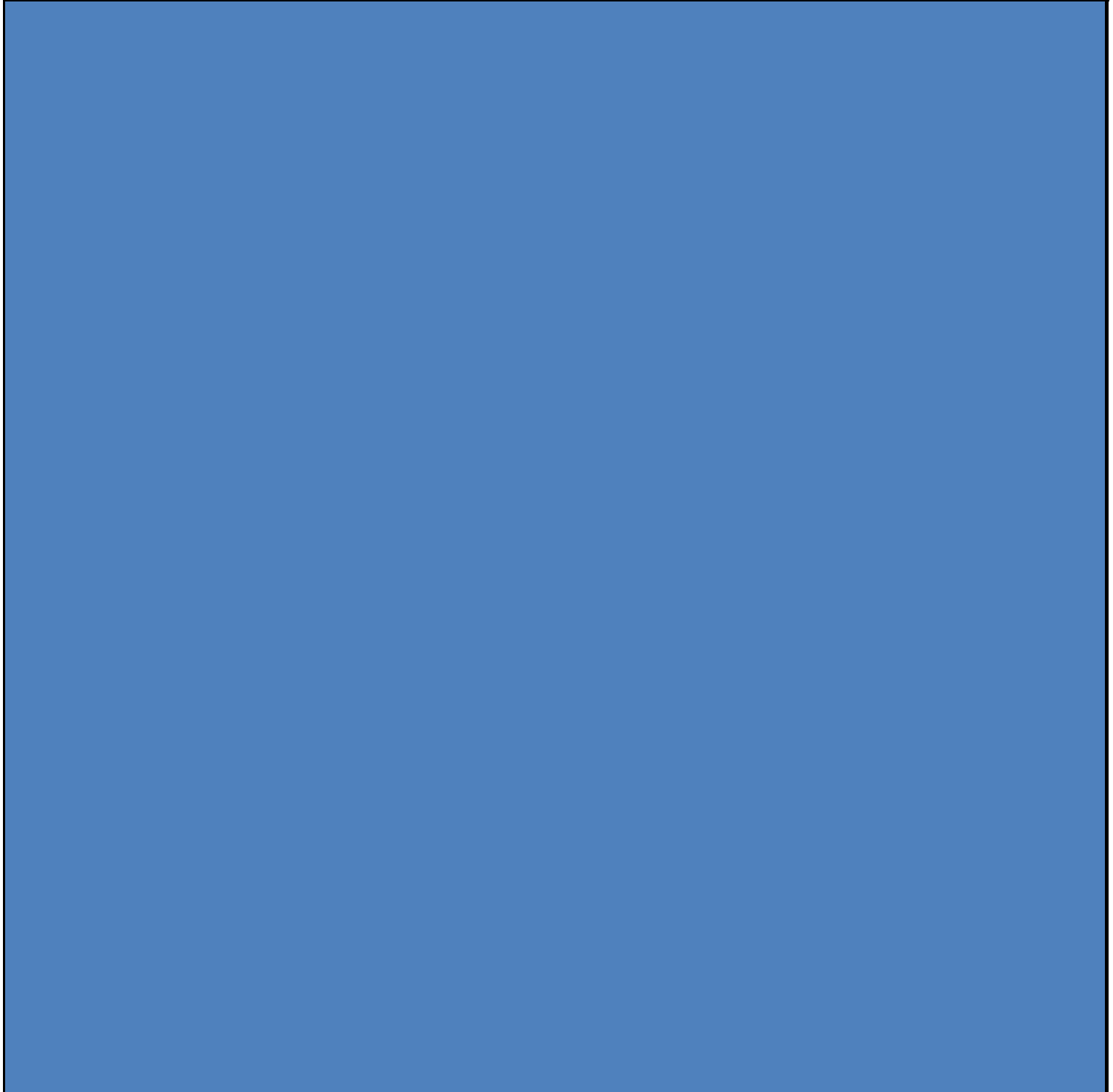|	
Face-‑-to-‑-face group	A term used in social psychology, particularly in group dynamics. It describes a small group of people in close enough physical proximity for each person in the group to interact directly with each of the others
Facilities	the design and location of an operation facility
Facilities layout	the grouping and organization of equipment and employees
Facilities layout design	the physical arrangement for the facility that will allow for efficient production
Facts	bits of information that can be objectively measured or described, such as the retail price of a new product, the cost of raw material, the defect rate of manufacturing process, or the number of employees who quit during a year
Fear of failure	A fear that is aroused when someone feels pressured to achieve something. It is particularly prevalent in people with a high need for achievement
Fear of success	mainly used to describe a motive in some women to avoid doing, well and achieving success
Feedback	information received back from the receiver, which allows the sender to clarify the message if its true meaning in not received.(b) the degree to which carry out the work activities required by a job results in the individual obtaining direct and clear information about the effectiveness of his/her performance
Field research	an important part of market research, it involves the collection of data about products or advertising from actual or potential customers, usually by means of interview or questionnaire
Financial year	the twelve months chosen by an organization as its accounting period
Firewall	a combination of computer hardware and software that controls access to and transmission of data and information contained in a network
First-‑-line supervisor	The supervisor responsible for the management of production workers on the shop floor. The term refers to anyone at the level above charge hand and it's most often synonymous with the term foreman
Flat organization	an organization with relatively few levels in its hierarchy
Flexible time	under flexible working hours flexible time refers to those periods during which an employee may choose whether to be at work or not, in contrast to core time where attendance is mandatory
Flexible working hours	a method of organizing working hours which has no fixed starting or finishing times and which allows people some attitude in deciding when they will work
Flow chart	a diagram showing all the parts of a system or the stages in a process and the interrelationships between them
Formal Communication	communication between people through the official channels of an organization, following the official procedure
Formal Group	a group set up by the management of an organization with a written mandate and a well-‑-defined purpose
Formalization	the degree to which written documentation is used to direct and control employees
Formal Organization	The outward face of an organization as exhibited in its broucher, annual report rule, book organization chart and so forth. It represents the official structure of the organization and the way it is supposed to function
Formal planning	a system designed to deliberately identify objectives and to structure the major task of the organization to accomplish them
Forman	a first-‑-line supervisor responsible for a group of workers on the shop floor
Franchising	A means of entering new markets similar of licensing,mainly used by service companies, in which the franchise pays a fee for using the brand name and agrees to strictly follow the standards and abide by the rules set by the franchise
Fringe benefit	a reward beyond the basic pay for the job, examples can range from subsidized meals and travel to pension, holidays and sickness benefits
Functional Analysis	A strategic management approach that establish organizational capabilities for each of the major functional areas of the business
Functional Authority	the authority that is associated with a particular job
	Conflict that stimulates team and organizational performance

G

Gantt charts	a visual sequence of the process steps used in planning, scheduling, and monitoring production
General Manager	The manager responsible for the whole range of administration in an organization and not just a specific function
Global shift	a term used to characterize the effects of changes in the competitive landscape prompted by worldwide competition
Golden Handcuffs	A financial inducement to an employee to stay, so favorable that he or she would find it difficult to leave the organization
Golden Handshake	a relatively large sum of money given in the forms of severance pay for a departure that is usually ahead of normal retirement or the end of a contract
Go---Slow	A form of industrial action, short of a strike, where workers do not withdraw their labor but slow down the rate at which the work is done instead, by meticulously following the rule book
Grade	refers to a term which is used in public personnel administration to designate a group of position classes, no matter how differently the work they represent, that are compensated within the same salary range
Grievance procedure	in industrial relations this is a series of arrangement for settling grievances that employees have against their employers, either directly or between their management and trade union representatives
Group	A number of individual who are viewed, or who view themselves as a collectivity. (b) Two or more individual's interacting and interdependent who have come to gather to achieve particular objectives
Group dynamics	in social psychology this term refers to the study of the way people behave in a group, especially a small face---to face group
Grouping	in statistic this is the process of combining individual scores into categories of putting them in rank order
Group Mind	a hypothetical entity (see hypothesis) sometimes given mystical qualities which has been suggested as the agency for crowds acting in unison
Group Norm	Behavior expected of all the members of a group, in a work group the Hawthorne studies discovered that this can mean an individual keeping to the same level of productivity as the other group members
Group Process	A term used to describe the interactions within a group and the changes that occur over time in the relationships between its members
Group selection methods	Techniques of selection which aim to assess the ability of individuals to work with other people in a group. They usually involve the observation of a group of candidates in a discussion or a problem solving situation
Group Structure	The way in which a group is designed and organized. It forms the framework for the group process and for the performance of the group's task
Groupthink	George Orwell's term for the totalitarian imposition of authorized thoughts on al the members of a society. The term has been introduced into social psychology by the American scientist Irving Janis, where it is sometimes used to describe the way that members of a very cohesive group can become so describe the way that members of a very cohesive group can become so preoccupied with maintaining a group consensus of though that their critical faculties become dulled
Group training methods	These are training techniques which use the properties of a group to help individual members learn. The point of the training may be to have the members learn from each other's expertise in tackling a particular problem together, or the point of the group might be the group process itself from which the members would be encouraged to learn about themselves and how they are perceived by other, a well as about group behavior in general
Group Working	an attempt to increase job satisfaction (as well as productivity) especially among assembly---line worker, by forming individual into a coherent work group and allowing them more autonomy over, and responsibility for their work than they would have as a series of individual. This process often involves job restructuring of individual jobs

H	
Habit	A learned response to a given situation which occurs in such a regular fashion that it appears to be virtually automatic. Thus it may at times be mistaken for innate behavior and considered an instinct
Hacking	the unauthorized breaking---in---to the data base of a computer
Hall Test	in market research this is the technique of asking people their opinions of the adverting, packaging and presentation of a product
Handbook	A book of instructions on how to operate some machine or procedure. In a more academic sense it is used of a survey of a particular field that is intended to be authoritative and comprehensive
Hard copy	a copy on paper, often in the form of print---out of data stored electronically in a computer or word processor
Hard currency	a national currency used in international trade because it has a stable or risingexchange rate and is generally accepted as being easily convertible, e.g American dollar or Afghanistan Afghani
Hard sell	a colloquial term for the aggressive advertising, marketing, promotion and selling of a product
Hardware	the physical components of electronic and mechanical equipment that make up a computer, e.g. the disk drives, keyboard, printer, screen, etc
Hawthorne effect	The finding that paying special attention to employees motivates them to put greater effort into their jobs (from the Hawthorne management studies, performed from 1924 through 1932 at western electric company's plant near Chicago).
Health and safety at work	an area of work subject to a great deal of detailed legislation in most industrialized countries because of the importance of labor to productivity
Heavy Industry	term applied to traditional industries like steelmaking, coalmining and shipbuilding which were the basis of western industrialization in the nineteenth century and have always required heavy physical labor
Hedonism	in psychology this refers to the idea that all of our behavior stems from the motivation to pursue pleasure and avoid pain; in philosophy the doctrine that it is our ethical duty to do so
Heuristic	an idea or method of teaching that stimulates further thinking and discovery
Hidden Agenda	Thing which are not listed on the formal agenda of a meeting but which influence the meeting nonetheless. There may be unspoken---or even unconscious--- attitudes that individual hold on the subjects under discussion or they may form a quite conscious attempt at manipulating the meeting on behalf of the hidden agenda of an individual or group interest
Hierarchical task analysis	a form of task analysis used in assessing training needs which describe a task in terms of a hierarchy of the operation necessary for its performance
Hierarchy	Any organization structure containing different levels of authority and often responsibility. (2) Any arrangement of things in succeeding levels each one includes all preceding levels
Hierarchy of Needs	a theory of motivation proposed by the American psychologist ABRAHAM MASLOW in the 1940s. He suggested there were five distinct levels of human need arranged in a hierarchy, starting with the basic physiological needs for food and shelter. As one level of need is satisfied another is reached
Histogram	in statistics this is a form of Bar Chart on which a frequency distribution can be represented graphically
Horizontal communication	Communication between people at the same level of the hierarchy in an organization. Compare with downward communication and upward communication. 2. Communication between a sender and a receiver at a similar level in the organization
Horizontal dimension	the organizational structure element that is the basis for dividing work into specific jobs and tasks and assigning jobs into units such as department or teams
Human asset accounting	an attempt to measure the value to an organization of its human resources by treating them as assets as well as costs to the organization and assessing, for example Recruitment and Training polices and funding in this light

Human Capital	the part of an organization's capital represented by the ability, experience and skills of its work---force
Human Communication	The process of communication between people. A relatively new field of study involving contributions from computer science, linguistic logic, psychology and social science
Human Relation approach	A management approach that views the relationships between employees and supervisors as the most salient aspect of management
Human Resources	All the people who work for an organization in a capacity
Human Resource Management	The responsibility of making the best use of an organization's employees. One of the major functions of personnel management
Human Resource tactics	the implementation of human resources programs to achieve the firm's vision
Human skills	The ability to work with, understand and motivate other people, both individually and in group

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I

Identification	In general terms recognizing the identity or nature of someone or something. In Psychoanalysis it refers to the phenomenon of emulating the behavior of a person with whom one has a powerful emotional bond
Identity	Having essentially unchanging characteristic. The basis unit of a personality, especially the self---image
Implementation guidelines	The planning step that show how the intended actions will be carried out
Incentive	in psychology this is the basis of motivation and can refer to any kind of reward or inducement, in an organization, especially a business organization the term is most often applied to financial rewards, although promotion and enhanced status may also be used
Increment	In personnel management this is a regular and usually automatic, increase in a scale of pay.2. In ergonomics it may refer to an increase in a stimulus from the environment of a standard amount
Individualism	the degree to which a society values personal goal, autonomy and privacy over group loyalty, commitment to group norms, involvement in collective activities, social cohesiveness an intense socialization, ethical decisions based on individualism promote individual self--- interest as long as it does not harm others
Induction	The process of introducing new members into an organization. The aims of induction are to provide them with an overview of the whole organization and their place in it, and to give them a taste of the organizational cultural and the nature of the psychological contract they will be making
Industrial action	Any form of collective action taken by the employees of an organization---usually organized by a trade union---most often to do with pay or conditions of employment. Action taken may include a go---slow strike or work to rule
Industrial relations	This term is now used to describe the web of relationships that exists between employees or their trade UNION representatives, Management, and government. Its usage is therefore much broader than its original industrial or manufacturing context and extends to issues and procedure concerning employment in any work environment
Industrial Training	in personnel management this term usually refers to the training of new workers in a particular industry or sector of the economy at all levels of abilityand skills
Inferiority Complex	according to the Viennese Psychoanalyst, Alfred Adler, this is an unconscious condition where an individual feels inadequate and resentful, often because of some physical feature regarded as a defect
Informal Group	unlike a formal group an informal group is not set up by management of an organization but arises spontaneously in the workforce
Information	data that have been gathered and converted into a meaningful context
Information Communication	communication between people through the grapevine of an organization
Information management	this is concerned with applying information technology to the flow of information in an organization with the intention of ordering it in the best way to achieve organizational goals
Information processing	A key term in the study of cognition which is used to denote what happens mentally between stimulates and the response to, it including Perception. Memory, thinking decision---making and problem---solving
Information richness	the potential information carrying capacity of data
Information Technology	A relatively new field that combines the technology of the computer with that of communication. it is concerned with the gathering, recording, storage, processing and dissemination of information and represents the latest form of Man---Machine interface etc
Infrastructure	the network of essential services supporting a modern society that has undergone the process of industrialization
Innovation	The development of something new. It is most often applied to the introduction of new goods and services to the market, particularly those incorporating some advance in technology
Input---output analysis	this is a set of statistics used in a general sense in economics and more specifically in marketing and market research, in which patterns of buying and selling between industries

	or sector of an economy are analyzed to study changes in their trading relationship over a given period of time
In---service training	the training of staff by the organization they work for in order to enhance their value to the organization
Institution	in social science this term refers to a social, cultural economic or political arrangement that may be of greater or lesser important to people's lives--- like the family or the monarchy--- but which usually endures over time and reflects some basic values of the society
Integration	The process of organization different parts into a whole of a higher order. It is used widely in science, from the organization of nervous impulses necessary for any kind of behavior up to the organization of a whole society
Intelligence	Although this concept has been discussed in psychology since the 1870s there is no universally accepted agreement on what intelligence is. Most psychologists would probably agree that heredity sets limits of a person's intelligence and most would also agree that the ability to think in one form or another (handling abstract ideas, adapting to new situations, perceiving complex relationships) is to sign of high intelligence---which may not get us very far but never prevented psychologists from designing new intelligent tests
Interacting Group	typical group in which members interact with each other face to face
International Administration	refers to the art and sciences of management as applied to the operations of an international organization especially a public international organization employing international civil servants
International Civil Service	the term used for employees of international organizations who are appointed by the secretary general of the UN and who, in the words of the UN charter, shall not seek or receive instructions from any government and shall refrains from any action which might reflect on their position as international officials responsible only to the organization
Interpersonal conflict	the general term for any kind of conflict between individual
Interpersonal contact	the general term for any kind of relationships or forms of communication between individuals
Interpersonal skills development	A group training methods which emphasizes the skills involved in communication with other people in listening to their replies. These skills are obviously important throughout the life of an organization but are perhaps most visible (on the both sides of the table) in an interview, especially a performance appraisal interview
Interview	In essence an interview is a form of conversation, between one interviewee and one more interviewers, which is structured to a greater or lesser extent. It is probably the most widely---used method for the assessment of a person's ability. It is also the most subjective method and one which is extremely difficult for the interviewer to do well
IQ	the intelligence Quotient; a sore obtained from an intelligence test by dividing the mental age (MA) obtained on the test by the actual or chronological age(CA) and multiplying by 100, i.e. IQ=Ma 100 an IQ score by itself is meaningless. It doesn't intelligence the way a tape measure height, for instance. It is only measure of comparison between all the people who have taken that particular test, with the average score being arbitrarily at around 100

J

Term	Definition
Job	**A** piece of work or an order for a piece of work to be done. The term is also used more widely to describe one's livelihood. A job is therefore a unit of work large enough to be the basis of an occupation
Job analysis	The process of obtaining information about jobs, including the task to be done on the jobs as well as the personal characteristics necessary to do the task
Job demand	the requirement of a job has and therefore what will expected of the person who perform it
Job Description	a written summary of task requirements for a particular job
Job Design	the process of relating all the tasks to be performed withinthe organization
Job Enlargement	expanding the content of a job to include responsibilities that will usually require training and the acquisition new skills
Job evaluation	assessment of the relative worth of job to a firm
Job satisfaction	a pleasurable feeling that results from the perception that a job fulfills or allows for the fulfillment of its holder's important job values
Job Specification	a written summary of worker requirements for a particular job
Job Title	the official name an organization gives to the occupant of a particular job, sales Manager, HR Manager
Junior Management	the term applied to managers who are relatively low in the hierarchy of an organization because they are junior in age and or/ level of responsibility and authority
Justification	the procedure used by a word processor to line up the right hand margin of a page so that all the lines of script are of equal length

K

Term	Definition
Key jobs	jobs that are characterized by stable tasks and stable job specifications; also known as benchmark jobs
Knowledge	a blend of information experience and insights that provides a framework that can be thoughtfully applied when assessing new information or evaluating relevant situations
Knowledge capital	the value of the knowledge possessed by people at all levels of an organization
Knowledge Engineering	a term sometimes used of a group of techniques, based on theories of artificial intelligence, which is concerned with the design of intelligent knowledge– based systems
Knowledge Management	the process of creating an inclusive, comprehensive, easily accessible organizational memory, which is often called the organization's intellectual capital

L

Labor Market	a geographical area within which the force of supply (people looking for work) interact with the forces of demand (employers looking for people) and thereby determine the price of labor
Labor turnover	the percentage of the total labor force of an organization leaving its employment and being replaced over a given period of time, usually a year
Leadership	a widely--- applied term that usually refers to the personality characteristic and the behavior of people with authority and influence and responsibility for leading group
Leadership style	this term usually refers to the adoption of an authoritarian management or a depending on which style is more comfortable to his or her personality
Lead time	The time taken to complete a cycle of activity. The term is usually used in reference to the production process, from the initial idea to the finished product, although it can also refer to the time---lag in supplying an order
Learning theory	in psychology this refers to the systematic attempt to explain the process of learning
Legitimacy	a term sometimes used of the leadership of a group or organization when it is fully accepted by the members
Leniency	the tendency to rate every employee high or excellent on all criteria
Licensing	a means of entering new markets, primarily used by manufacturing firms, by transferring the right to produce and sell products overseas to a foreign firm. In return, the licensing receives a negotiated fee, normally in the form of a royalty
Line and staff concept	A term used in organization theory to denote the different functions performed in an organization by managers who are directly goals (line) and those who perform supportive functions like marketing or personnel (staff).
Line Authority	the control by a manager of the work of subordinates by hiring, discharging, evaluating and rewarding them
Line Management	the term used to describe managers who are responsible for an organization carrying out its basic function, e.g. marketing production etc
Locus of Control	a dimension of personality in which people who have an internal locus feel they have control over what happens to them, and people with an external locus tend to attribute their experiences to outside forces or other people
Logistic	A term that was originally used in the military sphere to describe the organizing and moving of troops and equipment. It is now often applied to any detailed planning process in an organization which entails the distribution or redistribution of resources

M

Make---buy---analysis	an operation management tool used to help make the decision as to whether to product n item or to purchase it
Management	making the most effective use of available resources, whether in the form of machine, money or people, (2) the people responsible for the management of an organization, i.e. for the directing, planning and running of its operations, for the implementation of its policies and the attainment of its objectives
Management accounting	the preparation of accounting information for use by managers of an organization in budgeting, decision making, planning and formulating policy
Management by objective (MBO):	a performance appraisal strategy in which employees and supervisors agree on a set of goals to be accomplished for a particular period; performance is then assessed at the end of the period by comparing actual achievement against the agreed –on---goals
Management change	the ongoing managerial process of enhancing the ability of an organization to anticipate and respond to developments in its external and internal levels to cope with the changes
Management consultant	someone who offers a consultancy, service in any area of Management or the running of an organization
Management Development	The process of identifying, training and generally equipping relatively junior Managers with the experience or skill necessary for senior management, positions with an organization in the future. it is a process that ideally, should be an integral part of a coherent personnel policy going from initial recruitment to ultimate retirement
Management information system(MIS)	an information system that provides information to managers to use in making decisions(b) a centralized and usually computerized, information system for use by the managers of an organization in decision making
Management service	the application of scientific methods, and particularly quantitative Methodology to the practice of science perspective to the study of management
Management style	The general approach a manager has to dealing with other people at work, and in particular the exercising of his or her authority with subordinates. This style is often characterized as tending towards authoritarian management or democratic management, depending on the personality of the individual manager, but people can also have somewhat different approach when faced with different situations
Management training	Any form of training in the practices and techniques of management. One important form of management training is to have mangers study case histories of real---life issues in organizations and work on solutions to problems; another is to play business games designed to deal with particular aspects of management. The term is often used interchangeably with management education, though the emphasis of management training is generally more focused and less formal or academic
Manger	anyone involved in the administration of an organization with the authority to use organizational resources, whether money, labor, or equipment, in furtherance of the organization's objectives
Manager grid	a techniques used in management development that was devised by two American organization psychologists, Robert Blake and Jane Mouton, building on previous contributions to the study of Human Relations by psychologists like ARGRIS, LEWIN, and LIKERT. The technique consists of scoring managers on two dimensions at right angles to each other to form a grid. The dimension is concern for production (or the task in hand) and concern for people. Each individual's scores are then plotted on this grid to see how much of each concern by express
Managerial psychology	the systematic study of the role of the Manager in an organization and in particular the relationships between supervisor and supervisors, this area of study is a part of industrial part of industrial psychology
Managing diversity	establishing a heterogeneous workforce (including white men) to perform to its potential in an equitable work environment where no members or group of members enjoys an advantage or suffers a disadvantage
Manpower analysis	An analysis of the employee in an organization that attempts to identify pattern and trends in their employment. It will examine, for instance, the distribution of employees by age, sex,

	skill, job title and length of service. It is the stage of systematic manpower planning
Manpower planning	the process of forecasting both the numbers and the kinds of employees that an organization will require over a given period of time and taking steps to ensure their supply, ideally this should be an integral part of an organization's personnel policy from recruitment to retirement, including selection, promotion, and training
Manual skill	a skill that requires physical rather than mental ability
Manual worker	someone employed on the shop floor of an organization doing physical rather than mental work, whether the work is skilled or unskilled
Market	A situation where buyers and sellers are in communication with each other. This may take several forms, e.g in person (as in a cattle auction) or electronically (as in the stock exchange) or through the mass media as in newspaper advertising columns
Marketing	the series of process by which demand for goods and services in identified, supplied anticipated or manipulated, it relies heavily of such functions as advertising and market research
Marketing concept	a philosophy of marketing that emphasizes the supreme important of the custom, fundamental to this philosophy is an understanding of what the customer wants in any given market, and this is usually artained by the extensive market research
Marketing environment	the set of external factors that affect the market in which an organization operates i.e cultural, economic, legal, political, geographical etc
Marketing Mix	The combination of different aspects of an organization's strategy for marketing a product, e.g advertising, market research, production and public relations. The guidelines for the most appropriate mix are sometimes expressed as the four Ps--- product, price
Market leader	The organization with largest share in a given market. price (market), position and place.
Market penetration	the amount of demand in a given market that is supplied by a particular organization
Market Research	Research carried out in the course of marketing, either by an organization itself or by specialists from an external consultancy, to determine the likely Market for a product or the effects of past or prospective adverting on consumers. Depending on the kind of information required, the research may use either quantitative methodology with survey research on large numbers people or qualitative methodology with large interviews of individuals and families and group interviews of 5---10 people in a face--- face group
Market segmentation	The analysis of buyers or potential buyers in a given market along various dimensions. These usually include demographic like age sex and socio---economic status, buying patterns with respect to price and quality, and personality factors like conservatism---radicalism, need for achievement or need for affiliation the objective is to divide market into segments comprising similar kinds, of people so that marketing efforts can be targeted more precisely, and the most effective approach used with each segment
Market share	the amount of total demand in a market which a particular organization supplies over a given period of time
Market value	the current price that a particular item would fetch in the market
Maslow's hierarch of needs	the theory that people tend to satisfy their needs in a specified order, from the most to the least basic
Mass Media	forms of communication that reach a large---usually nation---wide---audience, i.e., radio, television and newspapers
Mass Production	The production of identical items on a very large scale. It requires the process of automation, division of labor job simplification, specialization and standardization. In the twentieth century the prototype for mass production was the assembly line developed in the car manufactured industry by HENRY FORD
Master of Business Administration	The academic qualification in Management Education which is generally accepted in the United States as a prerequisite for a professional career as a manager. The qualification is also becoming increasingly soughed after in the United Kingdom---but not in other industrialized countries like Germany and Japan which have alternative routes into Management
Matrix organization	A flexible form of organization structure often used in situation which requires a mix of

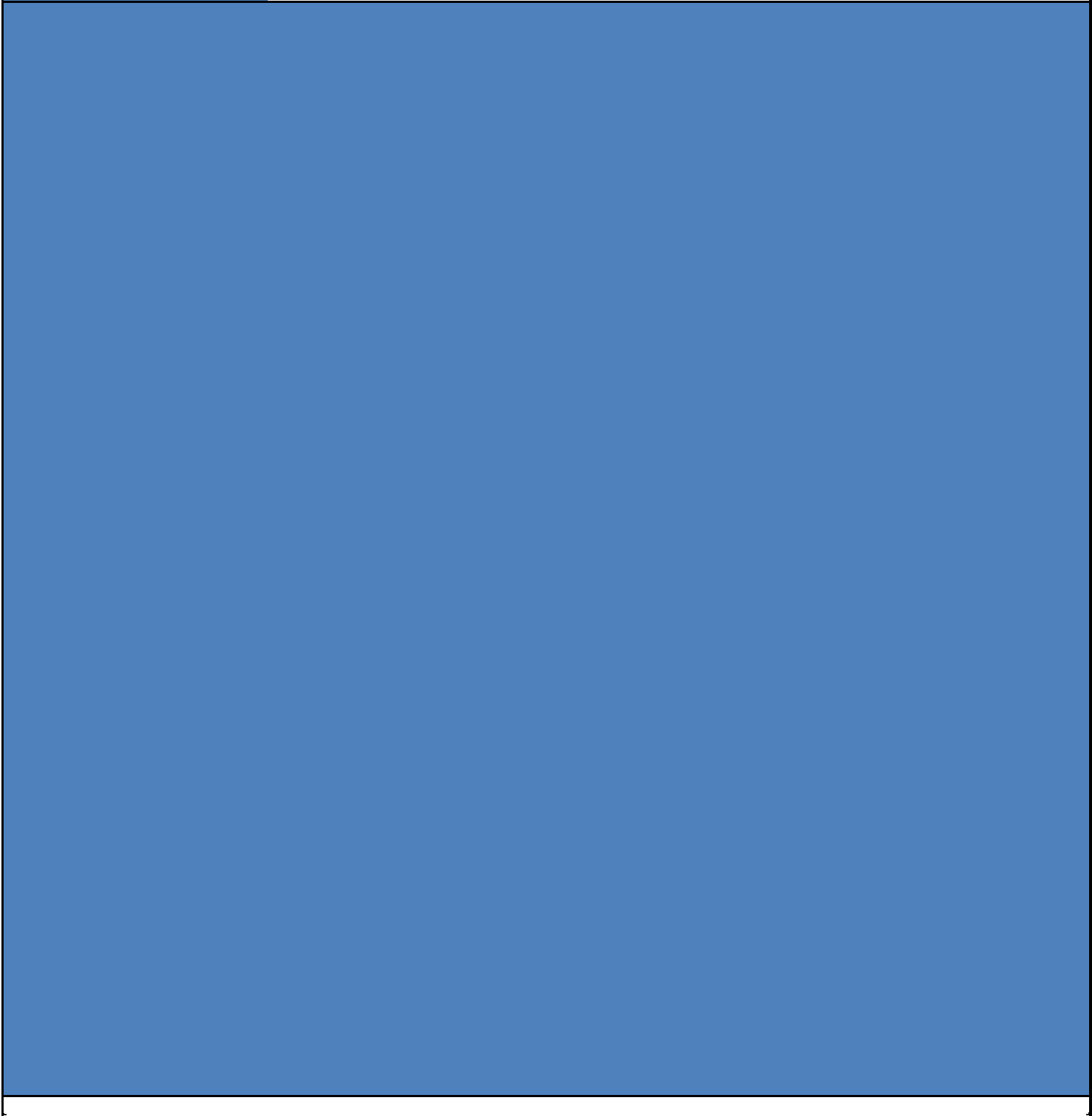|	
	people with different skills and experience to be focused on a particular task, or an unusual project that crosses existing departmental boundaries in an organization. The people involved in this kind of task force will continue to report officially to line Management, but in their day---to---day work they will be responsible to the project leader
MDW	See Measured Day Work
Mean	In statistic this is the most commonly used measure of central tendency. It is the arithmetic average, found by summing the values of a series of numbers and dividing this by the total number in the series
Measured Day work	a management procedure where a daily production target is defined for all the workers on the shop floor, whose pay is then made up of a fixed regular amount of each day that the target is met---as opposed to payment---by---result
Measure of central tendency	one of three statistical which can each be used as a central value to describe a series of numbers the mean the median and the mode
Median	In statistic this is a measure of central tendency which divides a group of scores in half, with half the scores falling above the median score and half below
Mediation	a process by which a neutral third party attempts to help the parties in a dispute reaches a settlement of the issues that divide them
Merger	an amalgamation of two or more organization into a single new organization by mutual agreement---as opposed to a take---over
Merit rating	A form of reward for members of an organization based on an assessment of their worth beyond the normally expected performance of their job, on the grounds that different people doing the same job can have a different value to the organization. The kind of factor usually taken into account are absenteeism, aptitude, attitude towards management, length of service, punctuality etc
Merit pay system	pay systems most commonly applied to exempt employees under which employees receive permanent increases, tied to levels of job performance, in their base pay
Middle Management	A manager whose position in the hierarchy of an organization is higher than junior management and lower than senior management is part of middle management, and this accounts for most managers in most organizations. Middle managers are typically in charge of the constituent units that make up an organization, responsible for the work of other people but with little or no say in the making of policy or the taking of organization---wide decisions
Middleman	an individual or an organization acting as a link between others, especially between producers and consumers or retailer, e.g a furniture wholesaler or literary agent
Monitoring	observing environmental changes on a continuous basis to determine whether a clear trend is emerging
Monoculture	the homogeneous organizational cultural that results from turnover of dissimilar employees
Motivation	In psychology this is a general term for any part of the hypothetical psychological process which involves the experiencing of needs and drives and the behavior that leads to the goal which satisfies them. In more popular usage motivation refer than another
Multimodal distribution	in statistics this term refers to a distribution with several modes
Multinational company	a commercial organization which operates in more than one country and moves its resources and activities between them in such a way as to maximize its trading advantages in such areas as labor costs or taxation benefits

N

N	
Need for achievement	a strong drive to accomplish things, in which the individual receives great satisfaction from personal attainment and goal completion
Need for affiliation	a strong desire to be liked by others, to receive social approval, and to establish close interpersonal relationships
Need for assessment	a training tool that is used to determine whether training is needed
Need of power	the desire to influence or control other people
Negative reinforcement	the removal of unpleasant consequences associated with a desired behavior resulting in an increase in the frequency of that behavior
Negotiation	In industrial relations this is the essence of the collective bargaining process. It refers to the discussion of terms and conditions of employment by employers and employee, or their representatives, with a view to reaching a mutually acceptable outcome
Networking	linking people scattered geographically into a single work group by electronic means e.g teleporting
New technology	the term often used to describe the applied microelectronic devices to be found in the electronic office
Niche Marketing	the systematic search for a market niche usually by a new market rather than increase market share of an existing market
Nominal group technique (NGT)	a decision---making technique that helps a group generate and select solutions while letting group members think independently; group members are given the problem and each presents one solution without discussion, then all solutions are discussed, evaluated and ranked to determine the best alternative
Non---conforming high performer	a team member who is very individualistic and whose presence is disruptive to the team
Non--- executive director	a director of an organization who is not a full time employee and who does not have any executive form of authority
Non---financial reward	the component of an organizational reward system that includes everything in a work environment that enhances a worker's sense of self---respect and esteem by others, such as training opportunities, bonus, and involvement in decision making and recognition
Non---governmental organization	this term is usually applied to an organization that operates internationally but it is not supported, in the main, by direct governmental funding e.g amnesty international or the Red Cross
Non--- profit organization	any organization whose ownership resides entirely with its members and whose financial operation are not intended to yield a profit for shareholder
Non---verbal behavior	any form of human behavior that does not employ speech or writing
Non---verbal communication	Direct face to face communication between people by any means other than the spoken word. This would include facial expression, bodygestures, hand gestures, body posture and eye contact
Norm	In statistic this is a value representation of a whole set of numbers such as one of the measures of central tendency (mean, median, and modes).
Norming stage	a stage in team development that is characterized by resolution of conflict and agreement over team goals and values

O

Objective career	a sequence of positions occupied by a person during the course of a lifetime, commonly referred to simply as one's career
Objectives	the goals or targets that the firm wishes to accomplish within a stated amount of time
Office Management	is the organization of an office in order to achieve a specified purpose and to make best case of the personnel by using the most appropriate machine and equipment
Office Manager	is one who leads the office and who organizes and control the office activities in such a manner which ensures efficient service scientifically and economically
Office Personnel	it is the office personnel who perform all the activities of the office the office manager, select trains, assign and control the activities
Off---line	The part of a computer system which is not under the immediate control of the central processing unit and cannot therefore be accessed directly. It is used to produce data that is only required at relatively long intervals, like a monthly bank statement or a quarterly electricity bill
Off---job training	: training that takes place away from the employment site
On---job training	training that takes place in the actual work setting under the guidance of an experienced works, supervisor, or trainer.(b) a form of training that is given to people at their place of work, and usually during working hours
Operational action plan	a management plan normally created by line managers and employees directly responsible for carrying out certain task or activities
Operational analysis	in the assessment of training needs the level of analysis that attempts to identify the operational decision
Operational decision	decisions with a short time perspective, generally less than a year, and that often are measured on daily or weekly basis
Operational manger	the firm's lower---level managers who supervise the operation of the organization
Operation management	the process an organization uses to obtain the materials or ideas for the product it provides, it process of transforming them into the product, and the process of providing the final product to a user
Operation planning	short--- to---middle range businesses planning that addresses issues associated with the growth of current or new operations as well as with and specific problems that might disrupt the pace of planned growth also known as tactical planning
Operation research	A branch of management science that applies mathematics to a series of techniques, like critical path analysis which an organization may use in its planning and decision---making. In essence operational research is used to see whether the efficiency and cost effectiveness of a system can be improved by developing a scientific model to study that system and including within it the factors of chance and risk
Optimizing	selecting the best alternative from among multiple criteria
Organic organization design	a management design that is focused on change and flexibility, emphasizing horizontal relationships that involve teams, departments or divisions and provisions to coordinate these lateral units
Organization	A group of people brought together for the purpose of achieving certain objectives. as the basic unit of an organization is the role rather than the person in it the organization is maintained in existence, sometimes over a long period of time despite many changes of member. (b) A consciously coordinated social unit, composed of two or more people that function on a relatively continuous basis to achieve a common goal or set of goals
Organization chart	a graphic depiction that helps summarizes the lines of authority in an organization
Organization design	the selection of an organization structure that best fits the strategic goals of the business
Organization politics	the exercise of power in an organization to control resources and influence policy
Organization structure	The formal system of relationships that determines lines of authority (who reports to whom) and the tasks assigned to individual and units (who does what task and with which department).
Organizational goals	The formally stated objectives which are the basis for the existence and the maintenance of an organization and its members. It is usually assumed to be something the individual owes

	the organization
Organizing	Determining what tasks is to be done who is to do them, how the tasks are to be grouped, who report to whom and where decisions are to be made
Organizing	the management of functions that determines how the firm's human, financial, physical, informational and technical resources are arranged and coordinated to perform tasks to achieve desired goals; the deployment of resources to achieve strategic goals
Overhead	any recurrent day---day expenditure incurred in running an organization other than the costs of labor and material, e.g. rent, heating, and lighting
Overtime	any time worked outside normal working hours, for which people are paid at a higher rate than the basic level of pay
Owners	the parties that have invested a portion of their wealth in shares of company stock and have a financial stake in the enterprise

P	
Participant observation	Research techniques in social science where an observer becomes anaccepted member of the group he or she wants to study
Participation	the term used to describe the involvement of people in the performance of the organization they work for, e.g. by employee ownership or profit sharing
Part method	a technique of learning in which the material is broken down into smaller parts to be learned separately and then recombined, compare this with the whole method
Partnership	a form of business that is an association of two or more persons acting as co---owner of a business
Passive –aggressive communication	style of communication whereby individual avoids giving direct responses to other's requests or feedback
Passive communication	style of communication whereby individual does not le others know directly what he or she want or needs
Pay	An amount of money paid on a regular basis to people in regular employment. Payment may be of wages or salary, in cash or by cheque or by direct bank transfer
Pay incentive	compensation that rewards employees for good performance, including variable pay and merit pay
Peak experience	in humanistic psychology this term refers to a moment of great emotional power in which a person feels something asking to ecstasy, where she is at one with herself and with the world
Performance	the way a job or task is done by an individual, a group or an organization
Performance appraisal interview	an interview between an employee and his or her line manager, usually conducted once a year, at which an assessment is made of the individual' s job performance and how it relates to training needs, promotion opportunities etc
Performing stage	a stage of team development that is characterized by a focus on the performance of the tasks delegated to the team
Personality	The sum total of all the factors that make an individual human being both individual and human; the thinking, feeling and characteristic pattern of these elements that makes every human being unique. Psychologists often emphasize the integration and dynamic nature of an individual's personality and the important role of unconscious processes that may be hidden from the individual but are at least partly perceptible to other people
Personal network	the relationships between an entrepreneur and other parties, including other entrepreneur's supplies, creditors, investors, friends, form colleagues, and others
Person---job---fit	The extent to which the personality of an individual fits harmoniously with the job she does. One the goodness of fit between the two will depend the crucial factors of work like job satisfaction, productivity and stress
Persona Non Grata	an unwanted person. The declaration of P.N.G is made in a government statement to the effect that any further stay of the diplomat in question and his family on the territory of the host country is undesirable
Person Perception	the process by which people form impression of others, then flesh these impression out and make them more coherent--- through not necessarily more accurate
Personnel	the people employed in an organization (2) the function of dealing with an organization employees as its human resources
Piecework	a form of payment –by---results where workers are paid for each piece of work they do rather than the number of hours they put in. it was based originally on the scientist management principle of F.W Taylor
Pilot Study	a term sometimes used in market research or survey research, e.g. when a proposed Questionnaire may be tested on a few respondents before being used on a large---scale study, to see whether the questionnaire needs revising and whether the study itself is worth doing
Placement	The process of placing someone in a job, ideally with a perfect person---job fit. This is an important aspect of personnel management
Planning	Any attempt systematically to organize the future performance of people or money or goods and services within a given set of constrains and time horizon. (b) The management

	function that assesses the management environment to set future objectives and map out activities necessary to achieve that objective.(c) includes defining goals establishing, strategy and developing plans to coordinate activities
Plant	The building, equipment and machinery used in the running of an organization, especially in manufacturing industry
Power	The ability to make things happen by exerting influence over people or things. The most commonly recognized sources of power are physical strength, knowledge, or position in the hierarchy of an organization. But there are also less concert sources of power such as exist in personality factors like charisma or the relationships between people in an organization
Power Distance	The extent to which individuals expect a hierarchical structure that emphasizes status differences between subordinates and superiors
Pricing	The decisions made by an organization in setting a price for the goods of Service it provides, taking into account the cost of production and the nature of the Market
Proactive Management	a management style in which problems are anticipated before they become pervasive and time is set aside on both a daily and weekly basis to plan goals and priorities
Proactive strategy	a means of dealing with stakeholders when a firm determines that It wants to go beyond stakeholder expectations
Process	the way a product or service will be produced
Process Control systems	an operations information system that monitors and runs Machinery and other equipment
Process reengineering	a method of changing the entire production process rather than making incremental changes
Product differentiation	The packaging and advertising of different brands of virtually identical products in order to create differences between them in the mind of the consumer. (2) the process of designing and producing a range of the same basic products in order to appeal to differentsegments of the market, e.g. breakfast cereals with or without fiber, fruit sugar etc
Product innovation	A product whose production breaks new ground for an organization either because of the process involved in producing it or the market it is aimed at
Productivity	The rate of output of a worker or a machine. (b) A performance measure including effectiveness and efficiency
Product Life cycle	A term used in marketing to describe the different stages that every product goes through from its initial development and introduction to the market, via its in initial development and introduction to the market, via its initial sales and its established sales, to its eventual decline and withdrawal from the market
Product Manager	a management role that coordinates the development of new products
Product Mix	The range of products and the particular combination of them at any given time, that an organization products
Product obsolence	the final stage of a production cycle when it withdrawal of the product fromthe market
Profession	An occupation possessing high social status and characterized by considerable skill and knowledge, much of which is theoretical and intellectual in nature
Professional socialization	the process of socialization that a new recruit to a profession has to undergo
Program Evaluation and Review Technique	The name of a particularly popular technique in critical path analysis. (b) Tool for analyzing the conversion process
Programmed decision	Identifying a problem and matching the problem with established routines and procedure for resolving it
Portfolio analysis	an approach to classify the processes of a diversified companywithin a single framework or taxonomy
Projection	In psycho analysis this refers to an EGO DEFENCE where an individual (at the unconscious level) attributes to other people feelings he her himself if but which are too threatening to EGO to admit into his consciousness
Project Manager	a management role that coordinates work on a scientific, aerospace or construction project
Project team	a group that works on a specific project that has a beginning and an end
Promotion	An attempt to publicize an organization, its products or its interests, by advertising or public relations. (2) The process of moving within the same organization to a job of greater authority pay and status

Promotion in Civil Services	Of the most vital importance in the management of public personnel is the system of promotion. Promotion in words of Dr. White means an appointment from a given position to a position of higher grade involving a change of duties to a difficult type of work. Involving a change of duties to a more difficult type of work and greater responsibility, accompanied by change of title and usually an increase in pay. The promote goesfrom a lower position to a higher one which means more responsibility higher rank and incidentally, though not fundamental higher salary
Psychology	Most commonly defined at present as the study of human and animal behavior, a definition that accurately describes the route to increasing our psychological knowledge. An older definition the science of mental life, focuses on a psychological understanding of what that behavior is about and how make sense of its most intelligently
Public Administration	An old‑‑‑fashioned term dating from the time when the systematic study of administration was considered a public sector activity. It has been largely superseded by term business administration (when followed as part of a master of business administration course) and administrative science (B). Refers to the activity of a governmental unit in carrying out the public policy declared in the laws. It is also a field of professional study through which preparation for public managerial positions is secured
Public offering	a means of raising capital by the sale of securities in public marketssuch the New York Stock Exchange and NASDAQ
Public Relations	The systematic attempt by an organization to present itself to best advantage, both to an external public and to its employees by a process of persuasive communication. It is used to conjunction with paid advertising and concentrates usually on the mass media. The objective of the exercise is to build up and maintain good relations between the organization, its public and its employees.(b) in professional terms the function through which public and private organizations and institutions seek to win and retain the understanding sympathy and support of their present or potential public i.e. those groups with whom they are or may be concerned, such as voters, stockholders, directors, government officials employees, customers, suppliers and the general public
Punishment	an aversive or unpleasant consequence following understand behavior

Q

Quality	the term is now used mainly as a way of measuring or describing how good or bad a product is at performing its function
Quality circles	groups of employees who meet regularly to discuss ways to increase quality
Quality Control	Any technique, like the quality circle, for helping to maintain a desired level of quality in the production of a product. Normally this level will be as high as is feasible, but sometimes control will be exercised to ensure that quality is not too high
Quality Gap	the difference between what customers want and what they actually get from the company
Quality Market	a market in which the quality of a product is more important to the customer than the price
Quality of working life	An approach to work that first became prominent in the 1960s.It is concerned to improve the quality of life for people in the workplace by emphasizing the importance of good job design in making work more meaningful for workers and giving them more control over how they do it
Questionnaire	Any set of written questions used in the collecting of information for purposes of comparison. It is widely used in market research and is the basis of all work in survey research
Quota sampling	In statistic this is the process of sampling data from each subgroup of a given population. This is a particular form of stratified sampling widely used in market research where an interviewer is given a set number or quota of interview to carry out in a given stratum of the population and stops sampling when the quota has been achieved

R

Term	Definition
R& D	research and Development
Random sampling	In statistics this is the process of sampling data at random from a population so that inference can be made about the population from finding about the sample. The crucial condition is that each individual in the total population has an equal chance of being chosen
Rank order	any series of number items, or individual arranged in order of magnitude, either increasing or decreasing
Rationalization	in psychoanalysis this term is used to describe an EGO DEFENCE in which a person justifies some action about which he has unconscious guilt feelings because he really knows he should not have acted in that way. (2) In economics the term is used to denote the application of the most efficient methods in the use of resources in a creation of a more effective organization structure, which often implies one that is simpler and cheaper
Rational Management	the opposite of participative management the term is usually used to denote a management style that emphasizes objective measures of input and output rather than human relations
Reactive management	the management style of responding to the most urgent problem first when not enough time is available
Recruitment	The process of identifying possible candidates for a job vacancy. It starts with a job analysis after which a job description and job specification is drawn up. Likely candidates to meet the specification are then trawled, perhaps by advertising in an appropriate trade press or by head hunting. Ideally this process should be the logical outcome of manpower planning and first stage of a coherent policy of personnel management that continues until retirement. (b) The process of generating pool of qualified candidates for a particular job
Recruitment pipeline	the time frame from the receipt of a resume to the time a new hire starts work
Redeployment	the process of moving workers from one location to another, often with the objective of finding them alternative employment
Red Tape	It is official conduct of postponing decisions and delaying implementation of policies, quoting rules and regulations as hurdles. It is a defect associated with bureaucracy
Redundancy	the dismissal of someone from his employment either because his job has ceased toexist or his skills are no longer required
Reference group	in sociology this is the term for a group with which an individual identifies and whose group norms he follow, whether he is accepted by it or not and whether he is physically part of it or not
Reference power	power derived from the satisfaction people receive by identifying themselves with the leader
Relationship---building role	a lead ship style that focuses on maintaining good interpersonal relationships
Relative judgment	a performance appraisal approach in which employees are compared to one other
Relevant labor market	determined by which jobs to survey and which markets are relevant for each job, considering geographical boundaries as well as product---market competitors
Reliability	the consistency of results from the selection methods
Research and development	The first stage of a product life cycle in which science and technology is applied to the development of new products. The term is also used more generally to describe any systematic activity within an organization aimed at gaining it a competitive edge in the future
Resources allocation	the planning step that determines where the resources will come from (for instance, borrowing versus internally generated funds) and how the resources will be deployed to achieve the agreed---on objectives
Resource---based view	a strategic management viewpoint that basing business strategy on what the firm is capable of doing provides a more sustainable competitive advantage than basing it on external opportunities
Responsibility	the manager's duty to perform an assigned task
Restructuring	the process of changing a company by selling or buying plants or lines of business or by lying of employees
Result---oriented system	rating formats that place primary emphasis on what an employee produces

Term	Definition
	A French word which is used an American version of Curriculum Vitae
...agement system	an automated resume---processing system that use electronic technology to process resume, input data into an applicant database, and provide online access to resume and skills information on available job candidates
...il Audit	a market research technique which involves taking a representative sample of retail outlets and studying them to obtain data on distribution, sales stock etc
...iling	The selling of goods and services, in relatively small quantities directly to the consumer through a shop or other retail outlet. Compare with wholesaling
...il price index	a figure calculated monthly which reflects that cost of a set of basis goods and services used by most of the United Kingdom population
...ention	initiatives taken by management to keep employees from leaving, such as rewarding employees for performing their jobs effectively, ensuring harmonious working relations between employees and managers and maintaining a safe healthy work environment
...rement	the process of finishing one's full time work life at a designated or generally accepted age
...urn on investment	(ROI) a measure comparing training programs monetary benefits with its cost
...ard	Any kind of return (usually positive) as a result of a given behavior. It is most often used in employment to refer to monetary gains in return for an individual's performance at work. These gains may be in the form of pay or fringe benefits or perks
...ard power	power derived from the belief that the leader can provide something that other people value so that they trade their support for the rewards
...t approach	a means of making decisions based on the belief that each person has fundamental human rights that should be respected and protected
	The like hood or the statistical probability of failure in an enterprise; the essence of being an entrepreneur, and therefore of capitalism. The term is also used of the probability of damage or loss the essence of insurance. (b) the level of uncertainty as to the outcome of a management decision
...capital	capital invested in an enterprise with a high degree of risk, thought usually with the possibility of a large financial gain
	A term widely used in social psychology to refer to the kind of behavior expected of a given person in a given situation. The term has been applied generally to the organization a workplace. (b) Expectations regarding how teammembers should act in given situations
...e Ambiguity	a situation in which an individual is unclear about the role expected of her or his
...e conflict	a situation in which an individual is expected to play two or more roles which are in conflict or in competition with each other
...e differentiation	The process of the division of labor and of speciation within a group. The larger and more complex the group from the family to the multinational company---the greater the degree of role differentiation
...e expectation	the expectation other people have about the way a person will pay her role in a given situation
...e innovation	the process of changing the goals and objectives of a particular role
...e model	People after whom an individual will model his/her own performance of a given role. (b) The leadership mechanism in which managers serve as example of behaviors they would like employees to follow
...e negotiation	this term is sometimes used to describe a process that may take place during an interview with a candidate for a job where the exact role the individual would play in the organization is subject to negotiation
...e overload	an extreme form of role conflict where the number of different roles expected of an individual are simply too great for her to contain
...e playing	acting the part of another person in a therapeutic or business game situation (b) playing a certain role for the particular affect it will cause
...e relationship	any relationship between two people which is defined by the rolethey each play, e.g. boss and subordinate
...e reversal	a situation in which people agree to switch their usual role relationships
...e set	the significant others who have relationships with a given individual

the extent to which a role is specified and defined or left open
the process of switching from one role to another, a process in which socialization is of great importance

S

Salaried staff	This term is usually applied to staffs who is white---collar workers and whose pay is calculated on an annual basis and paid in equal monthly installments. This is in contract to the blue---collar worker, for example, which might be paid on an hourly basis or by the amount of worker completed
Salary Structure	The arrangement of pay within an organization such that different grades of employees doing different jobs will receive different rates. These rates would be based (originally) on the processes of job analysis and job evaluation, and eachwould normally be in the form of a scale with annual increment of pay
Sales promotion	any attempt to increase the sales of a particular product by raising public awareness of it through advertising or public relations
Sampling	In statistic this is the process of analyzing a sample drawn from a particular population when it is too difficult or expensive to deal with each member of that population. The most common ways to obtain a sample are by random sampling and stratified sampling including quota sampling
Sampling error	in statistic this is the extent to which a sample is not an accurate representation of the population from which it has been drawn
Sampling frame	the background or catchments area of population from which a sample is to be taken
Satisfying	Selecting the first alternative solution that meets a minimum criterion. (b) A term that originated in Economic to describe the situation in which an organization was sufficiently satisfied with what it had achieved to stop striving for more even though it had not reached its ideal or optimal targets. The term is also used more broadly to be almost synonymous with comprise' in a situation of conflict where a solution is reached which satisfies all parties but is less than optimal for any of them
Saving face	maintaining one's self esteem or the self---esteem of one's group in a situation of individual or group conflict, or any kind of bargaining
Scanlon plan	Named after the American trade union theorist Joseph Scanlon whose plan, first produced in the late 1930s, and was intended to herald a new form of co---operative relationship between management and unions. One outcome of the plan was a method whereby employees would share in the financial benefits of increased productivity by receiving each month a bonus based on a percentage. The Scanlon plan is regarded as an important contribution to industrial democracy
Scanning	the analysis of general environmental factors that may directly or indirectly be relevant to the firm's future
Scientific Management	a management method that applies the principles of the scientific method to the management process, determining the one best way to do a job and sharing the rewards with the workers.(b) an approach to management, based on the theories of FW TAYLOR, dealing with the motivation to work. It sees it as a manager's duty to find out the best way to do a given job by a process of work measurement, than give each worker individual instructions which have to be strictly followed. The individual is thus seen as the extension of his machine, and his rewards are also to be allocated mechanically with more pay expected regardless of any other factors
Seasonal unemployment	a form of unemployment that peaks at certain times of the year due to the nature of the industry in question; e.g. construction or tourism
Secretary	an individual female who supports one or more executive in an organization by typing filling, arranging meetings, screening telephone calls etc. an Individual usually male, who is the executive responsible for administrative arrangement (and often the legal and financial arrangements) of a group or organization e.g. the of the cricket club or secretary of committee
Segmented communication	flows of information within the firm that is far greater within groups than between groups
Selection	The screening process used to decide which job applicant to hire. (b) The process of choosing someone for a particular job which follows the recruitment of suitable candidates. The selection process will probably include an interview and may also include tests such as

Term	Definition
	ability, aptitude, intelligence, personality and physical
	Type of perception barrier whereby the receiver focuses on the parts of the message that are most salient to his or interests and ignores other parts that are not relevant. (b) Literally, the process of seeing what you want to see. The process of perceiving the world as we need to perceive it, whatever the relation of that perception to objective reality, is the way we satisfy the need to make sense
...ction ration	the percentage of applicants hired, which is used in evaluating the usefulness of any predictor
...---actualization	According to the American psychologist ABRAHAM MASLOW this term describe the ongoing striving to fulfill one's creative capacities. This is considered an important sign of psychological health
...---censorship	A situation in which people do not say what they really think in a group discussion, for the sake of group cohesiveness. This is one of the factors contributing to groupthink
...---concept	the entire element that make up a person's view of herself including her self---image
...---employment	working for one and not being a staff member of an organization
...esteem	The degree to which a person likes herself;how worthy she deems herself to be. High self---esteem is generally considered to be an important sign of psychological health
...---fulfilling prophecy	the idea that expectations concerning one's own or other People's behavior can lead to the expected behavior appearing, such as in the PYGMALION conflict
...---image	The self a person believes himself to be; one's self---image is a composite of many things and may bear little relation to any objective assessment to oneself or the assessment of others. It begins very early in life and is probably, to a large extent, physical. This early body image can stay with a person for the rest of his life. The judgment of other people are also important in the formation of the self---image, but even though someone's social contacts and therefore the judgment made of him, may change greatly in later life, he may still think of himself in terms of the earlier judgment
...---Knowledge	Having an accurate awareness of what our self is really like. Where Such knowledge is painful we will invest an enormous amount of energy in not knowing
...---leadership	leadership that stresses the individual responsibility of employees to develop their own work priorities aligned with organizational goals; the manger is a facilitator who enhances the self---leadership capabilities of subordinates, encouraging them to develop self control skills
...er's market	a market situation in which sellers have more power to influence prices and conditions of sale than buyers, usually because demand exceeds supply
...ority	This term refers either to higher rank or greater length of services in an organization. (b) a defense against discrimination in which companies with a well---established seniority system can give more senior workers priority, even if this has an adverse impact on protected class members
...or Management	the term applied to managers who are relatively high in the hierarchy of an organization because they are senior in level of responsibility and authority and often in age as well
...erance pay	a payment made to an employee either because his contract of employment has ended or because he has to lose his job through on fault of his own e.g. redundancy
...role	The different behavior a society expects of a male or female person on the basis of their sex. As social differences invariably imply prejudice, this is the basic for sexism in society
...ual Harassment	the occurrence of verbal or physical abuse solely on the basis of the sex of the victim. It is very common in the workplace and almost always by men against women. (b) a form of discrimination that is broadly interpreted to include sexually suggestive remarks, unwanted touching, and physical or verbal act that indicates sexual advances or requests sexual favor, a promise of reward or hidden threats by a supervisor to induce emotional attachment by a subordinate and a hostile environment base on sex
...t work	The process of divining the whole 24--- hour day into work periods, often of eight hours each e.g., midnight---8:00 am---4:00 pm and 4:00 pm midnight. Shift work is used to obtain maximum use of plant in manufacturing, or of the work---force in the service sector, especially that part of it which includes the emergency services where continuous cover is

Term	Definition
	required
	A term originally applied to the area of a factory in which production took place. It has been widened in its applications to indicate the blue---collar workers in an organization as opposed to the white---collar workers in an organization as opposed to the white---collar workers, or even the work---force in general as opposed to the management
shop steward	a trade union official elected by fellow workers on the shop floor to represent them in their day---day dealings with the employers or their Management representatives
shortlist	A list of leading candidates for a particular job or position as the result of a recruitment process. People on the shortlist will be asked to attend an interview, and will perhaps be given some tests as well, before the final selection is made
short---time working	A situation in which a workplace is forced to work a reduced working week because of a shortage of orders. This is seen as a temporary measure to cut labor costs while retaining the work---force intact
simulation	The creation of a controlled replication of a real life situation for purposed of training, analysis or policy decision---making. It may be abstract and use sophisticated mathematics (like a simulation, or model, of the world economy) or concrete and use the business game
situational context	the factors that are outside the control of the subordinate such as the task defining the job, the formal authority system of the organization, and the work group
sex differences	These refer to all differences in behavior or ability between males and females. As with supposed racial differences there is no evidence that there are any, what like a genetic sex difference in aggressiveness, for instance is due to a cultural process of learning the sex role considered appropriate for either males or females
six sigma	a quality standard that is equivalent to generating fewer than 3.4 defects per million manufacturing or services operations
skills	a learned response, often as the result of specific training, which affords someone the ability to perform a particular task and achieve a particular goal
skills inventory	a human resource inventory that keeps track of the firm's internal supply of talent by listing employees education, training, experience, and language abilities; the firm can use this information to identify those eligible for promotion or transfer before trying to fill the position from the external market
Skinner, BF (1940---1990)	An American psychologist and the most celebrated exponent of behaviorism, not just in the study of psychology but as a means of running a society. His own techniques of conditioning were based on the research of Pavlov and Watson. In recent years he has expounded the social implications of his views in a number of influential works intended for the general public
Sloan, Alfred P (1875---*5)	An American industrialist who took over a small and ailing motor manufacturer, General Motors, in the early 1920s and turned it into one of the biggest corporations in the worl---d and at the expense of the Ford Motor Company. He did so mainly by introducing the concept of professional Management to a business world that was still largely run by the personal proprietor, like Henry Ford, whose company almost went out of business in competition with GM
slush fund	an informal unofficial and sometimes dubious source or funds from which an organization can finance a great variety or informal, unofficial and sometimes dubious activities, ranging from staff outgoing, or bribing public officials
small business	any business that is independently owned and operated, that is small in size, and that is not dominant in its markets
Smith, Adam (1723---1790)	An eighteen century Scottish economist and Philosopher who based his doctrines of the free market on a rational---economic view of human nature. He argued that, as individual self---interest was the driving force whose aggregate effects resulted in social harmony, there should therefore be no state intervention in the market between buyers and sellers. He also proposed specialization and the division oflabor in manufacturing
social accounting	a particular concern with the social aspects of a cost---benefit analysis
social anthropology	The systematic study of the social system and the culture of different societies, particularly non---literate societies. Its major research method is participant observation

Term	Definition
	a rather old---fashioned term for socio---economic status considered crude and gauche n some quarters, if not downright subversive
al cohesion	a similar process to that of group cohesiveness, though on a larger scale extending to an entire culture or society
al comparison	The process of evaluating one's attitudes and behavior by comparing them with those of other people. In social psychology there is an idea that when people are uncertain of what to do (or think or feel) in a given situation they are more likely to take their cue from other people and conform to their behavior
al control	The control that a group or culture, or society exerts upon the individual who comprise it. This control stems from the process of socialization and is exhibited as conformity pressures towards social norms
al deprivation	In sociology this term is used to describe the situation of an individual or group lacking the material benefits which are generally enjoyed in a society. Compare with relative deprivation
al distance	the degree to social intimacy someone will accept in relation to other individual or groups
al---emotional leader	The individual who may emerge in a small group as the person who keeps up the morale and facilitates the interpersonal relations of the group. Compare with task leader
al facilitation	The stimulating effects on someone's behavior of other people---even the mere presence of other people. The Hawthorne effect isan example of social facilitation
al influence	a basic concept of social psychology which refers to the effects on a person of relations with others, whether individuals groups, or society in general
al interaction	the mutual social influence that people have on each other's behavior in a social setting
alization	the process of internalizing or taking organizational values as one's own
al norm	Behavior that is expected of all the members of a society. The norm of social behavior is therefore one way of defining social normally
al psychology	the branch of psychology that deals with social life, the behavior of people in groups, and the behavior of individuals in social setting
al skills	A set of skills in dealing with other people which determine someone's effectiveness in a social or group setting. They include interpersonal skills development as well as interpersonal relations and non--- verbal communication
al status	someone's general position in society in relation to andas determined by other people
al stratification	in sociology this term refers to the division of a society into a series of strata of differing social class or social economic status
al support	positive interpersonal relations with colleagues, friends or family which are particularly helpful in dealing with the effects of stress
o---economic status	In sociology this term refers to the categories produced from the social stratification of a society by income and occupation. In the United Kingdom these are six in number and they are widely used in Advertising, market research and survey research: A (upper middle class) higher managerial, administrative or professional B (middle class) intermediate managerial, administrative or professional C1 (Lower middle class) supervisory, clerical junior managerial, administrative or professional) C2 (Skilled working class) skilled manual workers D (Working class) semi---skilled and unskilled workers E (lowest level of subsistence) state pensioners, widows, casual and lowest grade workers
ware	the computer programs, codes and other support material available for use with particular hardware
n of control	The number of subordinates who report directly to a given manager and over whose work he exercises authority generally speaking, the higher a manager is in the hierarchy ofan organization the smaller the span of control he/she has to deal with. (b) The feature of the vertical structure of an organization that outlines the number of subordinates who reportto a manager, the number of managers, and the layer of management within the organization
cialist	an individual who is an expert in one particular field of study or in the use of a certain ability or skill or even in the performance of a particular task

Term	Definition
---off	In economics this term refers to part of the division of labor in which a given task is broken down as far as possible into subtasks, each of which then becomes the responsibility of a specialist worker. Specialization is therefore an important basis for mass production an independent entrepreneurship that produces a product or service that originated in a large company
f	This term is most often used to describe the white---collar workers usually full time employee--- of an organization, as opposed to blue---workers. The term refers to a different of status in term of pay, condition of employment and fringe benefits.(b) the managerial activities of identifying work requirements within an organization; determining the numbers of people and the skills mix necessary to do the work; and recruiting, selecting and promoting qualified candidates
f appraisal	The assessment of how well a member of staff is doing. It is usual to include a performance appraisal interview as part of this process
f association	In terms of industrial relations a staff association is equivalent to a company to a company union as it usually has no powers of collective bargaining on pay and conditions of employment. It also has the function of organizing social activities for staff
f authority	Management functions of advertising, recommending, and counseling line mangers and others in the organization; it provides specialized expertise and is not directly related to achieving the strategic goals of the organization
f inspection	a job analysis of all staff positions in an organization as the first step in a process of rationalization
f Management	The management of staff in an organization (2). Managers who have a specialist service or advisory support function and are not in the chain of command of the organization's hierarchy
f Manager	the level of management that helps line managers achieves bottom---line results while only indirectly contributing to the outcome
eholders	the group or individuals who have an interest in the performance of the enterprise and how it uses its resources, including employees, customers and shareholders
dard hour	In work study this term refers to a unit of work rather than time. It is the measure of the performance of a standard operator for a given task over one hour
dardization	The process of production that provides standard machine parts through a wide variety of manufacturing. This is one of the bases of Mass Production. The process of setting generally acceptable standards of product of quality
e intervention	the intervention by government, either directly or indirectly, in the working of the economy
e---of –the Art	The very latest product in its field
Statistical process control	The use of statistical techniques to determine the acceptable limits of variation of quality of a given product, usually involving random sampling of the output. (b) An operations management monitoring tool that uses quantitative methods and procedures to evaluate transformation operations and to detect and eliminate deviations
istics	a form of mathematics used on data gathered in studying behavior and by which investigators evaluate their findings and make inferences of wider implication than their study sample
us	The standing of an individual in an organization. This is based on the amount of respect he is accorded by other people, whether it is because of his position in the hierarchy or because of personal qualities like charisma. The standing of a document under discussion. How formal or official is it and what is the appropriate way or responding to it?
ming stage	a stage in team development in which team members voice their differences about team goals and procedures
tegic action plan	Management plans based on macro approaches for analyzing organizational features, resources, and the environment and establishing long---term corporate wide action programs to accomplish the stated objectives in light of that analysis
tegic alliances	cooperative arrangements between competitors or potential competitors form joint venture or collaboration between firms on specific projects

	compensation practices that best support the firm's business strategy
	decisions that have a long---term perspective of two or five years and affect the entire organization
Strategic HR Planning (RP)	The development of a vision about where the company wants to be and how it can use human resources to get there. (b) an approach to human resource management that has the goal of using people most wisely with respect to the strategic needs of the organization, ensuring that people from all the levels of the organization are working to implement the strategy of the business effectively
tegic intent	the firm's internally focused definition of how the firm intends to use its resources, capabilities, and core competencies to win competitive battles
tegic job analysis	future---oriented analysis that identify skill and ability requirements for jobs that do not yet exist
tegic Managers	the firm's senior executive who are responsible for overall management
tegic Meeting	bringing people from different departments or divisions together to synchronize plans and objectives and to coordinate activities
tegic Mission	the firm's externally focused definition of what it plans to produce and market, utilizing its internally based core competence
tegic Planning	the basis of a corporate plan or other broad based and long---term assessment of an organization's future
ategizing	the management skills of focusing on the firm's key objectives and on the internal and external environments and responding in an appropriate and timely fashion
egy formulation	the design of an approach to achieve the firm's fashion
ss	Physical and psychological tension and strain usually accumulated over a period of time, which threatens a person's ability to go on coping with the demands of a given situation. If it is not dealt with it will frequently result in psychosomatic disorders
ss Interview	An interview that is deliberately conducted by the interviewer in a harsh and hostile manner with the supposed intention of testing the interviewee. It is more likely to be the sign of a man with an inferiority complex testing his manhood
ctural change	deep---seated changes that affect very structure of a society, like the industrial inventory
Structural unemployment	unemployment that arises from the changing structure of an industry or society (e.g. in the pattern of demand) that is long term or even permanent, as opposed to seasonal unemployment or unemployment that is a temporary reflection of prevailing economic conditions
ctured interview	An interview in which the interviewee is led through a fixed series of topics based on a set of prepared questions, often raised in a particular order. This method emphasizes comparability of respondents at the expense of flexibility for the interviewer and scope for amplifying answers by the interviewee
contracting	the practice of making an agreement between the main contractor responsible for a project and another organization which will subcontract to carry out part on it
culture	a term borrowed from anthropology by sociology to denote aculture within a culture, i.e. one which shares most of the main features and values of the parent while retaining special characteristics of its own
ernumerary	someone who is surplus to requirements for an organization at a given time and place, e.g. result of over manning
ervisor	anyone who supervises the work of others, although a supervisor, like a Forman, is usually regarded as being on the first level of line management in the hierarchy of an organization
ey research	A technique for gathering data from large numbers of people by the use of questionnaires and using statistical sampling methods. **SWOT (**Strengths---Weakness –opportunities---threats Analysis): a strategic management tool to evaluate the firm, which is accomplished by identifying its strengths and weakness, identifying its opportunities and threats, and cross---matching strengths with opportunities, weakness with the threats strengths with threats, and weakness with opportunities
pathy	The ability to feel with someone. It is an emotional experience as compared to empathy
dicate	A group of individuals or organizations who combine for some common goal which is to

	their mutual benefit
	Allows individuals to blend complementary skills and talents to produce that are more valuable than the sum of the individual contributions. (B) A situation in which the co---operation of two or more individuals groups or organization produces a combined effect which is greater than could have been produced by the sum of the separate entities eg.. super ordinate goal achieved by two groups
em	any series of interconnected elements forming an organized or organic whole with common objectives, Example can range from an individual central nervous system to a society's family and kinship arrangements
em4	a classification of Management style by the American psychologist Rensis Likert, There are four styles in all arranging from the autocratic (System 1) to the democratic (System4)
em Analysis	the attempt to formulate general principles that could be applied to any system by a comparative analysis of the structures and functions of as wide a variety of system as possible
em approach	an approach to managing human resources that provides a conceptual framework for intergrading the various components within the framework and for linking the human resources management (HRM) system with larger organizational needs
emic discrimination	any business practices that result in the denial of equal employment opportunity
test	this is a psychological test of personality, developed by the American psychologist Raymond Cattell, which attempts to measure sixteen major personality factors (hence 16PF). The test is sometimes used in occupational psychology for the purpose for selection where the findings are matched against important personality factors that have some been identified for various occupations

T	
T---Group	a form of sensitivity training
Tactical action plans	Management action plan at the division or department level at indicates what activities must be performed, when they must be completed, and what resources will be needed at the division or departmental level to complete the portions of the strategic action plan that fall under the purview of that particular organizational subunit
Tactical decisions	decisions that have a short---term perspective of one year or less and focus on subunits of the organization, such as departments or project teams
Tactical Managers	the firm's management staff who are responsible for translating the general goals and plan developed by strategic managers into specific objectives and activities
Tactical Planning	Short--- to middle---range business planning that addresses issues associated with the growth of current or new operations, as well as with any specific problems that might disrupt the pace of planned growth. Also known as operational planning
Talent inventory	the human resources skills, abilities and potential, and analyzes how those resources are currently being used
Tangible resources	assets that can be quantified and observed, including, financial resources, physical assets, and manpower
Task	The major element of work that makes up a job. Each task in a job description is intended to contribute to the overall objectives of the job
Task	The major element of work that makes up a job. Each task in a job description in intended to contribute to the overall objectives of the job
Task analysis	the analysis of a task into its constituent operations for the purposes of identifying the skills involved and the training necessary to improve them
Task facilitating role	the team---member role with the priority of helping the team accomplishments and performance results
Task force	a temporary interdepartmental group formed to study an issue and make recommendations. (b) A group of people who are brought together for a particular task, usually involving a special project or unusual problem. The group in normally disbanded when the task has been successfully completed
Task Identity	the extent to which a task is composed of a single, whole and identifiable piece of work
Task leader	the individual who may emerge in a small group as the person who tries to keep the attention of the group focused on its task and who tries to ensure that it gets done
Tax avoidance	the legal attempt to reduce the burden of taxation on an individual or organization
Tax deductible	any business expense that can be deducted from income before the calculation of tax due
Taylor F.W (1856--- 1915)	An American engineer who invented work study and founded the scientific Management approach to the world of work (sometimes known as Taylorism) at the beginning of the twentieth century. He placed great emphasis on analysis the constituents operations of a task down to the finest details. Taylor also saw the importance of good selection and training procedures and argued for better communication between management and the shop floor and better cooperation in general both sides of industry
Team	a small number of people with complementary skills, who are committed to a common purpose, a set of performance goals, and an approach for which they hold themselves mutually accountable
Team building	A technique that aims to help work groups by improving the quality of their member's interpersonal relations as well as their skills at solving problems and accomplishing their task. This is usually done with the aid of an external consultancy which will diagnose the way the work group functions, helping members to identify difficulties and suggest improvements
Team cohesiveness	the extent to which members feel a high degree of camaraderie, team sprit and sense of unity
Team norms	share beliefs that regulate the behavior of team members
Technology	The means of transforming inputs into products. (b) The practical application of scientific

Term	Definition
	innovation to industry
	the transfer of a technology from an area in which it has been successfully applied to an area in which it has not yet been tried
communication	any form of communication by electronic means
conference	a discussion or conference where participants are geographically scattered and linked by means of telecommunication such as audio conferencing or video conferencing
phone interviewing	an adaptation of the interview technique used in survey research where face--- to face interviewing is not possible or advisable
Marketing	a form of pilot study on a new product, where it is tried out in a limited area first in order to see whether it would be worth marketing more widely
Thematic Apperception	A projective technique developed in the late 1930s by the American psychologist Henry Murray. It consists of vague and ambiguous drawing (usually of one or two human figures) about each of which the subject has to make up a story. The themes that may emerge from these stories are then used to diagnose areas of emotional conflict or concern in the subject. This technique has been widely used in the selection of senior management where, for example, the incidence of achievement imagery might be of particular interest
ory X	a negative perspective on human behavior(b) in the terminology of Douglas McGregor this describe the rational---economic view of the human nature that people only work when they have to and therefore require authoritarian management
ory Y	In the terminology of Douglas McGregor this describes view of human nature in which people would like to be creative in their work and take more responsibility for it. They would thus be more responsive to democratic management and it's enabling function than is suggested by the proponents of theory X
ory Z	The term suggested by the American writer on organizational theory William Ouchi for western adaptation of Japanese Management practices. The theory Z organization is distinguished by several important features: I life time employment: 2. relatively slow promotion; 3. Concern for the whole person;4. Informal control and leadership; 5. Individual responsibility; 6. Consensual decision---making;7. Relatively less specialization. There is some evidence that theory Z organizations have less absenteeism, greater productivity and better quality output than others
e budget	the preparation of a detailed timetable of work activities in order to help improve time management and efficiency
e horizon	the degree to which the planning of an organization or an individual manager extends into the future
e in Lieu	a period of time off work, usually taken at the employees discretion, to make up for time worked over and above normal working hours, i.e., an exchange of time for the money that would have been paid for working an overtime rate
e sharing	a situation in which two or more people or organizations make use of the same piece of equipment (particularly a computer) in order to share costs and to maximize use of the resource
rance for ambiguity	the ability to live with a situation that is not clear cut, where different interpretations of what is happening are possible and where the outlook is observe, in sum the ability to accept complexity in human affairs without seeking the comfort of simplistic solutions. In psychology, high tolerance for ambiguity is usually seen as a sing of psychological health and maturity
---down change	organizational change that is initiated by managers
l factor productivity	the measurement of how well an organization utilizes all o f its resources, such as capital, labor, materials, or energy, to produce its outputs
Total Quality Management M)	An organization wide management approach that focuses on quality as an over searching goal. The basis of this approach is the understanding that all employees and organizational units should be working harmoniously to satisfy the customer. (b) An approach to and concern for quality which pervades the organization from to bottom. It was originally introduced to Japan in the aftermath of the Second World War by the American engineers W Edwards Deming and Joseph Duran. It is based on close attention to detail, self---

Term	Definition
	monitoring by workers at each step and a passionate commitment to quality as part of an organization's identity, and which is internalized by everyone in it. This approach is customer driven and aims for Zero in it. This approach is customer driven and aims for zero defects, while being imbued with the spirit of Kaizen or continuous improvement
...ning	An area of personnel management concerned with making the best use of the Human Resources in an organization by providing them with the appropriate instruction to acquire the necessary skills for their jobs. (2) Planned programs designed to improve performance at the individual, group and or organizational levels
Training and development ...e of training	the phase of training whose purpose is to design the environment in which to achieve the objectives defined in the assessment phase by choosing methods and techniques and by delivering them in a supportive environment based on sound principles of learning
...ning Outcome	the effectiveness of a training program based on cognitive, skill---based, affective, and results outcomes
...ning paradox	the seemingly contradictory fact that training employees to develop their skills and improve their performance increases their employability outside the company while simultaneously increasing their job security and desire to stay with their current employer
	any enduring characteristic of an individual's personality
Trait Appraisal instrument	Performance appraisal tools that evaluate employees based on worker characteristic that tend to be consistent and enduring, such as decisiveness, reliability energy, and loyalty
... Theory	any approach to the study of leadership which emphasizes the importance of trying to identify distinguishing characteristic or traits of personality common to successful leaders
...sactional leaders	leaders who use legitimate, coercive, or reward powers to elicit obedience and attempt to instill in followers the ability to question standard modes of operation
...sfer	the extent to which competencies learned in training can be applied on the job
...sfer of Training	The process whereby the learning achieved in one situation is transferred to another situation. This can have positive effects (knowing Spanish aids the learning of Italian) or sometimes negative effects (knowing how to steer a car is detrimental to steering a boat with a tiller).
...sformational ...ership	a leadership style characterized by the ability to bring about significant change in an organization, such as a change in vision, strategy or culture
...t	the willingness of one team members to increase his or her vulnerability to the actions of another person whose behavior he or she cannot control
...t –control dilemma	the basic problem of delegation faced, at any level, by a manager in an organization of how much trust to have in the subordinate to whom the work is delegated and how much control, if any of the work to retain
...on assistance ...rams	support by the firm for employees' education and development by covering the cost of tuition and other fees for seminars, workshops and continuing education programs
...key project	a specialized type of exporting in which the firm handles the design, construction, start---up operations, and workforce training of foreign plant,and a local client is handed the key to a plant that is fully operational
...over	The amount of sales revenue achieved or business transacted during a given period of time. 2. Loss of people from and appointments to the work force during a given periodof time. 3. The Through put of stock in either manufacturing production or in services
...---step of ...munication	the idea that the mass media of communication first influence the opinion leaders in a community who in turn influence the opinions and attitudes of others
...---way communication	communication channels that provide for feedback
...e a personality	A set of personality characteristics that have been linked to a particular suptibility to heart disease. These characteristics include being impatient, always rushing, trying to do too many things at once, walking, talking and eating fast, being hard---driving at work, having few interests, outside work and hiding feeling, type A personality in always contracted with type B personality
...B Personality	a set of personality characteristics that are the opposite of type a personality and therefore considered to be much less suptible to hear disease. These characteristics include being casual about appointment, being a good listener, never feeling rushed, slow and deliberate in manner and speech, easy---going many interests outside work and able to express feelings.

Both types A and B are extreme instances and people would generally fall somewhere between the two

U

Uncertainty	the condition when incomplete information is available and must be to make a management decision
Unconscious	This is the most important concept in psychoanalysis. It is the region of the psyche that contains impulses and desires which are too threaten to be allowed into consciousness and from which they have been repressed or inhibited from entering. The effects of this repression and inhibition are expressed in conscious (and never claimed to have done so), he systematically probed the dynamic mechanisms involved in its relationship with the conscious psyche, and did more than anymore else to expose the great amount of irrationality in human affairs. Unfair dismissal: the verdict of an industrial tribunal which is sought by an employee who feels he has been wrongfully dismissed by his employer. The employer has to show that the dismissal was fair and legal
Unit of Command	In organizational theory, this is the principle that each member of an organization should report to only one person. (2) The management concept that a subordinate should have only one direct supervisor and a decision can be traced back through subordinates to the manager who originated it
Unstructured interview	An interview which is not guided by a set of fixed questions, or perhaps even topics from the interviewer but in which as free and open a discussion as possible is encouraged within the constraints of time and the objective of the interview. This method emphasizes flexibility for the interviewer and scope for expression by the interviewee, at the expense of comparability across respondents. In practice most interview of whatever kind fall somewhere between the completely unstructured interview and the totally structured interview
Upward Communication	communication from lower level, of employees up to senior Management in the hierarchy of an organization. A much difficult proposition than either downward communication or horizontal communication.(b) sending a message from a position lower in the hierarchy to a receiver higher in the hierarchy
Utilitarianism	a means of making decisions based on what is good for the greatest number of people

V

Validity	the measurement of how well a technique used to assess candidates is related to performance in the job
Value	chain analysis: strategic management analysis that breaks the firm down into a sequential series of activities and attempts to identify the value---added of each activity
Variance	In statistic this is the square of the standard deviation. It is used to measure the spread of scores in a particular test or experiment
Venture capitalists	financial investors who specialize in making loans to entrepreneurships that have the potential for rapid growth but are in high---risk situations with few assets and would therefore not qualify for commercial bank loans
Vertical Communication	a term applied to downward communication, though more usually to upward communication in an organization
Vertical dimension	the organization structure element that indicates who has the authority to make decisions who is expected to supervise which subordinates
Vertical integration	The process whereby a company extends its business interests into each stages of production of or sales, of its products. Though sometimes a company is able to do this for it, it is usually accomplished by some form of merger with, or takeover or another firm concerned with a different stage of the same product, e.g. a publisher may take over a bookshop
Vertical integration strategy	a form of diversification strategy in which a firm integrates vertically by acquiring businesses that are supply channels or distributors to the primary business; producing its own inputs is backward integration, and distributing its own output is backward integration, and distributing its own outputs is forward integration
Videoconferencing	a teleconference using video, as well as audio, means of communication
Virtual Corporation	a new organization form in which teams of specialists come together through technologyto work on a project, and disband when the project is finished
Virtual teams	Groups that use interactive computer technologies such as the internet, groupware (software that permits people at different computer workstations to collaborate on a project simultaneously) and computer---based videoconferencing to work together regardless of distance
Virtual workplace	a new organizational form based on the idea of working anytime, anywhere---in real space or in cyberspace
Visible cultural	the aspect of culture that an observer can hear, feel or see
Visioning	conceptualizing what should be happening in the future, and having the ability to excite and inspire others in making the vision a reality
Visual search	in ergonomics, this term refers to the process of scanning display of its operations on a television screen
Vocational guidance	A branch of occupational psychology which helps people to choose an occupation or a career which will be mutual benefit to them and their prospective employers. It makes use of the interview technique plus an extensive battery of psychological tests, including tests of ability, aptitude and need for achievement
Voluntary contracts	Because both parties enter the labor contract freely, one party can use the legal system to enforce the terms of the contract if the other party does not fulfill its responsibilities
Voluntary redundancy	a situation in which an employee requests or agrees to redundancy, usually in return for favorable terms of compensation
Voluntary work	unpaid work due by volunteers for a charity or similar organization
Vroom---Yetton Model	A contingency theory of leadership that uses a decision tree to identify the most appropriate leadership style for a given situation. It was developed by two American industrial psychologists, Vroom and Yetton

W

Welfare function	The basic function of personnel management which implies responsibility for the well---being of an organization's members, physical, mental and social. At the every least this will include health and safety at work but, depending on the policy of the organization, it may also include many other things, like Affirmative action Paternity leave, or the provision of a crèche for working mothers or small children
Welfare State	a country whose government accepts that it has the primary responsibility to look after the welfare of its citizens; their education health, employment and retirement in particular
White---collar crime	criminal offences associated with businessmen or white---collar workers, like embezzlement, fraud or insider dealing or the stock market
White---collar worker	Popular term for any member of staff who works in an office. The name derives from the practice of (men) wearing a white shirt to work (in the days when men wore white shirts---with white collars)
Whole method	a technique for learning in which the material is learned as a whole an each practice or repetition
Wholly owned subsidiaries	a means of entering new markets in which a firm fully owns its subsidiary in foreign countries
Wholesaling	Acting as an intermediary or middleman between the production of goods and their retailing to the general public. It usually involves the stocking of relatively large quantities of goods for onward communication
Win lose bargaining	in negotiations, the bargaining posture that assumes that the goals of the parties are irreconcilable; also known as distributive bargaining
Win Lose Style	negotiating style used when there is a single issue that consists of a fixed amount of resources in which one party attempts to gain at the expense of the other
Win---Win bargaining	in negotiation the bargaining posture that assumes that the goals of the parties are not mutually exclusive, that it is possible for both sides to achieve their objective
Win---Win style	Negotiating style requiring all interested parties to convert a potential conflict into a problem---solving process in which each party seeks to identity common, shared common, shared or joint goals
Work	Any kind of purposive activity whether paid or unpaid, full time or part time, formal or informal. With reference to an organization it is used about the operations involved in a particular job or task
Work design	the part of the job design process that is concern with the actual working operations, as opposed to the personnel management aspects
Workers compensation programs	programs that provide payments to workers who are injured on the job, or who contract a work---related illness
Workers sample tests	standardized measures of behavior whose primary objective is to assess the ability to do rather than the ability to know through miniature replicas of actual job requirements
Work experience	a period of time spent doing unpaid work in a workplace environment by young people about to leave school, as preparation for future employment
Work flow	the arrangement of jobs in a particular sequence intended to help an organization run smoothly and productively
Work Group	Members of a group who are held accountable for individual work, but they are not responsible for the output of the entire group
Working class	the principal productive force of modern society, the main driving force of the transition from capitalism to socialism and communism
Work life program	an employer---sponsored benefit or working condition that helps employees to balance work and non---work demands
Work Measurement	an integral part of the work study, process in which a variety or (subjective) methods, like work sampling, are used to fix a standard time for the acceptable performance of a given task by a trained worker
Work organization	any organization which, in the course of trying to fulfill its goals gives paid employment (whether full---time or part time) to one or more workers
Work Planning	identification of the numbers of employees and the skills needed to perform available jobs,

	based on an understanding of available competencies and change in jobs required by corporate goals
k Sampling	a technique used in work measurement and work study for obtaining information about a particular job or task by the sampling (usually Random Sampling) from the work activities at various times rather than by continuous observation
k simplification	a process used in organization and methods or work study where a system of work is it's examined to see if unnecessary expenditure of energy can be removed
k utilization	a means of identifying whether the composition of the workforce---measured by race and sex---employed in a particular job category in a particular firm represents the composition of the entire labor market available to perform that job

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