PRINCIPLES OF MANAGEMENT

MCA 202

SELF LEARNING MATERIAL

DIRECTORATE

OF DISTANCE EDUCATION

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PRINCIPLES OF MANAGEMENT (MCA- 202)

UNIT I

Management: Concept, Nature, Importance; Management : Art and Science, Management As a Profession, Management Vs. Administration, Management Skills, Levels of Management, Characteristics of Quality Managers.

Evolution of Management: Early contributions, Taylor and Scientific Management, Fayol's Administrative Management, Bureaucracy, Hawthorne Experiments and Human Relations, Social System Approach, Decision Theory Approach.

Business Ethics and Social Responsibility: Concept, Shift to Ethics, Tools of Ethics.

UNIT II

Introduction to Functions of Management

Planning: Nature, Scope, Objectives and Significance of Planning, Types of Planning, Process of Planning, Barriers to Effective Planning, Planning Premises and Forecasting, Key to Planning, Decision Making.

Organizing: Concept, Organisation Theories, Forms of Organisational Structure, Combining Jobs: Departmentation, Span of Control, Delegation of Authority, Authority & Responsibility, Organisational Design.

UNIT III

Staffing: Concept, System Approach, Manpower Planning, Job Design, Recruitment & Selection, Training & Development, Performance Appraisal

Directing: Concept, Direction and Supervision

Motivation: Concept, Motivation and Performance, Theories Of Motivation, Approaches for Improving Motivation, Pay and Job Performance, Quality of Work Life, Morale Building.

UNIT IV

Leadership: The Core of Leadership: Influence, Functions of Leaders, Leadership Style, Leadership Development.

Communication: Communication Process, Importance of Communication, Communication Channels, Barriers to Communication.

UNIT-V

Controlling: Concept, Types of Control, Methods: Pre-control: Concurrent Control: Post-control, An Integrated Control System, The Quality Concept Factors affecting Quality, Developing a Quality Control System, Total Quality Control, Pre-control of Inputs, Concurrent Control of Operations. Post Control of Outputs.

Change and Development: Model for Managing Change, Forces for Change, Need for Change, Alternative Change Techniques, New Trends in Organisational Change.

UNIT I

Management:

Concept

We all know that management is an art of getting things done, by others. No one excels in this art like our mothers, which is why they are the best managers around! On a more serious note, it has often been debated whether the study of management is an art or science. One of the earliest scientists of management Henri Fayol has laid down 14 principles of Management. But before you learn these principles you need to first understand the basic concept of management and its principles.

Definition of Management

Management has been defined by several theorists in their own way. *Henri Fayol* defined management as*,* "Management is to forecast, to plan, to organize, to command, to coordinate and control activities of others." In simple terms, management is a means of organizing and delegating the work that needs to be done among people who can do it, and then ensuring that said work is done diligently and timely.

You will see management in almost all walks of life. Sometimes you will be managing things without actually realizing it. The simplest example is, being the class representative. There are so many things a class representative has to manage. An efficient class representative is the one who knows how to delegate duties and take command of the situation.

14 Principles of Management

In the corporate world, management has a very crucial role to play. We have a proper chain of command which can only function if there is efficient management in place. The early scholars foresaw this need and came up with the principles of management. These principles are like basic guidelines for managers.

In order to be an efficient manager, an individual must be aware of these principles. Henri Fayol gave us 14 principles of Management. These 14 principles incorporate within them the rules and guidelines with which management should ideally function.

Do you know about Taylor's Scientific Management

Key Roles in Management

Henri Fayol's 14 principles of Management also segregated the function of management into five distinct roles, these roles help understand management better. They are as under:

- Forecasting and Planning
- Organizing
- Commanding, Leading
- Coordinating
- Controlling

Each of these roles requires a distinct feature. The management ought to have people who can execute these roles efficiently in order to run the organization smoothly.

Importance of Principles of Management

Before we learn anything, it is always good to understand why is it important to know it? Running an organization is a huge task. At times it can be daunting if you do not know where to begin. The principles of management help the organization create a coherent management structure which is the backbone of running a successful organization.

The principles work as guidance and reference for the management on how to handle certain situations or manage the organizational structure and chain of command.

Nature

By nature is intended conditions and aspects. Principles are universal declarations, which are appropriate when specific circumstances are present. These have been explained on the principle of research and trial and error as well as the personal backgrounds of the managers. The following points sum the nature of the principles of management:

1. Universal relevance:

Principles of management are expected to employ to all types of establishments, the industry as well as non-industry, small as well large, private sector as well as the public sector, production as well as the services divisions. However, the scope of their applicability would diversify with the nature of the industry, business activity, scale of operations etc.,

Example:

The whole work of an organisation is divided into smaller tasks and such tasks are assigned to different departments, groups and individuals. Such a system of division of work is applicable in all types of organisations.

2. General rules:

The laws are the regulations to work but do not give readymade, simple clarifications to all administrative issues. This is so because real-time business conditions are difficult and powerful and are a consequence of many factors.

Example:

During the period of recession, the general manager may allow marketing departments to give a heavy discount to the customers without giving due attention to financial losses being raised by the financing department because the primacy of overall goals of the organisation is important.

3. Formed by practice and trial and error method:

The principles of management are determined by wisdom and accumulated knowledge of managers as well as experimentation. For instance, it is a subject of current knowledge that the system is necessary for achieving any goal. This principle gains name in the management system.

Example:

Through collective practice, we can see that **Fayol's Principle-Discipline** helps in increasing productivity.

Taylor's Principle-Science, Not Rule of Thumb, brings out uniformity and standardization in the manufacturing process of a company. (we can give the same example which we have given in the case study because at this stage Fayol's principle and Taylor principle are not yet discussed)

4. Contingent:

As the application of principles of management depends upon prevailing situations and needs, so their results may not be uniform as expected.

Example:

Remuneration of employees should be just and equitable yet it may vary from person to person depending upon various situations.

Remuneration can be dependent on:

- Industrial standard.
- Employer's paying capacity.
- Contribution of employee etc.,

5. Flexible:

The principles of management are general prescriptions not rigid. The managers can make certain changes as per the convenience and requirement of a situation.

Example:

Application of the principle of centralisation or decentralisation i.e. concentration or dispersal of authority to be delegated to employees depends upon the need, ability and competency of the employees. It also depends upon the nature of the organisation.

6. Based on Cause and Effect:

The principles of management are intended to establish cause and effect relationship so that the findings can be applied to such given situations frequently. The principles of management tell the likely effect if a certain principle is applied. The effect of such principles remains more or less the same due to their application on human.

Example:

By applying the principle of subordination of individual interest to the general interest, the behaviour of employees may be influenced in such a way that the personal goals of employees may be directed towards goals of the organisation.

The significance of Principles of Management:

The significance of principles of management can be discussed in terms of the following points:

- **Providing managers with useful insights into reality**: The principles of management present the managers with valuable insights into real-world circumstances. Adherence to these policies will supplement their education, capability and perception of managerial conditions and circumstances.

- **Optimum utilisation of resources and efficient management**: Both material and human resources are obtainable with the firm are restricted. They have to be placed to best use. By the best utilisation, the resources must be put to utilisation in such a way that they should give the most profit with minimum cost. Principles provide the managers to predict and influence relationships of their choices and activities.

Importance of Principles of Management:

(1) Providing Managers With Useful Insights Into Reality

- The application of principles of management helps the managers to take right decisions at the right time.
- These principles of management help managers to tackle the diverse problems in a dynamic business environment.

(2) Optimum Utilization of Resources & Effective Administration

- Resources are always scarce and limited.
- By applying the management principles, the managers can focus on optimum use of available resources so as to achieve productive results at minimum cost and maximum profits.
- It results in effective administration by channelizing resources (human and material) into the best possible way.

(3) Scientific Decisions

- Application of principles of management makes the manager more realistic, thoughtful, justifiable and free from personal bias.
- The decisions taken on the basis of principles of management are subject to evaluation and objective assessment.

(4) Meeting Changing Business Environment

- Although the principles are in the nature of general guidelines, they are modified and help managers to meet the changing requirements of the environment.

Example: With the rapid rise of online market sellers, offline vendors have also started selling their goods on online platforms.

(5) Fulfilling Social Responsibility

- Principles of management not only help in achieving the goals of the organisation effectively and efficiently, but they also guide the managers to fulfil their commitment towards its employees and society.

Example: Principles of fair remuneration and equity ensure social justice to employees and compliance with government norms towards corporate social responsibility which improves the company's image in the society.

(6) Management Training, Education and Research

- Proper understanding of principles is the base of training, research, and development in the field of management.
- Management is taught on the basis of these principles which help the management institutes prepare future managers.
- These Principles help managers to take decisions and actions in the right manner.
- Application of these principles by the managers brings innovation in the field of management.

Example: It is the result of such training, education, and research that Sunil Mittal could run Airtel in a successful way.

Importance

Following are the main importance of the Principles of Management.

1. **Improves Understanding.**
2. **Direction for Training of Managers.**
3. **Role of Management.**
4. **Guide to Research in Management.**

1. **Improves Understanding -**

   From the knowledge of principles managers get indication on how to manage an organization. The principles enable managers to decide what should be done to accomplish given tasks and to handle situations which may arise in management. These principles make managers more efficient.

2. **Direction for Training of Managers -**

   Principles of management provide understanding of management process what managers would do to accomplish what. Thus, these are helpful in identifying the areas of management in which existing & future managers should be trained.

3. **Role of Management -**

Management principles makes the role of managers concrete. Therefore these principles act as ready reference to the managers to check whether their decisions are appropriate. Besides these principles define managerial activities in practical terms. They tell what a manager is expected to do in specific situation.

4. **Guide to Research in Management -**

   The body of management principles indicate lines along which research should be undertaken to make management practical and more effective. The principles guide managers in decision making and action. The researchers can examine whether the guidelines are useful or not. Anything which makes management research more exact & pointed will help improve management practice.

Management :

Art and Science

Management is considered as art and science. The art of managing begins where Science of managing stops to make management complete.

Like any other practice-whether engineering, accountancy, law or medicine; Management is an art. The artistic application of management know-how is evident.

It is understood that managing is doing things artistically in light of the realities of a situation.

But a modern manager can do better by using the knowledge, methods, concepts, theories, etc. of managing at his/her workplace.

This knowledge, methods, concepts, theories related to managing can be treated as a science. It raises the question is management is an art or science or both.

How Management is an Art

To manage effectively, one must have not only the necessary abilities to lead but also a set of critical skills acquired through time, experience, and practice.

The art of managing is a personal creative attribute of the manager, which is more often than not, enriched by education, training, experience.

The art of managing involves the conception of a vision of an orderly whole created from chaotic parts and the communication and achievement of this vision.

Managing is the “art of arts” because it organizes and uses human talent.

Elements of art in management

- Practical Knowledge,
- Personal Skill,
- Creativity,
- Perfection through practice,
- Goal-Oriented.

Practical Knowledge

Art requires practical knowledge, learning of theory is not sufficient. Art applies theory to the field. Art teaches the practical application of theoretical principles.

For example-Learning how sing does not make you a musician; one must know all composition and be able to use them.

Similarly, A person may have a degree that says he knows what a manager does but it doesn’t know how to apply management knowledge in real-life situations he will not be regarded as manager.

Personal Skill

A manager will not depend on his theoretical knowledge or solution alone. he or she must have some qualities that make him or her unique.

Creativity

An Artist’s work is not limited to his practical knowledge. He thinks outside the box and creates things extraordinary.

Management is also creative like any other art. Management is all about finding a new way to be well different from others.

Perfection through practice

Every artist becomes better through item and practice. they learn from their mistakes. Similarly, managers become more expert as he spends more time in management thought.

Goal-Oriented

Art is result-oriented. Management works are also a goal or result-oriented.

How Management is a Science

Science is obtaining information about a particular object by a systematic pattern of observation, study, practice, experiments, and investigation.

The management process also follows the same pattern. Gathering data and facts, analyzing them and making a decision based on analysis, are the **basic functions of the management**.

Management follows a systematic method to find a possible solution for a problem. The science underlying managing is indeed inexact or a soft science at best.

It is not as "Science" as physical sciences such as chemistry or biology which deal with non-human entities.

The inclusion of the human element in managing makes this discipline not only complex but also debatable as pure science.

Human behavior is unpredictable; people think, act or react differently under identical circumstances.

And so, management can never become as pure science. However, the study of the scientific foundations of management practice can improve one's

Managers who attempt to manage without management science have to trust their intuition or luck at their peril rather than their expertise or skill.

Thus, they have to turn for meaningful guidance to the accumulated knowledge of managing.

Elements of Science in Managing

- Concepts
- Methods and principles

- Theories
- Organized knowledge
- Practice

Science presupposes the existence of organized knowledge.

The essence of science is the application of the scientific method to the development of knowledge that proceeds through the stages discussed below:

Concepts

The scientific approach requires a clear "concepts" of mental images of anything formed by generalization from particulars. Managing has concepts to deal with situations.

Methods and principles

"Scientific method" involves the determination of facts through observation.

This leads to the development of "principles" which have value in predicting what will happen in similar circumstances. Similarly, **management requires observation and sets standards or principles according to it**.

Theories

Any branch of science has theories. A 'theory" is a systematic grouping of interdependent concepts and principles that give a framework to, or ties together, a significant area of knowledge.

Management studies over the years developed many proved theories for making management more realistic or scientific.

Organized knowledge

Science is organized knowledge. If we compare, management at the present day is a distinct field of organized knowledge.

Concepts, methods, principles, theories, etc. are now the core of management.

Practice

The theories of managing are the results of practice, and the role of such theories is to provide a systematic grouping of interdependent concepts and principles that furnish a framework to, or ties together significant pertinent management knowledge.

The **theories of motivation**, leadership, and so on may be cited/mentioned as examples.

But it is to be borne in mind that concepts, methods, principles of management are not as rigid as those of the physical sciences. They may undergo revision and change under new sociopolitical and economic circumstances.

Management is a Science as well as Art

Science teaches us to know while art teaches us to do.

To be successful, managers have to know and do things effectively and efficiently. This requires a unique combination of both science and art of managing in them.

It may, however, be said that the art of managing begins where the science of managing stops.

Since the science of managing is imperfect, the manager must turn to the artistic managerial ability to perform a job satisfactorily.

Thus, it may be said that managing in practice is an art but the body of knowledge, methods, principles, etc. underlying the practice is science.

Even some people might have a different opinion regarding this matter. But as a matter of fact, the art and science of managing are not so much conflicting as complementary.

Management As a Profession

Management, as we all know, is a sought-after profession. Managers are usually credited with the successful running of a firm. Let us see the features of management that make it a profession.

How to Define a Profession?

There are various features that management and profession have in common. In other words, since management displays features that come under the umbrella of a profession, it is said to be a profession. Let us dig deeper into the characteristics common to all professions:

Browse more Topics under Nature And Significance Of Management

- Introduction to Management and its Characteristics/Objectives
- Coordination and Management in the Twenty-First Century
- Levels and Functions of Management
- Management as an Art
- Management as Science

Well-defined Body of knowledge

A profession has a certain basic set of knowledge that acts as instruction and can be acquired by practice.

Restricted Entry

One cannot simply just enter into a profession. Instead, there are some eligibility criteria like an examination which the person needs to pass in order to enter into the professional domain. For example, in India, a person becomes a CA only after they pass the examinations conducted by the ICAI.

Professional Association

Every profession is further the lookout of their respective associations. In simple words, each profession is affiliated to a body, council or association that carries out function like regulating entries, maintaining the code of conduct, grants certificates and so on. For example, the Bar Council of India controls the activities of all lawyers.

Ethical Code of Conduct

There are certain ethics which the torchbearer of every profession has to abide by. These guide the behaviour of the members.

Service Motive

Lastly, the aim of every profession is to serve the clients. This further means that a professional is required to render committed and dedicated services to ensure fulfilment of client’s interests.

Management as Profession

Management runs along the lines of a profession. Although not exactly, management exhibits many features that ensure that it is a part of the professional universe. Let us observe how:

i. Management consists of well defined and systematic knowledge, that is imparted to people aiming to be a manager. This knowledge developed over time and is ever changing and increasing. Further, these concepts and principles are applied to general business situations. This knowledge is taught at various institutes, colleges and can also be acquired through books and journals. For example, the IIM is an institute aimed at teaching this management knowledge. Lastly, the admission to these institutes is through an examination.

ii. As discussed, a profession has restricted entry. But management does not meet this condition in a fulfilling manner. For example, medicine requires a practising doctor. Interestingly there are no such conditions in the managerial domain. Any person can be called a manager in an organisation regardless of their educational qualifications. Additionally, there is no particular degree, devoid of which, a person won't qualify as a manager. Then again possession of educational knowledge from reputed management colleges is an important aspect and desired quality.

iii. There is no single association that controls and defines the code of conduct for all managers. Having said that, there are a number of organisations like the AIMA(All India Management Association) that regulate the activities of their manager members. However, there is no compulsion to be a member of any of these organisations to be called a manager.

iv. The management section of an organisation has well-defined motives. These vary from organisations to organisations like profit maximisation, service, quality etc. However, these motives are dynamic. Consequently, the profit maximisation motive of management is fast changing in favour of service.

Management Vs. Administration

An argument arises amidst the two correlated terms, Management and Administration. According to various management writers, both of them are identical and can be used conversely; the divergence exists in their use regarding distinct areas of human activities.

Yet few authors don't comply with this conclusion. In the initial stage of management evolution, both the management and the administration were treated equivalent. In 1923, "Oliver Sheldon" discriminated among the two. He related administration with decision making and management with operation function.

At present, there are three points of view on the subject Management Vs Administration. They are as follows:

- **The administration is beyond management:** Few European thinkers are of the belief that administration is beyond management.

Both are participating in various activities, though one and the others are carried out by the same entity in the company. The administration is mainly interested in the formulation of policies, although management is involved in the execution of the policies.

- **The administration is a unit of management:** This approach recognizes the administration as a unit of management. According to this path, management is an extensive term consisting of a number of functions along with some administrative functions.

Here, administration manages routine periodic functions although management is involved with the policy creation function.

- **Administration and management are equivalent:** This is the most prominent and practical approach to evaluate the kind of relationship among them.

Various famous management contributors counting Henry Feyol, George R Terry do not recognize any diversity between the management and the administration. Both contain similar functions, processes, and principals and chases the same targets.

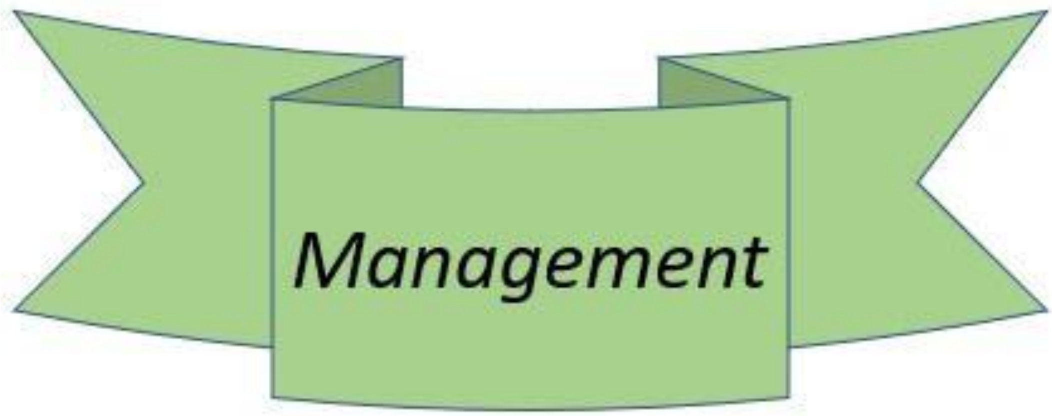
Management Vs Administration can be outlined below in the table of comparison between management and administration.

Content: Management Vs Administration

BASIS OF COMPARISON	MANAGEMENT	ADMINISTRATION
Introduction	It is an art of taking work from other individuals by giving directions to them.	It implies complete perseverance of the plans and policies of the enterprise.
Structure	Structure of management is of executive nature.	Administration's structure is of deterministic nature.
Extent	Management is exacting the discharge of policies.	Administration is exacting the assurance of primary objectives and policies.
Position	Management is a low and middle-ranked function.	Administration is a high ranked function.
Authority	Decisions of the management are controlled by aims and policies of an enterprise.	Administrative decisions are controlled by a common belief and other outside forces.
Management of	Precisely it is not	It is seriously concerned with

BASIS OF COMPARISON	MANAGEMENT	ADMINISTRATION
human exertion	concerned with the management of human exertion.	the control of human resolution in the accomplishment of the plan.
Procedure	Management concludes the distribution of work amidst various employees and how it is to be done.	Administration concludes what work is to be allocated to the distinctive employees of the enterprise.
Objectives	Supervising and coordinating are the primary objectives of the management.	Planning and regulating are the major objectives of the administration.
Proficiency	Professional and personal proficiency is required in it.	Visionary and personal proficiency is needed in it.
Control	Management mainly have control over business concerns.	Administration has a control in government or national sectors.

What is Management?



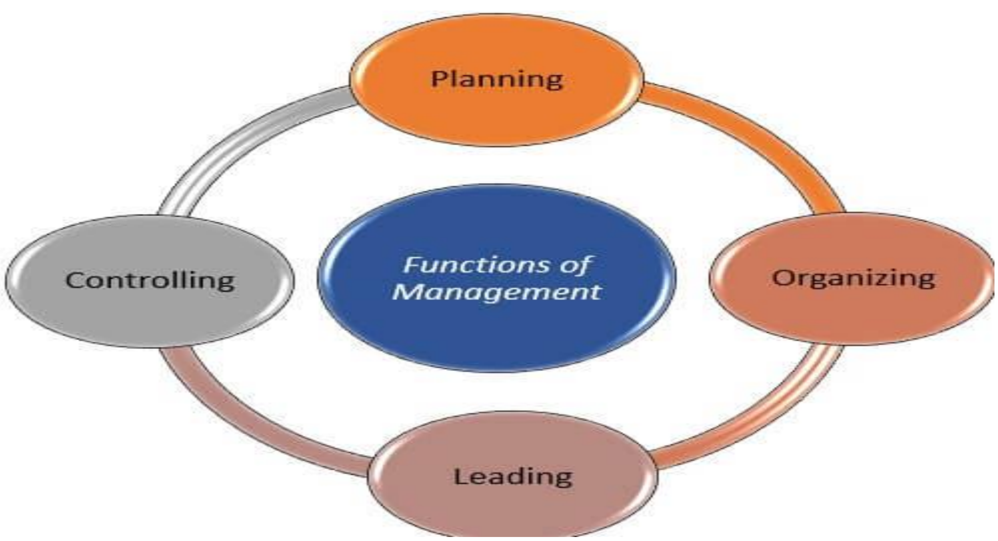
It is a definite process comprising planning, activating, organizing and controlling, ascertain and achieve the goals of the organization with the help of people and resources.

In other words, it is a procedure of accomplishing managerial objectives by captivating in the four main functions of organizing, planning, controlling and leading by the governance of technological, human, material and financial

The main objective of any business concern is to transform the available material goods into superior products or services; this needs the competent and productive use of resources to get the utmost output.

To obtain maximal productivity, it necessitates the ability to plan, impressive organizing, leadership traits, and controlling and administrative skills.

Functions of Management



Substantial management functions can be classified into four main functions. They are as follows:

1. **Planning:** Planning is the most essential and fundamental activity of management. The function also involves taking everything in mind what must be done to improve the necessary levels of development and innovation. On the basis of functions, there are two types of planning.

2. **Strategic planning:** It focuses on long-range aims and the broad procedures for managing the team.

3. **Operational planning:** It concentrates on short-range goals and the explicit means used to acquire them and on the associated managerial activity of decision making.

4. **Organizing:** It is the management function that targets on assigning and arranging human and natural resources so that procedure can be implemented successfully. Various tasks must be allocated to diverse people, and their work must be coordinated.

5. **Leading**: It is the management function that includes manipulating others to immerse in the trade conducts mandatory to reach organizational objectives.

6. **Controlling:** It is a management function anticipated at managing organizational actions so that substantial performance reaches the expected targets and standards of the organization.

What is Administration?

Business administration is a significant area of study that comprise all business and management activities in companies or organizations across the world. It resides the achievements or managerial operations of these organizations where business arrangements are made and achieved.

It holds the key to the productive business or management remits of the staff members such as managing director, chief executive officers, company secretaries, general manager and corporate board of directors.

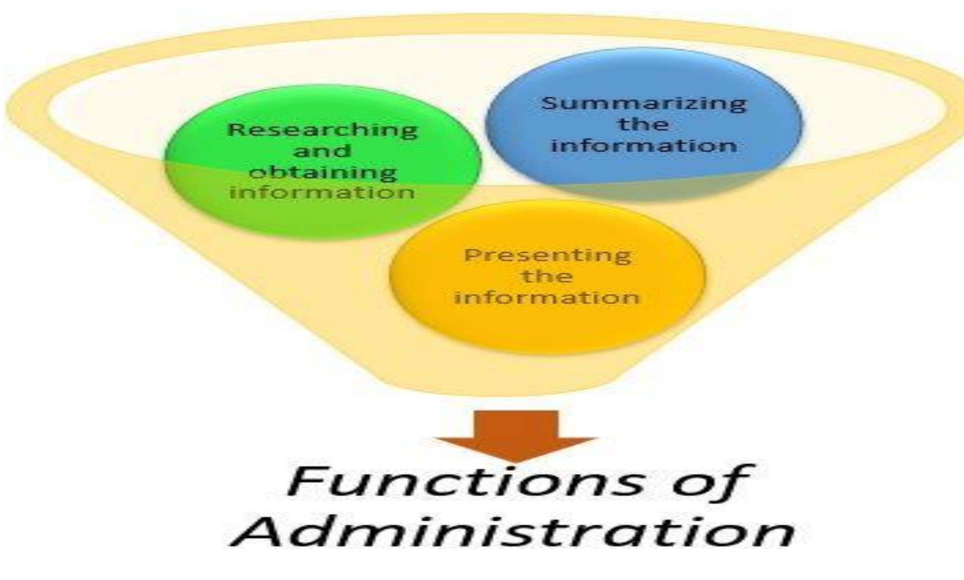
Several organizations have a central administration department. The major function of this department is to handle the paper-work and to assist all the other departments by administrating them with secretarial work.

For example:

1. Data input
2. Making phone calls
3. Entering paper-work
4. Handling incoming and outgoing e-mails
5. Assembling information from other departments for further use

The administration section of an organization deals with various range of data and information from distinct places. The information collected is usually processed by the administrative personnel to make it beneficial for others.

Functions of Administration



Following are the substantial tasks or functions of the administration of an organization.

1. **Researching and obtaining information:** This may contain seeking information on the internet or from the book repository or the reference books.

2. **Summarizing the information:** This manages the form of learning something and then demonstrating it in a more compact, reduced form.

3. **Presenting the information:** Administration workers have to be experienced about the methods in which the business chooses to submit information. The advice can be conferred in a various number of methods containing letters, memos, reports, notices or articles.

Summary

1. Management is an art of taking work from other individuals by giving directions to them. Although Administration implies complete perseverance of the plans and policies of the enterprise.

2. Structure of management is of executive nature. Although the Administration's structure is of deterministic nature.

3. Management is exacting the discharge of policies. Although Administration is exacting the assurance of primary objectives and policies.

4. Management is a low and middle-ranked function. Although Administration is a high ranked function.

5. Decisions of the management are controlled by the aims and policies of an enterprise. Although Administrative decisions are controlled by a common belief and other outside forces.

6. Precisely, it is not concerned with the management of human exertion. Although Administration is seriously concerned with the control of human resolution in the accomplishment of the plan.

7. Management concludes the distribution of work amidst various employees and how it is to be done. Although Administration concludes what work is to be allocated to the distinctive employees of the enterprise.

8. Supervising and coordinating are the primary objectives of the management. However, Planning and regulating are the major objectives of the administration.

9. Professional and personal proficiency is required in it, although visionary and personal proficiency is needed in Administration.

10. Management mainly has control over business concerns, although Administration has control in government or national sectors.

Conclusion

It can be concluded that designing and accomplishing are two major functions of management, and all organizers perform them. It is enhanced to say that management executes two types of functions that includes enforcement and application of such policies.

The conflicts arise in their corresponding importance. Higher-level management involves with policy formulation, and lower-level management involves with policy implementation. The middle level has an assorted task and grand aid to both high and low levels of management.

Management Skills

Organizations of all types require competent management in order to run smoothly and optimize the potential for profit and growth. Of course, management skills are applied to jobs labeled as "management positions" in the organizational chart, but are also vital for employees in many other roles.

For example, event planners need management skills to orchestrate events, secretaries need management skills to manage office processes, and benefits specialists need them to organize information sessions for employees.

What Are Management Skills?

Management skills are applied to a broad array of functions in areas like production, finance, accounting, marketing, and human resources. Common components of management in different arenas include: selection, supervision, motivation and evaluation of staff, scheduling and planning of workflow, developing policies and procedures, measuring and documenting results for a group or department, solving problems, developing and monitoring budgets and expenditures, staying abreast of trends in the field, collaborating with other staff and departments, and leading and motivating employees.

Types of Management Skills

Most management skills are related to six fundamental functions: planning, organizing, coordinating, directing, leadership, and oversight.

Planning

Individual managers may or may not be personally involved in drafting company policy and strategy, but even those who aren't still must be able to plan. You might be given certain objectives and then be responsible for developing ways to meet those objectives. You may need to adjust or adapt someone else's plan to new circumstances. In either case, you'll have to understand what your resources are, develop time tables and budgets, and assign tasks and areas of responsibility.

Aspiring managers should volunteer to help their current supervisors with phases of departmental planning in order to hone their skills.

Planning programs for professional societies is another way to develop and document planning abilities. Mastering planning software, like NetSuite OpenAir, and project management software, like Workfront, can prove that you're able to tap technology that's instrumental to sound planning. College students should take on leadership positions with campus organizations to hone their planning skills.

- Analyzing Business Problems
- Analyzing Expenditures
- Critical Thinking
- Devising Plans for New Business
- Development, Entrepreneurialism
- Identifying the Interests and Preferences of Stakeholders
- Microsoft Office,
- Proposing Solutions to Business Problems
- Problem Solving
- Research, Qualitative Skills
- Strategic Planning
- Strategic Thinking
- Tapping Information Technology to Facilitate Decision Making
- Writing Proposals for Business Initiatives or Projects, Vision
- Project Management

- Utilizing Planning Software

Organizing

Organizing generally means creating structures to support or accomplish a plan. This might involve creating a new system of who reports to whom, designing a new layout for the office, planning a conference or event, building a strategy and planning around how to move through a project, or determining how to move toward deadlines or how to measure milestones.

Aspects of organization could also mean helping leaders under your guidance to manage their subordinates well.

Identify processes, procedures, or events related to your department that could be improved, and demonstrate that you can re-design processes to create greater efficiency or enhance quality. Document procedures in a manual or spreadsheet for future use.

- Accuracy
- Administrative
- Analytical Ability
- Assessing Factors Impacting Productivity
- Business Storytelling
- Framing Communication Toward Specific Audiences
- Innovation
- Logical Thinking
- Logistics
- Negotiating
- Networking
- Persuasion
- Presentation
- Public Speaking

- Suggesting Ways to Enhance Productivity
- Technical Knowledge
- Technology
- Time Management

Leadership

The best managers are typically inspirational and effective leaders. They set the tone for their areas by demonstrating—through their actions—norms for staff behavior.

Effective leaders often lead by example as much as by direction. Motivating others to action and productivity is a crucial element of effective leadership.

Clear communication of goals and expectations is also vital. Good leaders seek input from all stakeholders and recognize the contributions of other team members, and they give credit where credit is due. Good leaders draw consensus on group plans whenever feasible, and they delegate strategically to the best-qualified staff.

Develop leadership skills by volunteering to run point on projects. College students should volunteer to take on a leadership role with group projects, sports teams, and student organizations.

- Delegation
- Presentation
- Humility
- Networking
- Confidence
- High Energy
- Clear Communication
- Writing
- Budgeting
- Motivating Others

- Problem Solving
- Persuasion
- Evaluating Talent
- Supervision
- Charisma
- Integrity
- Passion for Work
- Networking

Coordinating

Managers must know what is happening, what needs to happen, and who and what are available to accomplish assigned tasks. If someone is miscommunicating, if someone needs help, or if a problem is being overlooked or a resource underutilized, a manager needs to notice and correct the issue. Coordinating is the skill that lets the organization act as a unified whole. Coordination across departments and functions is also essential to a well-run organization that presents a unified face to constituents.

Develop a solid team orientation by close communication and cooperation with co-workers. Seek out opportunities to collaborate with other staff and departments.

- Adaptability
- Adapting to Changing Business Conditions
- Building Productive Relationships
- Collaboration
- Communication
- Drawing Consensus
- Diplomacy
- Emotional Intelligence
- Empathy

- Facilitating Group Discussions
- Flexibility
- Honesty
- Influencing
- Listening
- Nonverbal Communication
- Patience
- Punctuality
- Relationship Building
- Scheduling
- Screening Applicants for Jobs, Staffing
- Tactfulness
- Teaching
- Team Building
- Team Manager
- Team Player
- Teamwork
- Time Management

Directing and Oversight

Directing is the part where you take charge and delegate (tell people what to do), give orders, and make decisions. Someone has to do it, and that someone could be you.

Organization is about planning and foresight, and it requires an ability to comprehend the big picture.

It might include anything from reviewing business models and checking for inefficiencies to checking to make sure a project is on time and on budget. Oversight is the maintenance phase of management.

- Achieving Goals,
- Assessing Progress Towards Departmental Goals
- Conflict Management
- Creating Budgets for Business Units
- Creating Financial Reports
- Conflict Resolution
- Decision Making
- Delegation
- Delivering Presentations
- Division of Work
- Empowerment
- Engagement
- Evaluating Job Candidates
- Evaluating Employee Performance
- Execution
- Focus, Goal Orientation
- Goal Setting
- Hiring
- Interacting with Individuals from Diverse Backgrounds
- Interpersonal
- Interpreting Financial Data

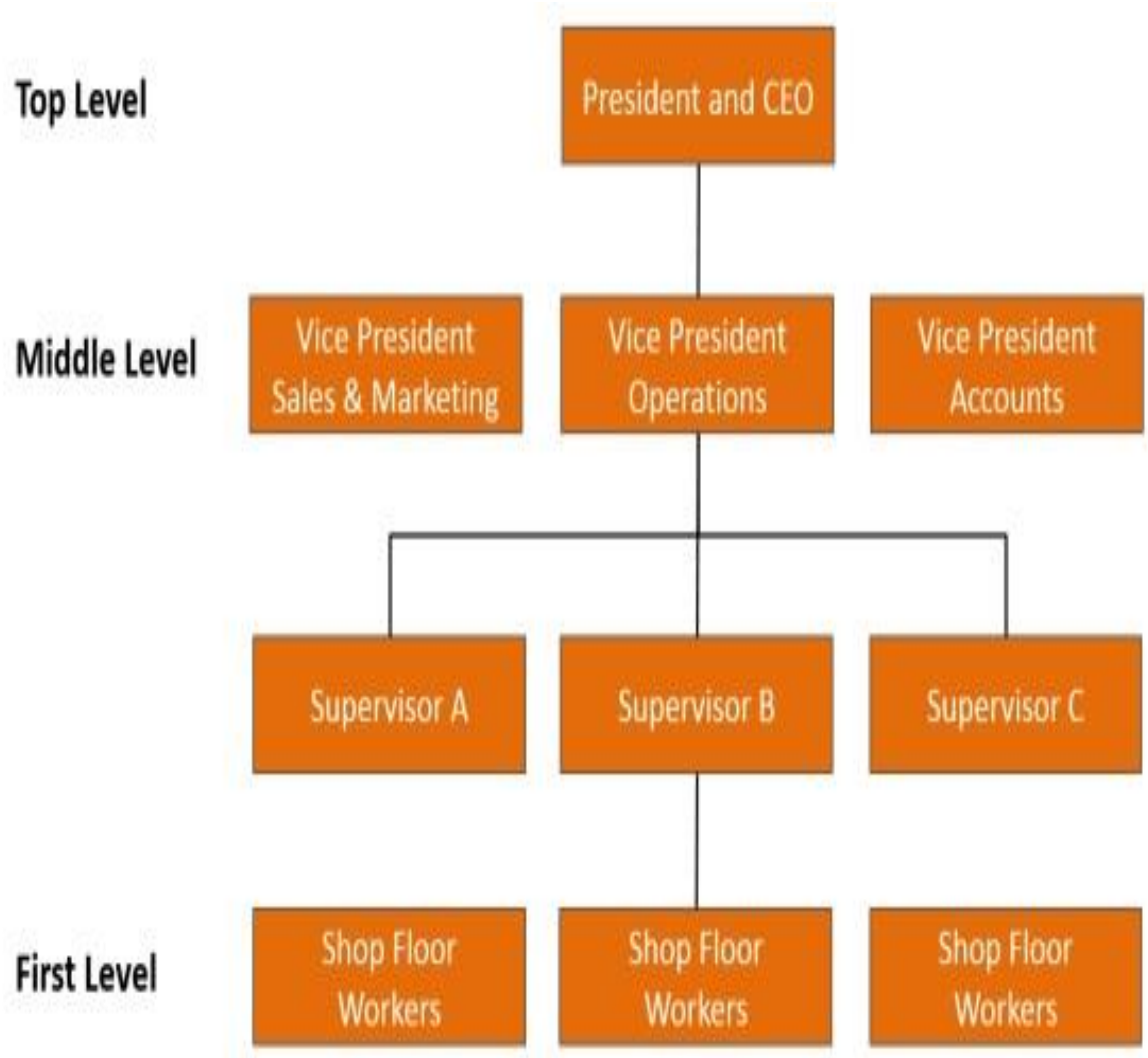
- Interviewing Candidates for Jobs
- Leadership
- Motivation
- Overcoming Obstacles
- Productivity
- Problem Solving
- Professionalism
- Providing Constructive Criticism
- Recommending Cost-Cutting Measures
- Recommending Process Improvements
- Responding Favorably to Criticism
- Responsibility
- Training Employees

Levels of Management

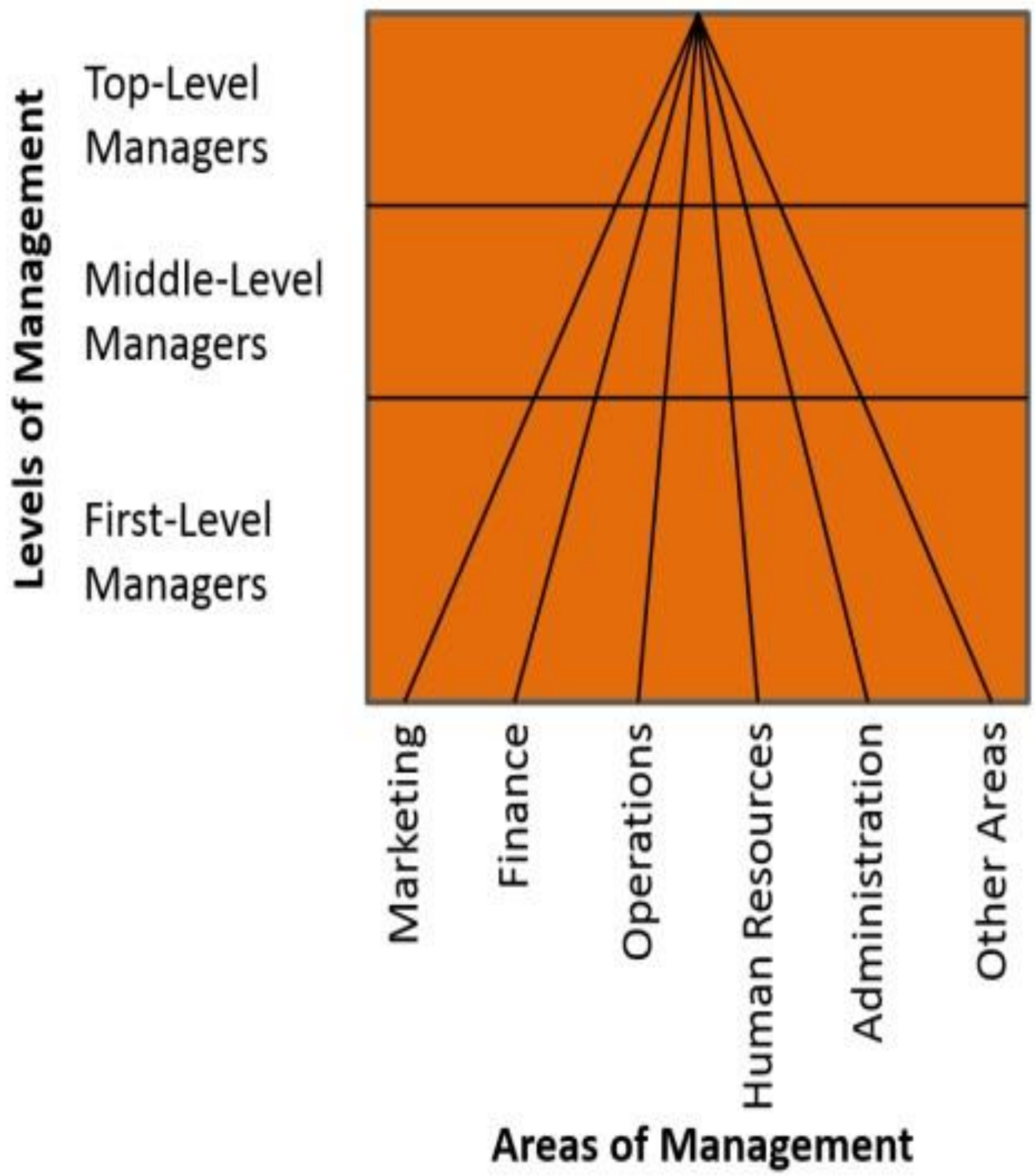
- Understand different levels of management
    - Top-level managers
    - Middle-level managers
    - First-level managers
- Understand the different roles of individuals at each level of management
- Understand the time spent by different levels of managers

In many small business enterprises, the owner is the only member of the management team. But, as the size of an organization increases, a more sophisticated organizational structure is required. It is a normal practice to categorize management into three basic levels: (1) top-level management, (2) middle-level management, and (3) supervisory or first-level management. Following figure illustrates the levels of management. The duties and responsibilities at these three levels of management vary from organization to organization, depending upon the size, technology, culture, etc. prevailing in your organization.

The number of managerial positions at each level varies from organization to organization. In most of the organizations, there are more positions at the first-level, fewer in the middle, and very few at the top. Many describe this kind of an organizational structure as a pyramid, as the managerial positions gradually decline as one progresses towards the higher levels of management. The various activities performed at each of these levels of management are illustrated below.



Levels of Management



Managerial Levels and Areas

Top-Level Managers

As a top-level managers are usually appointed, elected or designated by the organization's governing body. They are few in number, and they include job classifications such as the "Chief Executive Officer" (CEO), "President", "Vice President", "Senior Vice President" and "Executive Director." As a top-level manager, you are responsible for taking major decisions for the organization as a whole. You are responsible for the overall activities of the business and are accountable for its impact on the society at large. You work to some extent with the middle-level managers in implementing the plans, and maintaining overall control over organizational performance.

In public limited companies, top-level managers report to the Board of Directors. Members of the board are selected by shareholders. Depending on the size of the company, the number of board members vary from 15 to 25. When a board comprises a majority of individuals who have close ties with the management, they essentially act as "rubber stamps". But, on the other hand, boards with more outsiders operate more independently and are more proactive. Though it is a usual practice to elect the CEO as the chairperson of the board, a study has suggested that companies having an outsider as a board chairperson perform better, as he/she helps the board to monitor the performance of the top management objectively.

Functions at Various Levels of Management

Top Management:

- Develops and reviews long-range plans and strategies.
- Evaluates overall performance of various departments and ensures cooperation.
- Involved in selection of key personnel.
- Consults subordinate managers on subjects or problems of general scope.

Middle Management:

- Makes plans of intermediate-range and prepares long-range plans for review by top management.
- Analyzes managerial performance to determine capability and readiness for promotion.
- Establishes departmental policies.
- Reviews daily and weekly reports on production or sales.
- Counsels subordinates on production, personnel or other problems.
- Selects and recruits personnel.

Supervisory Management:

- Makes detailed, short-range operational plans.
- Reviews performance of subordinates.
- Supervises clay-to-day operations.
- Makes specific task assignments.
- Maintains close contact with employees involved in operations.

General Responsibilities of a Chief Executive

The Chief Executive bears the following responsibilities:

Leader:

- Acts as an adviser to the board
- Formulates a mission for the organization and incorporates change and innovation
- Supports organizational programs to improve organizational effectiveness

Visionary

- Ensures availability of relevant information to the board members
- Anticipates future trends and looks out for opportunities
- Acts as an interface between the board and the employees
- Acts as an interface between the organization and the community and functions as a spokesperson for the organization

Decision-maker:

- Formulates the mission, policies and procedures for the smooth functioning of the organization
- Devices action plans for the staff

Manager:

- Ensures the running of an organization without any bottlenecks
- Oversees the implementation of plans
- Manages the material, financial and human resources of the organization

Board Developer:

- Helps in selecting and evaluating board members
- • Keeps the board updated regarding the organization's activities

A Guide to Middle Manager Survival

In today's world, restructuring and downsizing have led to the emergence of flatter organizations. Middle managers have been the most affected by these changes. You will find that many management writers consider middle managers as "excess organizational baggage." Ironically, middle managers are the most potential assets of the organization. Many organizations have the false notion that by removing these managers, they can restructure themselves better. To ensure continued survival of middle managers, a number of individual and organizational actions can be undertaken. These are listed below:

1. Focus on important strategic issues: Middle managers should move away from the day-to-days operations (which can be delegated to the first-line managers) and devote their attention to the more important strategic issues.
2. Think like senior managers: They should use their extensive knowledge to deal with more substantive issues that would lead to organizational benefit.
3. Analyze why change is needed: They must understand the underlying causes for introducing change and how the organization should adapt itself in the light of opportunities and threats.
4. Ensure greater participation: Middle managers have a great deal of technical expertise and good knowledge of organizational processes. This knowledge should be disseminated throughout the organization.
5. Manage change and people together: Middle managers should take the initiative for implementing change in the organization. They should act as mentors for those with lesser work experience.
6. Utilize their role as intermediaries: Middle managers can comprehend the internal and external pressures faced by the organization. They can resolve conflicting issues by negotiating with the parties concerned.
7. Implement the vision: Middle managers must attempt to convert top-level strategies into workable actions. They should take up the responsibility to implement the vision of the organization.
8. Incorporate change into the organization: Middle managers must understand how to implement change in the organization. They should introduce work practices that bring in innovation and "shifts in thinking."

In the words of Rory Chase, Managing Director of IFS International in Bedford, "The new role of the middle manager embraces three key areas; team leadership, change maker and facilitator." There is no doubt that in order to survive in this rapidly changing era, middle managers have to make themselves indispensable.

Middle-Level Managers

Middle-level managers deal with the actual operation of various departments in an organization. As a middle-level manager, you are directly responsible for the performance of managers at lower levels. The typical titles include "manager", "director", "chief", "department heads and "divisional head." The number of middle-level managers in complex organizations is far higher than other managers. In the capacity of a middle-level manager, you are responsible for implementing the plans and strategies developed by top management for the accomplishment of organizational goals. You look to the top management for direction and guidance and are answerable to them. In many organizations, middle-level managers serve as a source of innovation and creativity. Thus, you play a vital role in the success of the organization.

Due to the advent of information technology, online technical assistance has become available to first-level managers. This has resulted in making middle-level managers redundant and has thus reduced the number of middle-level managers in many organizations.

The Role of the Supervisor

The first-line supervisor (irrespective of the formal designation “foreman”, “chief clerk” or “section engineer”), can ensure that his employees perform the best. A worker’s ability to perform depends on the capacity of the first-line supervisor to plan, organize well. The training that a supervisor provides to his employees will determine the worker’s performance. It is the responsibility of a supervisor to ensure that the workers have the necessary materials and equipment to do the work. He should create a good working environment for all his employees. The supervisor sets goals in accordance with the organization’s plans and makes sure that each worker achieves the determined targets.

For a supervisor to perform his job well, he needs to have crystal clear objectives. These objectives must be in line with the organizational goals. He should have adequate information about the company’s operations, its structure, its goals and its performance.

Secondly, the supervisor should have a thorough understanding of promotional opportunities and performance benchmarks. Promotional opportunities would determine the motivation levels of the supervisor. It is essential for the supervisor to know that there are better chances for a person who performs well. In the words of Peter Drucker, “Manager development must begin with supervisors.” This means that today’s supervisors can be the managers of tomorrow. The supervisors must be considered for positions in middle management as they have both technical and interpersonal skills. In other words, they are aware of the way in which the organization functions as well as the needs of the workers.

Finally, the job of a supervisor should give him satisfaction. He must be accorded a status that will make him feel important. He must he in a position to direct employees and get the management, to listen to him.

It is imperative that a supervisor’s job is properly planned so that, over a period of time, they can be promoted as managers. The supervisor has to assume greater responsibilities and therefore, he has to be prepared to set objectives, to organize and to plan. Proper organization of a supervisor’s job will lead to conceptual and analytical integration and will prepare him to take up larger responsibilities in future.

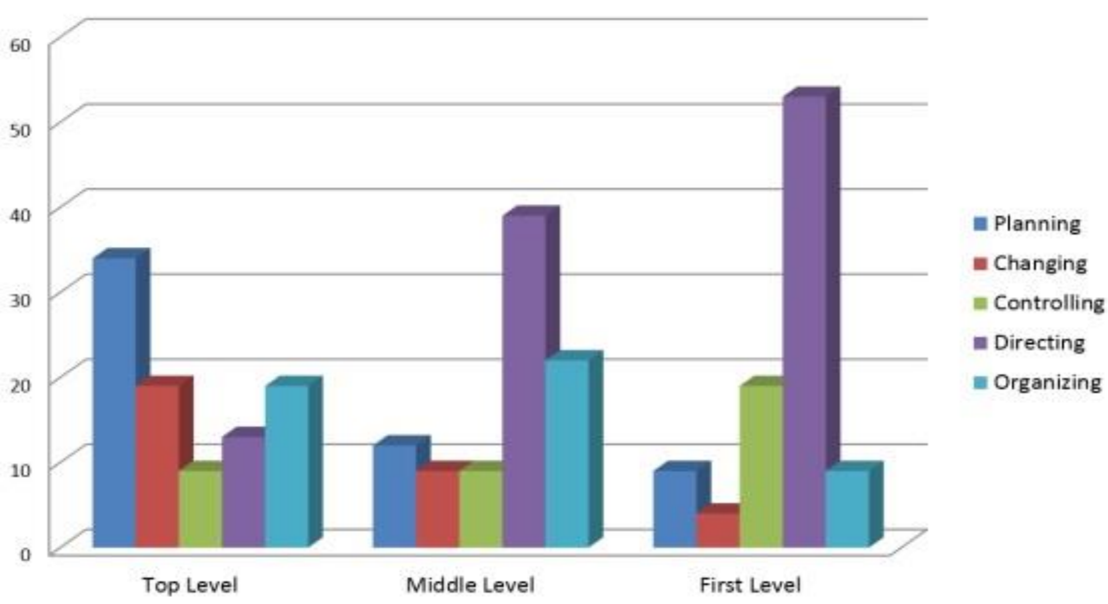
First-Level Managers

First-level managers are directly responsible for the performance of employees involved in operations. They are usually called supervisors. If you are a first level manager, you may be addressed by different names. In a manufacturing plant, you may be called a foreman, in a research department — the technical supervisor, and in a large office — the clerical supervisor. As a first-level manager, you implement the operational plans developed by middle managers and take corrective actions, when needed. You are responsible for output variables like number of units produced, labor costs, inventory levels, and quality control. Since you act as a link between the management and the rest of the workforce, you often confront conflicting demands. In recent times, the power of first-level managers have gradually decreased because of union influence, the increasing educational level of workers, and the growing use of computers to track many activities formerly monitored by first-level managers.

Time Spent in Carrying Out Managerial Functions

Though all managers perform all managerial functions, the time spent by individual managers for each activity differs. The importance of managerial functions – planning, organizing, leading and controlling, varies depending on the manager's level in the organization. Following figure shows the relative time spent by managers at different levels for each function.

From the figure, you will find that it is evident that the time spent by top-level managers on planning and organizing is much more than that spent by lower-level managers. In contrast, leading is substantially more important for first-level supervisors than for managers at higher levels. Hence first-level supervisors need to spend more time in communicating, motivating, and directing the employees involved in operations. Time spent on controlling is similar at all three hierarchical levels. You will find that this similarity reflects a common degree of emphasis at various levels on identifying negative deviations and taking corrective measures.



How Managers Spend Their Time?

Summary:

1. Top Level Managers are responsible for taking major decisions for the organization as a whole.
2. Middle Level Managers are responsible for the performance of managers at lower levels.
3. First Level Managers are responsible for the performance of employees involved in operations. They are usually called supervisors.
4. Time spent in carrying out managerial functions varies as per the different levels of management.

Characteristics of Quality Managers

The way organizations are managed not only determines the quality of its products and services – but ultimately its success.

Businesses use a Total Quality Management approach to how it manages in an effort to improve how work gets done.

All organizations benefit from Total Quality Management (TQM).

Total Quality Management (TQM) is defined as a management model that focuses on customers and the development of products and services that meet the needs and exceed the expectations of customers.

This is done by creating an integrated system that is process-centered, has total employee involvement, and is completely customer focused.

Creating a **culture** that is customer-focused, and collecting and studying data that supports efforts for the customer, are critical components to the system.

This is done through a data-supported, fact-based approach of continuous improvement with a strong **communication model** for the entire organization.

These improvements are generally done using **quality improvement methodologies** from the great quality gurus of our time – Deming, Crosby, Juran, and Feigenbaum, to name a few.

What is Total Quality Management (TQM)

TQM looks at the organization as a system and incorporates improvement efforts to enhance the **organizational structure** so customers (both internal and external) needs are met and streamlined for cost-effective and service-oriented approaches.

8 Characteristics of TQM

1. Customer Focused

Quality begins and ends with the customer.

The customer dictates what the focus will be as well as the approach to achieving those results.

But most importantly the customer determines if the efforts were successful.

For instance, organizations **solicit feedback from customers** about products and services. Use what is learned from that feedback to improve the product or service.

2. Involved Employees

Organizations that manage with TQM understand the importance of employee involvement.

These front-line members of the team often hold the answers to solving problems and improving how work gets done.

Who more than the person on the line to recognize when something is not working.

For instance, in the service industry, employees are the ones who interact with customers and hear real-time feedback.

Use employees to help identify areas to improve for the customer.

3. Process Oriented

Everything has a process. Whether the process to hire employees or a process to make a cake – there are steps that lead the way.

TQM organizations study steps in a process, fine-tune those steps, and work to eliminate unnecessary steps that can save time and money.

For instance, use **quality tools** to create a visual for internal processes. Look at the steps in the process and work to reduce or eliminate unnecessary steps.

4. Mutually Dependent Systems

Most organizations have several departments or areas of expertise but all have systems that support the final delivery of the product.

Organizations that manage with TQM integrate these internal systems to create a seamless process.

This is done by creating a culture that understands and values how quality is determined and how it is achieved.

For instance, create training for all employees that teaches **quality concepts** and reinforces why they are there – the vision and mission of the organization.

5. Strategic Approach

Businesses that operate under a TQM model, use strategy to help achieve **mission and vision**.

They develop a **strategic plan** and use that as the cornerstone for its quality efforts and all decision making.

Invest the time to create a mission and vision statement and use that to guide the development of a strategic plan.

6. Continuous Improvement

Continuous improvement is how organizations get better at what they do by working to improve processes that create products and services.

These constant efforts help to ensure the organization remains competitive and meets the expectations of key stakeholders.

Make it part of daily practice to pay attention to how work gets done and continuously look for ways to improve even the most insignificant tasks.

7. Data-Driven Decisions

Data drives decisions in TQM organizations. Data is collected, analyzed, and used to improve internal operations.

All decisions are based on the continuous collection of business data.

Business Data is determined by the identification of key success measures. It is those measures that drive decisions.

Spend some time identifying the **critical success factors** for your organization and create a process to collect and report data on those factors.

8. Effective Communications

Communicating is a priority in organizations that strive to improve.

Employees and customers are provided with ongoing communication and interaction with the organization.

There are strategies that drive communication and employees are provided information about internal changes as they become available.

Create a communication strategy and constantly look for ways to communicate with all key stakeholders.

TQM Benefits

Organizations that use the TQM management model enjoy the benefits of:

- **customer loyalty**
- cost savings
- higher **employee productivity**
- more profitability

- improved processes
- **improved employee morale**
- positive work environment.

TQM organizations manage by focusing on what the customer wants, continuously improving work processes, make decisions based on what data is telling them, and are committed to learning from the experience of their employees.

This approach can't help but set your organization apart from the competition.

Evolution of Management:

Early contributions

The basic objective of management is handling people or a situation for achievement of certain goals. As a Noun, the word management refer to the person who perform the act (s) of management. But, from a functional or implementation perspective, management is a process that involves planning organising, resourcing, directing and controlling different activities for the accomplishment of desired goals. Management is also approached as a mechanism of creative problem solving. The creative problem solving is accomplished through four functions of management: planning, organising , leading and controlling (Higgins1,1994).

In early twentieth century, Mark Parker Follett 2 defined management in simple words as the art of getting thing done through people. According to Koontz and Weihrich3 (2008),'Management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims."

Q Why should we study Management Theory?

Theories are perspectives with which people make sense of their world experiences. Formally, a theory is a coherent group of assumptions put forth to explain the relationship between two or more observable facts. John Clancy calls such perspectives "invisible powers" to emphasize several crucial uses of theories ,the "unseen" ways in which we approach our world.

First, theories provide a staple focus for understanding what we experience. A theory provides criteria for determining what is relevant. To Henry Ford ,a large and compliant work force was one relevant factor as he theorised about his business. In other words ,his theory of management included, among other thing, this assumption about the supply of labour.

Second, theories enable us to communicate efficiently and thus move into more and more complex relationships with other people. Imagine the frustration you would encounter if, in dealing with other people, you always had to define even the most basic assumptions you make about the world in which you live; Because ford and his managers fully understood Ford's theory about manufacturing automobiles, they could interact easily as they faced day-to-day challenges.

Third, theories make it possible indeed, challenge us to keep learning about our world. By definition, theories have boundaries; there is only so much that can be covered by any one theory. Once we are aware of this, we are better able to ask ourselves if there are alternative way of looking at the world(especially when our theories no longer seem to "fit" our experience) and to consider the consequences of adopting alternative beliefs.

The Evolution of Management Theory

Introduction

The first know management idea were recorded in 500B.C When Sumerian traders develop written records for government and commercial use. The application of management is also evident in the Egyptian civilization as early as 4000-3000 B.C. The pyramid of Egypt built with millions of stone blocks by utilising the services of people are the testimonials of a coordinated effort on an extremely large scale .Creation of such huge structure would have certainly required extensive planning ,decision-making, organising men and materials and supervision.

Roman also made significant contribution to management, which is reflected in western military hierarchy and public administration systems. It would not possible to manage the large roman empire without application of sound management principle. Techniques were developed by army commander to motivate their army and slaves to perform the assigned task in accordance with their actual potential.

Management and organization are products of their historical and social times and places. Thus, we can understand the evolution of Management theory in terms of how people have wrestled with matters of relationships at particular times in history.

Early management theory consisted of numerous attempts at getting to know these newcomer's to industrial life at the end of the nineteenth century and beginning of the twentieth century in Europe and the United States.

Early Writings on Management

People have been change shaping and reshaping organization for many centuries. Works of several writers in the area of governance of kingdoms and man management created a literature that assisted in the development of modern management theories. The writers was writing about how to make organisation effective and efficient. The early leadership and management models were provided by military, political, mythological and religious organisations. some early writing that subsequently influenced the development of managerial thought are described below.

Sun Tzu’s The Art of War: This book on military strategy was written by Chinese general Sun Tzu in the 16th century BC .But, the writings in the book very well been used for managerial purposes. The book recommends that success can be archived by being aware of utilising the organisation’s strength and utilising them to exploit the weaknesses of the rival or enemy. It emphasises the importance of discipline in order to get the thing done through a coordinated group effort.

Chanakya’s Arthashastra : This treatise, developed around third century BC, deal with the governance of kingdom by a king or a leader while making the policies of governance and people management. It highlights the importance of creation of department, development of detailed job profiles and qualifications of administrations who had to manage these departments a director. Arthashastra considerably affected the administrative philosophy of different ruler of India for centuries.

Machiavelli’s The Prince: This book written by Niccilo Machiavelli in 1531 as a counsel for the leadership of Florence, Italy. Machiavelli recommended in this classic that the end justify the mean and that a leader should use fear, not hatred, to maintain control.

Although Sun Tzu ,Chanakya and Machiavelli was trying to development a theory of management, insights teach us an important lesson about Management. And its help to think about management of organization.

Effect of the Industrial Revolution on Management

The industrial Revolution made a significant contribution to the development of management thought before the 20th century. The substitution of human power with machine power made it possible to manufacture goods in large numbers in factories more economically. Consequently, there emerged large-scale business which required managerial skills to produce goods in an efficient and profitable manner. The growing size and complexity of business organisation led to the requirement of managers to various business-related task, like assessing the demand of goods, ensuring the availability of raw materials, assigning the task to factory workers, supervising the production and sales of goods, maintaining quality standard etc.

The first textbook of management was written by J. Duncan in 1911 and the early comprehensive theories on management appeared around 1920.The discipline of management got a strong foundation. When Harvard University became one of the first American universities to offered graduate degree in business management in 1908.The curriculum for teaching management was based on the analysis of relevant real situations in the business world.

Different school of management thought

Early Management Theory include Scientific management theory school, classical organisation theory school , the behavioural school, and management science school. Keep one important fact in mind: The managers and Theorists who developed these assumption about human relationship.

The scientific Management school

Scientific Management theory arose in part of from the need to increase productivity. In the united states especially ,skilled labour was short supply at the beginning of the twentieth century. To increase the productivity was to increase efficiency of workers. There for ,Frederick W.Tylor, Henry L.Gantt, and Frank and Lillian Gilbreth devised the body of principle know as scientific management theory .

Frederick w. Tylor (1856-1915)

Taylor's famous work principle of scientific Management was published in 1911.The fundamental principles that Taylor saw underlying the scientific approach to management are as follows:

- Replacing rules of thumb with science (organised knowledge)
- Obtaining the harmony, rather than discord, in group action .
- Achieving cooperation of human being, rather than restricted output.
- Working for maximum output, rather than restricted output.
- Developing all workers to the fullest extent possible for their own and their company's highest prosperity.
- His philosophy on four basic principal:
- The development of a true science of management, so that the best method for performing each task could be determined.
- The scientific selection of workers, so that each workers would be given responsibility for the task for his or her was best suited.
- The scientific education and development of the worker.
- Intimate, friendly cooperation between management and labour.

Taylor believed that a high division of labour was needed to produce more output, and he was introduced a differential rate system(this meant that the workers received more an amount of wages per 'piece' that encourage employer to pay more productive workers at the higher rate than others that would profit both company and workers. This method of management paid close attention to 'time and motion 'studies. (e.g. if it took a worker 2 minutes to perform a task, then this could be done 30 times per hour, and 240 times in an 8 -hour day).

Henry l. Gannt (1816-1919)

Henry L.Gantt worked with Taylor on several project. He believed that every workers who finished a day's assigned work load would win a 50-cent bonus .After he added a second motivation. The supervisor would earn a extra bonus for each worker who reach the daily task, plus an extra bonus if all workers reached it .He was made individual bar chart which show workers performance that rated and publicly and recorded on chart.

The Gilbreths

Frank B and Lillian M Gilbreths (1868-1924 and 1878-1972) made their contribution to the scientific management movement as husband and wife team .Lillian and frank collaborated on fatigue and motion studies and focused on ways of promoting individual worker's welfare. After using the camera, they tried to find the most economical motion of each task in order to upgrade performance and reduce fatigue.

Classical organization theory school

Scientific management was concerned with increasing the productivity of the shop and the individual worker. Classical organization theory grew out of the need to find guideline's for managing such complex organisation as factories.

Henery Fayol (1841-1925)

He is generally hailed as the founder of the classical management school. And he was not the first to investigate managerial behaviour because he was the first to systematize it. Fayol that sound management practice fallen into certain pattern that can be easily identified and analysed .he was also interested in the total organization and focused on management ,which he felt had been the most neglected of business operation.Fayol made principles which "most frequently had to apply "before he believed that managers are born ,not made " .

It emphasised to following factor as being essential to an effective management process.

- The division of labour.

- A tall organisational structure.

- A wide span of control
- An authoritarian style of management.

Source ;Henri Royal Industries and General Administration,J.A.Caubrough,trans.(Geneva International Management institute ,1930)

Max weber (1864-1920)

Max weber developed a theory of bureaucratic management that stressed the need for a strictly defined hierarchy governed by clearly defined regulation and lines of authority. He considered the ideal organization to be a bureaucracy whose activities and objectives were explicitly spelled out. He was also believed that technical competence should be emphasized and that performance evaluation should be made entirely on the basis on merit .

Mary Parker Follett (1868-1933)

Mary parker Follett was among those who built on the basic framework of the classical school .However she introduced new element, especially in the area of the human relations and organization structure. In this, she initiated trends that would be future developed by the emerging behavioural and management science schools.

Follett convinced that no one could become a whole person expect as a member of a group, a person grew through their relationships with other in organisation .She belived that the artificial distinction between managers (order givers) and subordinates(order takers)obscured this natural patership. she was a great belived in the power of group ,where individuals could combine their diverse talents into something bigger.

The Behavioral School:

The Behavioral school emerged partly because the classical approach did not achieve sufficient production efficiency and workplace harmony. To manager's frustration, people did not always follow predicted or expected patterns of behaviour. Thus there was increased interest in helping managers deal more effectively with the "people side" of their organizations. The behavioural school of management thought began late in the scientific management, but a achieve large scale recognition in 1930's

The Human Relations Movement

Human relations management emerged in the 1920's and deal with the human aspects of organization .It is frequently used as a general term to describe the way in which managers interact with their employees. When "employee management" stimulates more and better work, organisation has effective human relationship; When morale and efficiency deteriorate, its human relation are said to be ineffective.

From Human Relations To The Behavioral Science Approach

Mayo and his colleagues pioneered the use of the scientific method in their studies of people in the work environment. Later researchers, more rigorously trained in the social science (psychology, sociology and anthropology) ,used more sophisticated research method and became known as “behavioural scientists” rather then “human relation theorist’s.”

The behavioural scientists brought two dimensions to the study of management and organizations.

Self -actualizing people, Their work spawned new thinking about how relationships can be beneficial arranged in organizations. They also determined that people wanted more than “instantaneous” pleasure or rewards.

Behavioural scientists applied the methods of scientific investigation to the study of how people behaved in organization as whole entities.

The Management science school

At the beginning of world War II ,Great Britain desperately needed to solve number of new ,complex problem in warfare. With survival at the sake ,the british were able to achieve significant technological and tactical breakthroughs. When American entered the war ,they formed what they called operational research teams, based on the successful British model, to solve similar problems.

New Industrial technologies were being put into use and transportation and communication were becoming more complicated. These development brought with them a host of problem that could not be solved easily by conventional mean. Over the years, OR procedures were formalized into what is now more generally called The Management Science School.

The management science school gained popularity through post war phenomena are as follows-

First ,The development of high -speed computers and of communications among computers provided the means for trackling complex and large -scale organizational problems

Second, Robert M.C. Namara implemented a management science approach at Ford Motor Company in the 1950s and 1960s.

Conclusion

To conclude a detailed report on management evolution and its various functions, how they help an organisation to progress in their operations. The first part shows the evolution of management, how and when it started. The second part tells us about the functions of management giving a detailed explanation about how these functions differ from each other and their importance in an organisation.

Taylor and Scientific Management

Frederic Winslow Taylor started his career as a mechanist in 1875. He studied engineering in an evening college and rose to the position of chief engineer in his organization. He invented high-speed steel cutting tools and spent most of his life as a consulting engineer.

Frederick Winslow Taylor (1856-1915) is called the father of Scientific Management. His experience from the bottom-most level in the organization gave him an opportunity to know at first the problems of the workers. Taylor's principal concern was that of increasing efficiency in production, not only to lower costs and raise profits but also to make possible increased pay for workers through their higher productivity.

Taylor saw productivity as the answer to both higher wages and higher profits. He believed that the application of the scientific method, instead of customs and rule of thumb could yield this productivity without the expenditure of more human energy or effort.

Taylor published a book entitled, The Principles of Scientific Management, in 1911. But his ideas about scientific management are best expressed in his testimony that was placed before a committee of the House of Representatives in 1912. Industrial problems increased due to the advent of large scale factory systems, mass production, and mechanization.

People needed some specific principles and methods for solving the problems they faced. The initial impetus in the scientific management movement was Taylor. He was more concerned with the engineering aspect and the problems of workers and productivity-oriented wages.

Objectives of Frederick Taylor's of Scientific Management

(1) Scientific Management is Not Any Efficiency Device

It's not a device of any kind for securing efficiency; nor is it a bunch or group of efficiency devices. It is not a new system of figuring costs; it is not a new scheme of paying men; it is not a piece work system; it is not a bonus system; it is not a premium system; it is no scheme for paying men; it is not holding a stopwatch on a man and writing things down about him;

It is not time study; it is not motion study, not an analysis of the movements of men; it is not the printing and loading and unloading of a ton or two of blanks on a set of men and saying 'Here's your system; go and use it'. It is not divided foremanship or functional foremanship; it is not any of the devices which the average man calls to mind when scientific management is spoken of ...'

(2) Explain the Role of Scientific Management in Growing Productivity

Now, in its essence, scientific management involves a complete mental revolution of the part of the working man engaged in any particular establishment or industry.

This complete mental revolution focuses on the duties of the organization toward its work, toward its fellowmen and towards its employees, and it involves an equally complete mental revolution on the part of those on the management's side, which involve the foreman, superintendent, owner of the business, board of directors, and so on.

(3) Explain The Snag of Scientific Management

The great mental revolution that takes place in the mental attitude of the two parties under scientific management is that both sides take their eyes off the division of the surplus as an important matter and together turn their attention toward increasing the size of the surplus, which becomes so large that it is unnecessary to quarrel over how it should be divided.

They come to see that when they stop pulling against one another and instead both turn and push shoulder to shoulder in the same direction, the size of the surplus created by their joint efforts is truly appreciable.

When friendly co-operation and mutual helpfulness replace antagonism and strife, it becomes possible for both parties to make the surplus so enormous that there is ample room for a large increase in wages for the workmen and an equally great increase in profits for the manufacturer.

F. W. Taylor's 4 Principles of Scientific Management

The fundamental principles that Taylor saw underlying the scientific approach to management may be summarized as follows:

1. Replace rule-of-thumb work methods with methods based on a scientific study of the tasks.

2. Scientifically select, train, and develop each worker rather than passively leaving them to train themselves.

3. Cooperate with the workers to ensure that the scientifically developed methods are being followed.

4. Divide work nearly equally between managers and workers, so that the managers apply scientific management principles to planning the work, and the workers actually perform the tasks.

Taylor concentrated more on productivity and productivity based wages. He stressed on time and motion study and other techniques for measuring work. Apart from this, in Taylor's work, there also runs a strongly humanistic theme. He had an idealist's notion that the interests of workers, managers, and owners should be harmonized.

Fayol's Administrative Management

Henry Fayol provided 14 principles of general management to guide the managers who in his time didn't use the scientific approach of management. His theory is based on how the management should interact with the employees. The elements of management are planning, organizing, commanding, coordinating and controlling. He identified six major activities which are technical, commercial, financial, accounting, managerial and security activities.

Through his rich experience, Fayol provided 14 principles of general management to guide the managers who in his time didn't use a scientific approach of management. His theory is based on how the management should interact with the employees. Fayol's theory provided a broad and analytical frame**work** of the process of administration which overcomes the drawback of Taylor's management theory. Henry Fayol (1841-1925) was a French mining engineer, managing director and an industrialist who is known for his contribution towards management science in his **work** "Administration Industrielle et Generale" in the year 1916 A.D. The book was later translated as "General and Industrial Management" in the year 1929 A.D.

Fayol's theory which is still considered applicable and re**liable** is used in managing the personnel in any **organ**ization. Fayol's Administrative management can be understood by the following four sections: (Mind tool editorial team)

Function/Elements Of Management

According to Administrative theory of Management, the five basic elements of management are:

1. **Planning:**
   Planning is forecasting the future and making a structural plan of action and

determining the goals and objectives of the action. Fayol considers planning as the most essential function.

2. **Organizing:**
   Organizing is the creation of an **organ**izational structure that brings human resources and non-human resources together to **work** together.

3. **Commanding:**
   The process of giving direction and orders by the superior to the subordinate is known as commanding.

4. **Coordinating:**
   There are various divisions in an **organ**ization. So, coordinating is the process of bringing the action of all the divisions and departments and integrating their efforts for the fulfillment of **organ**izational goals.

5. **Controlling:**
   Controlling means comparing the actual performance of the **organ**ization with the desired performance level and checking if there is a need for improvement and when a deviation is found implementing the necessary changes to improve the performance.

Division of Industrial Activities

Henry Fayol observed the **organ**ization from a manager's point of view. So, he identified six major activities in which industrial activities can be divided. They are:

1. **Technical Activities:**
   This activity is related to the production or manufacturing of goods and services.

2. **Commercial Activities:**
   This activity is concerned about dealing with sales, purchase, and distribution of goods and services.

3. **Financial Activities:**
   This activity is related to the creation of necessary capital and its optimum use for development and growth.

4. **Accounting Activities:**
   This activity is related to the recording of transactions and then preparing the financial statements.

5. **Managerial Activities:**
   This activity is considered with the elements of management which are planning, **organ**izing, commanding, coordinating and controlling.

6. **Security Activities:**
   This activity is related to the protection of people and property in an **organ**ization by providing safe **work**ing conditions, insurance policies, etc.

Managerial Skills and Qualities

Fayol has focused on the role of a manager. He believes that anyone cannot be a manager. A manager needs some skills and qualities to manage people and resources in an **organ**ization. The six managerial skills are:

1. **Physical Qualities:**
   This quality is concerned with the good health, well-maintained dress and outlook and high **energy** level of the manager.

2. **Mental Qualities:**
   To become a good manager they must possess the quality to learn and understand, judge and adapt to the problems and should have the mental **energy** to focus.

3. **Educational Qualities:**
   To become a sound manager, one needs to have a general understanding of the subject **matter** of the basic functioning of the **organ**ization.

4. **Moral Qualities:**
   To become a good manager, one needs to have a high **energy** level, willingness to take responsibilities, loyal to action, tactful and feeling of dignity.

5. **Technical Qualities:**
   One needs to have technical knowledge regarding what are the procedures to carry out the action in an **organ**ization.

6. **Experience:**
   Experience comes with years of practice of action. So, a good manager needs years of experience to **work** smoothly and efficiently.

Principles of Administrative Management

The 14 principles of management given by H. Fayol are particularly focused on the five management functions of an **organ**ization. These are the basic guidelines for the management of the **organ**ization as a whole.

Even though the principles were not created on the basis of experiments, they were created by the experience of Henry Fayol. These principles are universal and can be applied to any **organ**ization in any part of the world.

Fayol suggests that these principles are not **rigid** but they are flexible and should be used according to the need. So it depends on the part of the manager on how they use the above to suit the **organ**ization and to manage effectively and efficiently. The 14 guiding principles by Henry Fayol are:

1. **Initiative:**
   An initiative is the level of freedom that an **organ**ization should provide to the employee to carry out the plans without forcing them or ordering them. This is related to the creation of interest and willingness in the employees by motivating and satisfying the employees.

2. **Equity:**
   This principle implies that all the members of the **organ**ization should be treated equ**ally**. There should be no **bias**es and there should be an environment of kindness and justice.

3. **Scalar Chain:**
   There should be a chain of superiors ranging from the top level of management to the lower level management based on the hierarchy level. The head of an **organ**ization is at the top of the chain. The communication flows from the top to the bottom through this chain of authority of superiors. However, there is no hard and fast rule regarding the process of communication through the scalar chain.

4. **Remuneration of Personnel:**
   There must be monetary as well as non-monetary remuneration to the employees based on their performance level. Fayol focuses more on non-monetary remuneration in which he believes will create bonding between the employee and the **organ**ization. So the remuneration must be fair, reasonable and satisfactory.

5. **Unity of Direction:**
   According to this principle, there should be only one manager under the guidance and plan of which the groups having the same goals and objectives should move forward. This principle suggests that in one department or section, the division should only get instruction from one head. This helps in coordinating the group activity to attain a single goal.

6. **Discipline:**
   An employee should be obedient and respectful to the authority and the established rules and regulations of the **organ**ization. Clarity of rules, reward-punishment system, good supervision, etc. are some ways to maintain discipline.

But it depends on the need and policies of the **organ**ization on how to maintain discipline.

7. **Division of Work:**
   This principle implies that the overall action of management should be divided into a compact job and employees should be allocated certain jobs viewing their interests and skills. This principle helps in specialization and helps to make the **work**ers more effective and efficient. Division of **work** is important at technical level as well as managerial level in an **organ**ization for smooth operation.

8. **Authority and Responsibility:**
   Authority is the right to give the command and make decisions. Responsibility is the **obligation** of an employee to perform a certain designated task and be accountable to the supervisor. There should be a balance between authority and responsibility. An employee must be given the amount of authority required to perform the given responsibility. Authority without responsibility will lead to waste of position and lack of utilization of power and responsibility without power will lead to poor utilization of human and another resource.

9. **Unity of Command:**
   An employee must get orders from only one immediate supervisor. And the employee should be accountable to the immediate supervisor only. There should not be other supervisors to guide the employee. This will help to clear the confusion and will make the employee loyal to the activity.

10. **Subordination of Individual Interest to General Interest:**
    There are two types of interests. One is the interest of the individuals and the other is **organ**izational interest. So this principle suggests that there must be harmony between these two interests. Organizational interest must be given more priority as doing good for the **organ**ization will bring rewards for the individuals.

11. **Centralization:**
    This principle implies that the topmost level of authority should be centralized to top-level management. There should be the delegation of power to the subordinate but the power to make the important decisions in the **organ**ization should remain with the top-level management.

12. **Order:**
    This principle states that every material and manpower should be given a proper place in the **organ**ization. The right man for the right job is essential in the smooth running of an **organ**ization. So, management must identify tasks and put them in proper order with the limited human and other resources.

13. **Stability of Tenure:**
    Any employee can **work** to the fullest if they have a secured job. So, an employee must be provided with job security which will help them to be efficient. This will also benefit the **organ**ization as it lowers the labor turnover and reduces the cost of recruiting and training new employees.

14. **Esprit de Corps:**
    This principle implies that “union is strength” and team spirit. So, the **organ**ization must **integrate** all its actions towards a single goal and objective. If the action is not unified then they cannot achieve their desired objectives. So there must be a unified team contribution in harmony and cooperation which is always greater than the aggregate of individual performances. (Sharma, Surendra Raj; Jha, Surendra Kumar pg-43-46)

Hence these are the 14 principles of Administrative management theory. These principles have helped in making the management more efficient and helped managers to develop necessary skills. But the principle has also been criticized as not being applicable in all situations.

Bureaucracy

Bureaucracy, specific form of organization defined by complexity, division of labour, permanence, professional management, hierarchical coordination and control, strict chain of command, and legal authority. It is distinguished from informal and collegial organizations. In its ideal form, bureaucracy is impersonal and rational and based on rules rather than ties of kinship, friendship, or patrimonial or charismatic authority. Bureaucratic organization can be found in both public and private institutions.

Characteristics And Paradoxes Of Bureaucracy

The foremost theorist of bureaucracy is the German sociologist Max Weber (1864–1920), who described the ideal characteristics of bureaucracies and offered an explanation for the historical emergence of bureaucratic institutions. According to Weber, the defining features of bureaucracy sharply distinguish it from other types of organization based on nonlegal forms of authority. Weber observed that the advantage of bureaucracy was that it was the most technically proficient form of organization, possessing specialized expertise, certainty, continuity, and unity. Bureaucracy’s emergence as a preferred form of organization occurred with the rise of a money-based economy (which ultimately resulted in the development of capitalism) and the attendant need to ensure impersonal, rational-legal transactions. Instrumental organizations (e.g., public-stock business firms) soon arose because their bureaucratic organization equipped them to handle the various demands of capitalist production more efficiently than small-scale producers.

Contemporary stereotypes of bureaucracy tend to portray it as unresponsive, lethargic, undemocratic, and incompetent. Weber's theory of bureaucracy, however, emphasizes not only its comparative technical and proficiency advantages but also attributes its dominance as a form of organization to the diminution of caste systems (such as feudalism) and other forms of inequitable social relations based upon a person's status. In the pure form of bureaucratic organization universalized rules and procedures would dominate, rendering personal status or connections irrelevant. In this form, bureaucracy is the epitome of universalized standards under which similar cases are treated similarly as codified by law and rules, and under which the individual tastes and discretion of the administrator are constrained by due process rules. Despite the widespread derogatory stereotypes of bureaucracy, a system of government grounded in law requires bureaucracy to function.

Nevertheless, the words bureaucracy and bureaucrat are typically thought of and used pejoratively. They convey images of red tape, excessive rules and regulations, unimaginativeness, a lack of individual discretion, central control, and an absence of accountability. Far from being conceived as proficient, popular contemporary portrayals often paint bureaucracies as inefficient and lacking in adaptability. Because the characteristics that define the organizational advantages of bureaucracy also contain within them the possibilities of organizational dysfunction, both the flattering and unflattering depictions of bureaucracy can be accurate. Thus, the characteristics that make bureaucracies proficient paradoxically also may produce organizational pathologies.

Jurisdictional competency

Jurisdictional competency is a key element of bureaucratic organization, which is broken into units with defined responsibilities. Fundamentally, jurisdictional competency refers to bureaucratic specialization, with all elements of a bureaucracy possessing a defined role. The responsibilities of individuals broaden with movement upward through an organizational hierarchy. The organizational division of labour enables units and individuals within an organization to master details and skills and to turn the novel into the routine. Although the division of labour is highly efficient, it can lead to a number of harmful organizational pathologies; for example, units or individuals may be unable to identify and respond adequately to problems outside their competency and may approach all problems and priorities exclusively from the purview of a unit's specific capabilities. This feature of bureaucracy also can lead organizational units to shirk responsibility by allowing them to define a problem as belonging to some other unit and thereby leave the issue unattended. Alternatively, every unit within an organization is apt to put a face on a problem congenial mainly to its own interests, skills, and technologies.

Command and control

Bureaucracies have clear lines of command and control. Bureaucratic authority is organized hierarchically, with responsibility taken at the top and delegated with decreasing discretion below. Because of the risk of organizational parochialism produced by limited and specific jurisdictional competencies, the capacity to coordinate and control the multiplicity of units is essential. Authority is the glue that holds together diversity and prevents units from exercising unchecked discretion. Yet, few features of bureaucratic life have received so much adverse attention as the role of hierarchical authority as a means for achieving organizational command and control. Popular criticisms emphasize that hierarchical organization strangles creative impulses and injects hyper-cautious modes of behaviour based on expectations of what superiors may desire. Command and control, which are necessary to coordinate the disparate elements of bureaucratic organization, provide for increasing responsibility upward, delegation, and decreasing discretion downward.

Continuity

Continuity is another key element of bureaucratic organization. Rational-legal authority necessitates uniform rules and procedures for written documents and official behaviour. A bureaucracy's files (i.e., its past records) provide it with organizational memory, thereby enabling it to follow precedent and standard operating procedures. The ability to utilize standard operating procedures makes organizations more efficient by decreasing the costs attached to any given transaction. Organizational files record procedures, antecedent behaviour, and personnel records. They also allow an organization to be continuous and, thus, independent of any specific leadership. On the whole, continuity is vital to an organization's capacity to retain its identity and even its culture. Without its records, it would be impossible to maintain transactions grounded in legality. Yet continuity also has a dysfunctional side, leading organizations to behave predictably and conservatively or, worse perhaps, merely reflexively. Continuity also may lead a bureaucracy to repeat regularly activities that may be inaccurate and whose inaccuracies thereby cumulate.

Professionalization

Professionalization of management, another basic element of bureaucracy, requires a full-time corps of officials whose attention is devoted exclusively to its managerial responsibilities. In government, professionalization is vested in the corps of civil servants whose positions have generally been obtained through the passage of tests based upon merit. The civil service is sometimes considered a permanent government, distinct from the transient politicians who serve only for a limited time and at the pleasure of the electorate in democratic political systems.

In businesses and in other nongovernmental bureaucratic organizations, there is also a professional cadre of managers. Professionalization increases expertise and continuity within the organization. Even when organizations are temporarily leaderless or experience turmoil in their top leadership positions, the professional cadre helps to maintain an organizational equilibrium. The virtues of professionalization are clear: without a professional corps, organizations would suffer from crises induced by incompetency. Professionalization thus contributes to the superior technical proficiency that Weber claimed was the hallmark of bureaucratic organization.

Despite its virtues, professionalization also carries potential risks. Often the professional corps of managerial experts itself becomes a covert source of power because it has superior knowledge compared with those who are its nominal but temporary superiors. By virtue of greater experience, mastery of detail, and organizational and substantive knowledge, professional bureaucrats may exercise strong influence over decisions made by their leaders. The existence of powerful bureaucrats raises issues of accountability and responsibility, particularly in democratic systems; bureaucrats are supposedly the agents of their leaders, but their superior knowledge of detail can place them in a position of indispensability. In addition, although a permanent corps of officials brings expertise and mastery of detail to decision making, it also deepens the innate conservatism of a bureaucracy. The permanent corps is usually skeptical of novelty because the essence of bureaucratic organization is to turn past novelties into present routines. Professional bureaucrats, be they in the civil or private sector, also tend to favour the organizational status quo because their investments (e.g., training and status) are tied to it. Consequently, the more professionalized the cadre becomes, the more likely it is to resist the intrusion of external forces.

Rules

Rules are the lifeblood of bureaucratic organization, providing a rational and continuous basis for procedures and operations. An organization’s files provide the inventory of accumulated rules. Bureaucratic decisions and—above all—procedures are grounded in codified rules and precedents. Although most people dislike rules that inhibit them, the existence of rules is characteristic of legal-rational authority, ensuring that decisions are not arbitrary, that standardized procedures are not readily circumvented, and that order is maintained. Rules are the essence of bureaucracy but are also the bane of leaders who want to get things done their way instantly.

Rules restrain arbitrary behaviour, but they also can provide formidable roadblocks to achievement. The accumulation of rules sometimes leads to the development of inconsistencies, and the procedures required to change any element of the status quo may become extraordinarily onerous as a result of the rule-driven character of bureaucracy. One perspective holds that the strict adherence to rules restricts the ability of a bureaucracy to adapt to new circumstances. By contrast, markets, which can operate with very few rules, force rapid adaptation to changing circumstances. Yet, most major business organizations are arranged in bureaucratic form because hierarchy and delegated responsibility reduce the transaction costs of making decisions.

Summary

Thus, the most basic elements of pure bureaucratic organization are its emphasis on procedural regularity, a hierarchical system of accountability and responsibility, specialization of function, continuity, a legal-rational basis, and fundamental conservatism. The emergence of capitalism and the emphasis on standard currency transactions over and above barter systems created the need for bureaucratic forms of organization in both the private and public sectors. However, the critical elements of the bureaucratic form of organization also can conflict with one another and are often at the base of criticisms that regard bureaucracies as dysfunctional. In sum, what makes bureaucracy work also may work against it.

Bureaucracy And The State

All forms of governance require administration, but only within the past few centuries has the bureaucratic form become relatively common. Although Weber observed bureaucratic forms of administration in ancient Egypt, during the later stages of the Roman Empire, in the Roman Catholic Church, and in imperial China, the rise of the modern nation-state was accompanied by a commensurate elevation in the status of its administration, the bureaucratization of the administration, and the indispensability of its permanent officialdom. The bureaucracy, in service to the crown, was the manifestation of the state. Building the state essentially was identified with the increasing proficiency of its bureaucratic apparatus and the status of its permanent officials.

The development of public bureaucracy generally accompanied the capacity of a state to extend its reach and to unite its territories under a single sovereignty. The establishment of a full-time administrative cadre was a sign of a government's administrative unity and its capacity to implement its writ. The bureaucratization of the state, odd as it may initially seem, typically provided the basis for its democratization because it eliminated feudal, plutocratic, and patrimonial bases of administration. Some states, typically those that experienced a struggle to break the power base of a provincial aristocracy, developed a strong professional bureaucracy to serve the crown and unify the state. During the reign of Louis XIV (1643–1715), France established a strong professional corps of officials responsible for public works, extracting revenues, and otherwise supporting the ambitions of the crown. The term bureaucracy, coined (as bureaucratie) in the mid-18th century by the French philosophe Vincent de Gournay, is derived from the French bureau, meaning "writing desk," and -cratie, meaning "government." In the 19th century the Meiji Restoration in Japan (1868–1912), motivated by powerful modernizing ambitions, centralized the state, weakened the aristocracy, and created a powerful bureaucracy. By contrast, Britain's more powerful aristocracy continued to wield amateur administrative functions until well into the 19th century, when a professionalized civil service eventually emerged. In the United States a professional civil service was not created at the federal level until 1883, and in many of its states and localities not until much later. The actual realization of a modern bureaucracy at the federal level in the United States was a patchwork, reflecting responses to specific problems and its complicated system of political authority.

Traditionally, governments have reformed their administrative operations in response to evident failures (e.g., the inability to deal with crises or to function effectively in warfare) and the need to create universal systems of benefits (e.g., pensions, health care, and education), both of which require revenue extraction by an efficient institution. Until the end of the 20th century, administrative reforms generally strengthened the meritocratic and universalistic bases of administrative organization to guard against the malignant influences of corruption, a lack of accountability, and patronage. However, by the 1980s, antibureaucratic reform efforts in established democracies gained momentum, emphasizing decentralization and market-based decision making and, in some instances, even the replacement of full-time civil servants with managers on contract. In order to increase flexibility and adaptability and to make the public sphere smaller and more performance-oriented, the de-bureaucratization of the state's administrative apparatus became fashionable, if not comprehensively applied. Those reforms often fell under the rubric of what was called New Public Management.

The administrative apparatus of the state in developing countries, however, rarely has come close to achieving the impersonal, rule-based status that Weber depicted. Nor has it generally been able to produce the level of proficiency that Weber claimed was characteristic of bureaucracy. Often the lack of sufficient resources to pay officials in resource-scarce societies has led to corruption and, at the very least, shirking on the job so that officials can tend to other, more remunerative ventures. The absence of a strong professionalized corps of officials in such settings has meant that the civil service is often a source of patronage, allowing leaders to pay off supporters or deter the formation of an opposition. As these countries generally lack adequate resources, the state bureaucracy has less to extract to allow for the proficient delivery of services.

Many of the problems identified in developing countries, of course, affect even the most affluent countries, though usually to a lesser degree. The extent to which bureaucracy performs in accordance with the Weberian characterization is related to the external circumstances governing its capabilities. As a consequence, when these resources are lacking or when there is little basis for the rule of rational-legal authority, the state bureaucracy is unable to act in ways that may make it accountable, proficient, or rule-based. Further, when pay is low and educational resources limited, the officials responsible for running the administrative machinery may have inadequate skills and become susceptible to corruption and shirking. Thus, the fact that the administrative apparatus of a state is casually referred to as “the bureaucracy” (or its officials as “bureaucrats”) says little about how proximate to or distant from the Weberian ideal of bureaucracy it is.

In developing countries, ideas about administrative reform often move in the direction of the more formalistic Weberian ideal—particularly the creation of universalistic standards, regular procedures, and accountability. By contrast, in more-affluent countries, there is some emphasis, particularly but not exclusively in the largely English-speaking democracies, to reduce administrative formalism associated with bureaucracy, diminish the number of rules, and increase discretion and performance accountability lower down in organizations. Whereas in developing countries the main need is the reduction of corruption, in more established countries the reform motif is focused on rapid adaptability and performance. In settings where the state bureaucracy is believed to have been essential to the identity and performance of the state itself (e.g., France and Germany), there is more resistance to the introduction of market criteria to evaluate the state administrative apparatus or to disrupt prevailing patterns of civil service recruitment and training.

Trends In Bureaucratic Organization

Empirical studies of ostensibly bureaucratic organizations have often revealed a rich informal life within them that is at odds with the formal chain-of-command depictions. The classic work Administrative Behavior, originally published in 1947 from the doctoral dissertation of the American social scientist Herbert Simon, dissected the vintage bureaucratic paradigm and concluded that it was frequently inconsistent with psychological and social realities. Workers on production lines, for example, often generated their own norms that produced suboptimal results for the organization. In reality, the Weberian ideal of bureaucratic organization is frequently imperfect.

The terms bureaucracy and bureaucrat are often loosely employed as interchangeable with any form of administrative organization, however distant its pattern of behaviour from the Weberian model. Frequently,
therefore, criticisms of bureaucracy and bureaucrats are criticisms of administrative behaviour that departs significantly from the ideals of bureaucratic organization and the professionalism of its corps of officials. Still, bureaucracy has been challenged by more informal and adaptive modes of organization (e.g., markets, networks, and other less hierarchical or rule-driven modalities of organization). As no other form of organization allows for the regularity and accountability characterized by the bureaucratic form, however, it is unlikely that the bureaucratic form of organization will be supplanted.

Hawthorne Experiments and Human Relations

Human relations management theories were created based on the Hawthorne studies conducted by Professor Elton Mayo.

The Hawthorne Effect is the increased motivation and productivity found in employees when placed in a team or group setting. The human relations movement was propelled by the Hawthorne studies. Many theorists such as McGregor, Herzberg, Vroom and others have developed their own employee motivation beliefs and concepts. The varied hypothesis consist of behavioral models that state the most efficient, effective and inspiring means of inciting self motivation and high performance from employees.

Hawthorne studies

The Hawthorne studies were conducted from 1927 until 1932 by Professor Elton Mayo at the Western Electric Hawthorne Works in Chicago. Professor Mayo examined work conditions and productivity. The conclusion of the research led to the discovery that relationships largely influenced productivity. Being part of a group or team affected the performance of each employee. The researchers dubbed the increased motivation and productivity The Hawthorne Effect.

Human relations movement

The human relations movement originated from Dr. Elton Mayo's Hawthorne studies. The movement stated that personal development and growth as well as employee goal setting are essential to effective businesses. The movement also emphasized the fact that affirmative motivation derived from team goals and greater production resulted from encouragement and positive reinforcement from employers.

Theory X and Theory Y

Theory X and Theory Y were proposed by Douglas McGregor in his 1960 book, The Human Side of Enterprise. The two theories are opposing methods by which supervisors perceive employee motivation. Theory X states that people dislike work and need the constant threat of job loss and financial incentives to work hard. These workers are irresponsible and need to be controlled. Theory Y states that people are self-motivated, responsible, creative and need to work. Theory Y has been adopted by more progressive management intellects that follow Elton Mayo's human relations approach.

Hierarchy of needs

According to Maslow, McGregor's Theory Y did not completely work because it ignored the need individuals had for Theory X. Maslow used his hierarchy of needs theory to explain human motivation. The five levels of needs according to Maslow are physiological needs, safety needs, needs of belonging, esteem needs and self-actualization needs. Maslow believed that people cannot fulfill the higher needs of esteem and self actualization without fulfilling the basic physiological and safety needs of an individual first.

Expectancy theory of motivation

Victor Vroom developed the expectancy theory of motivation. It is based on outcomes. Vroom surmises that effort, performance and motivation must be linked. He proposes three variables, valence, expectancy and instrumentality. Expectancy is the thought process that increased effort will lead to better performance. Instrumentality is the belief that you will be rewarded for hard work, and valence is the significance an individual places on an outcome. Vroom's theory is based on perceptions of equity or fairness in the workplace.

Two factor hygiene and motivational theory

Frederick Herzberg stated that hygiene factors such as quality of management, safety, status, relationships, company, working conditions and company policies are necessary to keep employees satisfied. Motivational factors like advancement, achievement, recognition, job interest and responsibility are needed in order to motivate employees to a higher performance level.

Social System Approach

Following are the important features of systems approach to management thought:

1. System approach considers the organisation as a dynamic and inter-related set of parts. Each part represents a department or a sub-system. Each department has its sub-system. Continuous and effective interaction of sub-systems helps to attain goals of the larger system. Thus, every sub-system is a system and has sub-systems which together make an organisation a set of mutually dependent parts and their sub-parts.

2. It considers the impact of both near and distant future on organisational activities. Organisations constantly respond to changes in the internal and external environmental conditions. They also act as market leaders in the dynamic, competitive environment.

3. System approach integrates goals of different parts of the organisation (sub-systems or departments) with the organisation as a whole. It also integrates goals of the organisation with goals of the environment or society in which it operates. Integration of goals maintains equilibrium or balance and enables organisations to grow in the dynamic environment.

4. It synthesizes knowledge of different fields of study such as biology, sociology, psychology, information systems, economics etc. As business organisation deals with different components of society, it makes best use of different fields of study to improve interaction with its counterparts.

5. System approach enables organisations to frame policies that promote business objectives and social objectives. Business operates in the social system and social values, culture, beliefs and ethics are important constituents of business operations.

Evaluation of System Approach:
The system approach has the following merits:

1. System approach provides a holistic view of the organisations and emphasises on their adaptive nature. It increases organisation’s adaptability to environmental changes.

The organisation is studied as a whole and not through its parts. This enables it to adapt to the needs of the environment. Decisions are made keeping in mind organisation-environment interface.

2. It analyses the system at different levels and inter-relates and integrates it into a unified set of direction. Starting from individual goals, it focuses on overall organisational goals, synthesizes the two and converges them into global economy.

3. System approach provides a framework for effective interaction of parts of the organisation in a specific arrangement for attainment of its goals. It does not focus on one part of the organisation.

4. It considers the impact of environment on the organisation and vice versa. Interaction of external environment with the internal environment is the most significant contribution of systems theory.

System approach, thus, analyses the organisation as an adaptive and dynamic entity.

5. System approach synthesizes the classical and behavioural theories into a broader framework to solve managerial problems.

It, thus, focuses on organisations as multi-dimensional in nature.

Limitations of System Approach:

1. Critics of this theory claim this as a theoretical approach to management. The way an organisation actually works and solves problems (by applying different techniques and methods) has no appeal in the theory.

2. Relationship amongst parts of the organisation is emphasised upon but the exact nature of inter-dependence is not defined.

3. Exact relationship between internal and external environment of the organisation is also not defined.

For example, it specifies that change in economic policies necessitates change in internal policies of the organisation but what changes are required to match the changes in economic environment is not talked about.

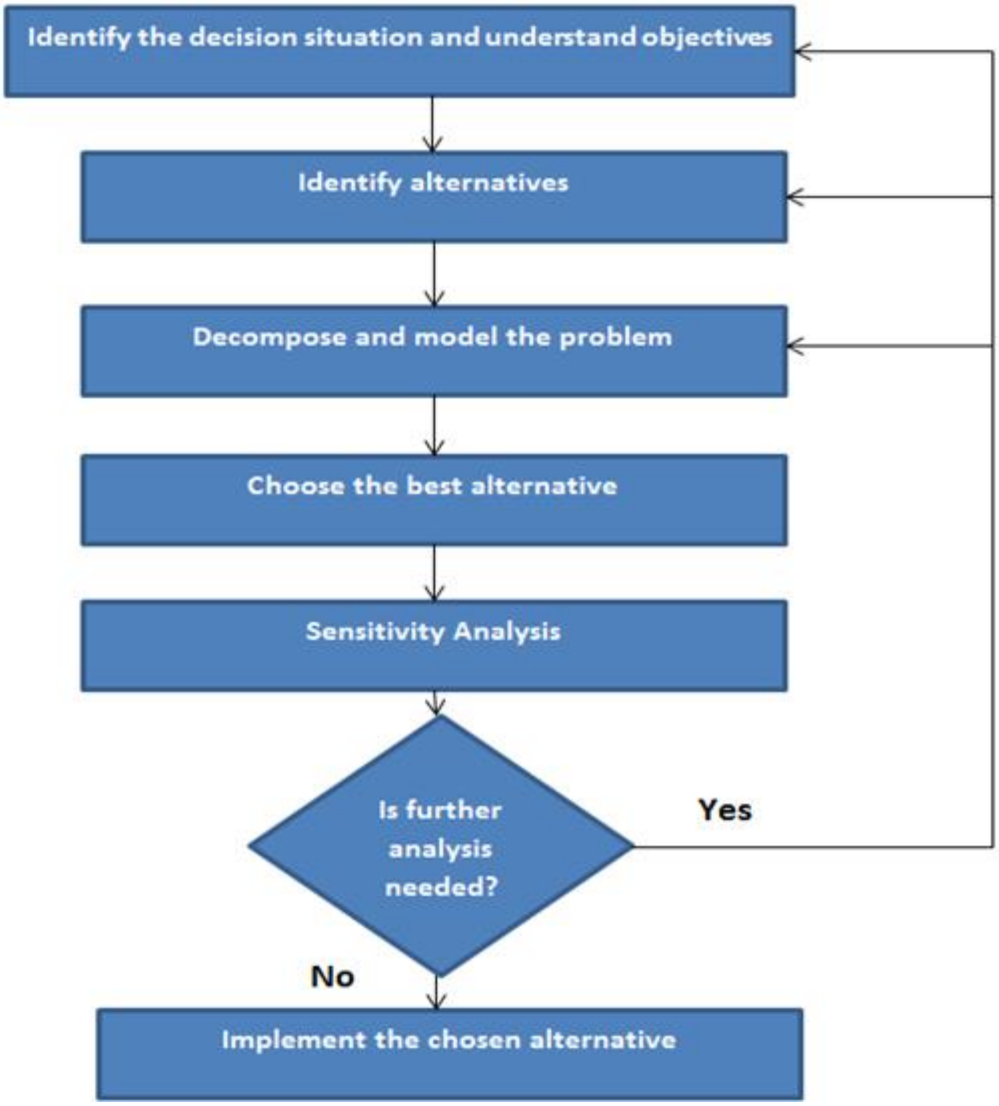
4. System approach fails to provide uniform approach to management. Management practices change with changes in environmental variables. No standard set of principles apply to all types of organisations.

It has added nothing new to the study of management. Even before this approach was introduced, managerial decisions were taken keeping in mind the environmental variables. No specific decision-making techniques are offered to deal with specific problems.

5. It fails to provide concepts that apply to all types of organisations. The small organisations are less adaptive to environmental variables than large organisations. The theory assumes that most of the organisations are big, complex and open systems. It, thus, fails to provide a unified theory.

Decision Theory Approach

Decision theory is principle associated with decisions. Contemporary decision theory was developed in the mid of the 20th century with the support of several academic disciplines. Decision theory is typically followed by researchers who pinpoint themselves as economists, statisticians, psychologists, political and social scientists or philosophers. Decision theory provides a formal structure to make rational choices in the situation of uncertainty. Given a set of alternatives, a set of consequences, and a correspondence between those sets, decision theory offers conceptually simple procedures for choice. The origin of decision theory is derived from economics by using the utility function of payoffs. It proposes that decisions be made by computing the utility and probability, the ranges of options, and also lays down strategies for good decision.



Decision theory is a set of concepts, principles, tools and techniques that help the decision maker in dealing with complex decision problems under uncertainty. More specifically, decision theory deals with methods for determining the optimal course of action when a number of alternatives are available and their consequences cannot be forecasted with certainty.

According to David Lewis (1974), "decision theory (at least if we omit the frills) is not an esoteric science, however unfamiliar it may seem to an outsider. Rather it is a systematic exposition of the consequences of certain well-chosen platitudes about belief, desire, preference and choice. It is the very core of our common-sense theory of persons, dissected out and elegantly systematized".

In theoretical literature, it is represented that decision theory signifies a generalized approach to decision making. It enables the decision maker to analyze a set of complex situations with many alternatives and many different possible consequences and to identify a course of action consistent with the basic economic and psychological desires of the decision maker.

Decision theory problems are categorized by the following:

1. A decision criterion

2. A list of alternatives

3. A list of possible future events (states of nature)

4. Payoffs associated with each combination of alternatives and events

5. The degree of certainty of possible future events

There are two categories of decisions theories that include normative or prescriptive decision theory to identify the best decision to take, assuming an ideal decision maker who is fully informed, able to compute with perfect accuracy, and fully rational. The practical application of this prescriptive approach is called decision analysis, and aimed at finding tools, methodologies and software to help people make better decisions. The most systematic and comprehensive software tools developed in this way are called decision support systems.

In contrast, positive or descriptive decision theory explain observed behaviors under the assumption that the decision-making agents are behaving under some consistent rules. These rules may, for instance, have a technical framework or an axiomatic framework, integration the Von Neumann-Morgenstern axioms with behavioral desecrations of the expected utility hypothesis, or they may explicitly give a functional form for time-inconsistent utility functions.

Solution to any decision problem include following steps:

1. Identify the problem

2. Specify objectives and the decision criteria for choosing a solution

3. Develop alternatives

4. Analyze and compare alternatives

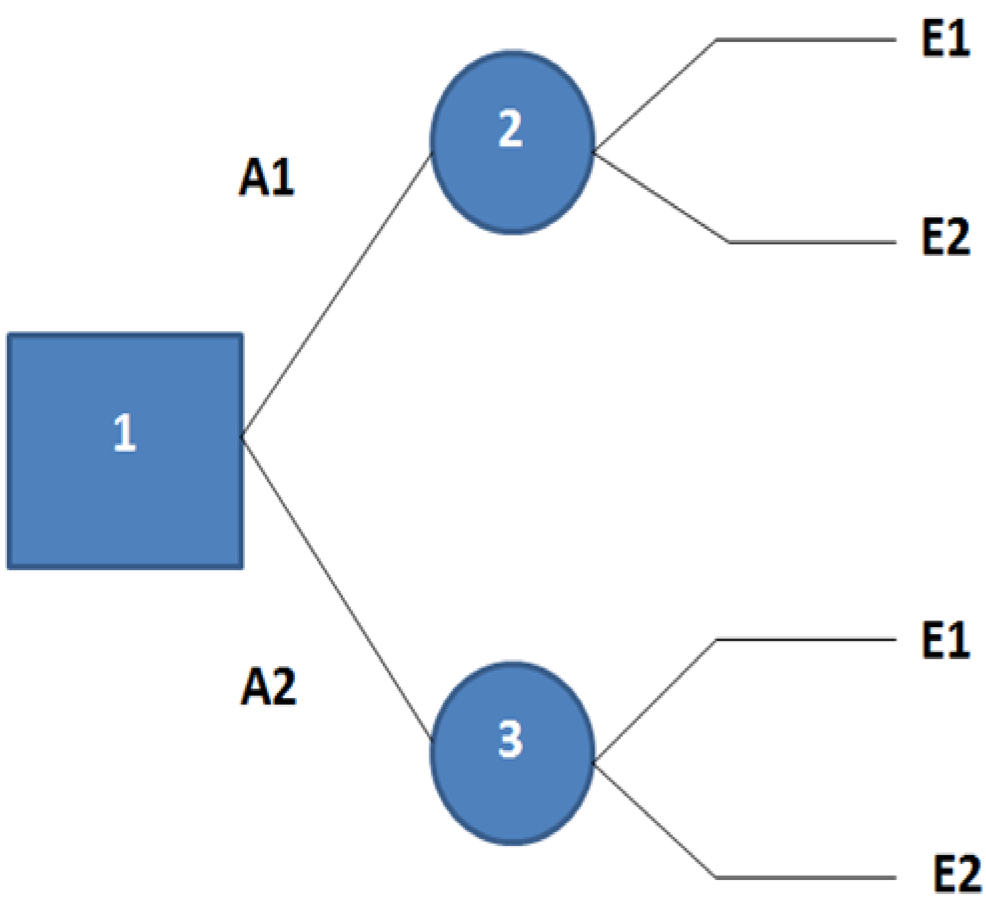
5. Select the best alternative

6. Implement the chosen alternative

7. Verify that desired results are achieved

Decisions in stages, decision trees:

In many instances, the choice of the best act is not made in one stage, and the decision problem involves a sequence of acts, events, acts, events. There may be a number of basic alternatives, each leading to one of a number of situations depending on the outcome of a certain random process. At each such situation, a number of other alternatives may be available which also lead to a new set of situations depending on another set of events and so on, with acts followed by events, followed by acts, events. Discrete decision theory problems can be represented pictorially using decision tress. It chronically portrays the sequence of actions and events as they unfolds. In below figure, square symbol precedes the set of actions that can be taken by decision maker. The round node precedes the set of events or states of nature that could be encountered after decisions is made. The nodes are connected by branches.



Analysis of Decision Trees: After the tree has been drawn, it is scrutinized from right to left. The aim of analysis is to determine the best strategy of the decision maker that means an optimal sequence of the decisions. To analyze a decision tree, managers must know a decision criterion, probabilities that are assigned to each event, and revenues and costs for the decision alternatives and the chance events that occur.

There are two possibilities to how to include revenues and costs in a decision tree. One possibility is to assign them only to terminating nodes where they are included in the conditional value of the decision criterion associated with the decisions and events along the path from the first part of the tree to the end. However, it can be appropriate to assign revenues and costs to branches. This reduces the required arithmetic for calculating the values of the decision criterion for terminating nodes and focuses attention on the parameters for sensitivity analysis.

When analyzing a decision tree, managers must start at the end of the tree and work backwards. They perform two kinds of calculations.

For chance event nodes managers calculate certainty equivalents related to the events emanating from these nodes. Under the assumption that the decision maker has a neutral attitude toward risk, certainty equivalent of uncertain outcomes can be replaced by their expected value. At decision nodes, the alternative with the best expected value of the decision criterion is selected.

Benefits of Decision Trees

They enable to obtain a visual portrayal of sequential decisions, i.e. they picture a series of chronological decisions. Decision tree are universal, they make more accurate the structure of the decision process and facilitate a communication among solvers of the decision problem. Decision tree force the decision maker to appreciate all consequences of his decisions. Construction and analysis of decision trees by means of computers makes possible to experiment with decision trees and quickly to establish the impact of changes in the input parameters of the tree on the choice of the best policy.

Limitations of decision trees:

1. Only one decision criterion can be considered.

2. The decision tree is an abstraction and simplification of the real problem. Only the important decisions and events are included.

3. Managers cannot use decision trees if the chance event outcomes are continuous. Instead, they must redefine the outcomes so that there is a finite set of possibilities.

The significant result of the analysis of a decision tree is to choose the best alternative in the first stage of the decision process. After this stage, some changes in the decision situations can come, an additional information can be obtained, and usually, it is essential to actualize the decision tree and to determine a new optimal strategy. This procedure is required before every further stage.

Theoretical studies have revealed that decision theory is a formal study of rational decision making formed largely by the joint efforts of mathematicians, philosophers, social scientists, economists, statisticians and management scientists (Jeffrey 1992). While decision theory has history of applications to real world problems in many disciplines, including economics, risk analysis, business management, and theoretical behavioral ecology, it has more recently gained acknowledgment as a beneficial approach to conservation in the last 20 years (Maguire 1986).

To summarize, Decision theory is a Structure of logical and mathematical concepts which is intended to assist managers to formulate rules that may lead to a most beneficial course of action under the given circumstances. Decision theory divides decisions into three categories that include Decisions under certainty; where a manager has far too much information to choose the best alternative, Decisions under conflict; where a manager has to anticipate moves and countermoves of one or more competitors and lastly, Decisions under uncertainty; where a manager has to dig-up a lot of data to make sense of what is going on and what it is leading to. It is established that decision theory can be applied to conditions of certainty, risk, or uncertainty. Decision theory identifies that the ranking produced by using a criterion has to be consistent with the decision maker's objectives and preferences.

Business Ethics and Social Responsibility:

Concept

Simply put, ethics involves learning what is right or wrong, and then doing the right thing -- but "the right thing" is not nearly as straightforward as conveyed in a great deal of business ethics literature. Most ethical dilemmas in the workplace are not simply a matter of "Should Bob steal from Jack?" or "Should Jack lie to his boss?"

(Many ethicists assert there's always a right thing to do based on moral principle, and others believe the right thing to do depends on the situation -- ultimately it's up to the individual.) Many philosophers consider ethics to be the "science of conduct." Twin Cities consultants Doug Wallace and John Pekel (of the Twin Cities-based Fulcrum Group; 651-714-9033; e-mail at jonpekel@atti.com) explain that ethics includes the fundamental ground rules by which we live our lives. Philosophers have been discussing ethics for at least 2500 years, since the time of Socrates and Plato. Many ethicists consider emerging ethical beliefs to be "state of the art" legal matters, i.e., what becomes an ethical guideline today is often translated to a law, regulation or rule tomorrow. Values which guide how we ought to behave are considered moral values, e.g., values such as respect, honesty, fairness, responsibility, etc. Statements around how these values are applied are sometimes called moral or ethical principles. (Extracted from Complete (Practical) Guide to Managing Ethics in the Workplace.)

Ethics
Value at Work ... and at Play
Why Integrity Is Never Easy
What are Values, Morals, and Ethics?

What is Business Ethics?

The concept has come to mean various things to various people, but generally it's coming to know what it right or wrong in the workplace and doing what's right -- this is in regard to effects of products/services and in relationships with stakeholders. Wallace and Pekel explain that attention to business ethics is critical during times of fundamental change -- times much like those faced now by businesses, both nonprofit or for-profit. In times of fundamental change, values that were previously taken for granted are now strongly questioned. Many of these values are no longer followed. Consequently, there is no clear moral compass to guide leaders through complex dilemmas about what is right or wrong. Attention to ethics in the workplace sensitizes leaders and staff to how they should act. Perhaps most important, attention to ethics in the workplaces helps ensure that when leaders and managers are struggling in times of crises and confusion, they retain a strong moral compass. However, attention to business ethics provides numerous other benefits, as well (these benefits are listed later in this document).

Note that many people react that business ethics, with its continuing attention to "doing the right thing," only asserts the obvious ("be good," "don't lie," etc.), and so these people don't take business ethics seriously. For many of us, these principles of the obvious can go right out the door during times of stress. Consequently, business ethics can be strong preventative medicine. Anyway, there are many other benefits of managing ethics in the workplace. These benefits are explained later in this document. (Extracted from Complete (Practical) Guide to Managing Ethics in the Workplace.)

Business Ethics (Wikipedia)
What is Business Ethics?
Values and Morals, Guidelines for Living
Ethics at a Cross Roads
Ethics is More Than Compliance
The Best Ways to Discuss Ethics
Students Teach Business Ethics
Transparency is a key to performance
Choices Make all the Difference

Managing Ethics in the Workplace

Managing Ethics Programs in the Workplace

Organizations can manage ethics in their workplaces by establishing an ethics management program. Brian Schrag, Executive Secretary of the Association for Practical and Professional Ethics, clarifies. "Typically, ethics programs convey corporate values, often using codes and policies to guide decisions and behavior, and can include extensive training and evaluating, depending on the organization. They provide guidance in ethical dilemmas." Rarely are two programs alike.

"All organizations have ethics programs, but most do not know that they do," wrote business ethics professor Stephen Brenner in the Journal of Business Ethics (1992, V11, pp. 391-399). "A corporate ethics program is made up of values, policies and activities which impact the propriety of organization behaviors."

Bob Dunn, President and CEO of San Francisco-based Business for Social Responsibility, adds: "Balancing competing values and reconciling them is a basic purpose of an ethics management program. Business people need more practical tools and information to understand their values and how to manage them." (Extracted from Complete (Practical) Guide to Managing Ethics in the Workplace.)

Ethics Management Programs: An Overview
A Guide to Business Ethics: How to Navigate Ethical Issues in Small Business Business
Is It Time for a Unified Approach to Business Ethics?
10 Benefits of Managing Ethics in the Workplace
8 Guidelines for Managing Ethics in the Workplace
6 Key Roles and Responsibilities in Ethics Management
Organizational Character and Leadership Development

Developing Codes of Ethics

According to Wallace, "A credo generally describes the highest values to which the company aspires to operate. It contains the `thou shalts.' A code of ethics specifies the ethical rules of operation. It's the `thou shalt nots." In the latter 1980s, The Conference Board, a leading business membership organization, found that 76% of corporations surveyed had codes of ethics.

Some business ethicists disagree that codes have any value. Usually they explain that too much focus is put on the codes themselves, and that codes themselves are not influential in managing ethics in the workplace. Many ethicists note that it's the developing and continuing dialogue around the code's values that is most important. (Extracted from Complete (Practical) Guide to Managing Ethics in the Workplace.)

How to Write a Code of Ethics for Your Business
10 Tips for Writing an Amazing Code of Ethics
How to Write a Code of Ethics for Business

Developing Codes of Conduct

If your organization is quite large, e.g., includes several large programs or departments, you may want to develop an overall corporate code of ethics and then a separate code to guide each of your programs or departments. Codes should not be developed out of the Human Resource or Legal departments alone, as is too often done. Codes are insufficient if intended only to ensure that policies are legal. All staff must see the ethics program being driven by top management.

Note that codes of ethics and codes of conduct may be the same in some organizations, depending on the organization's culture and operations and on the ultimate level of specificity in the code(s). (Extracted from Complete (Practical) Guide to Managing Ethics in the Workplace.)

Effective Methods of Employee Code of Conduct Training
Rethinking Codes of Conduct
Establishing a Code of Business Ethics
Codes of Conduct in Light of Sarbanes-Oxley
7 Rules for Avoiding Conflicts of Interest in a Family Business

Resolving Ethical Dilemmas and Making Ethical Decisions

Perhaps too often, business ethics is portrayed as a matter of resolving conflicts in which one option appears to be the clear choice. For example, case studies are often presented in which an employee is faced with whether or not to lie, steal, cheat, abuse another, break terms of a contract, etc. However, ethical dilemmas faced by managers are often more real-to-life and highly complex with no clear guidelines, whether in law or often in religion.

As noted earlier in this document, Doug Wallace, Twin Cities-based consultant, explains that one knows when they have a significant ethical conflict when there is presence of a) significant value conflicts among differing interests, b) real alternatives that are equality justifiable, and c) significant consequences on "stakeholders" in the situation. An ethical dilemma exists when one is faced with having to make a choice among these alternatives.

What's an Ethical Dilemma?

Some Contemporary (Arguably) Ethical Issues
General Resources Regarding Managing Ethics in the Workplace
Social Responsibility (social responsibility is but one aspect of overall business ethics)

General Resources Regarding Social Responsibility
Lessons in Ethics from Richard Branson

Assessing and Cultivating Ethical Culture

Culture is comprised of the values, norms, folkways and behaviors of an organization. Ethics is about moral values, or values regarding right and wrong. Therefore, cultural assessments can be extremely valuable when assessing the moral values in an organization.

Assessing Corporate Culture - Part 1
Assessing Corporate Culture - Part 2
How to Create An Ethical Work Environment
How a Company Develops & Maintains an Ethical Environment
Culture Saves Lives
Combating the Hero Worship Culture at Penn State: the NCAA Got It Exactly Right

Also consider
Organizational Culture
Organizational Assessments

Ethics Training

The ethics program is essentially useless unless all staff members are trained about what it is, how it works and their roles in it. The nature of the system may invite suspicion if not handled openly and honestly. In addition, no matter how fair and up-to-date is a set of policies, the legal system will often interpret employee behavior (rather than written policies) as de facto policy. Therefore, all staff must be aware of and act in full accordance with policies and procedures (this is true, whether policies and procedures are for ethics programs or personnel management). This full accordance requires training about policies and procedures.

Do the Right Thing -- Ethics Training Programs Help Employees Deal With Ethical Dilemmas
Ethics Training and Development in the Military
Does Your Ethics and Compliance Training Meet the Standard?
Teaching Right and Wrong
Ethics Training: New Needs, New Times

Shift to Ethics

By the end of this section, you will be able to:

- Describe the ways ethical standards change over time

- Identify major shifts in technology and ethical thinking over the last five hundred years
- Explain the impact of government and self-imposed regulation on ethical standards and practices in the United States

Besides culture, the other major influence in the development of business ethics is the passage of time. Ethical standards do not remain fixed; they transform in response to evolving situations. Over time, people change, technology advances, and cultural mores (i.e., acquired culture and manners) shift. What was considered an appropriate or accepted business practice one hundred or even fifty years ago may not carry the same moral weight it once did. However, this does not mean ethics and moral behavior are relative. It simply acknowledges that attitudes change in relationship to historical events and that cultural perspective and the process of acculturation are not stagnant.

Shifts in Cultural and Ethical Standards

We find an example of changing cultural mores in the fashion industry, where drastic evolution can occur even over ten years, let alone a century. The changes can be more than simply stylistic ones. Clothing reflects people's view of themselves, their world, and their values. A woman in the first half of the twentieth century might be very proud to wear a fox stole with its head and feet intact ((Figure)). Today, many would consider that an ethical faux pas, even as the use of fur remains common in the industry despite active campaigns against it by organizations such as People for the Ethical Treatment of Animals. At the same time, cosmetics manufacturers increasingly pledge not to test their products on animals, reflecting changing awareness of animals' rights.
Philanthropist Anne Morgan, wife of banker and industrialist J.P. Morgan, wearing a fur stole circa 1915. (credit: "Anne Morgan, wearing fur stole, ca. 1915" by "Elisa.rolle"/Wikimedia Commons, Public Domain)

Bias is built into the human psyche and expressed through our social structures. For this reason, we should avoid making snap judgments about past eras based on today's standards. The challenge, of course, is to know which values are situational—that is, although many values and ethics are relative and subjective, others are objectively true, at least to most people. We can hardly argue in favor of slavery, for example, no matter in which culture or historical era it was practiced. Of course, although some values strike us as universal, the ways in which they are interpreted and applied vary over time, so that what was once acceptable no longer is, or the reverse.
When Even Doctors Smoked

From the 1940s to the 1970s, cigarettes were as common as water bottles are today. Nearly everyone smoked, from judges in court to factory workers and pregnant women. Edward Bernays, the Austrian-American founder of the field of public relations, promoted smoking among women in a 1929 campaign in New York City in which he marketed Lucky Strike cigarettes as “torches of freedom” that would lead to equality between men and women. However, by the late 1960s, and in the wake of the release of the landmark Surgeon General’s report on “Smoking and Health” on January 11, 1964, it had become clear that there was a direct link between cigarette smoking and lung cancer. Subsequent research has added heart and lung diseases, stroke, and diabetes. Smoking has decreased in Western countries but remains well established in the global East and South, where cigarette manufacturers actively promote the products in markets like Brazil, China, Russia, and Singapore, especially among young people.

Critical Thinking

Are such practices ethical? Why or why not?
Explore these statistics on cigarette smoking in young adults from the CDC and these charts on the global state of smoking from the World Bank for information about cigarette use in the United States and globally, including demographic breakdowns of smoking populations.

Thus, we acknowledge that different eras upheld different ethical standards, and that each of these standards has had an impact on our understanding of ethics today. But this realization raises some basic questions. First, what should we discard and what should we keep from the past? Second, on what basis should we make this decision? Third, is history cumulative, progressing onward and upward through time, or does it unfold in different and more complicated ways, sometimes circling back upon itself?

The major historical periods that have shaped business ethics are the age of mercantilism, the Industrial Revolution, the postindustrial era, the Information Age, and the age of economic globalization, to which the rise of the Internet contributed significantly. Each of these periods has had a different impact on ethics and what is considered acceptable business practice. Some economists believe there may even be a postglobalization phase arising from populist movements throughout the world that question the benefits of free trade and call for protective measures, like import barriers and export subsidies, to reassert national sovereignty.

In some ways, these protectionist reactions represent a return to the theories and policies that were popular in the age of mercantilism.

Unlike capitalism, which views wealth creation as the key to economic growth and prosperity, mercantilism relies on the theory that global wealth is static and, therefore, prosperity depends on extracting wealth or accumulating it from others. Under mercantilism, from the sixteenth to the eighteenth centuries, the exploration of newly opened markets and trade routes coincided with the impulse to colonize, producing an ethical code that valued acculturation by means of trade and often brute force. European powers extracted raw commodities like cotton, silk, diamonds, tea, and tobacco from their colonies in Africa, Asia, and South America and brought them home for production. Few questioned the practice, and the operation of business ethics consisted mainly of protecting owners' interests.

During the Industrial Revolution and the postindustrial era, in the nineteenth and early twentieth centuries, business focused on the pursuit of wealth, the expansion of overseas markets, and the accumulation of capital. The goal was to earn as high a profit as possible for shareholders, with little concern for outside stakeholders. Charles Dickens (1812–1870) famously exposed the conditions of factory work and the poverty of the working class in many of his novels, as did the American writer Upton Sinclair (1878–1968). Although these periods witnessed extraordinary developments in science, medicine, engineering, and technology, the state of business ethics was perhaps best described by critics like Ida Tarbell (1857–1944), who said of industrialist John D. Rockefeller (1839–1937) ((Figure)), "Would you ask for scruples in an electric dynamo?"

Ida Tarbell (a) was a pioneer of investigative journalism and a leading "muckraker" of the Progressive Era. She is perhaps best known for her exposé of the business practices of John D. Rockefeller (b), founder of the Standard Oil Company. (credit a: modification of "TARBELL, IDA M." by Harris & Ewing/Library of Congress, Public Domain; credit b: modification of "John D. Rockefeller 1885" by "DIREKTOR"/Wikimedia Commons, Public Domain)

With the advent of the Information and Internet ages in the late twentieth and early twenty-first centuries, a code of professional conduct developed for the purpose of achieving goals through strategic planning.

In the past, ethical or normative rules were imposed from above to lead people toward right behavior, as the company defined it. Now, however, more emphasis is placed on each person at a firm embracing ethical standards and following those dictates to arrive at the appropriate behavior, whether at work or when off the clock.

The creation of human resources departments (increasingly now designated as human capital or human assets departments) is an outgrowth of this philosophy, because it reflects a view that humans have a unique value that ought not be reduced simply to the notion that they are instruments to be manipulated for the purposes of the organization. Millennia earlier, Aristotle referred to “living tools” in a similar but critical way.

Although one characteristic of the information age—access to information on an unprecedented scale—has transformed business and society (and some say made it more egalitarian), we must ask whether it also contributes to human flourishing, and to what extent business should concern itself with this goal.

A Matter of Time

What effect does time have on business ethics, and how is this effect achieved? If we accept that business today has two purposes—profitability and responsibility—we might assume that business ethics is in a much better position now than in the past to affect conduct across industries. However, much of the transformation of business over time has been the result of direct government intervention; one recent example is the Dodd–Frank Wall Street Reform and Consumer Protection Act that followed the financial crisis of 2008. Yet, despite such regulation and increased management vigilance in the form of ethics training, compliance reporting, whistleblower programs, and audits, it is tempting to conclude that business ethics is in worse shape than ever. The Information Age and the Internet may even have facilitated unethical behavior by making it easier to move large sums of money around undetected, by enabling the spread of misinformation on a global scale, and by exposing the public to the theft and misuse of vast stores of personal data gathered by companies as diverse as Equifax and Facebook.

However, since the mercantile era, there has been a gradual increase in awareness of the ethical dimension of business. As we saw in the preceding chapter, businesses and the U.S. government have debated and litigated the role of corporate social responsibility throughout the twentieth century, first validating the rule of shareholder primacy in Dodge v. Ford Motor Company (1919) and then moving away from a strict interpretation of it in Shlensky v. Wrigley (1968). In Dodge v. Ford Motor Company (1919), the Michigan Supreme Court famously ruled that Ford had to operate in the interests of its shareholders as opposed to its employees and managers, which meant prioritizing profit and return on investment. This court decision was made even though Henry Ford had said, “My ambition is to employ still more men, to spread the benefits of this industrial system to the greatest possible number, to help them build up their lives and their homes. To do this we are putting the greatest share of our profits back in the business.”

By mid-century and the case of Shlensky v. Wrigley (1968), the courts had given boards of directors and management more latitude in determining how to balance the interests of stakeholders.

This position was confirmed in the more recent case of Burwell v. Hobby Lobby (2014), which held that corporate law does not require for-profit corporations to pursue profit at the expense of everything else.

Governmental regulation and legal interpretations have not been the only avenues of change over the past century. The growing influence of consumers has been another driving force in recent attempts by businesses to self-regulate and voluntarily comply with global ethical standards that ensure basic human rights and working conditions. The United Nations (UN) Global Compact is one of these standards. Its mission is to mobilize companies and stakeholders to create a world in which businesses align their strategies and operations with a set of core principles covering human rights, labor, the environment, and anticorruption practices. The Global Compact is a “voluntary initiative based on CEO commitments to implement universal sustainability principles and to undertake partnerships in support of UN goals.”

Of course, as a voluntary initiative, the initiative does not bind corporations and countries to the principles outlined in it.
Read the Ten Principles of the United Nations Global Compact urging corporations to develop a “principled approach to doing business.” The principles cover human rights, labor, the environment, and corruption.

Whenever we look at the ways in which our perception of ethical business practice changes over time, we should note that such change is not necessarily good or bad but rather a function of human nature and of the ways in which our views are influenced by our environment, our culture, and the passage of time. Many of the examples discussed thus far illustrate a gradual increase in social awareness due to the actions of individual leaders and the historical era in which they found themselves. This does not mean that culture is irrelevant, but that human nature exists and ethical inclination is part of that nature. Historical conditions may allow this nature to be expressed more or less fully. We might measure ethical standards according to the degree they allow human compassion to direct business practice or, at least, make it easier for compassion to hold sway. We might then consider ethics not just a nicety but a constitutive part of business, because it is an inherent human trait. This is a perspective Kant and Rawls might have agreed with. Ethical thinking over time should be measured, deliberate, and open to examination.

Summary

As a function of culture, ethics is not static but changes in each new era. Technology is a driving force in ethical shifts, as we can see in tracing changes from the age of mercantilism to the Industrial Revolution to the postindustrial era and the Information Age. Some of the most successful recent efforts to advance ethical practices have come from influences outside industry, including government regulation and consumer pressure.

Tools of Ethics

Ethics-tools to assist individuals and groups to 'make right or good decisions'. Includes ethics-tools for workplace and businesses, team issues and assessment.

Donna Rae Scheffert, author, is a writer and organizational consultant. She retired as a Leadership Development Specialist from the University of Minnesota Extension in 2009. She spent over 20 years creating leadership information, tools and training. She is the owner of online-leadership-tools.com

HOW DOES ETHICS RELATE TO LEADERSHIP?

It is essential that leaders include an assessment of ethics - the qualities and impacts of their actions on others. Ethics-tools can help. “Persons with integrity are trusted with leadership, executing our collective values and goals and making decisions that affect us all. They exemplify human values despite enormous pressures toward expediency and self-interest. Such individuals who have achieved respected leadership positions are held up as examples for all to follow.
Marcia Mentkowski

WHAT ARE CHARACTERISTICS OF ETHICAL LEADERS?

ETHICS-TOOLS TO EVALUATE LEADERSHIP

Respect Others – treat others as ends in themselves and never a means to ends, listen closely, are tolerant of opposing points of view, make others feel competent, treat others as worthy human beings

Serve Others – place stakeholder's and follower's welfare foremost in their plans, mentor and empower others, practice stewardship, act in ways that benefit others and the greater good

Show Justice – treat people in an equal manner, demonstrate fairness, communicate rules and reasons for allocation of resources/rewards/ punishments, explain reasons for differential treatment of others

Are Honest – tell the truth, represent reality as fully and completely as possible, are sensitive to attitudes and feelings of others, are trustworthy, reward honest behavior in the organization

Build Community – influence others for a common goal that benefits leaders and followers, attend to the needs and demands of the community, build voluntary followership, advance the human condition

Northouse, P.G. (2001). Leadership: Theory and practice (2nd ed.). Thousand Oaks, CA: Sage Publications.

ETHICS-TOOLS KEY CONCEPTS

Ethics-Tools to Discern Issues in Workplace or Business

----Is leadership is concerned about "doing the right thing" - moving toward a beneficial end or do they do what they can 'get by with' without being caught?

---Does leadership assess why something should be done and who will benefit and who may not?

---Do leaders engage followers in a respectful, voluntary and community-enhancing relationship?

Check out this great online collection called the Ethics-Tools Kit

WHAT ARE ETHICS?

It is about living and acting in ways that are consistent with principles of good behavior.

It is about doing the "right" thing.

It is also about self-restraint; not doing something simply because you have the power to do so, not doing what you have the right to do if it is not the "right" thing to do,not doing what you want to do, even if it is within the legal limits.

It can also refer to the study and development of a person's own standards. Although standards may be related to the beliefs of religions or faith traditions, it is not confined to particular religious beliefs, since it is much broader, including people from many religious or faith traditions, as well as people who do not practice a religion or faith tradition.

It is not the same as following the law. Legal systems can incorporate standards, but standards may go well beyond legal obligations.

It is not the same as following socially-accepted practices, since some social-accepted practices may actually violate ethical standards.

It refers to well-based standards of right and wrong that prescribe what humans ought to do.

Standards impose reasonable obligations to refrain from certain behaviors; for example, rape, murder, stealing, assault, slander and fraud.

Standards also encourage virtues; for example, honesty, caring, compassion, and loyalty.

Standards can relate to rights; the right to privacy, the right to life, the right to freedom from injury and other rights.

UNIT II

Introduction to Functions of Management

Management is not a hard science. Unlike chemistry or algebra where a right answer (often) exists, management is fluid, and subjective, and there are divergent perspectives on how to employ its principles. But what exactly is management? Most scholars have variations of the same definition that include a utilization of resources to achieve a goal. Lussier (2021) defines a manager as "the individual responsible for achieving organizational objectives through efficient and effective utilization of resources" (p. 3). The problem with this definition is that it implies that a manager has to be both efficient and effective, which eliminates the possibility of having a bad manager. Each of us can probably contradict this definition by providing an example from our personal past. However, this definition contains the basic elements of using resources to pursue goals.

An early management scholar, Mary P. Follett characterized management as "the art of getting things done through the efforts of other people" (Graham, 1995). This definition implies both pursuing goals (getting things done) and utilizing resources (predominantly through people). However, this too is missing an element, that of the organizational context. An important consideration for understanding management is that the term organization simply refers to "a collection of people working together to achieve a common purpose" (Shermerhorn, 2013, p. 11). This means an organization could be anything from your high school volleyball team to church or a corporation. Including the term "organization" in the definition leaves open the possibility that management can be practiced in each of these settings, and broadens our use of the term management. A comprehensive definition for **management** then, would be the pursuit of organizational goals through the use of organizational resources (Bateman & Snell, 2013). Pursuit implies a chance of failure and organizational gives us a context. This begs the question – how can we become effective at the pursuit of goals, or become more efficient in our use of organizational resources? Being good at management requires an immense focus on both of these ends, and we can achieve this through the process of the planning, organizing, leading, and controlling functions of management. These functions serve as the basis for the rest of the textbook because they are the essential tools we use to manage organizations. Most of the context and examples for this book focus on the corporate use of management. However, you should meet the concepts where you are in your professional or academic career – apply the principles to the context of your life, master the four functions for what you are doing now so that you can scale them to much bigger managerial endeavors later.

Management is not New

A broad understanding of management as resource utilization focused on a goal gives us a wide scope of situations and contexts in which to practice it. For example, the Crow Indians employed a complex strategy to harvest an entire herd of buffalo by driving them off a cliff. To funnel the herd to the lane leading up to the cliff they used a decoy (a hunter donned in a buffalo calf robe imitating a lost calf), incense to smoke them towards the lane, or rock piles to guide them to the lane (Nathan, 2018). If we apply the basic principles of management in this context we can see these hunters used resources (rocks, incense, knowledge and tradition) to pursue a goal (procurement of food, tools, and clothing the bison afforded them).

The Spanish Empire constructed the first global supply chain the world had ever seen once they discovered the surfeit of precious elements such as gold, silver, and mercury in North and South America (Aho & Lloyd, 2019).   Mule trains transported these treasures across mountain passes and jungles wherein war galleons then filled their holds. These fleets returned to Spain traversing the natural elements (tempests and shoals) while defending against state enemies (pirates).

At its core, this imperial supply chain used the same approach to achieve success that a teenager might use in a playing video games. If he rallys his friends after school in a game of Call of Duty to defeat their online opponents, he might also be considered a manager. He uses his experience and knowledge of gameplay as well as weaponry within the game to pursue his goal of competitive domination.

These examples demonstrate that management is multifarious, and not at all a recent phenomenon.   Yet, when we hear the term management, most of us probably conjure an image something like that of a corporate vice president implementing a marketing strategy to meet quarterly sales goals. The irony is that the corporate manager is utilizing the same tools as those of the native hunter, Spanish fleet admiral, and sophomore gamer.   Management is both universal and ubiquitous in that we all use variations of its elements.

The Four Functions of Management

The management process by which we pursue goals includes planning, organizing, leading, and controlling. These are “the how” a manager pursues organizational goals, and are universally known as the four functions of management. They stem from the work of a French mining administrator, Henri Fayol, who first identified management as a practice that could be improved through the use of five functions – planning, organizing, commanding, coordinating, and controlling. Since he published his work in 1916, we have decided that leading people through motivation and incentivization works much better than telling them what to do (e.g. commanding and coordinating). We use the term leading instead of these practices. Chapter 2 on the history of management will provide some insights regarding this change. Nonetheless, he gave us a place from which to start.

Even if you have never stepped foot in a corporate office, or held the title of manager at your local Dairy Queen, you have no less used the functions of management in your personal pursuits. A relevant example would be the process by which you manage your personal budget.

If you answered yes to question #1, then you are already engaged in the management function of planning. You know where your money is being spent. The same holds true for your financial goals. If you want to leave college debt free, save for a down payment on a house, or go on an unforgettable spring break trip, you have defined your organizational objective! Where you put your money is a function of how you manage your resources. This organizing function is presumably in line with your financial goals. For example, if you want to save for a down payment, you need to actually allocate your resources (income) to a savings account. Moreover, where your money comes from is also the source of your organizational resources. A budget shortfall might require you to employ the leading function of management. The essence of leading is motivating other people to align with your plan. What do you do if you need to pay bills, but don't have the money? Perhaps you ask your parents for a loan (need to sell this idea to them), or you might need to negotiate with a co-worker to let you take on extra shifts (show them what's in it for them in return), or it might be the reality that you need to sell something to make ends meet by selling something (in which case selling requires you to inspire someone else to see value in what you are selling). Leading might also entail convincing someone else in your circle to get on board with your gameplan (like a spouse, or sibling). Finally, keeping track of your expenses to ensure solvency and pace with your goals is the core of the controlling function. Do you keep receipts and check them against your online account expenses? Do you update your spreadsheet after your bill automatically debits from your account? Do you get an email notifying you have a low balance and are in risk of overdraft charges? Each of these methods are ways to monitor your progress and decide if you need to make a change (short term or long term).

If you reflect on this example of your personal budget, or you worked to achieve a personal or team goal, you will likely conclude that you are already a manager. This wide application of managerial thinking means that if you can master its principles on your personal scale, you can then amplify its use when you need to use it on a large scale. Get good at leading your class project, organizing your club fundraiser, or helping your team win a conference championship, and you will later be able to magnify the scale to lead a marketing department, or corporate merger, and even diplomatic negotiations as a prime minister.

Mastering the four functions will allow you to apply the function of planning on a more complex stage such as evaluating the internal and external environments of your organization. Using this analysis you can create an effective game plan to formulate a sustainable competitive advantage. Developing an organizing skillset will allow you to propose a structure for your team that incorporates cross functional members and ways of thinking. It will allow you to identify and recommend resources needed to pursue your plan. Honing your leading skillset will afford you the capability to motivate your organizational stakeholders to partake in your strategy, and force you to consider the ethical implications of your actions. Finally, implementing effective controlling allows you to check progress towards your goals and to recommend changes if you need to get on track.

Planning

Planning is the systematic process of making decisions about goals and activities the organization will pursue (Bateman & Snell, 2013). To make a decision about the direction of an organization, the planning phase must begin with analyzing the environment. Without a solid understanding of the context, the manager would have no basis to provide future direction. The context gives a manager a point of reference for improvement, opportunity, and learning from past mistakes. For this reason, the planning function should begin with analysis. This analysis should consider both the internal factors such as culture, values, and performance of team members as well as the external factors such as competitive environment, legal regulations, economy, technology, social values, and demographics.

The second component of planning is to use this analysis of the environment to build goals, activities, and objectives. For a major organization this might be the vision and mission statement of the organization. For a smaller organization this could be a year end, or season end goal. Some consider planning that point in your day or month that you step away from your desk, and think about the direction of your organization. This requires you to reflect on your organization's past, and determine how that impacts the direction going forward.

Organizing

Organizing is the process of assembling and assigning the human, financial, physical, informational, and other resources needed to achieve goals (Bateman & Snell, 2013). The core of the organizing function is leveraging the resources to align with the determined goals. Organizing human resources means first of all attracting a labor force that can help you pursue your goal. Within the organization, managing the human element means assigning tasks, delegating authority, determining a structure and hierarchy. Organizing the financial resources equates to making sure your capital is being utilized to meet goals. If an organization decides they want to have a best-in-class customer service team, they better being willing to spend the money to attract people with the disposition towards serving others, and spend money on training, or a retreat to teach the agents the skillsets they need. Marshalling physical resources focuses on the effectiveness of where you place and how you use physical assets. An executive chef might re-arrange a kitchen to improve process flow, food quality, or mitigate safety risks for example. Informational resources implies a leveraging and disseminating the organization's knowledge in meaningful ways to achieve goals. Connecting employees to how they contribute to the financial bottom line is a way of leveraging informational resources, as is using your company's proprietary algorithm to predict stock prices or develop new products.

Leading

Leading is stimulating high performance by members of the organization (Bateman and Snell, 2013). This function is getting members of the organization on board with your plan.

Normally, this means connecting with direct reports or teammates on a personal level. Understanding what drives individuals within the team allows a manager to design strategies around motivating, incentivizing, mobilizing, and arousing a desire to contribute.

Imagine for a minute, that you analyzed the conditions of the organization, you determined a game plan to pursue and even directed resources to step in that direction. You have successfully implemented the planning and organizing functions. In this scenario, however, you did not give consideration to how your team or organization would be involved. Do they agree with your direction? Did they have input in the process? Do they feel valued as a team member? Do they understand their role in a successful outcome? All of these questions are answered by the degree to which a manager is engaged in the leading function.

Having personal conversations, designing a bonus structure, or giving a rousing speech might all be considered leading the organization.

Controlling

Control is installing processes to guide the team towards goals and monitoring performance towards goals and making changes to the plan as needed (Batemen & Snell, 2013). Control does not always mean limited what the organization can do by having a hand in everything. We might call this micro-managing, which is control in its extreme form. Healthy control processes involve putting systems in place to make sure your organization is on track to meet the goals you established in the planning process. Planning sets standards to compare against, and the control process is the dashboard that tells whether or not you are meeting the standard. For example, a grocery store might set a goal of reducing shrink (that's product lost to shoplifting, damage). They decide that they want to reduce their shrink loss by 50%. To achieve this plan, they will have to dedicate resources (more employees to monitor, rearrange loading dock). You already recognize that step as the organizing function. We then incentivize our employees by designing a bonus structure – i.e. if we collectively meet the goal, each employee shares in the savings. If we stop there, we would have no way of knowing if we met the goal. The control process solves this for us. The last step in the grocery store manager's managerial approach is to have each department head report their shrink loss at the end of the shift, and aggregate those in an excel spreadsheet. In this way, the manager can see if the rearrangement of the loading dock has reduced the number of damaged canned goods that was happening under the old arrangement. The manager can make changes if they see that shrink is not improving even after hiring a greeter at the entrance.

Monitoring performance is the first step in control. After see the progress towards goals, the next step is to make changes. In this way, the control process always leads a manager back to the planning phase of management. There are only two outcomes to the control process. You are making progress towards your goal, or you are digressing in your performance. If you reach your goal, you will need to set new goals, which is the planning function. If you are not progressing towards your goal, you need to analyze the environment and determine why not. In this way the management functions are related and highly dependent upon each other, especially control and planning.

To illustrate the application of the four functions of manager, consider the various contexts in Figure 1.1. Under the personal budget, an engaged couple has decided to save for a house after getting married. The softball coach must determine how to win a conference championship, and the corporate manager is working on a strategy to improve waning sales figures.

Planning:

Nature

Planning is a mental activity. planning is not a simple process. It is an intellectual exercise and involves thinking and forethought on the part of the manager. Planning is goal oriented. Every plan specifies the goals to be attained in the future and steps necessary to reach them. Following are a few aspects of the nature of planning.

1. Planning is a rational approach

Planning is a future course of action where one wants to reach. Depending upon your objective

time period may vary in the planning process.

2. Planning is an open system

As organization is open planning too is also an open system Change in the environment may affect the planning process

For eg Change in technology,socio-cultural change, political, legal changes to cope up with these changes one has to make these changes in planning also

3. Planning occurs at every level of organisation

Thus planning occurs throughout organization at every level. Managers perform planning function for eg. Product launched at the national level. First plans are prepared at the top level like prepared at the top level like when to launch a product, who will be the brand celebrity followed by organisation of that even assigning duties. Thus it occurs at every level of organisation.

4.Planning as an intellectual process

Planning is a mental work basically concerned with thinking before doing. It is an intellectual process and involves creative thinking and imagination. Wherever planning is done, all activities are orderly undertaken as per plans rather than on the basis of guesswork. Planning lays down a course of action to be followed on the basis of facts and considered estimates, keeping in view the objectives, goals, and purpose of an enterprise.

Scope

Project scope is the part of project planning that involves determining and documenting a list of specific project goals, deliverables, tasks, costs and deadlines. The documentation of a project's scope, which is called a scope statement or terms of reference, explains the boundaries of the project, establishes responsibilities for each team member and sets up procedures for how completed work will be verified and approved.

During the project, this documentation helps the project team remain focused and on task. The scope statement also provides the team with guidelines for making decisions about change requests during the project. Note that a project's scope statement should not be confused with its charter; a project's charter simply documents that the project exists.

Large projects naturally tend to change as they progress. If a project has been effectively "scoped" at the beginning, then managing these changes will be easier. When documenting a project's scope, stakeholders should be as specific as possible to avoid scope creep, a situation in which one or more parts of a project end up requiring more work, time or effort because of poor planning or miscommunication.

Effective scope management requires good communication to ensure that everyone on the team understands the extent of the project and agrees upon exactly how the project's goals will be met. As part of project scope management, the team leader should solicit approvals and sign-offs from the various stakeholders as the project proceeds, ensuring that the proposed finished project meets everyone's needs.

The importance of defining a project's scope

Here are the benefits a project scope statement provides to any organization undertaking a new initiative. It:

- articulates what the project entails so that all stakeholders can understand what's involved;
- provides a roadmap that managers can use to assign tasks, schedule work and budget appropriately;
- helps focus team members on common objectives; and
- prevents projects, particularly complex ones, from expanding beyond the established vision.

Project managers generally find that establishing project scope ensures projects are focused and executed to expectations. The scope provides a strong foundation for managing a project as it moves forward and helps ensure that resources aren't diverted or wasted on out-of-scope elements.

How to define the scope of a project

Defining project scope requires input from the project stakeholders, who together with project managers establish the key elements of budget, objectives, quality and timeline. To determine a project scope, project managers must collect requirements for what the stakeholders need from the project -- this includes the project's objective or the project's deliverables, when the project needs to be completed, and how much they can pay for it. The goal is to gather and record precise and accurate information during this process, so that the project scope effectively reflects all requirements and thus improves the chances for project leaders to deliver products that meet stakeholder expectations on time and on budget.

Writing a project scope statement

A project scope statement is a written document that includes all the required information for producing the project deliverables. The project scope statement is more detailed than a statement of work; it helps the project team remain focused and on task. The scope statement also provides the project team leader or facilitator with guidelines for making decisions about change requests during the project.

The project scope statement also establishes what is not included in its initiatives, either implicitly or explicitly. Objectives and tasks not listed in the project scope statement should be considered out of scope. Project managers can also list specific work that will not be part of the project.

As such, this statement establishes the boundaries of each specific project. Project leaders need to take those requirements and map out what should happen and in what order those items need to occur. This generally leads to the creation of a work breakdown structure (WBS). As the name states, the work breakdown structure breaks down the totality of planned work into smaller portions and required tasks.

A well-articulated scope statement is considered a critical part of effective project management; project scope should be determined for every project, regardless of what project management methodology is used. Stakeholders for the project should have the opportunity to review the project scope statement, revise it as necessary and then approve it.

Once the project scope statement is completed and approved, project managers can effectively assign tasks and give their teams directions on what they each need to do to meet the target timelines and costs.

Scope management and planning

Project managers should anticipate the need for updates and changes as projects progress, carefully control what changes are made to the established project scope and document all changes made during the process. This requires strong project management skills. It also requires project managers and stakeholders to adhere to the project scope statement by recognizing what pieces are within the project scope and what requests are out of scope.

Project managers should rely on change management processes that determine how such requests should be evaluated while considering updates and alterations to the project. The ability to distinguish between which requests are truly needed and which are out of scope allows organizations to avoid scope creep. Scope creep happens when more and more work is tacked onto projects as they're underway. Scope creep frequently adds extra costs and unnecessary work while distracting from the objectives and threatening the quality of the intended deliverables.

Project scope vs. product scope

Project scope should not be confused with product scope. Product scope defines the capabilities, characteristics, features and functions of the end result of the project. Project leaders should create a product scope statement and they should use both the project scope and the product scope statements to support each other and establish for their organizations a clear understanding of what every project aims to achieve.

Objectives and Significance of Planning

In this article we will discuss about the importance and objectives of planning in an economy.

Economic planning is often regarded as technique of managing an economy. When the structure of an economy becomes complex and subject to rapid change and transformation (due to population growth, discovery of resources, industrialisation, etc.) some sort of advance thinking becomes necessary to resolve that complexity and to prepare the economy for those changes. Such preparation is called planning.

Most often that not an economic plan is regarded as a programme of action. It may also be taken to mean an instrument for regulating a free private enterprise economy. The regulatory measures may vary from country to country.

They may leave either too much or too little a degree of freedom to private enterprise. This may hamper the working out of the plan. Many plans leave their programmes incomplete because they hesitate to exercise their regulatory functions. They are little more than a list of public development projects.

Many other plans perform their regulatory functions with such seriousness and severity that their programmes of action are completely jeopardised. In such planned economies any sort of enterprise ceases to exist. The correct plan is one in which a comprehensive and consistent programme of action is sought to be implemented by carefully harnessing enterprise for the success of the plan.

It should be noted that a plan is just a programme of action, it is not a guarantee for action. In short, a good plan is one which makes adequate provisions for and ensures that its targets are properly fulfilled.

Objectives of Planning:

The objectives of planning are many and varied. These aims are not the same for all countries, not are they same for the same country at all times.

Some major objectives of economic planning are:

(a) An improvement in the standard of living of the people through a sizable increase in national income within a short period of time;

(b) A large expansion of employment opportunities for the removal of unemployment and for creating jobs and incomes;

(c) A reduction in all types of social, economic and regional inequalities;

(d) An efficient utilisation of the country's resources for faster growth;

(e) Removal of mass poverty within a definite time limit through land reform, employment creation, and provision of educational and medical facilities;

(f) Attainment of self-reliance by reducing dependence on foreign capital and foreign aid.

Importance of Planning:

The importance of planning lies in the fact that it is an instrument through which important socio-economic objectives, unrealisable under free private enterprise, are likely to be effectively realised.

In an underdeveloped country like India these objectives may be broadly grouped as:

(a) A higher rate of growth than was being realised in the absence of the plan;

(b) A greater degree of economic equality than was possible under free enterprise;

(c) Fuller employment opportunities for the growing labour force of a country; and

(d) Larger provisions for capital formation as one of the principal instruments for accelerating the rate of growth.

In the language of Gunnar Myrdal, **"A main element of every national development plan is a decision to increase the total amount of investment, aimed at raising the productive powers of the country, and to procure the capital formation necessary for this purpose."**

The usefulness can be gauged only by examining the extent to which it succeeds in removing the ills of unregulated free enterprise, while simultaneously realising the above goals. In underdeveloped countries like India an economic plan is to be looked at not as a substitute for private enterprise.

Rather it is to be taken as the only instrument through which enterprise can spread to non-traditional forms of economic activity.

In countries like India the most important objective of an economic plan is to bring into being new forms of production by accelerating capital formation. This will surely raise the overall productivity of the economy and thus raise people's income by providing them adequate employment opportunities, and thus remove the problems of mass poverty.

Prima facie, the over-populated underdeveloped countries often suffer from capital starvation. In other words, there is always a shortage of all types of productive capital equipment in such countries. So most people have to depend on land. Under-employment and unemployment are just a reflection of this.

Economists like Nurkse and Lewis believe that the only way to provide gainful employment opportunities and better living standards to the masses is to equip them with more capital. The accumulation of capital must proceed at a pace which would closely correspond to the rate of population growth and productivity change.

Conclusion:

It is thus clear that the basic aim to economic planning in a backward country like India is to achieve in different ways a more rapid of capital formation than what would have been possible under private enterprise. "The success of the plan", says Prof. D. Bhattacharya, **"is to be judged mainly by the advance it registers in respect of capital formation as compared with the period before the plan was launched."**

In short, only planned economic development can hope to achieve a rate of growth which is politically acceptable. The most fundamental objective of planning is to alter the pattern of resources use and, if possible, to intensify such use in such a fashion as to achieve certain socially desirable goals.

For an LDC like India the most important goal is the removal of mass poverty and growing unemployment by putting resources more effectively into use. In other words, planning must focus its attention primarily on the task of improving the pattern of resource use, for raising incomes and improving the pattern of income distribution.

Types of Planning

The process of planning may be classified into different categories on the following basis**:**

(i) Nature of Planning:

a. Formal planning.

b. Informal planning.

(ii) Duration of planning:
a. Short term planning.

b. Long term planning.

(iii) Levels of Management:
a. Strategic planning.

b. Intermediate planning.

c. Operational planning.

(iv) Use:
a. Standing plans

b. Single-use plans.

(i) Nature of Planning:

a. Formal Planning:

Planning is formal when it is reduced to writing. When the numbers of actions are large it is good to have a formal plan since it will help adequate control.

The term formal means official and recognised. Any planning can be done officially to be followed or implemented. Formal planning is aims to determine and objectives of planning. It is the action that determine in advance what should be done.

Advantages:
1. Proper Cooperation among employees,

2. Unity of Action,

3. Economy,

4. Proper coordination and control,

5. Choosing the right objectives, and

6. Future plan.

b. Informal Planning:
An informal plan is one, which is not in writing, but it is conceived in the mind of the manager. Informal planning will be effective when the number of actions is less and actions have to be taken in short period.

(ii) Duration of Planning:
a. Short term Planning:
Short term planning is the planning which covers less than two years. It must be formulated in a manner consistent with long-term plans. It is considered as tactical planning. Short-term plans are concerned with immediate future; it takes into account the available resources only and is concerned with the current operations of the business.

These may include plans concerning inventory planning and control, employee training, work methods etc.

Advantages:
1. It can be easily adjustable.

2. Changes can be made and incorporated.

3. Easy to Gauge.

4. Only little resources required.

Disadvantages:
1. Very short period-left over things will be more.

2. Difficult to mobiles the resources.

3. Communication cycle will not be completed

b. Long-Term Planning:

Long-term planning usually converse a period of more than five years, mostly between five and fifteen years. It deals with broader technological and competitive aspects of the organisation as well as allocation of resources over a relatively long time period. Long-term planning is considered as strategic planning.

Short-term planning covers the period of one year while long term planning covers 5-15 years. In between there may be medium-term plans. Usually, medium term plans are focusing on between two and five years. These may include plan for purchase of materials, production, labour, overhead expenses and so on.

Advantages:

1. Sufficient time to plan and implement.

2. Effective control.

3. Adjustment and changes may be made gradually.

4. Periodic evaluation is possible.

5. Thrust areas can be identified easily.

6. Weakness can be spotted and rectified then and there.

Disadvantages:

1. Prediction is difficult.

2. Full of uncertainties.

3. Objectives and Targets may not be achieved in full.

4. More resources required.

(iii) Levels of Management:

a. Strategic Planning:

The strategic planning is the process of determining overall objectives of the organisation and the policies and strategies adopted to achieve those objective. It is conducted by the top management, which include chief executive officer, president, vice-presidents, General Manger etc. It is a long range planning and may cover a time period of up to 10 years.

It basically deals with the total assessment of the organisation's capabilities, its strengths and its weaknesses and an objective evaluation of the dynamic environment. The planning also determines the direction the company will be taking in achieving these goals.

b. Intermediate Planning:

Intermediate planning cover time frames of about 6 months to 2 years and is contemplated by middle management, which includes functional managers, department heads and product line mangers. They also have the task of polishing the top managements strategic plans.

The middle management will have a critical look at the resources available and they will determine the most effective and efficient mix of human, financial and material factors. They refine the broad strategic plans into more workable and realistic plans.

c. Operational Planning:

Operational planning deals with only current activities. It keeps the business running. These plans are the responsibility of the lower management and are conducted by unit supervisors, foremen etc. These are short-range plans covering a time span from one week to one year.

These are more specific and they determine how a specific job is to be completed in the best possible way. Most operational plans .ire divided into functional areas such as production, finance, marketing, personnel etc.

Thus even though planning at all levels is important, since all levels are integrated into one, the strategic planning requires closer observation since it establishes the direction of the organisation.

(iv) Use:

a. Standing Plan:

Standing plan is one, which is designed to be used over and over again. Objectives, policies procedures, methods, rules and strategies are included in standing plans. Its nature is mechanical. It helps executives to reduce their workload. Standing plan is also called routine plan. Standing or routine plan is generally long range.

b. Single Use Plan:
Single use plan is one, which sets a course of action for a particular set of circumstances and is used up once the particular goal is achieved. They may include programme, budgets, projects and schedules. It is also called specific planning. Single use plan is short range.

Components of Planning/Planning Techniques:
Planning consists of several individual plans or components of planning, which are usually bound together.

(i) Forecasting.

(ii) Objectives.

(iii) Policies.

(iv) Programmes.

(v) Strategies.

(vi) Schedules.

(vii) Procedures.

(viii) Rules, and

(ix) Budgets.

i. Forecasting:
Forecasting becomes an integral part of the planning process. It is a prediction of future events and conditions. It, therefore, includes both the assessment of the future and the provision for it. It helps to reduce the uncertainties that surround management, decision making.

ii. Objectives:
Objectives are the ends toward which activity is aimed— they are the results to be achieved. They represent not only the end point of planning but also the end toward which organising, staffing, leading and controlling are aimed.

Organisation can grow without any difficulty if it has well-defined objectives. These objectives should be clearly defined and communicated throughout the organisation. Such objectives must be realistic.

iii. Policies:

Koonte and O'Donnell defines **"policies are general statements or undertakings which guide or channel thinking in decision-making of subordinates."** So, policies act as guides to thinking and action of subordinates in the organisations. It should be clearly prescribed and understandable by all.

iv. Programmes:

It refers to the course of action of work to be carried out in proper sequence for the purpose of achieving specific objectives.

v. Strategies:

Konnoz and Heinz Weihrich defined strategies as **"a general programme of action and deployment of resources to attain comprehensive objectives"** or " the determination of the basic long-term objectives of an enterprise "and the adoption of courses of action and allocation of resources necessary to achieve these goals. It is specific type of plan for achieving organisational goals.

vi. Schedules:

Fixing a time sequence for every operation is known as schedules. Normally it forms part of programming a part of action plan.

vii. Procedures:

Procedures are plans that establish a required method of handling future activities. They are guides to action, rather than to thinking and they detail the exact manner in which certain activities must be accomplished. They are chronological sequences of required actions.

viii. Rules:

Rules spell out specific required actions or non-actions, following no direction. They are usually the simplest type of plan.

ix. Budgets:

A budget is a statement of expected results expressed in numerical term. It may be referred to as a numberised programme. A budget may be expressed either in financial terms or in terms of labour-hours, units of product, machine hours, or any other numerically measurable term. It helps the organisation to control the action by comparing budgetary and actual results.

Process of Planning

As planning is an activity, there are certain reasonable measures for every manager to follow:

(1) Setting Objectives

- This is the primary step in the process of planning which specifies the objective of an organisation, i.e. what an organisation wants to achieve.
- The planning process begins with the setting of objectives.
- Objectives are end results which the management wants to achieve by its operations.
- Objectives are specific and are measurable in terms of units.
- Objectives are set for the organisation as a whole for all departments, and then departments set their own objectives within the framework of organisational objectives.

Example:

A mobile phone company sets the objective to sell 2,00,000 units next year, which is double the current sales.

(2) Developing Planning Premises

- Planning is essentially focused on the future, and there are certain events which are expected to affect the policy formation.
- Such events are external in nature and affect the planning adversely if ignored.
- Their understanding and fair assessment are necessary for effective planning.
- Such events are the assumptions on the basis of which plans are drawn and are known as planning premises.

Example:

The mobile phone company has set the objective of 2,00,000 units sale on the basis of forecast done on the premises of favourable Government policy towards digitisation of transactions.

(3) Identifying Alternative Courses of Action

- Once objectives are set, assumptions are made.
- Then the next step is to act upon them.
- There may be many ways to act and achieve objectives.
- All the alternative courses of action should be identified.

Example:

The Mobile company has many alternatives like reducing price, increasing advertising and promotion, after sale service etc.,

(4) Evaluating Alternative Course of Action

- In this step, the positive and negative aspects of each alternative need to be evaluated in the light of objectives to be achieved.
- Every alternative is evaluated in terms of lower cost, lower risks, and higher returns, within the planning premises and within the availability of capital.

Example:

The mobile phone company will evaluate all the alternatives and check its pros and cons.

(5) Selecting One Best Alternative

- The best plan, which is the most profitable plan and with minimum negative effects, is adopted and implemented.
- In such cases, the manager’s experience and judgement play an important role in selecting the best alternative.

Example:

Mobile phone company selects more T.V advertisements and online marketing with great after sales service.

(6) Implementing the Plan

- This is the step where other managerial functions come into the picture.
- This step is concerned with “DOING WHAT IS REQUIRED”
- In this step, managers communicate the plan to the employees clearly to convert the plans into action.
- This step involves allocating the resources, organising for labour and purchase of machinery.

Example:

Mobile phone company hires salesman on a large scale, creates T.V advertisement, and starts online marketing activities and set up service workshops.

(7) Follow Up Action

- Monitoring the plan constantly and taking feedback at regular intervals is called follow-up.
- Monitoring of plans is very important to ensure that the plans are being implemented according to the schedule.
- Regular checks and comparisons of the results with set standards are done to ensure that objectives are achieved.

Example:

A proper feedback mechanism was developed by the mobile phone company throughout its branches so that the actual customer response, revenue collection, employee response, etc. could be known.

Barriers to Effective Planning

Few would argue with the concept of planning. In any activity,a plan provides a fundamental basis for success. Marketing plans should offer exactly what is required – optimizing the use of marketing techniques and resources in order to make the most of marketing opportunities. However, even the most charitable of marketing managers would view this statement as naive and unlikely to be fully achieved. If managers view planning as ‘fine in theory’ but failing in practice to deliver its full potential,where does it go wrong?

Clearly, barriers must exist to successful planning. Often,these barriers are more to do with the human aspects of the business management.They involve people, politics, skills and culture, to a greater degree than formal systems, methodology, and data.

Common barriers to successful planning are:

- **Culture :** The prevailing culture may not be amenable to marketing plans.If the fundamental principles of marketing are not accepted by the organization, any move towards being market-led and customer orientated could be dismissed as ‘not the way we do it’. Often we see considerable resistance to change and gradual regression back to old work practices.

- **Power and politics :** All organizations are subject to internal politics. The development of strategic planning becomes a battlefield where vested interests fight each other’s proposals and squabble over status and resources. This process absorbs much management time and can result in ill-advised compromise and unnecessary delay.

- **Analysis not action :** Much time and energy can be wasted by the process of analyzing data and developing rationales for action, as opposed to simply acting. While a rigorous process is commendable, it should not displace action. This ‘paralysis-by-analysis’ barrier tends to substitute information gathering and processing for decision making. Perhaps surprisingly, many planning systems do not promote action and are more concerned with reviewing progress and controlling activity, rather than tackling strategic issues.

- **Resource issues :** In any planning situation, the potential exists to negotiate over resources. Indeed, a major aspect of the process is to match resources to strategic aims. Managers must take a realistic view of the resource position and endeavour to ensure resources are not over-committed or needlessly withheld.

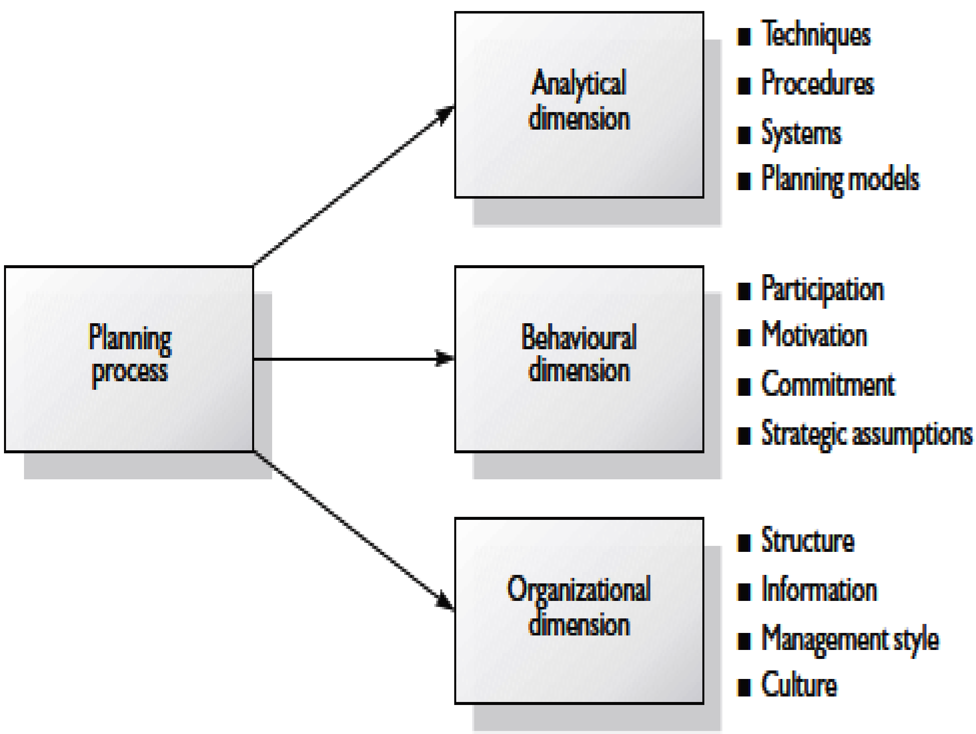
- **Skills :** In some instances, managers do not have the skills (project management,forecasting, etc.) required to make the best use of the planning process. Here,planning takes on a ritual nature – a meaningless but ‘must-do’ annual task. Often, planning is reduced to incremental increases/decreases in annual budget and fails to examine opportunities for business development.

  Many of these barriers relate to the implementation of plans rather than the planning process itself. However, sound management practice would advocate the inclusion of implementation as part of the planning process. Indeed, Piercy(1997) suggests a multidimensional model of planning. This considers the analytical dimension, the behavioural dimension and the organizational dimension of any plan.

- **Analytical dimension :** Analytical tools, techniques and models are important, as they provide a framework to tackle issues and identify/solve problems. While formalized planning systems have the advantage of offering common (corporate-wide) systematic approach, to be truly effective they must address behavioral and organizational issues.

- **Behavioral dimension :** Here we focus on the people aspects of the planning process. Plans only become successful because of the support,participation, motivation and commitment of people. There is a need to understand and fully communicate the strategic assumptions underpinning the strategy. Plans must address behavioural factors in order to gain the support so vital to smooth implementation.

- **Organizational dimension :** Strategic planning takes place within the context of a given organization. Therefore, it will be influenced by organizational factors, such as culture and style of management. Remember, organizational structures determine the flow of information, as well as defining responsibilities and reporting lines. Major strategic initiatives may require radical organizational changes.



Planning Premises and Forecasting

We have observed that establishing premises is one of the steps in the planning process. Now let us give more details about this.

Planning premises are certain assumptions about the future on the basis of which the plan will be ultimately formulated. Planning premises are vital to the success of planning as they supply pertinent facts and information relating to the future such as population trends, the general economic conditions, production costs and prices, probable competitive behaviour, capital and material availability, governmental control and so on.

Classification of Planning Premises

Planning premises can be classified as under:

(a) Internal and external premises.

(b) Tangible and intangible premises.

(c) Controllable and non-controllable premises.

(a) Internal and external premises. Premises may exist within and without the company. Important internal premises include forecasts, policies and programmes of organisation, capital investment in plant and equipment, competence of management; skill of the labour force; other resources and abilities of the organisation in the form of machines, money and methods, and beliefs, behaviour and values of the owners and employees of the organisation. External premises may be classified into three groups: (a) business environment, (b) factors which influence the demand for the products of the enterprise and (c) factors which affect the resources available to the enterprise. These external premises may include the following:

(i) General business and economic environment.

(ii) Technological changes.

(iii) Government policies and regulations.

(iv) Population growth.

(v) Political stability.

(vi) Sociological factors.

(vii) Demand for industry's product.

(b) Tangible and intangible premises. Some of the planning premises may be tangible while some others may be intangible. Tangible premises are those which can be quantitatively measured while intangible premises are those which being qualitative in character cannot be so measured. Population growth, industry demand, capital and resources invested in the organisation are all tangible premises whose quantitative measurement is possible. On the other hand, political stability, sociological factors, business and economic environment, attitude, philosophies and behaviour of the owners of the organisation are all intangible premises whose quantitative measurement is not possible.

(c) Controllable and non-controllable premises. While some of the planning premises are controllable, some others are non-controllable. Because of the presence of uncontrollable factors, there is need for the organisation to revise the plans periodically in accordance with current developments. Some of the examples of uncontrollable factors are strikes, wars, natural calamities, emergency, legislation, etc. Controllable factors are those which can be controllable and normally cannot upset the well-thought out calculation of the organisation regarding the plan. Some of the examples of controllable factors are: the company's advertising policy, competence of management members, skill of the labour force, availability of resources in terms of capital and labour, attitude and behaviour of the owners of the organisation, etc.

Although these classifications can be made, at the operational level we observe the integrated approach and all these are merged at different levels of management. The following figures show the types of plans followed at each level.

Key to Planning

Planning is one of the most important aspects of management. A perfect plan can increase profits to their optimum levels. When it comes to making plans, one must keep several things in mind. These include the components of planning. Each component plays a big role in planning.

Components of Planning

The entire process of planning consists of many aspects. These basically include missions, objectives, policies, procedures, programmes, budgets and strategies.

Mission

This is one of the first components of planning. The mission of an organization basically dictates its fundamental purposes. It describes what exactly it wants to achieve. The mission may be either written or implicit from the organization’s functioning.

A mission statement describes who the products and customers of a business are. It shows the direction in which the business intends to move and what it aims to achieve.

Even the basic values and beliefs of the organization are a part of this. One can also understand its attitude towards its employees from the mission statement.

Many stakeholders of a business use its mission statement. Managers use it to evaluate their success and set goals. On the other hand, employees use it to foster a sense of unity and purpose. Even customers and investors use it to understand how the business intends to work in the future.

Browse more Topics under Planning

- Importance, Features, and Limitations of Planning
- Types of Plans
- Planning Process
- Concept of Forecasting
- Principles in Decision Making
- Steps in Decision Making
- Decision Making in Groups

Objectives

Objectives represent the end results which an organization aims to reach. We can also refer to it as goals or targets. Not just planning but all factions of business management begin with the setting of objectives.

In terms of the types of objectives, they may be either individualistic or collective. They can even be long-term and short-term depending on their duration. They can also be general or specific in terms of their scope.

Managers of a business should lay down their objectives clearly and precisely. They must consider their mission and values before setting their goals. Furthermore, they must ensure that their objects for each activity are in consonance with each other.

Policies

Policies are basically statements of understanding or course of action. They guide the decision-making process for all activities of the organization. Consequently, they impose limits on the scope of decisions.

For example, a company might have a policy of always paying a minimum dividend of 5% of profits. So, when it decides to pay a dividend, the amount cannot be below 5%.

Just like the mission statement, even policies of an organization may be expressly written or implied. Managers make policies for all activities of a business, including sales, production, human resource, etc.

Policies should never be too rigid because that excessively limits functioning. Policy-makers must also ensure they explain policies to employees clearly. This will prevent any ambiguities that may arise. Policies must also change with time to suit new challenges and circumstances.

Procedures

Procedures are some of the most important components of planning. They describe the exact manner in which something has to be done. They basically guide actions for activities that managers and employees perform.

Procedures also include step-by-step methods. Even rules regulating actions come within the ambit of procedures. The planning process must ensure that procedures are always practical. They should not be rigid and difficult to implement.

Budget

Budgets are plans that express expected results in numerical terms. Whenever an organization expects to do something, it can make a budget to decide on its target. Most activities, targets, and decisions require budgeting. For example, an income budget shows expected financial results and profits.

Programme

A programme is nothing but the outline of a broad objective. It contains a series of methods, procedures, and policies that the organization needs to implement. In other words, it includes many other components of planning.

For example, a business may have a diversification programme. Consequently, it will make budgets and policies accordingly for this purpose. Planners and managers can implement programmes like these at various levels.

Strategies

A strategy in simple words refers to minute plans of action that aim to achieve specific requirements. Proper implementation of strategies leads to the achievement of the requisite goals. The nature of an organization's values and missions will determine how it will strategize.

Decision Making

Decision-making is an integral part of modern management. Essentially, Rational or sound decision making is taken as primary function of management. Every manager takes hundreds and hundreds of decisions subconsciously or consciously making it as the key component in the role of a manager. Decisions play important roles as they determine both organizational and managerial activities. A decision can be defined as a course of action purposely chosen from a set of alternatives to achieve organizational or managerial objectives or goals. Decision making process is continuous and indispensable component of managing any organization or business activities. Decisions are made to sustain the activities of all business activities and organizational functioning.

Decisions are made at every level of management to ensure organizational or business goals are achieved. Further, the decisions make up one of core functional values that every organization adopts and implements to ensure optimum growth and drivability in terms of services and or products offered.

As such, decision making process can be further exemplified in the backdrop of the following definitions.

Definition of Decision Making

According to the Oxford Advanced Learner's Dictionary the term decision making means - the process of deciding about something important, especially in a group of people or in an organization.

Trewatha & Newport defines decision making process as follows:, "**Decision-making involves the selection of a course of action from among two or more possible alternatives in order to arrive at a solution for a given problem"**.

As evidenced by the foregone definitions, decision making process is a consultative affair done by a comity of professionals to drive better functioning of any organization. Thereby, it is a continuous and dynamic activity that pervades all other activities pertaining to the organization. Since it is an ongoing activity, decision making process plays vital importance in the functioning of an organization. Since intellectual minds are involved in the process of decision making, it requires solid scientific knowledge coupled with skills and experience in addition to mental maturity.

Further, decision making process can be regarded as check and balance system that keeps the organisation growing both in vertical and linear directions. It means that decision making process seeks a goal. The goals are pre-set business objectives, company missions and its vision. To achieve these goals, company may face lot of obstacles in administrative, operational, marketing wings and operational domains. Such problems are sorted out through comprehensive decision making process. No decision comes as end in itself, since in may evolve new problems to solve. When one problem is solved another arises and so on, such that decision making process, as said earlier, is a continuous and dynamic.

A lot of time is consumed while decisions are taken. In a management setting, decision cannot be taken abruptly. It should follow the steps such as

1. Defining the problem
2. Gathering information and collecting data
3. Developing and weighing the options
4. Choosing best possible option
5. Plan and execute
6. Take follow up action

Since decision making process follows the above sequential steps, a lot of time is spent in this process. This is the case with every decision taken to solve management and administrative problems in a business setting. Though the whole process is time consuming, the result of such process in a professional organization is magnanimous.

Organizing:

Concept

Organizing is a managerial process that defines the role of each person in an organization to achieve objectives set by the management of the organization. Regarding establishing a rights-responsibility relationship among all and to provide harmonious group action to coordinate as an inbuilt device in the enterprise.
It affects how relationships working between individuals and groups within an organization complete and coordinate their activities. Effective organizing depends on

many important concepts like work expertise, delegation, duration of control, a chain of command, authority, and decentralization versus centralization. Many of these concepts are based on the principles developed by Henri Fayol. In order to understand the concept of an organization, it is necessary to define the following words.

Organizing as a structure:

Organizing a structure refers to a hierarchical arrangement of the position of the members and the department.
Of an organization, It reflects the relationship between rights and responsibilities among the members. It recognizes who is to command and what to believe? It is a mechanism to direct, coordinate and control activities. It is a static
a concept that can not be changed easily and quickly.

Organizing as a process:

Organizing in the form of a process means grouping the duties to identify and work. People, authorization, responsibility to build relationships and coordinate activities between members and departments It usually determines, organizes, groups and assigns its members the task. It is a dynamic activity that can be arranged and changed according to the needs of the company.

Organizing as a function:

Organizing is an important task after planning. The manager of the company organizes or collects resources like manpower, money, material, machines, methods, etc., it is necessary to take action on the track.

Organizing as a group of people:

An event is a group or association of some people created for certain economic interests or non-economic interests. This is guided by the policy or company, school, college, hospital, government rules, Office, club, etc.

Organisation Theories

Organizational theory attempts to explain the workings of organizations to produce understanding and appreciation of organizations. Organizational theory draws from various bodies of knowledge and disciplines. Some types of organizational theories include classical, neoclassical, contingency, systems and organizational structure. These variations on organizational theory draw from multiple perspectives, including modern and postmodern views.

Classical Organizational Theory

The classical perspective of management originated during the Industrial Revolution. It focuses primarily on efficiency and productivity and does not take into account behavioral attributes of employees. Classical organizational theory combines aspects of scientific management, bureaucratic theory and administrative theory. Scientific management involves obtaining optimal equipment and personnel and then carefully scrutinizing each component of the production process, states StatPac Inc, an international software development and research company. Bureaucratic theory places importance on establishing a hierarchical structure of power. Administrative theory strives to establish universal management principles relevant to all organizations.

Neoclassical Organizational Theory

Neoclassical organizational theory is a reaction to the authoritarian structure of classical theory. The neoclassical approach emphasizes the human needs of employees to be happy in the workplace, cited StatPac Inc. This allows creativity, individual growth and motivation, which increases productivity and profits. Managers utilizing the neoclassical approach manipulate the work environment to produce positive results.

Contingency Theory

Contingency theory accepts that there is no universally ideal leadership style because each organization faces unique circumstances internally and externally. In contingency theory, productivity is a function of a manager's ability to adapt to environmental changes. Managerial authority is especially important for highly volatile industries. This allows managers the freedom to make decisions based on current situations. The contingency theory reveals situations that require more intense focus and takes account of unique circumstances.

Systems Theory

Systems theorists believe all organizational components are interrelated. Changes in one component may affect all other components, according to StatPac. Systems theory views organizations as open systems in a state of dynamic equilibrium, which are continually changing and adapting to environment and circumstance. Nonlinear relationships between organizational components create a complex understanding of organizations in systems theory.

Organizational Structure

Organizational structure became an important aspect of organizational theory due to the increasing complexities of multinational organizations and the need to more quickly and efficiently reach the market. Project-focused structures enable a greater responsiveness to market demands than purely functional or bureaucratic structures. Projectized organizational structures focus on the project manager or project management office for information and activities related to business projects. The matrix organizational structure features vertical hierarchies of functional departments that facilitate projects along a horizontal axis. The continual exchange of information and energy characterizes the relationship between organizational structure and environment.

Forms of Organisational Structure

Organizations are set up in specific ways to accomplish different goals, and the structure of an organization can help or hinder its progress toward accomplishing these goals. Organizations large and small can achieve higher sales and other profit by properly matching their needs with the structure they use to operate. There are three main types of organizational structure: functional structure, divisional structure and a blend of the two, called matrix structure.

Functional Structure of an Organization

Functional structure is set up so that each portion of the organization is grouped according to its purpose. In this type of organization, for example, there may be a marketing department, a sales department and a production department. The functional structure works very well for small businesses in which each department can rely on the talent and knowledge of its workers and support itself.

However, one of the drawbacks to a functional structure is that the coordination and communication between departments can be restricted by the organizational boundaries of having the various departments working separately.

Divisional Structure of an Organization

Divisional structure typically is used in larger companies that operate in a wide geographic area or that have separate smaller organizations within the umbrella group to cover different types of products or market areas. For example, the now-defunct Tecumseh Products Company was organized divisionally – with a small engine division, a compressor division, a parts division and divisions for each geographic area to handle specific needs.

The benefit of this structure is that needs can be met more rapidly and more specifically, as each division can operate more or less independently for the other divisions in the company. However, a divisional arrangement can also be cumbersome, as communication is inhibited because employees in different divisions are not working together. Divisional structure is costly because of its size and scope. Small businesses can use a divisional structure on a smaller scale, having different offices in different parts of the city, for example, or assigning different sales teams to handle different geographic areas.

Matrix Structure of an Organization

The third main type of organizational structure, called the matrix structure, is a hybrid of divisional and functional structure. Typically used in large multinational companies, the matrix structure allows for the benefits of functional and divisional structures to exist in one organization. This can create power struggles because most areas of the company will have a dual management – a functional manager and a product or divisional manager working at the same level and covering some of the same managerial territory.

Geographic Organizational Structure

Organizational structures come in many flavors. One of the most widely used among larger organizations is a geographic organizational structure. A form of top-down organizational structure, a single executive division may preside over manufacturing, sales and service divisions located all over the world.

Which Organizational Structure Is Best for Your Company?

There is no single "best" organizational structure for business organizations, although there's almost certainly one or more structures that will work well for your business, as well as others that aren't a good fit.

Also, as communication has sped up, with the advent of digital communication, the structure that might have worked best 20 or 30 years ago, may no longer be the best structure for your organization today. In response to these changes, some firms now have multi-layered structural organizations: a geographical organizational structure overall, with matrix organizational structures within each division.

What Is a Geographic Organizational Structure?

Geographic organizational structures are often well-suited for very large entities, such as automobile manufacturers, who need to locate production facilities in which labor costs are favorable and supplies readily available, but also need support organizations for dealerships that are located everywhere the company's autos are sold.

In some instances, smaller organizations can benefit from geographic organizational structuring: a small surfboard manufacturer, for example, might have its manufacturing facility in one beach town – perhaps the hometown of the founder – but retail stores in areas where there's a lot of surfboarding, such as Hawaii, Southern California and Australia.

The Advantages of Geographic Organizational Structures

In both of the above examples, a geographic organizational structure was necessary in order to meet each company's need for one or more manufacturing facilities, and also to service far-flung divisions, territories, regions or (in the case of the surf shop) surfing enthusiasts in different parts of the world.

With geographic organizational structures, it's usually not so much that the company has chosen this structure over other possible choices because of its inherent advantages. It's more likely that it's the only structure that fulfills the company's basic needs. Some disadvantages inherent in the structure may remain, and will have to be dealt with.

The Disadvantages of Geographic Organizational Structures

Geographic organizational structures work best with strong leadership in a company, in which management and employees share a vision. Daimler AG, for instance, has its headquarters in Stuttgart, Germany, and has manufacturing facilities in several European locations, and has sales divisions all over the world. Nevertheless, despite the enterprise being broadly distributed, the strength of the brand, which originates with Mercedes-Benz and its commitment to quality and luxury products, has enabled the company to operate these far-flung divisions, with relative consensus and a shared sense of mission.

If these qualities – strong leadership, brand identification and a well-understood mission – aren't predominant, a geographically organized company can suffer. When Chrysler and Fiat merged, for example, the problems with geographical structure became apparent. The merged company has its headquarters in London for tax purposes; it has manufacturing in several countries; and, it has internal disagreement between Italian leadership and American sales divisions. There is little sense of a shared mission.

The Chrysler Fiat Example

In several American cities, Fiat and Alpha Romeo sales have little connection with one another, physically or psychologically, and both are located blocks away from Dodge Jeep Chrysler sales. Although the formal organizational structure requires American middle-management to oversee all three divisions, long-time Dodge Jeep Chrysler employees, who are used to selling Dodge Ram trucks, macho-looking Jeeps and other larger vehicles, are generally uninterested in Fiats and Alphas.

As a result, although on paper it would seem that the Fiat 500e, a sassy little all-electric vehicle, is highly salable, sales have been dismal. In a month when the company sold 27,000 cars with the Dodge brand, they sold far less than 1,000 Fiats in the U.S. and just a handful in Canada. It's rumored that the Fiat 500e will be discontinued in North America. The Alpha is sometimes paired with a Fiat dealership, but it is often offered as a choice in a luxury car dealership that has no organizational connection to Dodge Jeep Chrysler. At times, as in Pasadena, California, the two organizations are competing for the same customer in the same geographic area.

What Are the Different Types of Organizational Design?

Organizational design involves shaping company positions and employees into various structures. Small companies may have little or no structure when starting out. But eventually company management must start forming various departments for greater efficiency and accountability. An organized design or structure also enhances communication and makes better use of company resources. Small business owners often develop the structures of their organization around company goals, competitors and government regulations.

Functional

A functional structure is one that is centered around basic functions, including accounting, marketing, engineering, finance and human resources. A small company executive may start out hiring managers in each of these functional areas. Managers may, in turn, hire analysts or coordinators under them. And as the companies grow, managers may become directors and vice presidents, overseeing large functional departments. The advantage of a functional structure is that it makes efficient use of human resources. Employees in each department specialize or have expertise in one area like marketing. Hence, they work together to synergistically develop the best marketing strategies. A downside to the functional structure is that department goals sometimes take priority over company goals.

Customer

The objective behind a customer structure is positioning employees or departments so they can best serve the customers. Some small companies may sell to a diverse customer base. This can be especially the case with companies who service other business customers. The company may serve the consumer market as well as different types of businesses: Consumer products companies, hospitals, schools or the government. The selling process may be diverse with each type of customer, requiring special expertise and knowledge. Therefore, departments may need to design their structures around customers to best meet their needs.

Matrix

Matrix structures are often a hybrid of two different structures. For example, a company may combine functional and customer structures to better meet the demands of the marketplace. Matrix structures are often temporary. A small company may use a matrix structure if it is introducing a new product for example. Marketing and finance people will be needed to develop promotional strategies and create a budget for the new product, respectively. However, marketing and finance people will need managers who have experience with specific customers. The disadvantage of a matrix structure is dual reporting, according to "Reference for Business" online. Employees may be reporting to two bosses, one in their department and one from the matrix project team.

Strategic Business Units

Sometimes company departments become almost like separate business units or SBUs, especially when the company grows. Management may then set up separate profit and loss centers for these departments. The company may assign specific executives to run each specific SBU. These types of structures are often product-based. For example, a consumer products company may sell many different products. Each product group would then become a separate SBU.

Combining Jobs:

Departmentation

Everything you need to know about the types of departmentation. The first step in designing an organization structure is to divide whole work into a number of jobs to ensure that no important activity is left out.

The next step is to bring together homogeneous jobs into groups and to decide their relation to each other. This process is known as departmentation, and it involves a decision, by the chief executive, concerning a logical division of work to be done, and leads to the establishment of a number of manageable units.

There can be many methods of departmentation. Every enterprise chooses the appropriate basis or method depending upon its objectives, size, etc.

Some of the types of departmentation are:-

1. Functional Departmentation
2. Product Departmentation
3. Geographical Departmentation
4. Customer Departmentation
5. Process or Equipment Departmentation
6. Project or Matrix Departmentation

7. Team Structures
8. Network Structures
9. Boundaryless Organization
10. Departmentation by Committees
11. Primary Departmentation
12. Intermediate Departmentation.

The different ways in which departmentation may be carried out are:- 1. By Time 2. By Numbers 3. By Marketing Channels.

Additionally, learn about the advantages and disadvantages of the types of departmentation.

Types, Methods and Basis of Departmentation

Types of Departmentation – By Functions, Product, Regions, Customers, Process, Time, Numbers and Marketing Channels

There are certain basic methods of dividing the duties and responsibilities within an organisational structure.

They are given below:

1. Departmentation by functions.
2. Departmentation by product or service.
3. Departmentation by regions (area or location) or territory.
4. Departmentation by customers.
5. Departmentation by process.
6. Departmentation by time.
7. Departmentation by numbers.
8. Departmentation by marketing channels.

A brief discussion of the above classified departmentation is given below:

Type # 1. Departmentation by Functions:

The most commonly followed basis of departmentation is by functions. Under this departmentation, the activities are grouped on the basis of functions which are to be performed.

Each department is headed by one responsible person, who is directly responsible to the General Manager. According to George R. Terry, “the functions or activities are the pivot around which effective executives develop effective and efficient organisation”.

Advantages:

i. It is a scientific and time tested method.
ii. It follows the principles of specialisation and division of labour.
iii. It ensures proper performance control.
iv. It preserves the importance of each of the activities of an organisation.
v. It avoids the interruptions of subsidiary groups in the primary activities.
vi. Due weightage and prestige are given to the departmental managers and they are respected by top management people.
vii. It facilitates co-ordination activity within the department itself and the organisation as a whole.
viii. It is economical, simple and easy to understand.
ix. It helps the utilisation of manpower and other natural resources of the organisation.

Disadvantages:

i. It makes the management control work more difficult.
ii. The department heads consider themselves to be autonomous sections of the organisation. The managers will not look upon the undertaking as a unit.
iii. It increases the work load and responsibility of departmental managers.
iv. It doesn’t offer any scope for training for the overall development of managers.
v. The departmental managers are experts in handling the problems in their departments alone. They may not be able to understand the problems of other departments.

Type # 2. Departmentation by Product or Service:

This type of departmentation is made by the large-scale business unit. A single business unit may manufacture and sell different types of products. Then, each type of product or service is allocated to a separate department. Functionalised units for each product are created within the general structure of the organisation. Manufacturing, sales, finance and personnel functions are arranged separately for each type of product. Each department is responsible for manufacturing a product and selling it to customers. Grouping of all activities are planned in advance within each product section. The coordination function is performed by the top management.

Advantages:

i. Product departmentation helps in the maximum utilisation of personal efficiency of workers in the area of manufacturing and marketing of product.
ii. There is a possibility of gaining economy in manufacturing and marketing of products on account of large scale operation.
iii. Better services may be provided to the customer.
iv. The profitability of each product is known to the management. So, it is easy to fix the responsibility on the departmental heads.
v. Proper attention may be devoted to the manufacture of a product.
vi. All the functions pertaining to the manufacture of a particular product are performed by managers. Then, there is the possibility of an effective co-ordination and control.
vii. A new line of product can be introduced without any difficulty.

Disadvantages:

i. There is a danger of duplication of work.
ii. It increases the number of personnel which in turn increases the cost of operation.
iii. It requires additional cost for maintaining a sales force for each type of product.
iv. In proportion to the increase in the number of employees, the problem of control at the executive levels becomes more difficult.
v. Machines and equipments in each product department may not be used fully.

Type # 3. Departmentation by Region or Area:

This method of departmentation may be suitable for a business unit which is wholly dispersed. The business activities are grouped in area-wise and each area is in charge of a single person. The local persons are appointed as salesmen in each area. It will help the business unit to increase the sales. The reason is that the local person is familiar with the local language, the culture and preferences of the customers.

Advantages:

i. It makes possible an effective span of control.

ii. It reduces the cost of operation and gains saving in time.
iii. The sales may be increased with the help of intimate knowledge about the tastes and preferences of the customers in the local market.
iv. Regional managers could win the confidence of customers and remove the competitors from the market.
v. Accounts are prepared area-wise. So, the profitability of each area is known to the management.
vi. It provides opportunities to managers to improve their skill in various fields.
vii. This type of departmentation is more suitable for a large scale business unit.
viii. Control process is very easy to manage.

Disadvantages:

i. It increases the number of personnel and involves high cost of operation.
ii. The control of head office is a less effective one.
iii. It may also involve duplication of work.
iv. A small business concern cannot manage the high cost of operation.

Type # 4. Departmentation by Customers:

This type of departmentation is preferred when the various needs of customers are different in nature. For example, a bank or a financial institution may divide its loan section into number of heads and assign them to various departments, such as – loans to businessmen, farmers, professionals and so on. Similarly, the sales department of a business concern could be divided into industrial goods and consumer goods. The consumable goods could again be sub-divided into perishable and non-perishable in nature.

Advantages:

i. It fulfills the expectations and needs of customers.
ii. It develops specialisation among the organisational staff.
iii. The out of fashion products can be dispensed with through the departmentation by customers. The reason is that the business unit has intimate knowledge of the customer’s tastes and preferences.

iv. Each section of the customer is able to get better service from the company and helps the company to win the goodwill, of its customers.

Disadvantages:

i. There may be duplication of activities.
ii. The achievement of co-ordination is very difficult.
iii. There is a wastage of available resources and facilities.
iv. The production activities cannot be organised under this methods of departmentation. If it is so, the cost of operation will be high.

Type # 5. Departmentation by Process:

This type of Departmentation is followed when the production activities are carried on in many places. For example, a textile mill has many departments such as Ginning, Spinning, Weaving, Dyeing and Printing, Packing and Sales. Each section will be in charge of separate specialised persons.

Advantages:

i. The costlier machines can be used effectively.
ii. There is no interruption of the departments or process in other production processes. The requirement and renewals of any process cannot affect the production of other processes.
iii. There may be economy in operation.
iv. There is no duplication of activities.
v. The principle of specialisation and division of labour is followed under this method of departmentation.
vi. This departmentation helps the top management to have effective performance control.
vii. This type of departmentation is more suitable to any business unit which manufactures a product passing through a number of processes.
Disadvantages:
i. Separate rooms for operation and other facilities should be given to all the process. This results in heavy cost of operation.
ii. More specialists are essential to each process.

iii. It does not give good training to staff members and there is a lack of overall development of the managerial talents.

Type # 6. Departmentation by Time:

The business activities are grouped together on the basis of the time of the performance. If the work is not completed within the normal working hours, extra time will be given to complete it after the normal working hours. Only interested persons are requested to do the job and one person is responsible to supervise them. Whatever be the work performed after the normal working hours, a separate department will be in charge of this type of activity. This type of departmentation is known as departmentation by time.

Type # 7. Departmentation by Numbers:

Similar types of duties are performed by small groups. Each group is controlled by a supervisor or an executive. For example, in the Army, soldiers are grouped into squads, battalions, companies, brigades and regiments on the basis of allotment of men to each unit. The principles of span of management span of control or span of supervision is used under this type of departmentation.

Type # 8. Departmentation by Marketing Channels:

This type of departmentation is adopted on the basis of the channel of distribution chosen by the particular business unit. Normally the channel of distribution is selected by the business unit on the basis of nature of goods and marketability of the product. This method of departmentation has grown in importance as business has become increasingly market-oriented.

Span of Control

A span of control is a concept that describes the number of people that are managed by someone. It is a chain of command notion where the number of subordinates are properly identified to understand a manager's reach.

What Does Span of Control Mean?

This is a crucial information for managers since they need to understand which are the resources available from a human resources standpoint. A hierarchical organizational structure normally has well defined boundaries that allow the manager to fully understand who are part of his team.

Nevertheless, when job positions are not properly designed, a confusing situation might emerge where a person has two or more bosses. This is important to avoid since it creates conflicts within the structure and guidelines become unclear for the subordinate. A clear definition of the span of control allows the manager to plan, organize and divide the work load among his team according to his work method, assigning each team member the duties he thinks they are capable to handle, according to their skills, knowledge and academic background.

Managers can also implement metrics to evaluate the performance of their span and influence them to increase their productivity depending on the results obtained.

Example

Omar was recently hired as a Supply Chain Manager in a plastic bag manufacturer. It has been a little difficult for him to perform his job correctly because the company hasn’t structured the department correctly. It seems that some of his team members are also employed by other departments of the company and they have been procrastinating the activities that Omar handles to them. This has caused a poor performance for the Supply Chain Department.

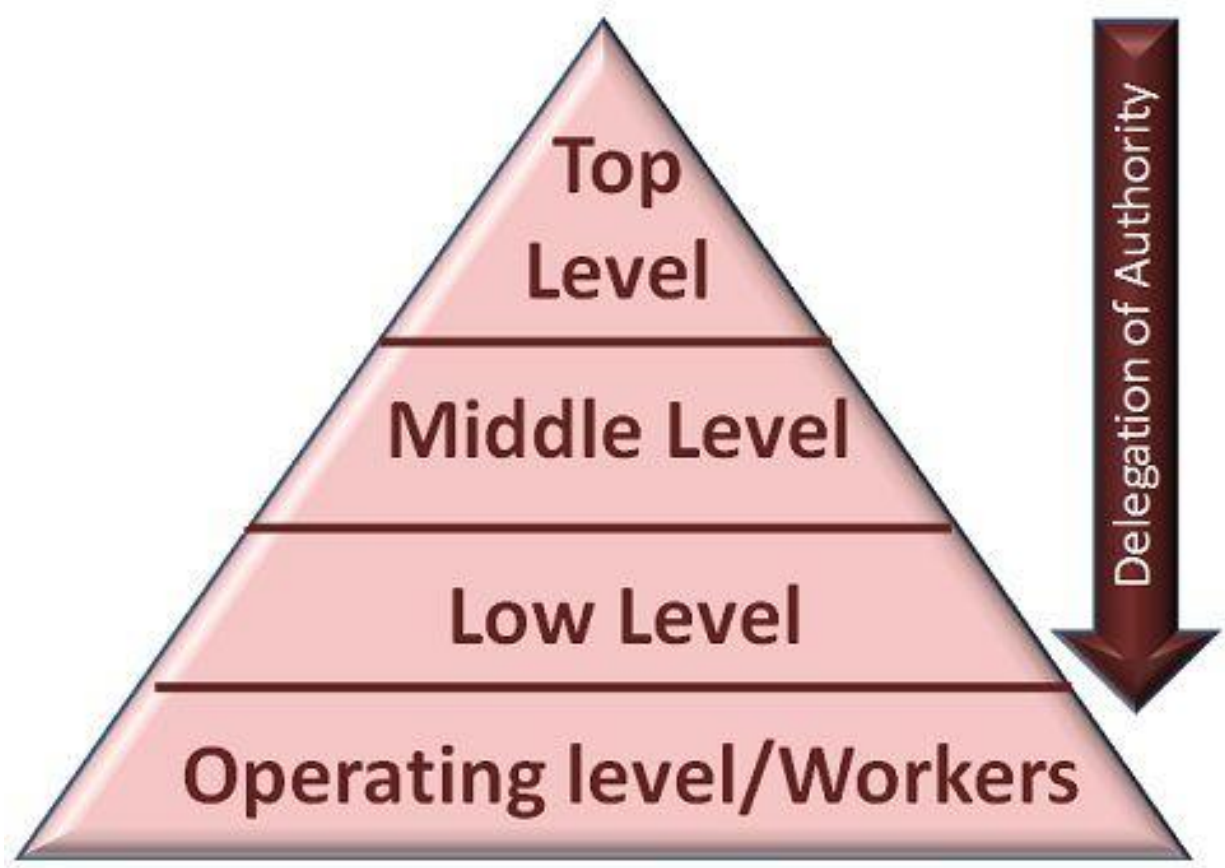
In order to correct this, Omar asked the CEO of the company to clarify his span of control to understand the organizational structure adequately. After the situations was evaluated, Omar’s department ended up with 4 team members that will work with him only. This has increased Omar’s department performance considerably.

Delegation of Authority

The Delegation of Authority is an organizational process wherein, the manager divides his work among the subordinates and give them the responsibility to accomplish the respective tasks. Along with the responsibility, he also shares the authority, i.e. the power to take decisions with the subordinates, such that responsibilities can be completed efficiently.

In other words, a delegation of authority involves the sharing of authority downwards to the subordinates and checking their efficiency by making them accountable for their doings. In an organization, the manager has several responsibilities and work to do. So, in order to reduce his burden, certain responsibility and authority are delegated to the lower level, i.e. to the subordinates, to get the work done on the manager’s behalf.

Under the delegation of authority, the manager does not surrender his authority completely, but only shares certain responsibility with the subordinate and delegates that much authority which is necessary to complete that responsibility.



Features of Delegation of Authority

1. Delegation means giving power to the subordinate to act independently but within the limits prescribed by the superior. Also, he must comply with the provisions of the organizational policy, rules, and regulations.

2. Delegation does not mean that manager give up his authority, but certainly he shares some authority with the subordinate essential to complete the responsibility entrusted to him.

3. Authority once delegated can be further expanded, or withdrawn by the superior depending on the situation.

4. The manager cannot delegate the authority which he himself does not possess. Also, he can not delegate his full authority to a subordinate.

5. The delegation of authority may be oral or written, and may be specific or general.

6. The delegation is an art and must comply with all the fundamental rules of an organization.

Authority & Responsibility

In an organization, dividing work among people and coordinating their activities towards a common objective needs to be done efficiently. Authority and responsibility are two of the most important components of a smooth-functioning business. In this article, we will talk about authority and responsibility in detail.

Authority

Authority, in simple words, is the right way of commanding subordinates, issuing orders and instructions, and exacting obedience from the team. It is also the right of the manager to make decisions. Also, to act or not to act depends on how he perceives the objectives of the organization.

Henri Fayol, who designed the administrative theory of 14 principles of management, defined authority as 'the right to give orders and exact obedience'. He also recognized that any official authority vested in the job was often ineffective.

He further added that the presence of leadership qualities and traits like intelligence, experience, etc., usually, enhance authority. However, as an important key to the manager's job, authority is the power to command others and decide to act or refrain from acting to achieve the organization's goals.

A manager needs authority. It makes his position real and gives him the power to order his subordinates and get them to comply. When there is a chain of superior-subordinate relations in an organization, it is the authority which binds and provides a basis for responsibility.

James Mooney specified that coordination is the primary principle of an organization. Therefore, it must have its own principle and foundation in Authority or the supreme coordinating power.

Coordination is the all-inclusive principle of organization, it must have its own principle and foundation in Authority or the supreme coordinating power.

Always, in every form of organization, this supreme coordinating authority must rest somewhere, else there would be no directive for any truly coordinated effort. Without authority, there will be no relations between subordinates and superiors and the organization will be in chaos.

Browse more Topics under Organizing

- Concept and Importance of Organizing
- Principles and Barriers of Delegation
- Centralization and Decentralization
- Formal Organization- Line Organization
- Formal Organization- Functional Organization
- Formal Organization- Line and Staff Organization
- Formal Organization- Project Management Organization
- Formal Organization- Matrix Organization
- Informal Organization
- Structure of Organization

Official and Personal Authority

The authority that a manager enjoys due to his position is the official authority or authority of position. Apart from the official authority, a manager might influence the behavior of other people in the organization.

This is the personal authority of the manager. A manager with both official and personal authority is very effective. Authority is not unlimited power and consists of specific rights and permissions to act for the organization in specified areas.

Responsibility

Responsibility has different meanings in management. The most common description is the obligation on the manager to perform the task himself. The essence of responsibility is 'obligation'.

Anyone who accepts a task must be held responsible for its performance too. In the context of hierarchical relations in an organization, responsibility is the obligation of a subordinate to perform the tasks assigned.

Therefore, responsibility is relative to the person. Also, it emanates from the subordinate-superior relations in an organization. Hence, the manager can get the assigned duty done by his subordinate.

He also needs to ensure a proper discharge of the duty. Therefore, in an organization, authority and responsibility move as follows – authority flows downwards, whereas responsibility is exacted upwards.

Sometimes, informal leadership emerges in an organization. This can create problems in the clear definition of responsibilities of the subordinates. However, the responsibility towards the seniors does not change.

Accountability

Every employee is answerable to his superior for the accomplishment of the task assigned to him. This is accountability. When a manager delegates a task, he assigns duties and delegates the required authority so that his subordinates can accomplish the task.

However, the process is not complete unless the subordinate is answerable to the superior for his functioning. Therefore, authority goes downward and makes everyone accountable for the duties assigned.

Authority and Power

In order to explain the limits to formal authority, many experts make a distinction between authority and power. According to some theories, authority is the right to command in the official hierarchical sense.

On the other hand, power is the capacity to influence the behavior of others. However, in the real world, many managers also have the power to exact obedience from their subordinates.

The proportion in which they are divided can vary according to the role of the manager. While the head of a division in the Army will have a more complete combination of authority and power, as assistant manager of a call center might not be able to use power to that extent.

In an ideal scenario, authority and responsibility along with power and accountability are equal to each other in every position of the organization. If the balance between them gets disturbed, problems arise.

For example, if an employee is given authority but does not have enough power, he can't do his job effectively. This is because lacking power, he is unable to use punishments and rewards for enforcing authority.

Even is he has equal power and authority, it is important to equate them with responsibility and accountability. Else, he will pass the responsibility to some other employee the moment problems start surfacing.

Organisational Design

Organizational design is a step-by-step methodology which identifies dysfunctional aspects of work flow, procedures, structures and systems, realigns them to fit current business realities/goals and then develops plans to implement the new changes. The process focuses on improving both the technical and people side of the business.
For most companies, the design process leads to a more effective organization design, significantly improved results (profitability, customer service, internal operations), and employees who are empowered and committed to the business. The hallmark of the design process is a comprehensive and holistic approach to organizational improvement that touches all aspects of organizational life, so you can achieve:

- Excellent customer service
- Increased profitability
- Reduced operating costs
- Improved efficiency and cycle time
- A culture of committed and engaged employees
- A clear strategy for managing and growing your business

By design we're talking about the integration of people with core business processes, technology and systems. A well-designed organization ensures that the form of the organization matches its purpose or strategy, meets the challenges posed by business realities and significantly increases the likelihood that the collective efforts of people will be successful.

As companies grow and the challenges in the external environment become more complex, businesses processes, structures and systems that once worked become barriers to efficiency, customer service, employee morale and financial profitability. Organizations that don't periodically renew themselves suffer from such symptoms as:

- Inefficient workflow with breakdowns and non value-added steps
- Redundancies in effort ("we don't have time to do things right, but do have time to do them over")
- Fragmented work with little regard for good of the whole (Production ships bad parts to meet their quotas)
- Lack of knowledge and focus on the customer
- Silo mentality and turf battles
- Lack of ownership ("It's not my job")
- Cover up and blame rather than identifying and solving problems
- Delays in decision-making
- People don't have information or authority to solve problems when and where they occur
- Management, rather than the front line, is responsible for solving problems when things go wrong
- It takes a long time to get something done
- Systems are ill-defined or reinforce wrong behaviors
- Mistrust between workers and management

METHODOLOGY

Although adaptable to the size, complexity and needs of any organization, the design process consists of the following steps.

Charter the design process

As senior leaders, you come together to discuss current business results, organizational health, environmental demands, etc. and the need to embark on such a process. You establish a charter for the design process that includes a "case for change," desired outcomes, scope, allocation of resources, time deadlines, participation, communications strategy, and other parameters that will guide the project.

(At times, senior teams may go through either a strategic planning process or an executive team development process prior to beginning a redesign initiative, depending on how clear they are about their strategy and how well they work together as a team.)

Assess the current state of the business

You don't want to begin making changes until you have a good understanding of the current organization. Using our Transformation Model, we facilitate a comprehensive assessment of your organization to understand how it functions, its strengths and weaknesses, and alignment to your core ideology and business strategy. The assessment process is astounding in the clarity it brings an organization's leaders and members, not only regarding how the organization currently works but how the various parts are interrelated, its overall state of health and, most importantly, what needs to be done to make improvements.

Design the new organization

The senior team (and/or others who have been invited to participate in the process), look to the future and develop a complete set of design recommendations for the "ideal future." At a high level, the steps in this process include the following:

- Defining your basic organizing principle. (Will you organize primarily around functions, processes, customer-types, technologies, geographies, etc.?)
- Streamlining core business processes—those that result in revenue and/or deliverables to customers.
- Documenting and standardizing procedures.
- Organizing people around core processes. Identifying headcount necessary to do core work.
- Defining tasks, functions, and skills. What are the performance metrics for each function/team? How are they evaluated and held accountable?
- Determining facility, layout and equipment needs of various teams and departments throughout the organization.
- Identifying support resources (finance, sales, HR, etc.), mission, staffing, etc. and where should these should be located.
- Defining the management structure that provides strategic, coordinating and operational support.
- Improving coordinating and development systems (hiring, training, compensation, information-sharing, goal-setting, etc.).

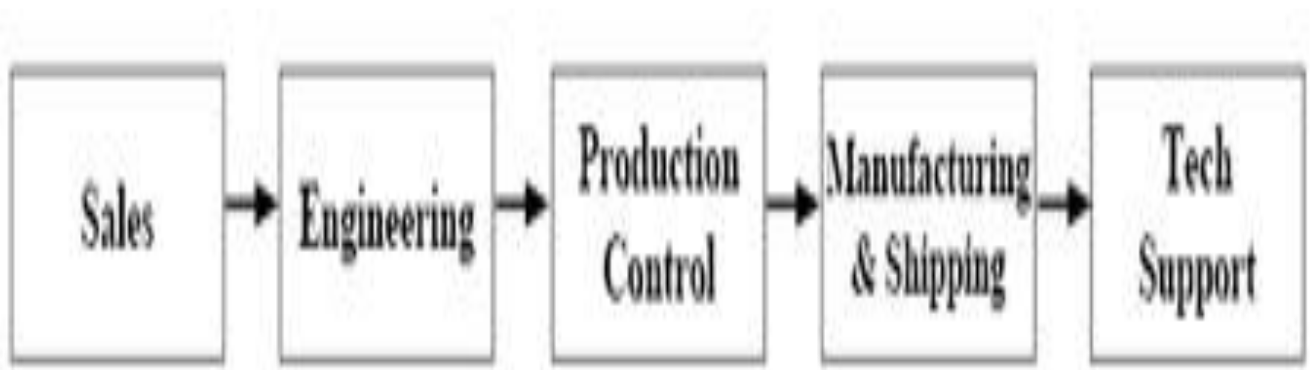
At some point the design process morphs into transition planning as critical implementation dates are set and specific, concrete action plans created to implement the new design. And a key part of this step includes communicating progress to other members of the organization. A communications plan is developed that educates people in what is happening. Education brings awareness, and everyone's inclusion brings the beginning of commitment.

Implement the design

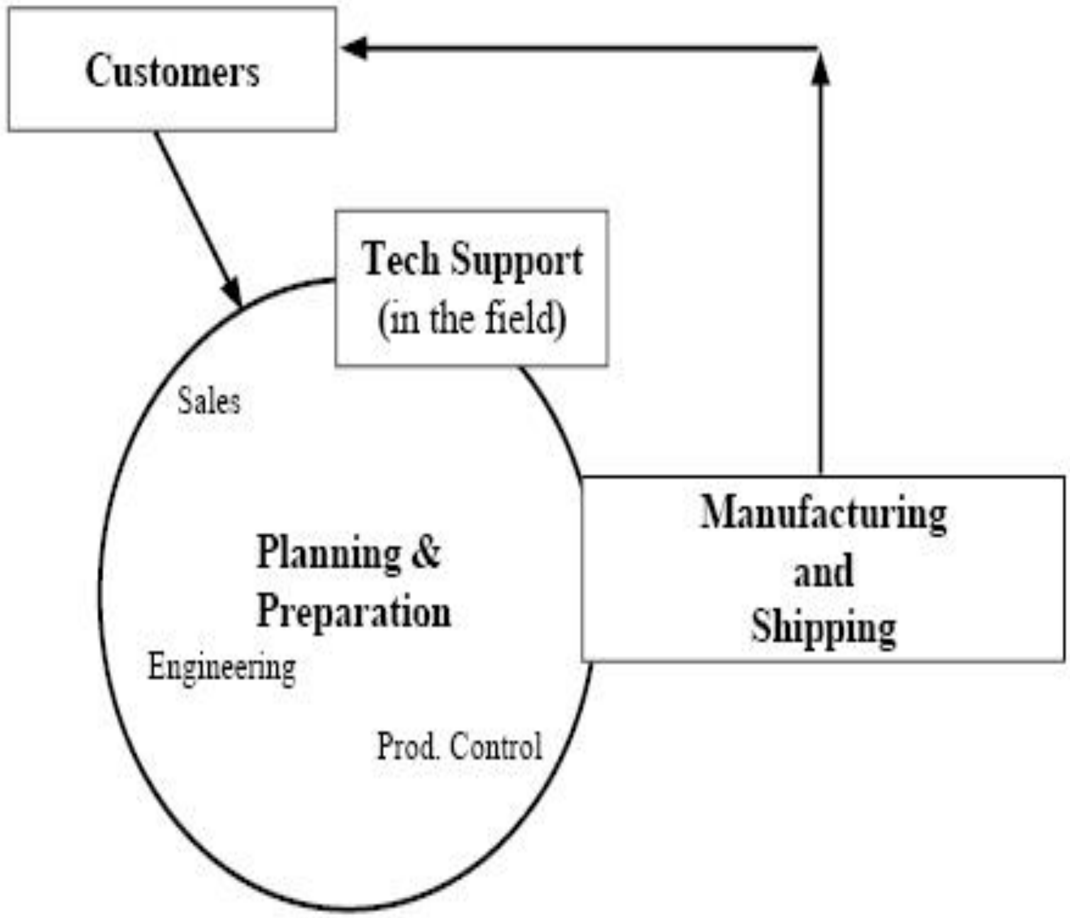
Now the task is to make the design live. People are organized into natural work groups which receive training in the new design, team skills and start-up team building. New work roles are learned and new relationships within and without the unit are established. Equipment and facilities are rearranged. Reward systems, performance systems, information sharing, decision-making and management systems are changed and adjusted. Some of this can be accomplished quickly. Some may require more detail and be implemented over a longer period of time.

Example:

A few years back we worked with a company within the aluminum industry. The company recognized they were becoming bureaucratic and unresponsive to their customers needs. Following a period of assessment of the strengths and weaknesses of the existing organization, they went through a process of organizational redesign in which they organized their front office functions to become more collaborative and customer focused. The diagrams below illustrate, at a high level, this change.
Pre-design Workflow



Post-design Workflow



The first chart illustrates the tendency of most people within organizations to think in terms of silos and organize people according to the similarity of their functions.
The second chart illustrates how the company redefined structural boundaries to become much more cross-functional on the front end of their business. They combined people from a number from a number of departments into teams that took full responsibility for managing customer orders. The company was able to improve their total billings of a major product line by 50% and increase their margins by 25%.
Of course, this chart greatly simplifies all of the design decisions which included improvements in workflow and system support, and the role of leaders and other support functions in the new organization. But this gives you an idea of the kinds of integration and improved collaboration that can result from organizational design.

UNIT III

Staffing:

Concept

Staffing is the process of hiring eligible candidates in the organization or company for specific positions. In management, the meaning of staffing is an operation of recruiting the employees by evaluating their skills, knowledge and then offering them specific job roles accordingly. Let us find out more about what is Staffing and what it entails along with its functions and characteristics.

What is Staffing?

Definition: Staffing can be defined as one of the most important functions of management. It involves the process of filling the vacant position of the right personnel at the right job, at right time. Hence, everything will occur in the right manner.

It is a truth that human resource is one of the greatest for every organization because in any organization all other resources like- money, material, machine etc. can be utilized effectively and efficiently by the positive efforts of human resource.

Therefore it is very important that each and every person should get right position in the organization so as to get the right job, according to their ability, talent, aptitude, and specializations so that it will help the organization to achieve the pre-set goals in the proper way by the 100% contribution of manpower. Thus it can be said that it is staffing is an essential function of every business organization. From this, we can understand what is Staffing?

Functions of Staffing

1. The first and foremost function of staffing is to obtain qualified personnel for different jobs position in the organization.
2. In staffing, the right person is recruited for the right jobs, therefore it leads to maximum productivity and higher performance.
3. It helps in promoting the optimum utilization of human resource through various aspects.
4. Job satisfaction and morale of the workers increases through the recruitment of the right person.
5. Staffing helps to ensure better utilization of human resources.
6. It ensures the continuity and growth of the organization, through development managers.

Browse more Topics under Staffing

- Staffing in HRM & Its Revolution
- Staffing Process

Learn more about the Process of Staffing here.

Importance of Staffing

Efficient Performance of Other Functions

For the efficient performance of other functions of management, staffing is its key. Since, if an organization does not have the competent personnel, then it cannot perform the functions of management like planning, organizing and control functions properly.

Effective Use of Technology and Other Resources

What is staffing and technology's connection? Well, it is the human factor that is instrumental in the effective utilization of the latest technology, capital, material, etc. the management can ensure the right kinds of personnel by performing the staffing function.

Optimum Utilization of Human Resources

The wage bill of big concerns is quite high. Also, a huge amount is spent on recruitment, selection, training, and development of employees. To get the optimum output, the staffing function should be performed in an efficient manner.

Development of Human Capital

Another function of staffing is concerned with human capital requirements. Since the management is required to determine in advance the manpower requirements. Therefore, it has also to train and develop the existing personnel for career advancement. This will meet the requirements of the company in the future.

The Motivation of Human Resources

In an organization, the behaviour of individuals is influenced by various factors which are involved such as education level, needs, socio-cultural factors, etc. Therefore, the human aspects of the organization have become very important and so that the workers can also be motivated by financial and non-financial incentives in order to perform their functions properly in achieving the objectives.

Building Higher Morale

The right type of climate should be created for the workers to contribute to the achievement of the organizational objectives. Therefore, by performing the staffing function effectively and efficiently, the management is able to describe the significance and importance which it attaches to the personnel working in the enterprise.

Characteristics of Staffing

People-Centered

Staffing can broadly view as people-centered function and therefore it is relevant for all types of organization. It is concerned with categories of personnel from top to bottom of the organization.

- Blue collar workers (i.e., those working on the machines and engaged in loading, unloading etc.) and white collar workers (i.e., clerical employees).
- Managerial and Non Managerial personal.
- Professionals (eg.- Chartered Accountant, Company Secretary)

Responsibility of Manager

Staffing is the basic function of management which involves that the manager is continuously engaged in performing the staffing function. They are actively associated with the recruitment, selection, training, and appraisal of his subordinates. Therefore the activities are performed by the chief executive, departmental managers and foremen in relation to their subordinates.

Human Skills

Staffing function is mainly concerned with different types of training and development of human resource and therefore the managers should use human relation skill in providing guidance and training to the subordinates. If the staffing function is performed properly, then the human relations in the organization will be cordial and mutually performed in an organized manner.

Continuous Function

Staffing function is to be performed continuously which is equally important for a new and well-established organization. Since in a newly established organization, there has to be recruitment, selection, and training of personnel. As we compare that, the organization which is already a running organization, then at that place every manager is engaged in various staffing activities.

Therefore, he is responsible for managing all the workers in order to get work done for the accomplishment of the overall objectives of an organization.

System Approach

In the 1960, an approach to management appeared which try to unify the prior schools of thought. This approach is commonly known as 'Systems Approach'. Its early contributors include Ludwing Von Bertalanfty, Lawrence J. Henderson, W.G. Scott, Deniel Katz, Robert L. Kahn, W. Buckley and J.D. Thompson.

They viewed organisation as an organic and open system, which is composed of interacting and interdependent parts, called subsystems. The system approach is top took upon management as a system or as "an organised whole" made up of sub-systems integrated into a unity or orderly totality.

Systems approach is based on the generalization that everything is inter-related and interdependent. A system is composed of related and dependent element which when in interaction, forms a unitary whole. A system is simply an assemblage or combination of things or parts forming a complex whole.

One its most important characteristic is that it is composed of hierarchy of sub-systems. That is the parts forming the major system and so on. For example, the world can be considered-to be a system in which various national economies are sub-systems.

In turn, each national economy is composed of its various industries, each industry is composed of firms' and of course a firm can be considered a system composed of sub-systems sudi as production, marketing, finance, accounting and so on.

Features of Systems Approach:

(i) A system consists of interacting elements. It is set of inter-related and inter-dependent parts arranged in a manner that produces a unified whole.

(ii) The various sub-systems should be studied in their inter-relationships rather, than in isolation from each other.

(iii) An organisational system has a boundary that determines which parts are internal and which are external.

(iv) A system does not exist in a vacuum. It receives information, material and energy from other systems as inputs. These inputs undergo a transformation process within a system and leave the system as output to other systems.

(v) An organisation is a dynamic system as it is responsive to its environment. It is vulnerable to change in its environment.

In the systems approach, attention is paid towards the overall effectiveness of the system rather than the effectiveness of the sub-systems. The interdependence of the sub-systems is taken into account. The idea of systems can be applied at an organisational level. In Appling system concepts, organisations are taken into account and not only the objectives and performances of different departments (sub-systems).

The systems approach is considered both general and specialised systems. The general systems approach to management is mainly concerned with formal organisations and the concepts are relating to technique of sociology, psychology and philosophy. The specific management system includes the analysis of organisational structure, information, planning and control mechanism and job design, etc.

As discussed earlier, system approach has immense possibilities, "A system view point may provide the impetus to unify management theory. By definitions, it could treat the various approaches such as the process of quantitative and behavioural ones as sub-systems in an overall theory of management. Thus, the systems approach may succeed where the process approach has failed to lead management out of the theory of jungle."

Systems theory is useful to management because it aims at achieving the objectives and it views organisation as an open system. Chester Barnard was the first person to utilize the systems approach in the field of management.

He feete that the executive must steer through by keeping a balance between conflicting forces and events. A high order of responsible leadership makes the executives effective. H. Simon viewed organisation as a complex system of decision-making process.

Evaluation of System Approach:

The systems approach assists in studying the functions of complex organisations and has been utilized as the base for the new kinds of organisations like project management organisation. It is possible to bring out the inter-relations in various functions like planning, organising, directing and controlling. This approach has an edge over the other approaches because it is very close to reality. This approach is called abstract and vague. It cannot be easily applied to large and complex organisations. Moreover, it does not provide any tool and technique for managers.

Manpower Planning

After reading this article you will learn about:-

1. Definition of Manpower Planning
2. Factors Affecting Manpower Planning
3. Objectives
4. Principles.

Definition of Manpower Planning:

Manpower planning may, be defined as, "the replacement planning which analyse labour turnover, recruitment policy, promotion, development and maintenance of employee programmes and assess the future needs of the organization so that sufficient number of persons may be procured well in time."

Manpower planning is "the process by which management determines how the organization should move from its current manpower position to its desired manpower position."

"Manpower, the labour force is not only an active, deep linking and essential factor of production, but it activates their factors of productions."

"Manpower planning is a dual process, which identifies le manpower requirement, in future and develops, its manpower resources accordingly.

According to M.N. Rudrobasavraj, "Manpower planning may be defined as a strategy for acquisition, utilisation, improvement and presentation of an enterprise human resources."

Edwin B. Geisler defined as, "Manpower planning is the process, including forecasting, developing, and controlling by which a firm ensures that it has the right number of people and the right kind of people at the right places at the right me, doing work for which they are economically most useful."

Coleman Bruce P defined as, "Man power planning is the process of determining manpower requirements and the leans for meeting these requirements in order to carry out le integrated plans of the organization."
E.W. Velter, defines manpower planning as "The process which management determines how the organisation should love from its current manpower position. Through planning le management strives to have the right number and right type of people at the right place, at the right time doing things, which result in both the organisation and the individual receiving maximum long hour unbenefits."

Edwin B. Flippo defind Manpower planning as, "the planning, organizing, directing and controlling of the procurement, development, compensation, integration and maintenance of people for the purpose of contributing to organizational, individual and social goals."

Factors Affecting Manpower Planning:

The following are the factors affecting manpower planning which constitute the basis of manpower planning:

1. Exciting Stock of Manpower:

This is the first basis of manpower planning and it is the starting point of all planning processes. By studying the position of total stock of manpower, by dividing it into groups on the basis of function, occupation, level of skill or qualification, we can analyse the existing stock of manpower.

2. Wastage:

The second basis of manpower planning is wastage. For a good planning, appropriate adjustment in the existing stock of manpower should be made for the possible wastage of manpower caused by any foreseeable changes in the organization. Labour turnover rate, labour stability rate and the period of active management can be studied to analyse the wastage of manpower. All these factors should be taken into consideration to make necessary adjustments in the requirement of personnel to plan the manpower.

3. Future Manpower Requirement:

We can easily measure the future requirements of manpower, after assessing the existing stock of manpower and analysing the several factors of wastage.

To analyse the future manpower requirements, the following factors should be considered:

Future plans of the company:

a. Government plans and programmes.

b. Employment policy.

c. Demand and supply.

d. Manpower in future.

e. Labour productivity.

f. Other factors of production and replacement needs

Future manpower requirements:

a. Direct and indirect labour cost

b. Administrative cost

c. Overtime allowance is payable to worker.

d. Maintenance and repair charge.

e. Wages can be paid according to time rate or price rate system.

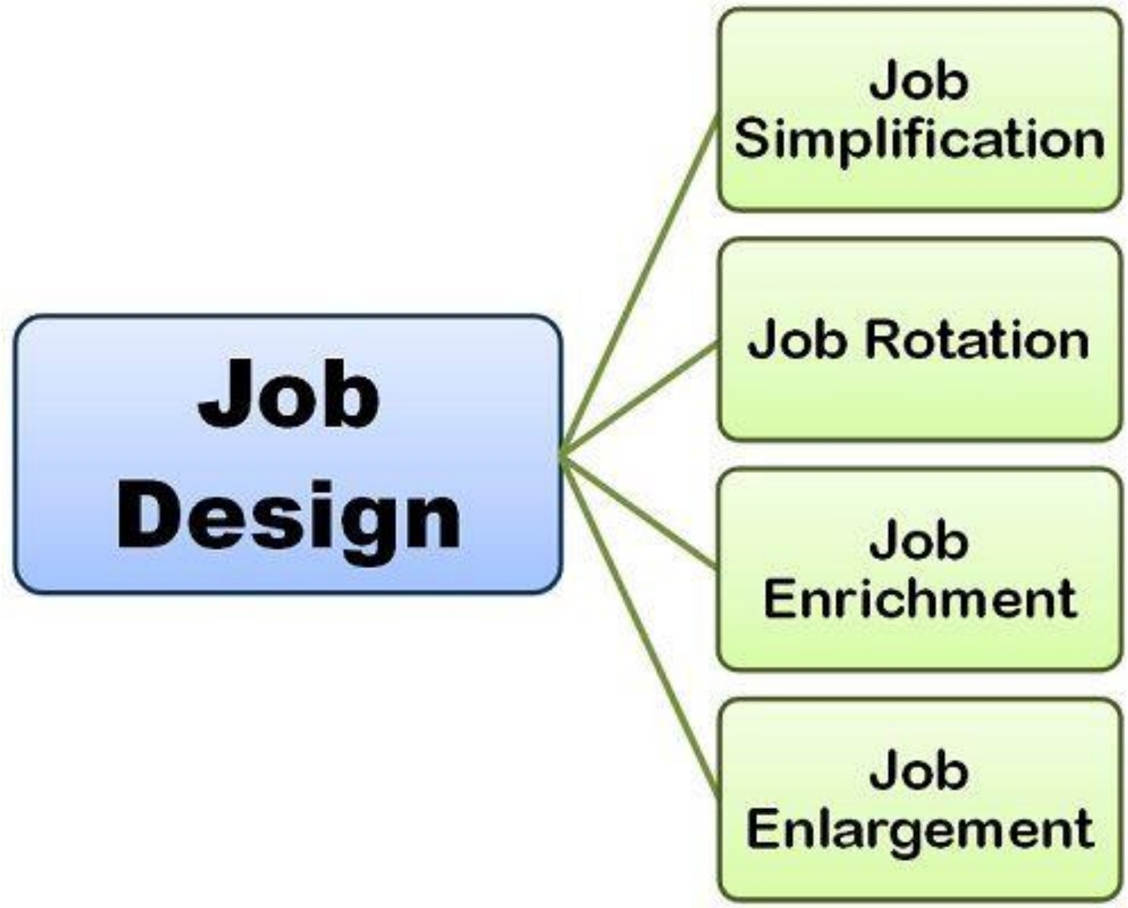
f. Worker’s requirement during peak and sluggish period.

Job Design

The **Job Design** means outlining the task, duties, responsibilities, qualifications, methods and relationships required to perform the given set of a job. In other words, job design encompasses the components of the task and the interaction pattern among the employees, with the intent to satisfy both the organizational needs and the social needs of the jobholder.

The objective of a job design is to arrange the work in such a manner so as to reduce the boredom and dissatisfaction among the employees, arising due to the repetitive nature of the task.

There are several important methods and techniques that the management uses while designing the jobs. These are:



1. Job Simplification
2. Job Rotation
3. Job Enrichment
4. Job Enlargement

While designing the job, the following aspects are to be taken into the consideration:

1. The foremost requirement for a job design is to define clearly the task an individual is supposed to perform. A task is the piece of work assigned to the individual and who has to perform it within the given time limits.
2. The management must decide on the level of motivation that is required to be enforced on an individual to get the work completed successfully. Thus, the managers must design the jobs that motivate his employees.

3. The managers must decide critically on the amount of resources that needs to be allocated to perform a particular type of a job. Thus, the efforts should be made to make an optimum utilization of organizational resources while designing the job so that the organization does not suffer any dilemma due to the shortage of its resources.

4. When the jobs are assigned to the individual, he agrees to do it because of the rewards attached to it. Thus, the manager must include in the job design the compensation, bonuses, incentives, benefits and other remuneration method for the employees.

Thus, the job should be designed with the intent to find a fit between the job and its performer, such that the job is performed efficiently, and the performer experiences satisfaction while performing it and give his best efforts towards its completion.

Recruitment & Selection

The attraction and selection of individuals for an organization involve various HRM activities: (1) job analyses to determine the work individuals are to perform, (2) development and application of criteria regarding appropriate skills and abilities in the individuals to be considered, (3) performance appraisals to assess on-the-job performance, and (4) personnel research to ensure the reliability, validity, and relevance of the standards used. These HRM functions constitute a center of activity for entry-level personnel professionals.

Job Analysis: Evaluation of positions is the basis for many HRM policies and procedures, and is a typical activity for entry-level employees. As a job analyst, you would produce job descriptions and job specifications by defining positions in terms of tasks and behavior and specifying the relevant personal characteristics (in education, experience, and training) needed for the job.

There are many techniques available-such as factor comparison, Hay's Eight-Point System and the Critical Incident Approach-to assist in preparation of job descriptions and specifications. Since these techniques vary substantially in complexity and applicability, you must be aware of the methods available, as well as the sources of potential error involved, and become thoroughly familiar with the particular method used by the organization. These methods require that you possess the ability to do a detailed analysis and interviewing skills. Typically, you might interview several people about their job responsibilities and skills required (or administer a questionnaire) and then use a computer to analyze the results.

Staff Selection and Assignment: Here, you would be responsible for the hiring and placement of employees, including recruiting, interviewing, testing, selection, placement, promotion, transfer, and termination. Typical entry-level titles include employment representative, employment specialist, personnel interviewer, and recruiter. Depending on the industry and the size of the firm, the responsibilities of a recruiter range from hiring to career counseling regarding relocation. Since the criteria for staffing decisions are related to job evaluation and performance appraisal, recruiters must often have extensive knowledge of all the job functions within the organization.

As a recruiter, you would meet with managers who have job vacancies to determine the job requirements, and then decide which type of method is best to attract applicants. Usually the choices are college recruiting, newspaper advertisements, employment agencies, and internal job posting, as well as responding to unsolicited resumes and "walk-ins."

College recruiting often involves travel to undergraduate, technical, and graduate schools. It is an important method of finding job candidates because it is relatively inexpensive and allows organizations to review a large number of diverse applicants in a short time. Recruiters often hold ten to fifteen interviews per day when visiting a campus.

Screening resumes is another important responsibility. This can be a time-consuming task, since some organizations receive more than a thousand resumes per week. When a job opening occurs, to select potential job candidates for interviews you review resumes and completed job applications. You may also test relevant skills and abilities, intelligence, or psychological characteristics of applicants, and check references and background information.

After you select the most qualified applicants, you refer them to the managers who placed the "job order." If the manager and other supervisors agree that an individual is qualified, an offer is made, and you confirm that the applicant is aware of the general job duties and responsibilities, pay and benefits, hours and working conditions, company and union policies, promotion opportunities, and other job-related information. In addition, you may maintain files for future reference of records of other applicants, and conduct an exit interview.

Other events that you would process are internal transfers, promotions, and terminations. In some organizations, the responsibilities of a recruiter are extended to include other activities such as career and succession planning; determining which skills, training, and education are needed to fill positions; and finding internal successors and backup replacements. A recruiter may also hold new-employee orientation sessions and develop informational programs to familiarize employees with key human-resource policies and procedures.

Performance appraisal Performance appraisal is used to assess employees' performance on the job. A reliable, valid, job-relevant, and standardized performance appraisal system is an integral part of HRM and should serve the needs of the entire organization. It provides top management with a means of identifying good and poor performers, and provides criteria by which promotion, training, and firing decisions can be made. It provides managers and personnel with accurate and complete information for decisions on salary increases, transfers, and other career issues; and provides subordinates with information regarding their performance strengths and weaknesses that can be used as a motivation tool. As a performance appraisal specialist, you might provide guidelines for supervisors to follow when conducting appraisals. An example is working with training and development staff to create a workshop to train supervisors in administering the appraisal system and conducting an appraisal interview.

In many organizations the establishment of a performance appraisal system is necessary to facilitate other human-resource planning and development activities. Development of an effective appraisal system is a complex task which must be regularly reviewed, updated, and integrated with areas of HRP, such as career-management and succession planning, compensation, and training and development. Since the performance appraisal system is a core HRM function, many organizations offer entry-level positions in this area as a comprehensive introduction to the organization's HRM philosophy and needs.

Personnel Research: Advance warning of changes in human resources is as important to the effectiveness of an organization as is forecasting financial and economic changes. Early identification of potential change allows time to study and understand the problem and then plan and act to mitigate it if it does occur. An effective HRM system should include environmental scanning and personnel research to forecast these developments.

Personnel research and scanning are best done by a team to ensure thoroughness and analysis from a variety of perspectives. Research on the current status of the labor force, on recent legislation regarding EEO and employee rights, on new benefits packages, and on methods of forecasting the supply and demand of human resources can have a significant impact on HRM policies and procedures. Research teams also monitor competitors' actions and evaluate internal programs relative to comparable external programs to determine present and future vulnerability. Journals, seminars, and trade newspapers are common sources of information on recent developments. For example, researchers will often collaborate with other HR managers in developing a new training program or implementing an additional benefits package.

COMPENSATION AND BENEFITS

Compensation and benefits are staff-servicing areas of HRM that can function either together or separately. The compensation analyst is responsible for coordinating the organization's wage and salary program. The benefits analyst administers and provides information about the range of employee benefits available, including health insurance, retirement and pension programs, unemployment compensation, and social security.

Typical titles for entry-level compensation positions are job analyst or compensation analyst. In this area, job analysis is a primary responsibility. As an analyst, you would develop and apply job analysis techniques, sometimes working with analysts from other departments. As a compensation analyst you would gather data through checklists, position-analysis and other questionnaires, observation, and interviews, and then investigate the job's relative position; the technical, managerial and human relations skills required; and the nature of the problems solved. From this information you would write a description of the position. Using the job evaluations, you would grade and price jobs. You may also use survey data to compute wage and salary structures designed for economic feasibility and competitiveness.

Your other duties as compensation analyst would include establishing and maintaining manuals and controls to facilitate wage and salary administration. You would examine company policies regarding payment of minimum wage and overtime agreements with labor unions, and consult with labor relations staff on contract negotiations. In addition, you would review pay policies regularly for compliance with state and federal regulations. You would also conduct wage and salary surveys, and gather data on the competition's wage and salary levels and structures. These activities require that you thoroughly understand the pay system in all its elements, which can include seniority, merit, incentives, and so forth.

Benefits is a service-oriented HRM function. As a benefits analyst, you are primarily concerned with the daily administration of such benefits as group insurance plans and disability insurance. You process medical claims and ensure accurate and prompt payment of claims. You must be aware of local, state, federal, and even foreign laws to ensure that all benefit programs comply with relevant legislation and regulations.

An additional responsibility is explaining benefit options to new employees. You may also have to coordinate other employee services, such as the cafeteria, snack bar, health room, recreational facility, newsletter and other media, and counseling for work-related problems. In addition, you may assist management in decision making on possible benefits and improvements, and participate in establishing objectives by informing management of current trends and developments in employee benefits.

Training & Development

Training is an integral part of the staffing function. It refers to improving a person's ability to do a particular job and to contribute to organisational goals. After selecting a candidate, managers have to assess the new person's ability to do the job. In other words, after an individual is chosen for hiring or promotion, the next step is often some form of training.

In human resource management, the term 'training' usually refers to teaching operational or technical employees how to do the job for which they were hired. Development refers to teaching managers and professionals the skills needed for both present and future jobs. Most organisations provide regular development programmes for managers.

Assessment of Training Needs:
It is of paramount importance to determine whether a need for training or development exists and then to plan an appropriate programme if it is needed. Various problems arise at the workplace which are due to low labour productivity such as lack of motivation, ageing equipment, poor supervision, inefficient work design, or a deficiency of skills and knowledge. Only the last could be remedied by training the office workers.

If, after careful investigation, the problem does seem to require training, the personnel manager should thoroughly assess the present level of skill and knowledge and then define the desired level of skill and knowledge in concrete, measurable form.

After the training is completed, trainee performance can be assessed against the objectives that were set prior to training. Training programmes should always be evaluated, because they are costly and should be modified or discontinued if they are not effective. The training process from start to finish is presented in Fig. 11.9.

In most technical jobs new people with little or no experience are assigned to training programmes that prepare them to do their jobs. In short, training supplies the skills, knowledge and attitudes needed by individuals or groups to improve their abilities to perform their present jobs. Even people with considerable experience in other industries (companies) are trained up properly before they start doing a new job.

A Continuous Process:

Training is no doubt a continuous process. Training is used not only to give employees skills or to the level necessary to perform a new job; as the jobs change or as an employee demonstrates the need for additional skills, more training is provided.

In fact, from time to time, performance failures dictate that managers assign current employees to training programmes to improve their job knowledge, skills and future performance. The most fundamental point is that training prepares an organisation's work force for various changes that may occur in the industry.

Companies support training programmes to get results. Top executives are usually interested in specific things that provide greater rewards to the employee, increased return to the shareholders and create reinvestment needs of the business.

In other words, they are interested in those things which affect the 'bottom line'. Training can always be evaluated. As people improve their performance it is reflected in on-the-job results.

Management training has become a costly exercise of late. Organisational people are now being introduced to the latest techniques and applications such as time management, stress management and negotiating skills and updating obsolete managerial techniques. This, no doubt, improves overall organisational effectiveness and prepare middle managers for advancement.

Steps in Effective Employee Training:

The following steps are involved in an effective training programme:

i. Determining training needs:

Training needs are based on future plans and the skills needed to reach them, analysis of specific job needs and an assessment of the performance of people and whether or not their performance can be improved.

ii. Defining training objectives:
Identify what the person should be able to do following the training programme.

iii. Defining abilities and interests of people selected for training:
To some extent, training programmes should be designed to fit individual needs.

iv. Selecting appropriate trainers and training methods:
Arguably, the person doing the training is the single most important element. Like any teacher, trainers who can speak and write well are organised and can organise the work of others are creative can motive others and those who have a good grasp of the subject matter are the most effective. Managers have many options in training methods. These may now be discussed.

Employee Training Methods:

Management can employ various training methods or can select from a wide variety of methods. However, the particular technique or method used is not very important. Training has to be matched with the needs of the organisation, the managers, the jobs and the person being trained.

The selection of a particular method or methods depends on many considerations but perhaps the most important is training content. When the training content is factual material (such as company rules or how to fill out forms), than assigned reading, programmed learning and lecture methods work well.

However, when the context is human relations or group decision-making, firms must obviously use a method that allows interpersonal contact, such as role playing or case discussion groups. Moreover, as Griffin has pointed out: “When a physical skill is to be learned, methods allowing practice and actual use of tools and materials are needed, as in on-the-job training or vestibule training”.

Other factors to consider in selecting a training method are cost, time, number of trainees and whether the training is to be done by in-house talent or contracted to by an outside training firm”. Table 11.5 lists the major training methods which are normally used by professional companies.

A person can be trained in class room and then asked to join the work force. So during the training period he is off the job and does not make any direct contribution to the company.

However, the most celebrated method is on-the-job training (OJT). It is perhaps the most widely used method. In this case the person is trained while the job is being performed; one learns about the job by watching a fellow-worker. The trainee is taken to the job site and instructed in work methods by the manager or by skilled (experience) employees.

Such training is quite appropriate for relatively unskilled jobs but is not that satisfactory when mistakes can damage machinery, hold up other operations, or cause anger to customers. Most of these problems can be eliminated by making on-the-job training more systematic.

The job instruction training (JFT) system, developed during World War II and refined and modified later, attempts to do this. Basically, it involves training managers and supervisors, who, in their turn, train the people at the shop floor level (i.e., people doing the work).

OJT also works well for technical specialists like the computer programmers. The various types of skills needed by these jobs require the application, of techniques to specialised problems and training in best imparted by doing the actual work.

Another method is vestibule training, also known as simulation training. It seeks to improve a person’s skills under controlled (artificial) conditions that simulate actual work: a simulated work environment is created; the trainee is placed in the environment to train without any pressure (e.g., the need to meet production figures).

For many service jobs where a number of people doing the same kind of work need to be trained such as those of bank tellers or insurance claim adjusters, programmed instruction methods are used. This method is directed toward improving a person’s skills through a step-by-step sequence that is designed to build gradually the necessary work skills by teaching one part of the job at a time.

The final training method is modeling training. It is a form of OJT. It refers to coaching of the employee by the supervisor. It has achieved considerable success in recent years.

Coaching has the following basic steps:

1. Discussion of the process by the supervisor.

2. Demonstration of the task by the supervisor.

3. Individual performance by the trainee.

4. Feedback following the performance.

People are trained by observing and practising the correct skills with their immediate supervisor in a controlled experiment, getting insights into the behaviour that lead to improved performance.

It is an informal, one-to-one teaching correspondence (relationship) between the manager and the employee. Modeling training is used extensively to train managers and to correct poor work habits on the job.

In other words, it has twin goals:

(1) To identify and encourage a positive performance and

(2) To identify and remove barriers to negative performance. Modelling training is perhaps the most effective training method used in the world today.

In a typical modelling training session, a common problem is placed before a group of people. They briefly discuss why the problem is to be treated as important and how it affects their performance. The training actually involves learning how to solve the problems.

The most important point to be said in favour of modelling training is that it incorporates all of the ideas an effective training programme should have.

The following quote from C. R. Anderson is quite relevant in this context:
"It deals with specific work problems and puts much of the responsibility for training directly on the people who must learn. In a sense, managers train themselves, but with

guidance. It also gives trainers the tools and techniques needed for teaching. The skills that are learned can be directly applied to the job. Finally, modelling training can help determine whether new people are suited to their jobs. Although training can never be a substitute for good selection (getting people with good potential is always necessary), effective training programmes like modelling should help determine where that potential is best directed."

Employee Development:

Development refers to preparing an employee for the future so that he (she) can be fit for a fairly well-defined job at a higher level. Employee development programmes get people ready for their and the organisation's futures. There is an important difference between training and development. Training is often conducted with the organisation by internal people (e.g., the training officer).

On the other hand, employee development activities are usually carried out outside the company by external professionals. An example of development programme is sending a person to a management seminar or workshop conducted by a university, a government agency, or an industry or trade association.

If the company reimburses the tuition fee for such a programme, it encourages employees (especially junior and middle level executives) to seek higher levels of formal education.

The major advantage of employee development programme is that it exposes people to skills, knowledge and attitudes that will be helpful to them in higher position. However, efforts toward development often depend on the personal drive and ambition of the candidate. Such efforts are not limited to company inventories of necessary skills or persons possessing them.

For individuals development activities such as management training programme may be voluntary or compulsory, depending on the nature and philosophy of the organisation. But in all cases they help participants to prepare for promotion into management cadre or to upgrade existing management skills.

In most progressive organisations, as one goes higher in management ladder, one gets more and more opportunities for development programmes. Some companies offer their executives one year paid leave to enable them to acquire management degrees such as MBA. Others nm their own training and development centres, staffed in part with visiting professors and company managers.

Other development programmes are also offered by modern companies. One such programme is job rotation. It provides the opportunity for an employee to do a variety of jobs in a work centre or in the organisation and thus enables the person concerned to develop an understanding of the interrelationship of activities and an overview of the work unit or organisation.

According to Plunkett and Attner:
"internship, apprenticeships or assistantship allow the individual to observe the work, raise questions and emulate the practices of the incumbents."

To sum up: Training and development programmes seek to meet the organisation's need for people. Both are directed toward improving the performance of individuals and, through it, that of organisations. They reward ambition and act as incentives for a greater security, to reach a higher level of job satisfaction and to enhance confidence and self-esteem. Organisations that spend the time, money and effort to develop and sponsor (or conduct) training and development programmes stand a strong chance of being rewarded with a growing pool of talent available for greater responsibilities and capable of better achievements.

While training is job-specific, development is career-specific. In this section we describe various types of career development programmes and effective developmental interviews.

Career counseling, advising the individual about his career possibilities and career progression is the first major type of career development programme. It can occur at various times, including the employment hiring interview, a career-counselling training programme and the performance appraisal interview. This counselling is used not only with employees whose potential is high but also with those who are likely to be devoted.

A career path is a series of jobs through which an individual will proceed if performance remains high and organisational positions open up. Sometimes career paths involve job rotation, moving an individual through a series of jobs temporarily so that he becomes acquainted with the overall activities of major subsystems or the entire organisation.

Whatever the approach, the use of career paths allows the individual to acquire the necessary experience for future jobs.

Many large organisations now employ a human resources file, a computerized inventory of backgrounds and skills that management uses to identify individuals capable of performing the activities in a vacated position.

Many training programmes focus on development activities. They address issues such as career management for women and minority group members and refresher courses for mid career managers. Several organisations even sponsor placement programmes for managers who are leaving the organisation.

In most instances these terminations occur not because of poor performance but because of organisational constraints. In our placement programmes the company provides not only career counselling but an office and salary for a specified time while manager seeks a new position.

A distinctive training programme with developmental trappings is the intern programme. Typically, a recent graduate is hired as a management trainee and for one or two years he receives specific training, some involving classroom instruction, in the various activities performed by the organisation. Intern programmes can, in fact, be more helpful for career development than a graduate degree in some fields.

At present, perhaps the most popular programme that can be used for selection or development is the assessment centre, in order to help management evaluate candidates' managerial potential. The concept of an assessment centre was drawn from the procedures of the elite Schutzstaffel (SS) guard in Germany during the 1930s.

To select the best applicants for this military force, management put the candidates through a series of simulated exercises, group discussion sessions and extended psychological interviews. Psychologists then evaluated a person's overall potential as an SS officer.

In recent years management has used the assessment centre both as a selection technique and a developmental programme, as its major objective is to realize person's full potential within a specific organisation. Each centre should be tailored to the needs of the organisation sponsoring it.

Ronald Burke, William Weitzel and Tamara Weir have focused on a related issue — the characteristics of successful appraisal and developmental interviews. Their empirical studies have compared successful and unsuccessful interviews and they indicate that the following characteristics are important if the subordinate is to benefit from the appraisal or developmental interview:

A significant amount of employee participation in the programme through joint setting of goals between the superior and subordinate.

A helpful supervisor genuinely interested in the subordinates.

The removal of job problems hampering the employee’s performance.

The setting of future performance targets.

The involvement of the subordinate in planning self-development activities.

An unthreatening atmosphere.

Evaluation of Training and Development:

Training and development programmes should always be evaluated. Trainees may say they enjoyed the training and learned a lot, but the true test is whether their job performance is better after their training than before.

Performance Appraisal

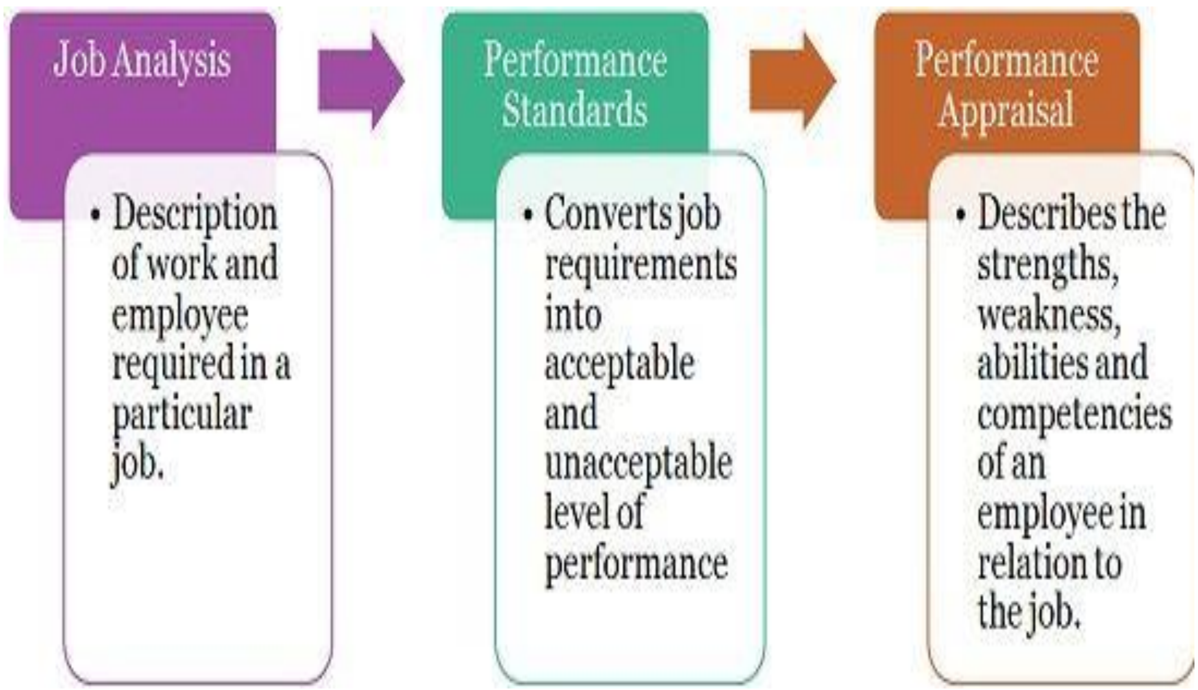
Performance Appraisal is defined as a systematic process, in which the personality and performance of an employee is assessed by the supervisor or manager, against predefined standards, such as knowledge of the job, quality and quantity of output, leadership abilities, attitude towards work, attendance, cooperation, judgment, versatility, health, initiative and so forth.

It is also known as performance rating, performance evaluation, employee assessment, performance review, merit rating, etc.

Performance Appraisal is carried out to identify the abilities and competencies of an employee for future growth and development. It is aimed at ascertaining the worth of the employee to the organization, in which he/she works.

Relationship of Performance Appraisal and Job Analysis

Performance Appraisal relates to job analysis, in the sense that job analysis establishes job requirement, which converts the analysis into standard, on which performance is judged, and results in defining the basis for performance appraisal.

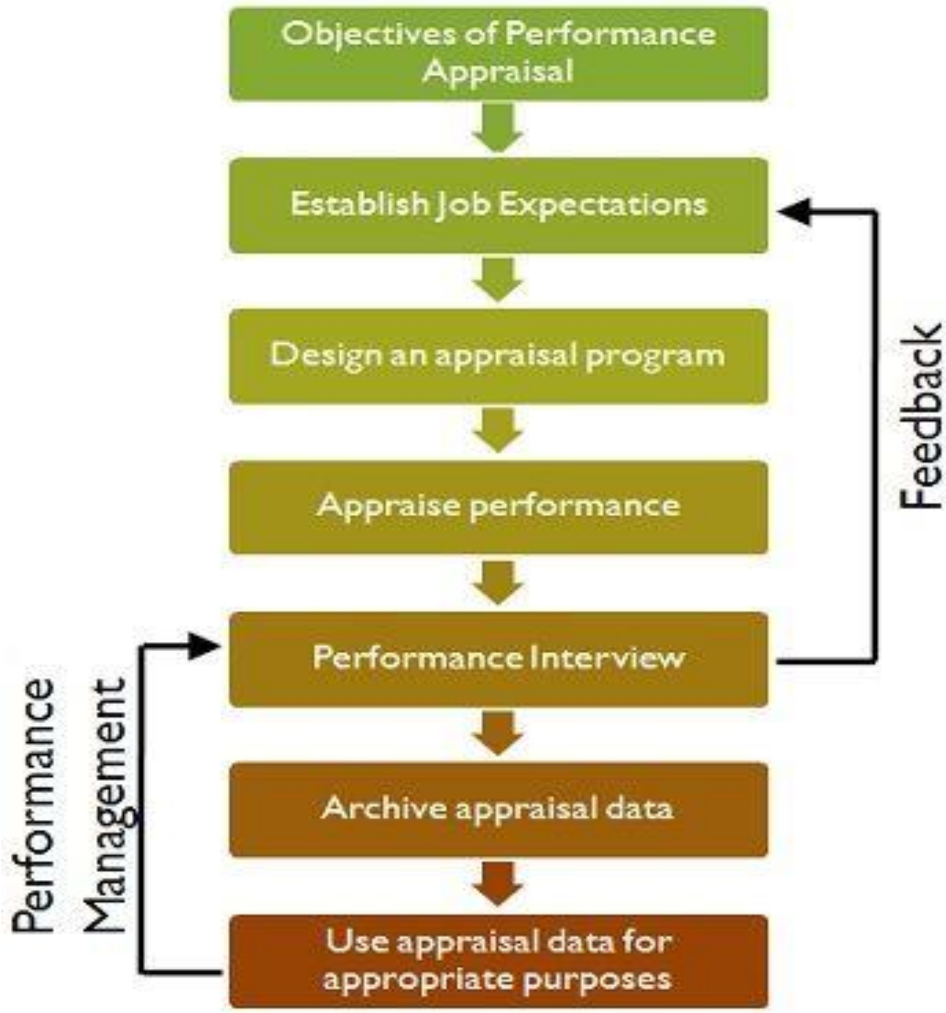


Objectives of Performance Appraisal

- To promote the employees, on the basis of performance and competence.
- To identify the requirement for training and development of employees.
- To provide confirmation to those employees who are hired as probationary employees, upon completion of the term.
- To take a decision regarding the hike in employees pay, incentives etc.
- To facilitate communication between superior and subordinate.
- To help employees in understanding where they stand in terms of performance.

Data obtained from the appraisal of performance, are documented and used for different organizational purposes.

Performance Appraisal Process



The figure shown above is a standard performance appraisal process that takes place in an organization, wherein each step is important and arranged in a systematic manner. The process is conducted periodically, usually twice a year, i.e. semi-annually and annually called as mid-term review and annual review respectively.

Method of Performance Appraisal

In the process of designing performance appraisal process, it is important to identify the best method for assessment. There are a number of methods introduced to gauge the quantity and quality of work performed by an individual. These methods are broadly classified into two categories:

- **Past-oriented Methods** (Also known as **Traditional Methods of Performance Appraisal**)
    - Rating Scales
    - Checklists
    - Forced Choice
    - Forced Distribution
    - Critical Incident
    - Performance test and observation
    - Field review
    - Confidential Record
    - Essay method
    - Comparative Evaluation Approaches
    - Cost Accounting Method
    - Behaviorally Anchored Rating Scales
- **Future Oriented Methods** (Also known as **Modern Methods of Performance Appraisal**)
    - Management by objectives
    - Psychological Appraisal
    - Assessment Centres
    - 360-Degree Feedback
    - 720-Degree Feedback

Performance Appraisal is a part of **performance management.** It helps in gaining the competitive edge, by improving the performance level of the employees working in the organization, making rational decisions regarding hike in salaries, promotions, transfers, discharge of the employees, reducing job dissatisfaction and employee turnover.

Directing:

Concept

Directing is a very difficult task of management compared to all other functions because it is concerned with the human aspect of management. When all other preparations have been completed, the management has to begin the working of the concern. Directing is the heart of management process. Planning, organising and staffing are merely preparations for doing the work and work actually starts when the directing is done. It is the directing function which initiates organised action. It ensures that subordinates do their work as expected.

Directing is a managerial function which is primarily concerned with influencing guiding, supervising and inspiring subordinates in a planned manner. It is performed by all managers of different levels of an organisation. It includes assignment of jobs, issuing of instructions and orders, supervising the subordinates and rectifying the errors in time.

The success of management is largely a matter of effective direction.

Learn about:-

1. Introduction to Directing
2. Meaning of Directing
3. Definitions
4. Concept
5. Nature
6. Features
7. Importance
8. Process
9. Function
10. Principles
11. Elements
12. Techniques
13. Roles
14. Essentials
15. Directing Activities
16. Benefits.

Direction is an important function of management which is related to inspiring, instructing and guiding human factors in the organization to achieve organizational activities and objectives. It is the process of telling people what to do and seeing that they do it in the best possible manner.

Essential elements of Direction are-

(i) Giving orders and instructions

(ii) Supervising the work of subordinates

(iii) Giving guidance to the subordinates in their work

(iv) Maintaining discipline and rewarding efficient employees

(v) Motivating the subordinates

Henry Fayol gave certain concepts to facilitate direction-

(i) To have thorough knowledge of personnel

(ii) To eliminate the incompetent

(iii) To set a good example

(iv) To be well versed in the agreements binding the business

(v) To bring together the chief assistants by means of conference

(vi) To conduct periodic audit of the organisation

(vii) To aim at infusing unity, energy, initiative and loyalty among the personnel

Direction and Supervision

Management means and includes getting things done through others. For this purpose, the factors of production are assembled in an organization. The relation between the men and material is established through functions of management like planning, coordinating, staffing, etc. Mere, assembly of these does not give any results. Therefore, there is a need to direct all these. The direction is management in action.

Meaning and Definitions:

The term direction means to show the way of performing the activities. It indicates an action. The organization moves from assembly of resources to utilization. It is done through issue of directions.

Definition of Direction according to some experts is as follows:

Koontz and O'Donnel:

"Directing is interpersonal aspect of managing by which subordinates are led to understood and contribute effectively and efficiently to the attainment of enterprises objectives."

Urwick and Breach:

"Directing is the guidance, the inspiration, the leadership of men and women that constitutes the real case of the responsibilities management."

Massie:

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

Scope of Direction:

Generally, the scope indicates the area covered, in this sense, the scope of direction means where direction is needed most and more applicable. The area covered by direction relates to:

i. Supervision.
ii. Orientation.
iii. Communication.
iv. Motivation.
v. Instruction.
vi. Leadership.
vii. Command.

These are briefly explained as follows:

1. Supervision:

It is relating to such work where observation of subordinates work is done. This exists at all levels of management. It is direct and quick guidance to subordinates in the performance of work. In this process, the superiors see and check whether subordinates are working strictly in accordance with plan, within time schedule, policies, programs.

2. Orientation:

Every employee in the organization should have knowledge of the organization where they are engaged. This makes them clear about the objectives, organizational set up, authority-responsibility relationship, nature and culture of assigned work.

3. Communication:

The policies and programs decided at the top level management should be communicated to the middle as well as bottom level management, then only those can be implemented. Therefore, in every organization a good communication system is established to share the ideas and works to be done by all.

4. Motivation:

This is the act of influencing others to do particular tasks. People can be motivated with proper direction. The way the instructions and directions are given decides the motivation level. So, motivation inspires people to work with zeal, willingness and initiation to achieve the goals.

5. Leadership:

Always the quality of influencing and directing the subordinates determines the good personality. A leader must be a perfect director.

6. Command:

It is the quality of possessing thorough knowledge about organization, personnel, assessment, etc. By commanding, a superior get what is expected from employees. A good commanding superior will have a capacity to identify the right and competent employees in the organization.

Techniques of directing:

Direction basically stands for the specific way of issuing order. The orders should be issued very cautiously. So that the expected results are easily extracted from subordinates. There are three techniques adopted to direct subordinates:

A) Consultative direction:

To consult means to discuss with concerned parties before issuing orders or decisions. It is a way in which participant’s opinions are collected and orders are issued. During the consultation, the possibility and workability of the order is tested.

Advantages:

1. It is democratic way of issuing orders.
2. It boosts the moral of subordinates.
3. It encourages the subordinates to express their opinions.

Disadvantages

1. It shows the weakness of managers.
2. Results would be delayed due to long process
3. The subordinates may mis-use the process

B) Free rein direction:

The subordinates are set free to think and act in this method. The superior does not issue orders forcibly and extract the work. The subordinates are at their liberty to take any suitable decision.

Advantages:

1. It provides an opportunity to subordinates to think and act.
2. It motivates the subordinates to take initiative steps.

Disadvantages

1. It takes away the extra time of superiors in direction. In the initial step orders are given and they are to be reviewed with actual decisions and initiative steps of subordinates.
2. The unskilled and uneducated employees cannot equally participate in this method.

C) Autocratic direction:

It is the one way direction. Hitler's style of directorship. The supervisor himself solves the problem and issues orders to subordinates. No chance is given to subordinates to take any initiation. They have to simply accept the orders and perform.

Advantages:

1. The quick implementation of plans through orders.
2. The results would be uniform, as solutions are common to all subordinates.

Disadvantages:

1. The employees initiation has no-scope
2. It leads to dictatorship of rejection.
3. The rejection percentage of orders instructions will increase.

CHARACTERISTICS OF GOOD ORDERS

Meaning: The term order means a command, a written instruction or directives by superior to their subordinates. These are used as interchangeable to each other. It is an important toll of management.

KOONTZ AND O, DONNELL

Define the order as directional technique, an instruction is understood to be a charge by a superior requiring a subordinate to act or refrain from acting in given circumstance

Good Order:

A good order is one which creates an understanding in the minds of subordinates in the manner in which superior wishes to share. It is a communication with instruction. There may be some directions which may misguide the followers, such directions or orders are not considered as the good order.

The following are the features of a good order:

1. It should be clear and free from doubts.
2. It should be enforceable.
3. It should be towards the achievement of organizational goals or objectives.
4. It should motivate and stimulate the subordinates.
5. It should be in writing.
6. It should specify the time limit.
7. It should be relevant to the situation and the subordinates.

SUPERVISION:-

Introduction:

The management of an organization remains incomplete without proper supervision. The organized factors need to function with co-ordination and co-operation to reach the goals of an organization. The human force employed for this purpose is expected to be self-responsible while performing their duties.

There is a need of an independent system to check the happenings in an organization. It is essential for both physical and human assets.

Meaning and definition:

The term supervision has been derived from the Latin words ‘Super’ means ‘Above’ and ‘Vision’ means ‘See’ or ‘Observe’ or ‘to watch’.

In other words, the term supervision is the act or function of overseeing something or somebody. It includes both material things and human beings.

Supervision is an act of overseeing and observing the activities of subordinates. Supervisor observes others work to ensure that the work is being performed according to the requirements of 5 the job. It is done through, leading, coordinating, and directing the work of others which stands as support to attain the pre-determined goals of organization.

The definitions of supervision according to some experts are:

R.C. DAVIS:

“Supervision is the function of assuring that the work is being done in accordance with plan and instruction.

BERNARD AND GOODYEAR:

BERNARD AND GOODYEAR: “Supervision is an intervention provided by the most senior member of the profession to the most junior member of the same profession. The relation is evaluative, extends over time, and has purpose of enhancing the professional functioning of juniors and monitoring the quality of services.

Supervision establishes relationship between the senior member and subordinates of an organization. Through this relationship alone, the supervision evaluates, extends and simultaneously enhances the professional performance of junior members.

Characteristics:-

The supervision is identified with following features:-

1) It is an act of guiding and overseeing others.
2) It is done by senior and expert members of an organization.
3) It is a relation building activity.
4) It is a goal accomplishing activity.
5) It establishes link between supervisor and supervisee.
6) It motivates the employees for accomplishment of organizational goals

Motivation:

Concept

This overview is compiled from Michael Armstrong’s book Armstrong’s Handbook of Human Resource Management Practice. Additional information has been added. It intends to give a brief overview on the most important concepts and theories of motivation.

According to Arnold, there are **3 components of motivation**:

- direction – what a person is trying to do
- effort – how hard a person is trying
- persistence – how long a person keeps on trying

Direction might point the way, but effort is what establishes momentum, and persistence determines how far the change is carried (in time as well as in magnitude of outcome). (from Client-centered Direction) Hence, Arnold’s 3 components are suitable to describe the level of motivation a person or a team shows. This concept does not give any reasons for motivation.

Furthermore, literature distinguishes **2 types of factors that influence motivation**:

- **Intrinsic** – self generated factors (responsibility, freedom to act, scope to use and develop skills and abilities, interesting and challenging work, opportunities for advancement) – they have a deeper and longer-term effect
- **Extrinsic** – what is done for people to motivate them (rewards, promotion, punishment) – they have an immediate and powerful effect, but won’t necessarily last long

In other words: Intrinsic motivation comes from a person’s internal desire to do something. Reasons may be that a particular activity gives him or her pleasure, helps to develop a particular skill of seems to be the right thing to do in moral / ethical terms. Extrinsic motivation is generated by external factors that are less related to the particular task.

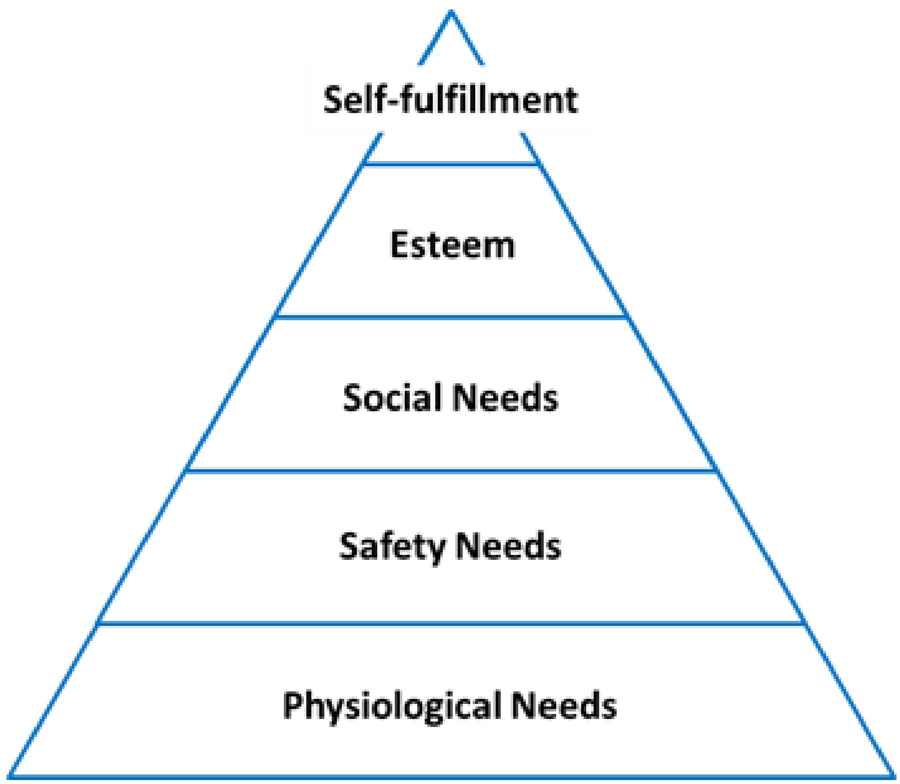
Most influential is the **Needs (content) Theory**

- All Needs theories focus on specific needs people want to satisfy. There are several theories that explain motivation as a result of these needs.
- The underlying concept is the belief that an unsatisfied need creates tension and a state of disequilibrium. To restore balance, a goal is identified that will satisfy the need and a behavior pathway to this goal is selected.
- All behavior is motivated by unsatisfied needs.

- People will be better motivated if their work experience satisfies their needs and wants.

- Needs theories distinguish between primary needs, such as food, sleep and other biological needs, and secondary psychological needs that are learned and vary by culture and by individual.

Maslows hierarchy of needs



Maslows hierarchy of needs

- If a lower need is satisfied, it no longer motivates behavior; the next higher one becomes dominant. (Deficit principle)

- The five needs exist in a hierarchy. Higher needs only become important when lower needs are satisfied

- Higher-order needs provide greater motivation.

- Different people may have different priorities.

The theory helps managers to identify which particular needs are relevant for employees and thus to determine appropriate motivators.

Alderfer’s ERG Theory

Is based on Maslows Hierchy of needs; recategorizes Maslows categories of needs into three simpler and broader groups:

- **Existence needs** – need for material and energy exchange; basic physiological and safety needs
- **Relatedness needs** – transactions with human environment, process of sharing or mutuality; need for interpersonal relationships and attention; is about equivalent to Maslows social needs and part of the esteem needs
- **Growth needs** – people make creative or productive efforts for themselves; need for personal growth and self-development; part of Maslows esteem needs and self-fulfillment needs

On contrast to Maslow, here more than one level of needs can be relevant at the same time. There is no hierarchy; people may for instance work to fulfill their personal growth needs, whereas not al relatedness needs are fulfilled. (partly adapted from Management Study Guide)

McClelland’s needs

Based mainly on studies of managers. 3 most important needs:

- **achievement** – need for competitive success measured against a personal standard of excellence
- **affiliation** – need for warm, friendly relationships with others, interpersonal relationships
- **power** – need to control and influence others

The hierarchy of these three groups of needs may differ from individual to individual. Hence, there are different motivators depending on a person’s high-priority needs.

Herzbergs two-factor model

There are some factors that result in satisfaction and some factors that just prevent dissatisfaction. According to Herzberg, the opposite of Satisfaction is No Satisfaction and the opposite of Dissatisfaction is No Dissatisfaction.

- **Motivators** –

  factors that really motivate people, also called satisfiers, provide intrinsic motivation

  Examples for Motivators: recognition, growth and career development opportunities, responsibility, autonomy, self-fulfillment

- **Hygiene factors** –

  dissatisfiers; their absence would demotivate people, but their presence not necessarily improves motivation; essentially describe the environment, little effect on positive job attitudes

  Examples for Hygiene factors: salary, work conditions, relationships with superios and peers, company policy

Process cognitive theory

- Emphasis on psychological processes that effect motivation and on basic needs
- Concerned with people's perceptions and the way they interpret and understand it
- People will be highly motivated if they can control the means to attain their goals

Expectancy theory by Vroom

Value, instrumentality (belief that if we do one thing it will lead to another), expectancy (probability that action or effort will lead to an outcome).
Strength of expectations may be based on past experiences.
Motivation is only likely when a clearly perceived relationship exists between performance and an outcome that is seen as a means of satisfying needs.
Porter and Lawler developed this theory into a model suggesting that there are two factors determining the effort people put into their jobs:

- Value of rewards to individuals in so far as they satisfy their needs
- Probability that rewards depend on effort, as perceived by individuals, their expectation about relationships between effort and reward

Two additional variables:

- Ability – individual characteristics and skills

- Role perceptions – what he wants to do or thinks he is required to do, good if they correspond with the viewpoint of the organization

Goal theory by Latham and Locke

Motivation and performance are higher when individuals are set specific goals.
Goals have to be difficult but accepted.
Feedback on performance allows the individual to track how well he or she is doing in relation to the goal.
Participation in goal setting is important – goals need to be agreed.
As long as they are accepted – demanding goals lead to better performance than easy goals.

Reactance theory by Brehm

Individuals are not passive receivers but responders.
They seek to reduce uncertainty by seeking control about factors influencing rewards.
Management initiatives about motivation will only work if they make sense to the people in terms of their own values and orientation.
There are **four important elements** to reactance theory: perceived freedom, threat to freedom, reactance, and restoration of freedom. Freedom is not an abstract consideration, but rather a feeling associated with real behaviors, including actions, emotions, and attitudes. (from Wikipedia)

Equity theory by Adams

- Perceptions people have about how they are being treated as compared with others

- Involves feelings and perceptions, is always a comparative process

- People will work better if they are treated equitably

- Two forms of equity:

  Distributive – fairness people feel they are rewarded in accordance with their contribution and in comparison with others

  Procedural – perceptions of employees about fairness of company procedures
- We hope/expect that the inputs we give into our job equal the outputs we get

Other theories

Behavioral theory (Skinner): behavior is learnt from experience, learning takes place mainly through reinforcement

Social learning theory (Bandura) significance of reinforcement as a determinant of future behavior, importance of internal psychological factors, esp. Expectancies

Attribution theory (Guest) explanation of performance after we have invested considerable effort and motivation in a task; 4 types of explanations: ability, effort, task difficulty, luck; motivation depends on the factor used to explain success or failure

Role Modeling: people can be motivated if they have the chance to model their own behavior on a 'role model', i.e. someone who's working or leadership style serves as an inspiration and a positive example

Motivation and Performance

Motivation is the combination of a person's desire and energy directed at achieving a goal. It is the cause of action. Influencing people's motivation means getting then to want to do what you know must be done (Military Leadership, 1993).

Motivation is the combination of a person's desire and energy directed at achieving a goal. It is the cause of action. Motivation can be **intrinsic**, such as satisfaction and feelings of achievement; or **extrinsic**, such as rewards, punishment, and goal obtainment. Not all people are motivated by the same thing and over time their motivations might changes.

Motivational Issues

Often an employee knows how to perform correctly, the process is good, and all resources are available, but for one reason or another, chooses not to do so, which normally means it is a motivational issue. While many jobs have problems that are inherent to the position, it is the problems that are inherent to the person that normally cause us to loose focus from our main task of getting results. These motivational problems could arrive from family pressures, personality conflicts, a lack of understanding on how the behavior affects other people or process, etc.

When something breaks the psychological contract between the employee and the organization, the leader must find out what the exact problem is by looking beyond the symptoms, finding a solution, focusing on the problem, and then implementing a plan of action. One of the worst situations that a leader can get into is to get the facts wrong.

Start by collecting and documenting what the employee is not doing or should be doing, such as tasks, special projects, reports, etc. Try to observe the employee performing the task. Also, do not make it a witch hunt, but rather observe and record what the employee is not doing to standards. Check past performance appraisals, previous managers, or other leaders the employee might have worked with. Try to find out if it a pattern or something new.

Once you know the problem, then work with the employee to solve it. Most employees want to do a good job. It is in your best interest to work with the employee as long as the business needs are met and it is within the bonds of the organization to do so.

Causes of problems

Expectations or requirements have not been adequately communicated

This motivational issue is not the fault of the employee. By providing feedback and ensuring the feedback is consistent, you provide the means for employees to motivate themselves to the desired behavior. For example, inconsistent feedback would be for management to say it wants good safety practices, then frowns on workers who slow down by complying with regulations. Or expressing that careful workmanship is needed, but reinforces only volume of production.

Feedback must be provided on a continuous basis. If you only provide it during an employee's performance rating period, then you are NOT doing your job.

Also, ensure that there is not a difference in priorities. Employees with several tasks and projects on their plates must be clearly communicated as to what comes first when pressed for time. With the ever increasing notion to do more with less, we must understand that not everything can get done at once. Employees often choose the task that they enjoy the most, rather than the task they dislike the most. And all too often that disliked task is what needs to get performed first.

Lack of motivation

A lack of motivation could be caused by a number of problems, to include personal, family, financial, etc. Help employees to recognize and understand the negative consequences of their behavior. For counseling techniques see, Leadership and Motivation and Confrontation Counseling. For some training exercises see, Performance Counseling Activity.

Shift in focus

Today, its a lucky employee (or unlucky if the employee thrives on change) who does not have her job restructured. Changing forces in the market forces changes in organizations. When this happens, ensure that every employee gets these questions answered:

- How has the job changed and what are the new responsibilities?
- Why the job was restructured. Is it part of a longer overhaul?
- How will their performance be evaluated and by whom?
- Do they need to learn new skills?
- Can the old responsibilities be delegated?
- How will their career benefit from this transition?
- What new skills or training do they need to perform successfully?
- Will this make them more marketable in the future?

Theories of Motivation

After reading this chapter, you should be able to do the following:

Understand the role of motivation in determining employee performance.

Classify the basic needs of employees.

Describe how fairness perceptions are determined and consequences of these perceptions.

Understand the importance of rewards and punishments.

Apply motivation theories to analyze performance problems.

What inspires employees to provide excellent service, market a company’s products effectively, or achieve the goals set for them? Answering this question is of utmost importance if we are to understand and manage the work behavior of our peers, subordinates, and even supervisors. Put a different way, if someone is not performing well, what could be the reason?

Job performance is viewed as a function of three factors and is expressed with the equation below.Mitchell, T. R. (1982). Motivation: New directions for theory, research, and practice. Academy of Management Review, 7, 80–88; Porter, L. W., & Lawler, E. E. (1968). Managerial attitudes and performance. Homewood, IL: Dorsey Press. According to this equation, motivation, ability, and environment are the major influences over employee performance.

Performance is a function of the interaction between an individual's motivation, ability, and environment.

Motivation is one of the forces that lead to performance. Motivation is defined as the desire to achieve a goal or a certain performance level, leading to goal-directed behavior. When we refer to someone as being motivated, we mean that the person is trying hard to accomplish a certain task. Motivation is clearly important if someone is to perform well; however, it is not sufficient. Ability—or having the skills and knowledge required to perform the job—is also important and is sometimes the key determinant of effectiveness. Finally, environmental factors such as having the resources, information, and support one needs to perform well are critical to determine performance. At different times, one of these three factors may be the key to high performance. For example, for an employee sweeping the floor, motivation may be the most important factor that determines performance. In contrast, even the most motivated individual would not be able to successfully design a house without the necessary talent involved in building quality homes. Being motivated is not the same as being a high performer and is not the sole reason why people perform well, but it is nevertheless a key influence over our performance level.

So what motivates people? Why do some employees try to reach their targets and pursue excellence while others merely show up at work and count the hours? As with many questions involving human beings, the answer is anything but simple. Instead, there are several theories explaining the concept of motivation. We will discuss motivation theories under two categories: need-based theories and process theories.

5.1 A Motivating Place to Work: The Case of Zappos

It is unique to hear about a CEO who studies happiness and motivation and builds those principles into the company's core values or about a company with a 5-week training course and an offer of $2,000 to quit anytime during that 5 weeks if you feel the company is not a good fit. Top that off with an on-site life coach who also happens to be a chiropractor, and you are really talking about something you don't hear about every day. Zappos is known as much for its 365-day return policy and free shipping as it is for its innovative corporate culture. Although acquired in 2009 by Amazon (NASDAQ: AMZN), Zappos managed to move from number 23 in 2009 on Fortune magazine's "100 Best Companies to Work For" list to 15 in 2010.

Performance is a function of motivation, ability, and the environment in which you work. Zappos seems to be creating an environment that encourages motivation and builds inclusiveness. The company delivers above and beyond basic workplace needs and addresses the self-actualization needs that most individuals desire from their work experience. CEO Tony Hsieh believes that the secret to customer loyalty is to make a corporate culture of caring a priority. This is reflected in the company's 10 core values and its emphasis on building a team and a family. During the interview process, applicants are asked questions relating to the company's values, such as gauging their own weirdness, open-mindedness, and sense of family. Although the offer to be paid to quit during the training process has increased from its original number of $400, only 1% of trainees take the offer. Work is structured differently at Zappos as well. For example, there is no limit to the time customer service representatives spend on a phone call, and they are encouraged to make personal connections with the individuals on the other end rather than try to get rid of them.

Although Zappos has over 1,300 employees, the company has been able to maintain a relatively flat organizational structure and prides itself on its extreme transparency. In an exceptionally detailed and lengthy letter to employees, Hsieh spelled out what the new partnership with Amazon would mean for the company, what would change, and more important, what would remain the same. As a result of this type of company structure, individuals have more freedom, which can lead to greater satisfaction.

Although Zappos pays its employees well and offers attractive benefits such as employees receiving full health-care coverage and a compressed workweek, the desire to work at Zappos seems to go beyond that. As Hsieh would say, happiness is the driving force behind almost any action an individual takes. Whether your goals are for achievement, affiliation, or simply to find an enjoyable environment in which to work, Zappos strives to address these needs.

Case written by [citation redacted per publisher request]. Based on information from Robischon, N. (2009, July 22). Amazon buys Zappos for $847 million. Fast Company. Retrieved February 28, 2010, from http://www.fastcompany.com/blog/noah-robischon/editors-desk/amazon-buys-zappos-807-million; Walker, A. (2009, March 14). Zappos' Tony Hsieh on Twitter, phone calls and the pursuit of happiness. Fast Company. Retrieved February 27, 2010, from http://www.fastcompany.com/blog/alissa-walker/member-blog/tony-hsiehs-zapposcom; Happy feet—Inside the online shoe utopia. (2009, September 14). New Yorker. Retrieved February 28, 2010, from http://about.zappos.com/press-center/media-coverage/happy-feet-inside-online-shoe-utopia; 100 best companies to work for. (2010, February 8). Fortune. Retrieved February 26, 2010, from http://money.cnn.com/magazines/fortune/bestcompanies/2010/snapshots/15.html.

DISCUSSION QUESTIONS

What potential organizational changes might result from the acquisition by Amazon?

Why do you think Zappos' approach is not utilized more often? In other words, what are the challenges to these techniques?

Why do you think Zappos offers a $2,000 incentive to quit?

Would you be motivated to work at Zappos? Why or why not?

5.2 Need-Based Theories of Motivation

LEARNING OBJECTIVES

Explain how employees are motivated according to Maslow's hierarchy of needs.

Explain how the ERG (existence, relatedness, growth) theory addresses the limitations of Maslow's hierarchy.

Describe the differences among factors contributing to employee motivation and how these differ from factors contributing to dissatisfaction.

Describe need for achievement, power, and affiliation, and identify how these acquired needs affect work behavior.

The earliest studies of motivation involved an examination of individual needs. Specifically, early researchers thought that employees try hard and demonstrate goal-driven behavior in order to satisfy needs. For example, an employee who is always walking around the office talking to people may have a need for companionship, and his behavior may be a way of satisfying this need. At the time, researchers developed theories to understand what people need. Four theories may be placed under this category: Maslow's hierarchy of needs, ERG theory, Herzberg's two-factor theory, and McClelland's acquired-needs theory.

Maslow's Hierarchy of Needs

Abraham Maslow is among the most prominent psychologists of the twentieth century. His hierarchy of needs is an image familiar to most business students and managers. The theory is based on a simple premise: Human beings have needs that are hierarchically ranked.Maslow, A. H. (1943). A theory of human motivation. Psychological Review, 50, 370–396; Maslow, A. H. (1954). Motivation and personality. New York: Harper. There are some needs that are basic to all human beings, and in their absence nothing else matters. As we satisfy these basic needs, we start looking to satisfy higher order needs. In other words, once a lower level need is satisfied, it no longer serves as a motivator.

The most basic of Maslow's needs are physiological needs. Physiological needs refer to the need for food, water, and other biological needs. These needs are basic because when they are lacking, the search for them may overpower all other urges. Imagine being very hungry. At that point, all your behavior may be directed at finding food. Once you eat, though, the search for food ceases and the promise of food no longer serves as a motivator. Once physiological needs are satisfied, people tend to become concerned about safety needs. Are they free from the threat of danger, pain, or an uncertain future? On the next level up, social needs refer to the need to bond with other human beings, be loved, and form lasting attachments with others. In fact, attachments, or lack of them, are associated with our health and well-being.Baumeister, R. F., & Leary, M. R. (1995). The need to belong: Desire for interpersonal attachments as a fundamental human motivation. Psychological Bulletin, 117, 497–529. The satisfaction of social needs makes esteem needs more salient. Esteem need refers to the desire to be respected by one's peers, feel important, and be appreciated. Finally, at the highest level of the hierarchy, the need for self-actualization refers to "becoming all you are capable of becoming." This need manifests itself by the desire to acquire new skills, take on new challenges, and behave in a way that will lead to the attainment of one's life goals.

Maslow was a clinical psychologist, and his theory was not originally designed for work settings. In fact, his theory was based on his observations of individuals in clinical settings; some of the individual components of the theory found little empirical support. One criticism relates to the order in which the needs are ranked. It is possible to imagine that individuals who go hungry and are in fear of their lives might retain strong bonds to others, suggesting a different order of needs. Moreover, researchers failed to support the arguments that once a need is satisfied it no longer serves as a motivator and that only one need is dominant at a given time.Neher, A. (1991). Maslow's theory of motivation: A critique. Journal of Humanistic Psychology, 31, 89–112; Rauschenberger, J., Schmitt, N., & Hunter, J. E. (1980). A test of the need hierarchy concept by a Markov model of change in need strength. Administrative Science Quarterly, 25, 654–670.

Despite the lack of strong research support, Maslow's theory found obvious applications in business settings. Understanding what people need gives us clues to understanding them. The hierarchy is a systematic way of thinking about the different needs employees may have at any given point and explains different reactions they may have to similar treatment. An employee who is trying to satisfy esteem needs may feel gratified when her supervisor praises an accomplishment. However, another employee who is trying to satisfy social needs may resent being praised by upper management in front of peers if the praise sets the individual apart from the rest of the group.

How can an organization satisfy its employees' various needs? In the long run, physiological needs may be satisfied by the person's paycheck, but it is important to remember that pay may satisfy other needs such as safety and esteem as well. Providing generous benefits that include health insurance and company-sponsored retirement plans, as well as offering a measure of job security, will help satisfy safety needs. Social needs may be satisfied by having a friendly environment and providing a workplace conducive to collaboration and communication with others. Company picnics and other social get-togethers may also be helpful if the majority of employees are motivated primarily by social needs (but may cause resentment if they are not and if they have to sacrifice a Sunday afternoon for a company picnic). Providing promotion opportunities at work, recognizing a person's accomplishments verbally or through more formal reward systems, and conferring job titles that communicate to the employee that one has achieved high status within the organization are among the ways of satisfying esteem needs. Finally, self-actualization needs may be satisfied by the provision of development and growth opportunities on or off the job, as well as by work that is interesting and challenging. By making the effort to satisfy the different needs of each employee, organizations may ensure a highly motivated workforce.

ERG Theory

ERG theory includes existence, relatedness, and growth.

Source: Based on Alderfer, C. P. (1969). An empirical test of a new theory of human needs. Organizational Behavior and Human Performance, 4, 142–175.

ERG theory, developed by Clayton Alderfer, is a modification of Maslow's hierarchy of needs.Alderfer, C. P. (1969). An empirical test of a new theory of human needs. Organizational Behavior and Human Performance, 4, 142–175. Instead of the five needs that are hierarchically organized, Alderfer proposed that basic human needs may be grouped under three categories, namely, existence, relatedness, and growth. Existence corresponds to Maslow's physiological and safety needs, relatedness corresponds to social needs, and growth refers to Maslow's esteem and self-actualization.

ERG theory's main contribution to the literature is its relaxation of Maslow's assumptions. For example, ERG theory does not rank needs in any particular order and explicitly recognizes that more than one need may operate at a given time. Moreover, the theory has a "frustration-regression" hypothesis suggesting that individuals who are frustrated in their attempts to satisfy one need may regress to another. For example, someone who is frustrated by the growth opportunities in his job and progress toward career goals may regress to relatedness need and start spending more time socializing with coworkers. The implication of this theory is that we need to recognize the multiple needs that may be driving individuals at a given point to understand their behavior and properly motivate them.

Two-Factor Theory

Frederick Herzberg approached the question of motivation in a different way. By asking individuals what satisfies them on the job and what dissatisfies them, Herzberg came to the conclusion that aspects of the work environment that satisfy employees are very different from aspects that dissatisfy them.Herzberg, F., Mausner, B., & Snyderman, B. (1959). The motivation to work. New York: John Wiley; Herzberg, F. (1965). The motivation to work among Finnish supervisors. Personnel Psychology, 18, 393–402. Herzberg labeled factors causing dissatisfaction of workers as “hygiene” factors because these factors were part of the context in which the job was performed, as opposed to the job itself. Hygiene factors included company policies, supervision, working conditions, salary, safety, and security on the job. To illustrate, imagine that you are working in an unpleasant work environment. Your office is too hot in the summer and too cold in the winter. You are being harassed and mistreated. You would certainly be miserable in such a work environment. However, if these problems were solved (your office temperature is just right and you are not harassed at all), would you be motivated? Most likely, you would take the situation for granted. In fact, many factors in our work environment are things that we miss when they are absent but take for granted if they are present.

In contrast, motivators are factors that are intrinsic to the job, such as achievement, recognition, interesting work, increased responsibilities, advancement, and growth opportunities. According to Herzberg’s research, motivators are the conditions that truly encourage employees to try harder.

The two-factor theory of motivation includes hygiene factors and motivators.

Sources: Based on Herzberg, F., Mausner, B., & Snyderman, B. (1959). The motivation to work. New York: John Wiley and Sons; Herzberg, F. (1965). The motivation to work among Finnish supervisors. Personnel Psychology, 18, 393–402.

Herzberg’s research is far from being universally accepted.Cummings, L. L., & Elsalmi, A. M. (1968). Empirical research on the bases and correlates of managerial motivation. Psychological Bulletin, 70, 127–144; House, R. J., & Wigdor, L. A. (1967). Herzberg’s dual-factor theory of job satisfaction and motivation: A review of the evidence and a criticism. Personnel Psychology, 20, 369–389. One criticism relates to the primary research methodology employed when arriving at hygiene versus motivators. When people are asked why they are satisfied, they may attribute the causes of satisfaction to themselves, whereas when explaining what dissatisfies them, they may blame the situation. The classification of the factors as hygiene or motivator is not that simple either. For example, the theory views pay as a hygiene factor. However, pay may have symbolic value by showing employees that they are being recognized for their contributions as well as communicating that they are advancing within the company. Similarly, the quality of supervision or the types of relationships employees form with their supervisors may determine whether they are assigned interesting work, whether they are recognized for their potential, and whether they take on more responsibilities.

Despite its limitations, the theory can be a valuable aid to managers because it points out that improving the environment in which the job is performed goes only so far in motivating employees. Undoubtedly, contextual factors matter because their absence causes dissatisfaction. However, solely focusing on hygiene factors will not be enough, and managers should also enrich jobs by giving employees opportunities for challenging work, greater responsibilities, advancement opportunities, and a job in which their subordinates can feel successful.

Acquired-Needs Theory

Among the need-based approaches to motivation, David McClelland's acquired-needs theory is the one that has received the greatest amount of support. According to this theory, individuals acquire three types of needs as a result of their life experiences. These needs are the need for achievement, the need for affiliation, and the need for power. All individuals possess a combination of these needs, and the dominant needs are thought to drive employee behavior.

McClelland used a unique method called the Thematic Apperception Test (TAT) to assess the dominant need.Spangler, W. D. (1992). Validity of questionnaire and TAT measures of need for achievement: Two meta-analyses. Psychological Bulletin, 112, 140–154. This method entails presenting research subjects an ambiguous picture asking them to write a story based on it. Take a look at the following picture. Who is this person? What is she doing? Why is she doing it? The story you tell about the woman in the picture would then be analyzed by trained experts. The idea is that the stories the photo evokes would reflect how the mind works and what motivates the person.

If the story you come up with contains themes of success, meeting deadlines, or coming up with brilliant ideas, you may be high in need for achievement. Those who have high need for achievement have a strong need to be successful. As children, they may be praised for their hard work, which forms the foundations of their persistence.Mueller, C. M., & Dweck, C. S. (1998). Praise for intelligence can undermine children's motivation and performance. Journal of Personality and Social Psychology, 75, 33–

52. As adults, they are preoccupied with doing things better than they did in the past. These individuals are constantly striving to improve their performance. They relentlessly focus on goals, particularly stretch goals that are challenging in nature.Campbell, D. J. (1982). Determinants of choice of goal difficulty level: A review of situational and personality influences. Journal of Occupational Psychology, 55, 79–95. They are particularly suited to positions such as sales, where there are explicit goals, feedback is immediately available, and their effort often leads to success. In fact, they are more attracted to organizations that are merit-based and reward performance rather than seniority. They also do particularly well as entrepreneurs, scientists, and engineers.Harrell, A. M., & Stahl, M. J. (1981). A behavioral decision theory approach for measuring McClelland's trichotomy of needs. Journal of Applied Psychology, 66, 242–247; Trevis, C. S., & Certo, S. C. (2005). Spotlight on entrepreneurship. Business Horizons, 48, 271–274; Turban, D. B., & Keon, T. L. (1993). Organizational attractiveness: An interactionist perspective. Journal of Applied Psychology, 78, 184–193.

Are individuals who are high in need for achievement effective managers? Because of their success in lower level jobs where their individual contributions matter the most, those with high need for achievement are often promoted to higher level positions.McClelland, D. C., & Boyatzis, R. E. (1982). Leadership motive pattern and long-term success in management. Journal of Applied Psychology, 67, 737–743. However, a high need for achievement has significant disadvantages in management positions. Management involves getting work done by motivating others. When a salesperson is promoted to be a sales manager, the job description changes from actively selling to recruiting, motivating, and training salespeople. Those who are high in need for achievement may view managerial activities such as coaching, communicating, and meeting with subordinates as a waste of time and may neglect these aspects of their jobs. Moreover, those high in need for achievement enjoy doing things themselves and may find it difficult to delegate any meaningful authority to their subordinates. These individuals often micromanage, expecting others to approach tasks a particular way, and may become overbearing bosses by expecting everyone to display high levels of dedication.McClelland, D. C., & Burnham, D. H. (1976). Power is the great motivator. Harvard Business Review, 25, 159–166.

If the story you created in relation to the picture you are analyzing contains elements of making plans to be with friends or family, you may have a high need for affiliation. Individuals who have a high need for affiliation want to be liked and accepted by others. When given a choice, they prefer to interact with others and be with friends.Wong, M. M., & Csikszentmihalyi, M. (1991). Affiliation motivation and daily experience: Some issues on gender differences. Journal of Personality and Social Psychology, 60, 154–164. Their emphasis on harmonious interpersonal relationships may be an advantage in jobs and occupations requiring frequent interpersonal interaction, such as a social worker or teacher. In managerial positions, a high need for affiliation may again serve as a disadvantage because these individuals tend to be overly concerned about how they are perceived by others. They may find it difficult to perform some aspects of a manager's job such as giving employees critical feedback or disciplining poor performers. Thus, the work environment may be characterized by mediocrity and may even lead to high performers leaving the team.

Finally, if your story contains elements of getting work done by influencing other people or desiring to make an impact on the organization, you may have a high need for power. Those with a high need for power want to influence others and control their environment. A need for power may in fact be a destructive element in relationships with colleagues if it takes the form of seeking and using power for one's own good and prestige. However, when it manifests itself in more altruistic forms such as changing the way things are done so that the work environment is more positive, or negotiating more resources for one's department, it tends to lead to positive outcomes. In fact, the need for power is viewed as an important trait for effectiveness in managerial and leadership positions.McClelland, D. C., & Burnham, D. H. (1976). Power is the great motivator. Harvard Business Review, 25, 159–166; Spangler, W. D., & House, R. J. (1991). Presidential effectiveness and the leadership motive profile. Journal of Personality and Social Psychology, 60, 439–455; Spreier, S. W. (2006). Leadership run amok. Harvard Business Review, 84, 72–82.

McClelland's theory of acquired needs has important implications for the motivation of employees. Managers need to understand the dominant needs of their employees to be able to motivate them. While people who have a high need for achievement may respond to goals, those with a high need for power may attempt to gain influence over those they work with, and individuals high in their need for affiliation may be motivated to gain the approval of their peers and supervisors. Finally, those who have a high drive for success may experience difficulties in managerial positions, and making them aware of common pitfalls may increase their effectiveness.

Approaches for Improving Motivation

All motivation comes from within, whether it is triggered by rewards or endeavors that enhance one's self-image or simply comes from intrinsically-motivating activities that we engage in for no reward other than the enjoyment these activities bring us.

Realizing this makes the topic of employee motivation quite daunting for people managers, leaders, and human resources professionals alike.

But organizations that provide their members with meaningful, engaging work not only contribute to the growth of their bottom line but also create a sense of vitality and fulfillment that echoes across their organizational cultures and their employees' personal lives.

In the context of work, an understanding of motivation can be applied to improve employee productivity and satisfaction, to help set individual and organizational goals, to put stress in perspective, and to structure jobs so that they offer optimal levels of challenge, control, variety, and collaboration.

This article demystifies understanding of motivation in the workplace and presents recent findings in organizational behavior that have been found to contribute positively to practices of improving motivation and work life.

Before you continue, we thought you might like to **download our three Goal Achievement Exercises for free**. These detailed, science-based exercises will help you or your clients create actionable goals and master techniques to create lasting behavior change.

Over the years, dozens of theories of motivation have been proposed, and some were developed with workplace productivity in mind.

For better or for worse, they have shaped the landscape of our understanding of organizational behavior and have shaped our approaches to employee motivation. We discuss here a few of the most frequently applied theories of motivation in organizational behavior.

Hertzberg's Two-Factor Theory

Frederick Herzberg's Two-Factor Theory of motivation, also known as dual-factor theory or motivation-hygiene theory, was a result of a study in the 1950s that analyzed responses of 200 accountants and engineers who were asked about their positive and negative feelings about their work. Herzberg concluded that two major factors influence employee motivation and satisfaction with their jobs:

- Motivator factors that can motivate employees to work harder and lead to on-the-job satisfaction that includes experiences of greater engagement in and enjoyment of the work, feelings of recognition, and a sense of career progression.

- Hygiene factors that can potentially lead to dissatisfaction and a lack of motivation if they are absent like adequate compensation, effective company policies, comprehensive benefits, or good relationships with managers and co-workers.

Herzberg maintained that while motivator and hygiene factors both influence motivation, they appeared to work entirely independently of each other. He found that motivator factors increased employee satisfaction and motivation, but the absence of these factors didn’t necessarily cause dissatisfaction.

Likewise, the presence of hygiene factors didn’t appear to increase satisfaction and motivation, but their absence caused an increase in dissatisfaction. It is debatable whether his theory would hold true today outside of blue-collar industries, particularly with the millennials who, according to recent studies, are reportedly looking for meaningful work and growth.

Maslow’s Hierarchy of Needs

Abraham Maslow’s Hierarchy of Needs theory proposed that employees become motivated along a continuum of satisfaction of needs from basic physiological needs to higher-level psychological needs for growth and **self-actualization**. The hierarchy was originally conceptualized into five levels:

- Physiological needs that must be met for a person to survive, such as food, water, and shelter.

- Safety needs that include personal and financial security and health and wellbeing.

- Belonging needs for friendships, relationships, and family.

- Esteem needs that include feelings of confidence in the self and respect from others.

- Self-actualization needs that define the desire to achieve everything one possibly can and realizing one’s full potential.

According to the hierarchy of needs, we must be in good health, safe, and secure with meaningful relationships and confidence before we can reach for the realization of our full potential.

For a full discussion of other theories of psychological needs and the importance of needs satisfaction, see our article on **How to Motivate**.

Hawthorne Effect

The Hawthorne Effect, named after a series of social experiments on the influence of physical conditions on productivity at Western Electric's factory at Hawthorne, Chicago in the 1920s and 30s, was first described by Henry Landsberger in 1950 who noticed a tendency for some people to work harder and perform better when researchers were observing them.

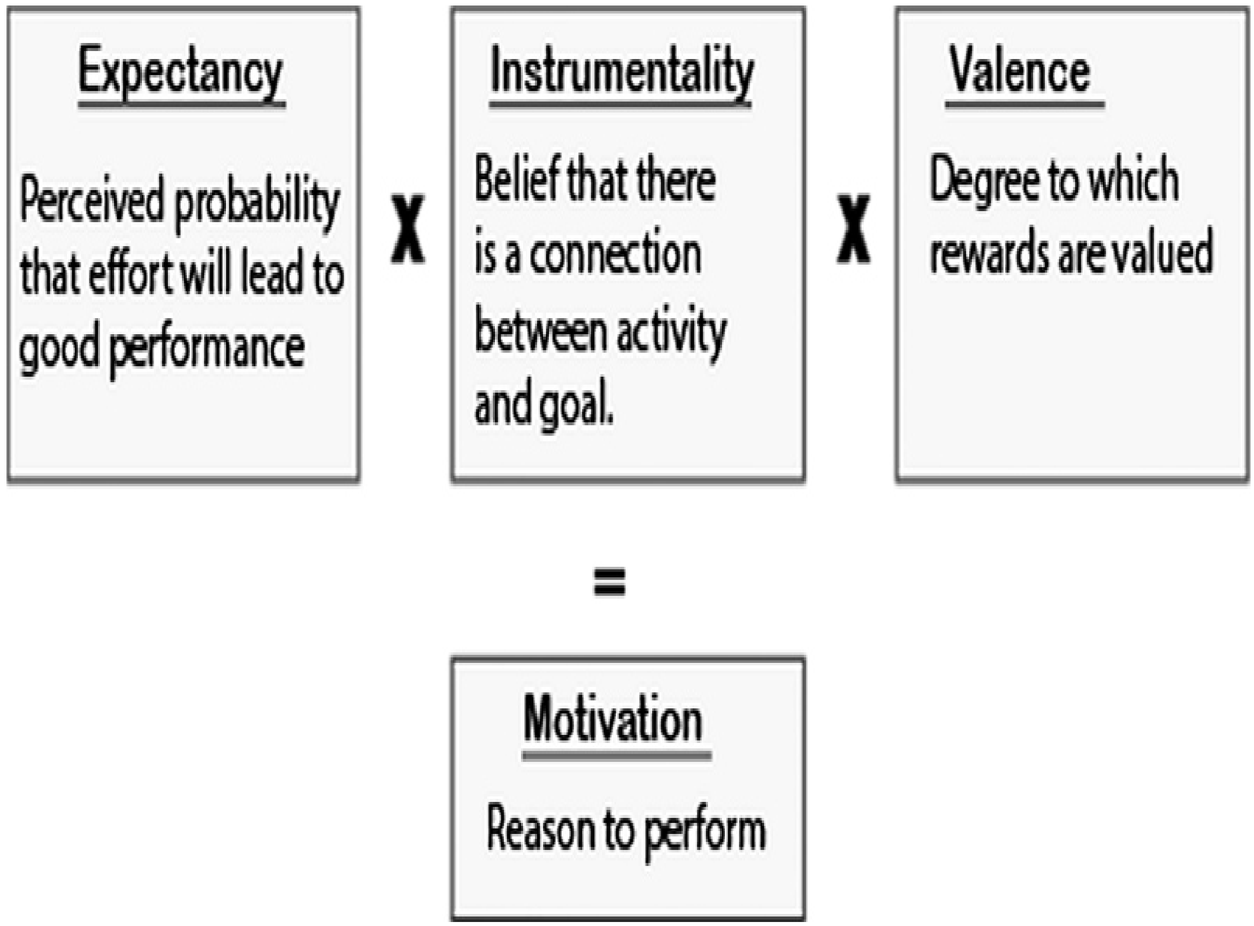
Although the researchers changed many physical conditions throughout the experiments, including lighting, working hours and breaks, and the employee productivity increased, it was more significant in response to the attention being paid to them, rather than the actual physical changes themselves.

Today the Hawthorne Effect is best understood as a justification for the value of providing employees with specific and meaningful feedback and recognition. It is contradicted by the existence of results only workplace environments that allow complete autonomy and is focused on performance and deliverables rather than management of employees.

Expectancy Theory

Expectancy Theory proposes that we are motivated by our expectations of the outcomes as a result of our behavior and make a decision based on the likelihood of being rewarded for that behavior in a way that we perceive as valuable.

For example, an employee may be more likely to work harder if he or she had been promised a pay rise and thus perceived that outcome as very likely and desirable, than if the employee had only assumed they might get one and saw the outcome as possible but not likely or if they do not value the type of reward being offered.



Expectancy Theory posits that three elements affect our behavioral choices:

- Expectancy is the belief that our effort will result in our desired goal and is based on our past experience and influenced by our self-confidence and our anticipation of how difficult the goal is to achieve.
- Instrumentality is the belief that we will receive a reward if we meet performance expectations.
- Valence is the value we place on the reward.

Expectancy Theory tells us that we are most motivated when we believe that we will receive the desired reward if we hit an achievable and valued target, and are least motivated if we do not care for the reward or do not believe that our efforts will result in the reward.

Three-Dimensional Theory of Attribution

Attribution Theory explains how we attach meaning to our own and other people's behavior and how the characteristics of these attributions can affect future motivation.

There are several theories about attribution, but Bernard Weiner's Three-Dimensional Theory of Attribution proposed that the nature of the specific attribution like bad luck or not working hard enough was less important than the characteristics of that attribution as perceived and experienced by the individual. According to Weiner, there are three main characteristics of attributions that can influence how we behave in the future:

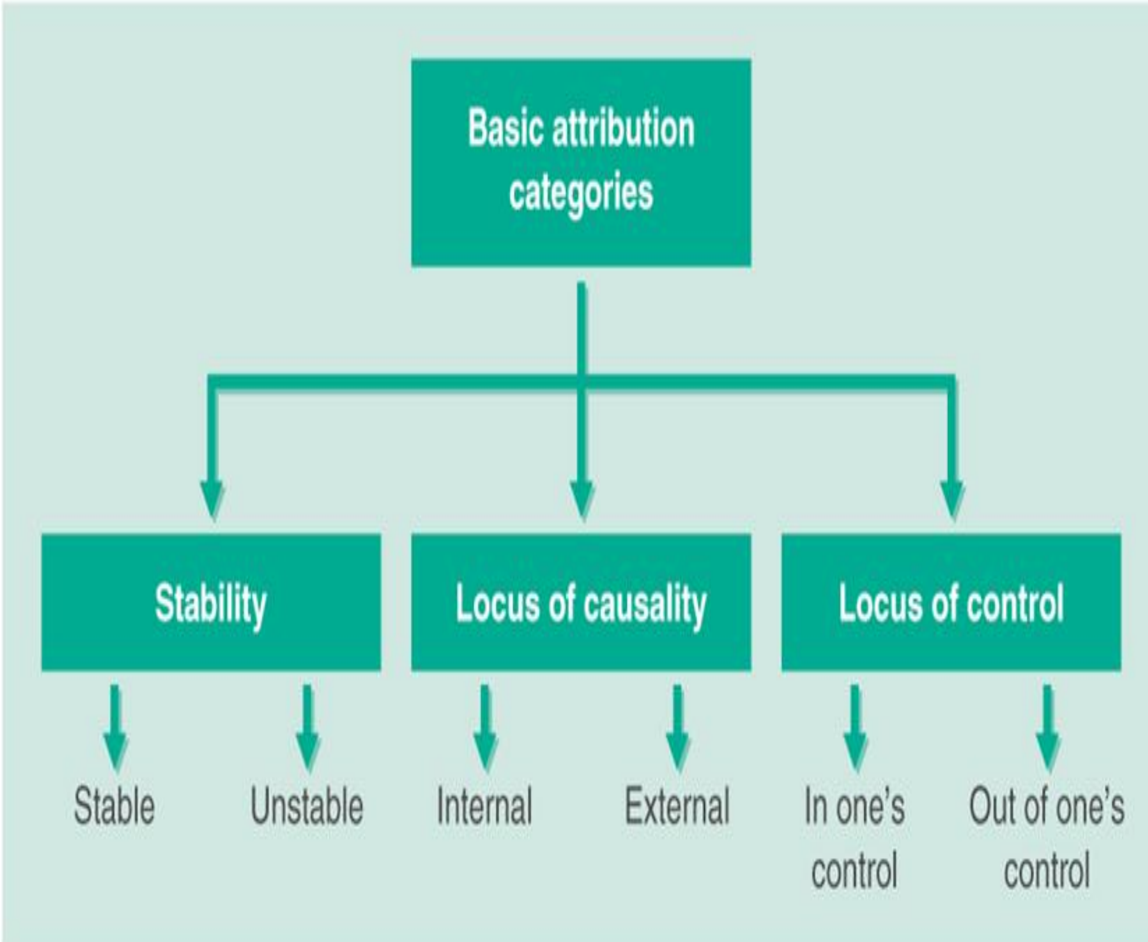
Stability of the attribution is defined by pervasiveness and permanence where an example of a stable factor would be an employee believing that he or she failed to meet the expectation because of lack of support or competence versus an unstable factor, such as not performing well due to being ill or some temporary shortage of resources.

According to Weiner, stable attributions for successful achievements can be informed by previous positive experiences, such as completing the project on time and can lead to positive expectations, and thus higher motivation, for success in the future. In adverse situations, such as repeated failures to meet the deadline, can lead to stable attributions characterized by a sense of futility and can lead to lower expectations in the future.

Locus of control describes a perspective about the event as caused by either an internal or an external factor. For example, if the employee believes it was his or her fault the project failed, because of an innate quality such as a lack of skills or ability to meet the challenge, they may be less motivated in the future.

If they believe an external factor was to blame, such as an unrealistic deadline or shortage of staff, they may not experience such a drop in motivation.

Controllability defines how controllable or avoidable the situation was. If an employee believes they could have performed better, they may be less motivated to try again in the future than someone who feels factors outside of their control caused the circumstances surrounding the setback.



Theory X and Theory Y

Douglas McGregor proposed two theories to describe managerial views on employee motivation: Theory X and Theory Y. These vastly different views of employee motivation have drastically different implications for management.

He divided leaders into those that believe most employees avoid work and dislike responsibility, Theory X managers, and Theory Y managers who say that most employees enjoy work and exert effort when they have control in the workplace.

He proposed that to motivate Theory X employees, the company needs to push and control their staff through enforcing rules and implementing punishments.

Theory Y employees, on the other hand, are perceived as consciously choosing to be involved in their work. They are **self-motivated** and can exert self-management, and leaders' responsibility is to create a supportive environment and develop opportunities for employees to take on responsibility and show creativity.

Theory X is heavily informed by what we know about intrinsic motivation, and the role satisfaction of basic psychological needs plays in effective employee motivation.

Theory X managers believe that employees:

- need to be controlled;
- don't like work;
- need to be pushed to be more productive;
- need incentive schemes;
- have to be directed to do things that they don't enjoy.

Theory Y managers believe that employees:

- want to be involved;
- can think for themselves and make decisions;
- share ownership of tasks;
- will find work more rewarding if given responsibility and a variety of tasks;
- have good ideas;
- can engage in some level of self-management.

Theory Z

Taking the theory X and Theory Y as a starting point, a third theory, Theory Z, was developed by Dr. William Ouchi. The theory combines American and Japanese management philosophies and focuses on long-term job security, consensual decision making, slow evaluation and promotion procedures, and individual responsibility within a group context.

Its noble goals include increasing employee loyalty to the company by providing a job for life, focusing on the employee's well-being, and encourages group work and social interaction to motivate employees in the workplace.

Features of theory Z - at a glance

1. Mutual trust and openness
2. Strong bond between organisation and employees.
3. Collective decision-making
4. Free-form organisational structure
5. Role of facilitator and co-ordinator for management and paternalistic leadership
6. Common culture
7. Informal controls
8. Human resource development.

Pay and Job Performance

At the request of the Office of Personnel Management (OPM), the Committee on Performance Appraisal for Merit Pay was established in the National Research Council, the working arm of the National Academy of Sciences, to assist federal policy makers as they undertake a revision of the federal government's system of performance appraisal for merit pay. Specifically, the committee was asked to review current scientific knowledge about performance appraisal and the use of performance appraisal in merit pay allocations, especially for managers and professionals. We were also asked to examine performance appraisal and pay for performance practices of private-sector employers and, if possible, to recommend models that federal policy makers might consider in revising the merit pay plans currently in place.

The committee's investigation, begun in January 1990, has of necessity been fast-paced; the legislative mandate for the federal government's current merit pay program, called the Performance Management and Recognition System (PMRS), is coming to an end, and widespread dissatisfaction with the system has brought about the third major examination of merit pay procedures in the federal government since 1978. There is renewed public debate over such issues as the pay gap between federal employees and their private-sector equivalents, the waning prestige of federal employment, employees' dissatisfaction over merit pay, training and development opportunities, performance appraisal, and union opposition to merit pay (Perry and Porter, 1982; Merit Systems Protection Board, 1988; Havemann, 1990).

During this time, too, private-sector compensation systems have been the topic of a great deal of attention. In particular, adoption of "pay-for-performance plans" has been highly publicized as a means for improving U.S. labor productivity. Public policy analysts have been exploring the impact that pay for performance plans might have on labor productivity in preparation for recommendations about national tax incentives for these plans (Blinder, 1990). Their interest was sparked by theoretical arguments that certain types of pay for performance plans (particularly profit-sharing) might stabilize national employment without inflation (Weitzman, 1984). Many employers, having already trimmed their work forces, are exploring the potential of these plans for making their remaining work forces more productive while continuing labor cost control (TPF & C/Towers Perrin, 1990; Wallace, 1990). Consultants, academics, and employee advocate groups (including unions) are also beginning to seriously discuss the effects of pay for performance plans—and to explicate the potential downsides, in particular the high costs of organizational changes required for effective plan implementation, and the equity problems associated with asking employees to place a larger part of their pay at risk when they have little control over many factors influencing organizational outcomes. In other words, it is a time of reassessment in the private as well as the public sector.

Amidst widespread dissatisfaction with PMRS and the current celebration of pay for performance plans in the private sector, the question presents itself: Are there things to be learned from private-sector organizations that can improve human resource management in the federal bureaucracy? The government has many sources of advice on these issues, from blue ribbon groups like the Volker Commission, to federal employee associations, to a variety of consulting firms. Our task was to supply one perspective to the coming policy deliberations—that is, to bring together the best scientific evidence and knowledge derived from practice on performance appraisal and on linking pay to performance.

PAY FOR PERFORMANCE: A FIELD GUIDE

The Performance Management and Recognition System, like its predecessor the Merit Pay System, is a system of merit pay. This represents one genre in a broad spectrum of pay plans that bear the label pay for performance.

There is an important difference in the use of the terms merit pay and pay for performance by the government and the private sector that should be noted. In government parlance, merit pay and pay for performance tend to be used synonymously. In the private sector, it has become common in recent years to distinguish between the two. The term pay for performance is closely associated with the drive to make U.S. business more competitive; private-sector analysts use it to designate systems in which a sizable portion of a worker's annual compensation is partly or wholly dependent on the overall success of the firm, rather than on individual performance. Variable pay plans include profit-sharing and gainsharing plans of all descriptions.

In this report, we have chosen to use pay for performance generically to denote any compensation system that links pay and performance. Subsumed under that rubric are two distinct types of compensation systems: merit pay and variable pay.

Merit Pay

In merit pay plans, the locus of attention is individual performance. As one element in a meritocratic personnel system, merit pay plans link pay level or annual pay increases, at least in part, to how well the incumbent has performed on the job. Just as ability or skill is intended to rule employee selection in such systems, so the quality of each employee's job performance should, according to merit principles, be recognized through the pay system.

The most recent survey data indicates that 94 to 95 percent of private-sector companies have merit pay programs to provide individual pay increases to their eligible ("exempt") employees, and 71 percent of companies have merit pay programs for their nonunion hourly employees. Performance appraisal is at the heart of merit pay plans. Although there are numerous variations in systems labeled as merit plans, some sort of rating of each employee's performance precedes compensation decisions. In some firms, the rating of performance is informal, with very little committed to paper; some firms undertake detailed job analyses, which provide the underpinnings of the appraisal system; a majority of firms appear to base the performance appraisal on a set of goals established by the supervisor or negotiated by the supervisor and the employee.

The committee's review of private-sector compensation surveys suggests that the dominant model of merit pay plan can be characterized roughly by the characteristics listed below. They are discussed in more detail in the chapters of the report:

The plan is tied to a management-by-objectives system of performance appraisal for exempt employees and a work standards or graphic rating scale performance appraisal for salaried nonexempt employees.

The typical appraisal summary format has four to five levels of performance.

Pay increases are administered via a matrix (merit grid) that uses both an employee's performance level and position in the pay grade to determine a prespecified percentage increase (or increase range) in base salary. The other components of the merit grid are the organization's pay increase budget and the time between pay increases.

Merit increases usually are permanent increases, which are added into an individual employee's salary and are funded from a central compensation group. These funds are allocated to divisions or units as a percentage of payroll. Because merit pay increases are added to base pay and compounded into the earning stream, they can result in significant changes in pay levels over time.

In contrast to federal practice, most companies do not communicate their pay structure or average pay increase percentages to their employees. Many communicate all increases given to an individual employee as merit-related. (This is in contrast to communicating increases as general, seniority, and merit combined.)

The merit plan tends not to be accompanied by formal "due process" mechanisms for appealing unfavorable appraisals (unless an employee is covered by a collective bargaining contract), but it may be accompanied by informal protections.

It is characterized by limited training of the managers who administer the plan and virtually no training of employees covered by the plan in the performance appraisal process.

It is associated with relatively modest annual increases that are added into base salary. The Hay Company reported an average increase in 1989 of approximately 5 percent with a range of 2 to 12 percent.

Variable Pay

Variable pay plans fall into two categories, individual incentive plans and group plans. Piece work and sales commissions are the best known of the individual incentive plans. In recent years, a variety of group incentive plans have come into vogue. These pay plans are specifically designed to influence aggregate organization measures. They typically tie a significant portion of annual pay to organization-wide productivity or financial outcomes. For example, profit-sharing plans or equity plans link individual employee's pay to the overall fortunes of the firm as measured by some indicator of its financial health. Hence, one important distinction between merit pay plans and group incentive plans is that the latter base compensation decisions in whole or in part on organizational performance rather than individual performance. In addition, the portion of pay associated with the variable plans is usually a one-time payment, not an increase to base pay.

Variable pay plans have taken on an importance in our report that they would otherwise not have had, given our mandate to look at performance appraisal and merit pay, because virtually all of the research on the effectiveness of pay for performance plans deals with these compensation plans. The enormous difficulty of trying to link individual performance in most jobs to productivity (the grand exception being manufacturing piece work and sales) may have turned the attention of social scientists to system-level indicators of effectiveness, and hence to the variable pay incentive plans.

Advocates of variable pay plans argue that their implementation can help to revitalize organizations and control labor costs. They believe that the link between pay and organization outcomes is likely to motivate employees to work more creatively, smarter, harder, and as teams to achieve these outcomes. If

the outcomes are achieved, they fund sizable payouts; if they are not, employee pay in addition to base would be small or nonexistent. In either case, the ratio of labor costs to total costs stays about the same, making the organization more competitive.

The actual impact these variable pay plans can have on an organization's productivity and financial competitiveness is just beginning to be seriously examined. But it is a fact that, by design, these plans either require system changes—such as redefinition of jobs, creation of teams, and changes in work methods and standards as is typical in gainsharing programs—or provide powerful monetary incentives to employees to experiment with changes in their own jobs (individual bonus and profit-sharing plans.) There is disagreement about whether it is the broader system changes (Deming, 1986; Beer et al., 1990), or the presence of the variable pay plans themselves (Schuster, 1984a) that are most critical to improvements in organizational effectiveness. No one denies, however, that broader system or context changes will influence the impact of a variable pay plan on an organization's performance.

The potential of variable pay plans to control labor costs and improve an organization's effectiveness has received the most attention in the press. Since such plans pay out only when they are funded by improvements in system measures, making a larger portion of a lower-level employee's pay dependent on them shifts management risks to those who have little say in management decisions. The potential abuse of employee equity with these plans is thus high.

ISSUES

With this background in mind, the committee has interpreted its charge from OPM as requiring the investigation of whether and under what conditions performance appraisal and merit pay can assist the federal government in regulating labor costs, managing performance, and fostering employee equity. We interpreted the managing of performance to include improvements in organization effectiveness, thus requiring some examination of variable pay plans and comparisons of their intended effects with those of merit pay plans. We broadly defined employee equity to include, not only employee perceptions of the legitimacy and fairness of performance appraisal and merit plans, but also incentives for managers to administer these plans equitably. By defining expectations for performance appraisal and merit pay plans in this way, our investigation was of necessity expanded beyond a restricted examination of the plans themselves to include an exploration of organizational and institutional conditions under which the plans are believed to operate best.

We ask the reader to keep in mind several caveats in reviewing this report. Most important is that there is no commonly accepted theory of pay for performance or performance appraisal. Therefore, we have to consider the proposition that pay for performance plans affect performance, given certain

conditions, via the examination of research designed to answer somewhat different questions—primarily related to alternative theories of motivation, such as goal setting, expectancy, equity, and agency theories. Given the diverse and fragmentary nature of the available evidence, we rely on the convergence of interdisciplinary findings and professional expertise to offer insights—not proofs—to federal personnel managers.

We also lay no claim to making a comprehensive survey of all performance appraisal, merit pay, and variable pay plan methods and designs used in the private and public sectors today. We focused on predominant private sector trends and examined only five "model" private-sector organizations more intensively.

Our committee's charge did not include an examination of the "total quality" or "organization revitalization" movements often associated with the implementation of variable pay plans; consequently, we draw no conclusions about them. Our review in this area was conducted to contrast the intended effects of these plans with those of performance appraisal and merit pay.

Plan Of The Report

We have organized our investigation of the issues in the following way. In Chapter 2 we begin by describing the history of merit principles in the federal government, the Civil Service Reform Act of 1978, and government workers' reactions to the act and its implementation. In Chapter 3 we summarize the nature of the evidence we examined and the implications of our decision to use convergent findings to generate the report's conclusions. In Chapter 4 we turn to a review of the psychometric properties and usability of performance appraisal instruments. In Chapter 5 we review the evidence from economics, sociology, psychology, and practice in the private sector on whether performance appraisal and pay for performance plans can affect labor costs, performance, and equity and what determinants or conditions are likely to influence these effects. In Chapter 6 we summarize trends in the design, administration, and use of performance appraisal and pay for performance plans—with a focus on the practices of five organizations that have a long history of satisfactory performance appraisal and merit pay programs. Our review then moves in Chapter 7 to a brief examination of the broader organizational and institutional context in which these plans are embedded to highlight other influential factors in both private- and public-sector organizations. In the final chapter we present our findings and conclusions for federal policy makers.

Quality of Work Life

“Quality of work life is a process (QWL) of work organisations which enables its members at all levels to participate actively and efficiently in shaping the organisation’s environment, methods and outcomes.

Quality of Work-Life is a value based process, which is aimed towards meeting the twin goals of enhanced effectiveness of the organisation and improved quality of life at work for the employees.”

Quality of Work-Life is a generic phrase that covers a person’s feelings about every dimension of work including economic rewards and benefits, security, working conditions, organisational and interpersonal relationships and its intrinsic meaning in a person’s life.

Learn about:-

1. Introduction to Quality of Work Life

2. Definition of Quality of Work Life

3. Concept

4. Characteristics

5. Objectives

6. Elements

7. Constituents

8. Scope

9. Criteria

10. Steps

11. Factors

12. Models

13. Issues

14. Effects

15. Advantages

16. Disadvantages

17. Approaches and Strategies to Improve QWL.

Quality of Work Life: Definition, Objectives, Models, Factors, Characteristics, Elements, Steps, Constituents and Approaches

Contents:

Quality of Work Life – Introduction

The success of any organisation is highly dependant on how it attracts, recruits, motivates, and retains its workforce. Today's organisations need to be more flexible so that they are equipped to develop their workforce and enjoy their commitment. Therefore, organisations are required to adopt a strategy to improve the employees' quality of work life (QWL) to satisfy both the organisational objectives and employee needs.

Quality of Working Life (QWL) is a term that had been used to describe the broader job-related experience an individual has. It has been differentiated from the broader concept of quality of life. To some degree, this may be overly simplistic, as Elizur and Shye concluded that quality of work performance is affected by quality of life as well as quality of working life. However, it will be argued here that the specific attention to work-related aspects of quality of life is valid.

Whilst quality of life has been more widely studied, quality of working life, remains relatively unexplored and unexplained. A review of the literature reveals relatively little on quality of working life. Where quality of working life has been explored, writers differ in their views on its core constituents.

It is argued that the whole is greater than the sum of the parts as regards quality of working life, and, therefore, the failure to attend to the bigger picture may lead to the failure of interventions which tackle only one aspect. A clearer understanding of the inter-relationship of the various facets of quality of working life offers the opportunity for improved analysis of cause and effect in the workplace.

This consideration of quality of working life as the greater context for various factors in the workplace, such as job satisfaction and stress, may offer opportunity for more cost-effective interventions in the workplace. The effective targeting of stress reduction, for example, may otherwise prove a hopeless task for employers pressured to take action to meet governmental requirements.

Work-life balance is balancing the priorities of career goals and family goals. Career goals include promotions, employment status, monetary earnings and the like. Family goals include spending more time with family members for spiritual activities, pleasure leisure, health, education and careers of family members. This concept reduces the gap between work and family in the process of balancing the demands of both. Certain jobs like allow work-life balance.

Quality of Work Life – Definitions: By Some Eminent Authors like Lloyd Suttle, Johnstorn, Alexander and Robin and a Few Others

Quality of Work Life (QWL) is an improvised HRD mechanism which attempts to design and to develop the work environments for the employees working at all levels. It is one of the major issues faced by the organisations. QWL is not only related to the achievement of greater human satisfaction, but also aims at improving productivity, adaptability and effectiveness of organisations.
QWL includes the attempts to achieve integration among the technological, human, organisational and societal demands (the factors of work environments) so as to maximise the benefits for enriching the human factor.
QWL is not based on any theory or any technique but it is concerned with the overall climate of work, the impact of work on people and the organisational effectiveness. The basic purpose is to change the work environment, which will lead towards a better QWL and ultimately to an improved quality of life in the community/society.
Lloyd Suttle defines QWL as – "the degree to which members of a particular organisation are able to satisfy important personal needs through their experiences in the organisation". For example, providing ample opportunities to workers to directly participate in problem-solving and decision-making, particularly in their work related areas is considered to be a necessary condition for greater freedom at work and leads to self-development, self-control or self- direction, ultimately leading towards better QWL.

Quality of Work-Life is a generic phrase that covers a person's feelings about every dimension of work including economic rewards and benefits, security, working conditions, organisational and interpersonal relationships and its intrinsic meaning in a person's life. It is a process by which an organisation attempts to unleash the creative potential of its personnel by involving them in decisions affecting their work lives.
A distinguish characteristic of the process is that its goals are not simply extrinsic focusing on the improvement of productivity and efficiency, they are also intrinsic, regarding what the workers see as self-fulfilling and self-enhancing ends in themselves.
The essential component of any QWL improvement programme is the existence of a genuine opportunity for individuals or task groups at any level in the organisation to influence their working environment.
During 1979, the American Society of Training and Development created a 'Task Force' on the quality of working life, which defined the concept of quality of working life (QWL) as follows –

"QWL is a process of work organisations which enables its members at all levels to participate actively and efficiently in shaping the organisation's environment, methods and outcomes. It is a value based process, which is aimed towards meeting the twin goals of enhanced effectiveness of the organisation and improved quality of life at work for the employees."

Quality of Work-Life is the degree to which members of a work organisation are able to satisfy their personal needs through their experience in the organisation. Its focus is on the problem of creating a human work environment where employees work cooperatively and contribute to organisational objectives. The major indicators of QWL are job involvement, job satisfaction and productivity.

According to Johnstorn, Alexander and Robin, QWL is more than simply a concept, means or an end.

Quality of Work Life – Concept (With Some Interrelated Set of Ideas)

Quality of work life is a multifaceted concept. The premise of quality of work life is having a work environment where an employee's activities become more important. This means implementing procedures or policies that make the work less routine and more rewarding for the employee. These procedures or policies include autonomy, recognition, belonging, progress and development and external rewards.

"QWL is an indicator of how free the society is from exploitation, injustice, inequality, oppression and restrictions on the continuity of the growth of a man. What is most important in India at this stage is developing consciousness among all sections of industry i.e. workers, Unions and management. Success of any organisation much depends upon the healthy equation amongst these three players". – De (1976)

It embodies the following inter-related sets of ideas:

(a) Ideas dealing with a body of knowledge, concepts experiences related to the nature, meaning and structure of work.

(b) Ideas dealing with the nature and process of introducing and managing organizational change; and

(c) Ideas dealing with outcomes or results the change process.

Glaser also sees QWL as a process by which all members of the organization, through appropriate channels of communication, have some say about the design of their jobs in particular and the work environment in general. Norton and others also view QWL as not only improving the jobs content, but also moving towards participant management.

The concept of QWL view work a process of interaction and joint problem solving by working people-managers, supervisors, workers.

This process is:

i. Co-operative rather than authoritative,

ii. Evolutionary and changing rather than static

iii. Open rather than rigid,

iv. Informal rather than rule-based

v. Interpersonal rather than mechanistic,

vi. Problem solving

vii. Win-win rather than win-lose and

viii.Based on mutual respect.

Morale Building

Building morale in small businesses is important because happy employees are more productive, more likely to improve their skills and more likely to stay. If you're a manager, you should actively teach employees more about your business, help them grow professionally, give them assignments that will make them happier, work at establishing excellent boss-employee relationships and create a workplace that fosters friendly relationships among employees.

Significance

Working with "great people," being part of a team and having a "good boss" are more important reasons for employees staying at their workplace than fair pay, benefits and job security, according to a Career Systems International survey. When you lose a key person, you have to spend 70 percent to 200 percent of that individual's annual salary to find a replacement, reports "Love 'Em or Lose 'Em: Getting Good People to Stay". Happy employees also sell more products to more customers.

Function

Managers are responsible for building morale so employees perform well at their small businesses and don't leave, according to "Love 'Em or Lose 'Em". If you're a manager, you should meet with employees in one-on-one and group settings regularly. You need to learn who will be happier if they're given challenging work, who the self-starters are, who needs to be motivated, who works well with whom and the interpersonal relationships between your employees. Listening well will help you figure out when to give morale-boosting talks to people.

Solution

Fun is often the solution to morale problems. "Some of the most productive, successful organizations in the world are renowned for fun," according to "Love 'Em or Lose 'Em", which cites Southwest Airlines and CEO Herb Kelleher's penchant for silly contests with employees. You don't need an extroverted, fun personality to foster a fun workplace. Sometimes, just letting employees have fun will boost morale. It's important to judge employees by their overall performance, not by whether they are always working.

Commitment

Making a commitment to a fun workplace could improve your small company's performance, "Love 'Em or Lose 'Em" reports. Authors Beverly Kaye and Sharon Jordan-Evans write that several companies, including Amgen and Microsoft, have "fun budgets." Parties, educational field trips and retreats to a quiet park can boost morale. Going to a Houston Astros game, the Lyndon B. Johnson Space Center, the state capital in Austin and two other locales, and working 51 weeks per year could be better for worker productivity than working 52 weeks per year. Trips also can improve work relationships.

Expert Advice

Employees are the experts at boosting morale. Solicit their ideas, encourage them to offer more advice and implement as many good ideas as possible. In their Career Systems International, Inc. surveys, Kaye and Jordan-Evans learned about many ideas that had concrete, morale-boosting results. One manager took employees to a volleyball game at a local park "in the midst of a big, stressful project." Another allowed employees to decorate their offices. A third had employees write silly poems about their workplace.

UNIT IV

Leadership

Management philosophy is the manager's set of personal beliefs and values about people and work. It is something that the manager can control. Eminent social psychologist and management researcher, Douglas McGregor, emphasized that a manager's philosophy creates a self-fulfilling prophecy. Theory X managers treat employees almost as children who need constant direction, while Theory Y managers treat employees as competent adults capable of participating in work-related decisions.

These managerial philosophies then have a subsequent effect on employee behavior, leading to the self-fulfilling prophecy. As a result, organizational and managerial philosophies need to be in harmony.

The Many Aspects of Leadership

- The character of top executives and their philosophy have an important influence on the extent to which authority is decentralized.
- Sometimes top managers are dictatorial, tolerating no interference with authority and information they hoard. Conversely, some managers find decentralization a means to make large business work successfully.
- The number of coworkers involved within a problem-solving or decision-making process reflects the manager's leadership style.
- Empowerment means sharing information, rewards and power with employees so that they are equal contributors to the organizations outcomes.
- An empowered and well-guided workforce may lead to heightened productivity and quality, reduced costs, more innovation, improved customer service, and greater commitment from the employees of the organization.

Each business must go through the process of identifying its individual management philosophy and continuously review and evaluate the same to see if it is aligned with its larger purpose.

Leadership Styles

Leadership can be stated as the ability to influence others. We may also define leadership as the process of directing and influencing people so that they will strive willingly and enthusiastically towards the achievement of group objectives.

Ideally, people should be encouraged to develop not only willingness to work but also willingness to work with confidence and zeal. A leader acts to help a group achieve objectives through the exploitation of its maximum capabilities.

In the course of his survey of leadership theories and research, Management theorist, Ralph Stogdill, came across innumerable definitions of leadership.

Qualities/Ingredients of Leadership

Every group of people that perform satisfactorily has somebody among them who is more skilled than any of them in the art of leadership. Skill is a compound of at least four major ingredients −

- The ability to use power effectively and in a responsible manner.
- The ability to comprehend that human beings have different motivation forces at different times and in different situations.
- The ability to inspire.
- The ability to act in a manner that will develop a climate conducive to responding and arousing motivation.

Leadership styles/types can be classified under the following categories −

Leadership Style Based on the Use of Authority

The traditional way of classifying leadership is based on the use of authority by the leader. These are classified as –

Autocratic leadership	**Democratic leadership**	**Free-rein leadership**
Use of coercive power to give order and expect compliance. Dogmatic and leads by the ability to withhold or give punishment or rewards, commands and expects compliance.	Participative leader who usually consults with subordinates on proposed actions and decisions, and encourages participation from them.	As opposed to autocratic leadership, this leadership style provides maximum freedom to subordinates.
Some autocratic leaders happen to be benevolent autocrats, willing to hear and consider subordinates' ideas and suggestions but when a decision is to be made, they turn to be more autocratic than benevolent.	Ranges from the person who does not take action without subordinates' concurrence to the one who makes decisions but consults with sub-ordinates before doing so.	Favors autonomy and exercises minimal control. Gives workers a high degree of independence in their operations.

Leadership Continuum

Propounded by Robert Tannenbaum and Warren H. Schmidt, according to the Leadership Continuum, leadership style depends on three forces: the manager, employees and the situation.

Thus, instead of suggesting a choice between the two styles of leadership, democratic or autocratic, this approach offers a range of styles depicting the adaptation of different leadership styles to different contingencies (situations), ranging from one that is highly subordinate-centered to one that is highly boss-centered.

Features of Leadership Continuum

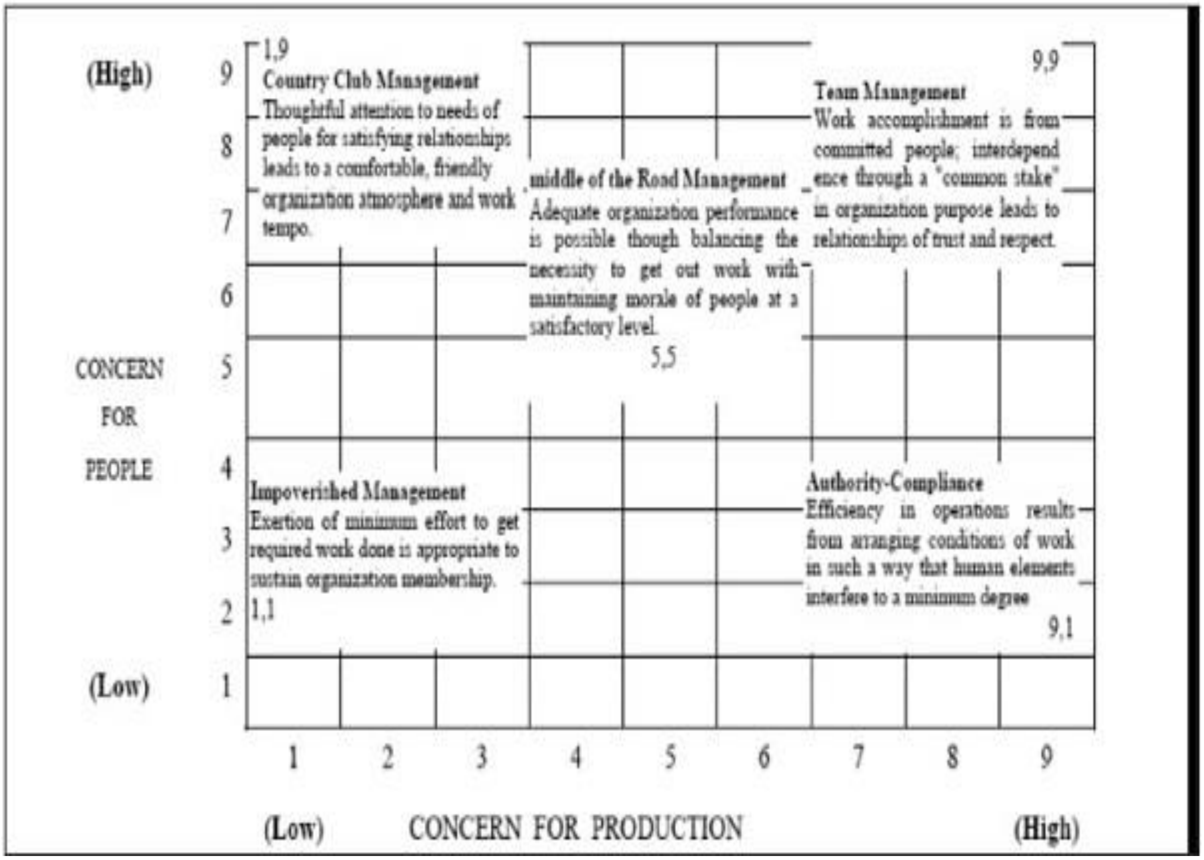
- The characteristics of individual subordinates must be considered before managers adopt a leadership style.
- A manager can be employee-centered and allow greater freedom when employees identify with the organization's goals, are knowledgeable and experienced, and want to have decision making responsibility.
- Where these conditions are absent, managers might need to initially adopt a more authoritarian style. As employees mature in self-confidence, performance and commitment, managers can modify their leadership style.

Leadership Styles in Managerial Grid

Developed by Robert Blake and Jane Mouton, this approach as shown in the following grid, has two dimensions −

- **Concern for people** which includes such elements as provision of good working conditions, placement of responsibility on the basis of trust rather than concern for production.
- **Concern for production** includes the attitudes of a supervisor toward a wide variety of things, such as quality of staff services, work efficiency, volume and quality of output, etc.

The bi-dimensional managerial grid identifies a range of management behavior based on the various ways that task-oriented and employee-oriented styles (each expressed as a continuum on a scale of 1 to 9) can interact with each other.



- Management Style 1,1 −
    - Impoverished management with low concern for both people and production.
    - This is called laissez-faire management because the leader does not take a leadership role.
    - Also known as delegative leadership is a type of leadership style in which leaders are hands-off and allow group members to make the decisions.
- Management Style 1,9 −
    - Country club management having high concern for employees but low concern for production.
    - These leaders predominantly use reward power to maintain discipline and to encourage the team to accomplish its goals.
- Management Style 5,5 −
    - Middle of the road management with medium concern for production and for people.
    - Leaders who use this style settle for average performance and often believe that this is the most anyone can expect.

- Management Style 9,1 −
    - Authoritarian management with high concern for production but low concern for employees exercising disciplinary pressure.
    - This approach may result in high production but low people satisfaction levels.
- Management Style 9,9 −
    - Democratic management with high concern for both production, and employee morale and satisfaction.
    - The leader's high interest in the needs and feelings of employees affects productivity positively.

This theory concluded that style 9,9 is the most effective management style as this leadership approach will, in almost all situations, result in improved performance, low turnover and absenteeism, and high employee satisfaction.

Systems of Management

Professor Rensis Likert of Michigan University studied the patterns and styles of managers and leaders for three decades. He suggests four styles of management, which are the following −

- Exploitative-authoritative management −
    - Managers are highly autocratic, showing little trust in subordinates.
    - The prime drivers are motivating people through fear and punishment.
    - Managers engage in downward communication and limit decision making to the top.
- Benevolent-authoritative management −
    - The manager has condescending confidence and trust in subordinates (master-servant relationship).
    - Management uses rewards and upward communication is censored or restricted.
    - The subordinates do not feel free to discuss things about the job with their superior. Teamwork or communication is minimal and motivation is based on a system of rewards.
- Consultative management −
    - Managers have substantial but not complete confidence and trust in subordinates.
    - Use rewards for motivation with occasional punishment and some participation, usually try to make use of subordinates' ideas and opinions.

    - Communication flow is both up and down.
    - Broad policy and general decisions are made at the top while allowing specific decisions to be made at lower levels and act consultatively in other ways.
- Participative management −
    - Managers have trust and confidence in subordinates.
    - Responsibility is spread widely through the organizational hierarchy.
    - Some amount of discussion about job-related issues take place between the superior and subordinates.

Likert concluded that managers who applied the participative management approach to their operations had the greatest success as leaders.

The Core of Leadership

Although there are similarities between managers and leaders, the terms are not interchangeable. Not all managers are effective leaders, and not all leaders work in a managerial position. Ideally, though, all managers should strive to be effective leaders for the good of the companies they work for and the employees they supervise. Managers must create an environment where employees are aware of organizational objectives and the specific role they play in achieving them. Leading means establishing direction for employees and initiating the day-to-day work that is necessary to effectively accomplish the company's overall objectives.

The effort it takes to lead others depends upon a number of factors: the leader's level of authority, the number of employees reporting to him or her, the experience level of the direct reports (and the leader), and other technical or hands-on responsibilities the leader must fulfill.

What Makes a Good Manager and Leader?

Some traits that make individual managers good leaders are intangible, coming from their personalities or other hard-to-replicate characteristics. Even so, some basic principles of leadership and management can be learned. Here are the core principles of management that fit in that category.

1. Ability to Motivate, Delegate, and Communicate

To be a successful leader, you must be able to motivate your employees and delegate responsibility appropriately. Employees must be provided with the information and resources they need to accomplish the work—and when work is not completed successfully, leaders must also be ready to engage in courageous conversations.

Before asking people to complete new tasks, a manager should observe employee behavior closely and understand the strengths and weaknesses of each person on the team. Being familiar with each employee's talents, skills, and abilities will guide the delegation process. Leaders should also know and consider the career goals and interests of employees when delegating responsibilities.

2. Empower Employees to Succeed

The guidance provided by the leader should include detailed instructions and all the information needed to successfully accomplish the task. Leaders must identify, utilize, and coordinate the talents and skills of each employee effectively. When delegating assignments, be sure to provide the following information:

- What: Outline the task and clarify the desired result or outcome.
- Who: Make assignments either to individuals or to a team. Specify who will work on which aspect of the task or plan.
- When: Set timeframes and deadlines for completing the task. Be sure to set specific dates and times to follow up on the task's progress and its completion.
- Why: Explain the reasons behind the assigned task and how it fits into organizational plans and objectives.
- How: Be flexible and adjust your natural management style to appropriately address the situation. Assess the experience level of the employee and decide how detailed your instructions need to be and how much control you need to retain over the project.

Provide employees with general guidelines on what needs to be accomplished, establish mutual trust and understanding, and allow employees to complete the work up to your standards but in their own way. This affords employees the freedom to decide on the specifics of how to accomplish the task. It also lets them experiment and work towards new goals without fear of failure.

3. Help Direct-Reports to Grow

Leaders should also identify which tasks could be developmental assignments for their employees. For the organization to evolve, employees need to develop skills beyond their current level. Developmental assignments enable employees to gain knowledge, background, and experience by completing new tasks. Employees must be given the freedom to learn and make mistakes while performing the task for the first time.

Managers must empower employees and give them the freedom to make decisions within certain limits. Allowing them to exercise their independence supports creativity, communication, collaboration, and higher productivity. It also allows employees to make decisions and learn from their mistakes.

Influence

There's an extensive body of academic research which suggests there are a number of universal cross-cultural principles underpinning influence. There's some debate about how many principles there are- with numbers ranging from 3 to as many as 10. Many of these were developed by Robert Cialdini in his book Principles of Influence.

For the purposes of this article we've categorized them into five broad ones.

To be successful you don't need to employ all of the principles all of the time – but you may find yourself accessing several in any influence situation.

Here's a quick overview of the principles:

1. The first, and perhaps most important principle, is **reciprocity**. When you give people something that they perceive is of value, they want to give something back to you – usually of the same perceived value. At its simplest if I send you a Christmas card you feel you should send me one. This is a universal and seemingly binding rule.

2. The second principle is **scarcity**. People value something more if it's in limited supply. They especially they like to feel they're getting something different that others don't have – hence the attraction of 'limited editions', whether it's stamps, prints, or experiences. Hence also why an exclusive donor club can be attractive to supporters.

3. The third important principle is **connection**. We attribute credibility and authority to those who are endorsed by people we like and respect. This principle of connection can be direct- friends or relations- or indirect as in those we respect through their 'fame' or importance. Hence the importance of endorsement by a friend or a TV star.

4. Fourth is **contrast**. In order for people to trust and value you, and what you do, you it helps to create contrasts. These contrasts can take a number of forms – between your opinion and that of others, or between positions or propositions, or even between perception and reality. So if you begin by asking someone for a major gift and then drop to a smaller, but still substantial one, that's using the contrast principle.

5. Fifth is **consistency**. We like to adopt and maintain key positions or beliefs. Even when there is evidence to the contrary that the position is not 'true', people will often still try to maintain their position. So we tend to look for data to justify our existing opinion. For example, "She couldn't have done that – it's not like her."
Let's look at each principle in more detail and explore how it can apply in more general situations and specifically for fundraising.

1.Reciprocity

Reciprocity is seemingly part of our psychological DNA. And importantly it applies everywhere in the world. It's Here's how it works: if I give you a gift or help you in some way, you feel you should give me a gift back or help me out. Here's the most obvious example. It's 5.00pm on 24 December. The office is almost about to close. A smiling colleague at work approaches you with a package. As you accept the package your worst fears are confirmed. It's a Christmas present. It's nice that they though of you. But the challenge is you haven't got them one. And there are no shops nearby that would allow you to nip out to get one and recover the situation. You take the present with as much grace as you can muster. And you feel TERRIBLE. You have failed to meet the basic rule of reciprocity that says that if I do something for you, you have to do something for me. You spend a year worrying and fretting.

This is not simply anecdotal. Two eminent social scientists, Kuznets and Walcot, report how a researcher set up an experiment in which he sent Christmas cards to a number of people he did not know with a very general 'hope you are well' greeting. Much to even his astonishment almost 50% of the respondents sent back a card, often with a warm if also slightly bland greeting. They were writing back to a stranger. Why? Because they felt obliged to conform to the principle of reciprocity.

Fundraisers use this principle all the time. Think of the first time the famous Easter Seals DM (direct mail) pack went out. Potential donors were sent a selection of personalised self-adhesive return address labels as a gift with a letter asking them to donate. The letter made it clear that the labels were a gift from the organization regardless of whether the recipient sent a gift. (Now for those of you who aren't familiar with direct mail, the usual response rate for a cold mailing is 1.7-1.8% and a warm mailing around 2-2.2%.) However, when Easter Seals' response rate was compared with DM packs that had no 'free' gift, it was found that almost 20% more people had contributed than normal. That basic model of sending DM packages with the 'labels' gift has remained constant for many years.

Recently an interesting variant in the UK has been charities sending out DM packages that include an opinion-seeking survey and a pen- ostensibly to fill the questionnaire in. This approach has been tested with and without the pen. The results are incredibly clear. The inclusion of the (very) cheap pen (20cents) in the pack significantly increases the number of people who respond to the survey, AND it also impacts on the number of In the commercial sector we find companies offering to give free trials of goods or services – or even giving you a free 'no obligation' sample. Once accepted, there is then an implicit psychological contract that you should take the next step and order the service for longer-term use or purchase a full-sized product.

The gift needn't be a 'thing'. It could be a service or some help. For example Bernard was asked by a colleague to help out by making a speech at a conference at short notice. The colleague offered a small fee. He refused the fee. But then was happy to say to the grateful colleague "I was happy to help- I'm sure you'd do the same for me." Some months later Bernard needed a favour. Actually he needed a bigger favour than the one he had given. But undeterred he called the colleague. And immediately got a 'yes' in response to the quiz. An early small social investment can pay significant paybacks.

Effective, long-term reciprocity is about looking for opportunities to make 'gifts' in advance to people that you plan to influence. The gifts as we've indicated above can be thanks, help, free advice, a small gift etc.

To be successful with reciprocity make sure that:

- Whatever the gift is, it will be valued by the recipient.
- It's not so big that people feel they are being 'bought'
- That you don't put on obvious 'do it now' pressure
- You make it clear to the person you might want some reciprocal help at a later point

2. Scarcity

Our second principle is scarcity. By making others believe- whether it's really true or not- that something is in short supply, or hard to get, or exclusive, we can make it more desirable for them.

- There are examples in 'ordinary' consumer behaviour of exclusivity being used to help reinforce the behaviour the marketer needs. Companies try to make readily available mass consumer products appear special. Coca Cola often produces limited edition cans for its products. These are seen as more desirable that the 'normal' ones. Nike can attract a premium for 'short runs' of trainers.
- China figurines or other 'collectables' like those produced by Franklin Mint will sell more quickly if promoted as a limited edition. And fine artists will often number a line of prints as 1/500 or 57/100 or whatever. These small quantities then attract a premium.
- Even if there is an absolute limit on numbers another way to create the impression of scarcity is to empathise the time-limited nature of something. In stamp collecting first day covers- only normally available on a specific day- attract special excitement and are perceived to have a special value. Normally the day of issue is not central to the stamp so it is an entirely 'manufactured' frisson.

Functions of Leaders

The functional style places more importance on behaviors that get things done rather than assigning a formal leadership role.

The following are the characteristics of a functional leadership style.

1. Priority on needs

The basic notion of functional leadership is that any group will have three primary needs

- The needs of the task
- The needs of the team
- The needs of individuals who make up the team

These three needs are the basic building blocks that form functional leadership. When these needs are met, goals are achieved and the organization progresses.

2. Focus on actions

The functional leadership theory has been developed after studying the behaviors of successful leaders, and identifying the particular actions that led to successful results. Here, the focus is more on what the leader does than on who the leader is.

3. Result oriented

In functional leadership, what matters is whether things get done. The leadership role is fluid and the primary emphasis is on ensuring behaviors that achieve a particular result. It isn't much use getting applauded on a great leadership style if nobody does anything.

4. Flexible leadership role

The functional leadership approach maintains that it is not necessary for a group to have only one particular member who performs all the leadership functions. The idea is that any group member can perform these actions, which means that anyone can be the leader. It doesn't matter who does what, what matters is whether the task gets done. Therefore, the leadership role itself is quite flexible.

5. Clear understanding of individual responsibilities

Under the functional leadership style where the actions of each individual matter, it is of vital importance that each member knows exactly how he or she contributes to the group to achieve its goals. Everyone has to know what they're supposed to do, and the leader is responsible to ensure clear understanding of each individual's desired behaviors.

6. Organizing

In order for the group to effectively perform their task, the functional leader must ensure that the group is properly organized. Not only should each member have a clear understanding of what is expected of them, but the group itself should be properly structured to facilitate their actions.

7. Motivation

The functional leader must ensure that every individual in the group feels sufficiently appreciated for their efforts and actions. In the absence of motivation or clear communication about how their actions contribute to the group's success, there's a high chance that members might get dejected and leave the group.

8. Controlling

Functional leadership involves a great deal of controlling exactly what happens in the team. Resources are usually limited in any situation, and the leader must control what happens by being efficient about getting the maximum results from the available resources.

9. Setting an example

People tend to observe their leaders and emulate their behaviors. Functional leaders set an example by doing the things that they want their followers to do.

10. Guidance

Team members want to know how they are doing, and whether they need to change anything. They need feedback about their jobs and how they can improve. One of the important tasks of a functional leader is to provide appropriate guidance to all members.

The functional style assumes that leadership is defined by the behavior of the leader and its corresponding effect on the group. Leadership is something that any individual provides to a group to meet certain needs.

Leadership Style

Proper leadership is a vital component of success in the business world. A great leader can mentor, lead, inspire, and keep the team spirit alive, even in the toughest situations. It is particularly essential as in a dynamic corporate environment; lows outweigh the highs.

In this process of guiding a team through, there are many leadership styles a leader may choose. Here, it is not a matter of right or wrong; it is just a matter of what works best for oneself.

However, it is essential to understand certain implications of these different types of leadership styles. It is because leadership styles play a significant role in how your subordinates view you and how you manage them. Whether you want to lead as a friend or boss, act as a democrat or autocrat, etc.

These attributes play a significant role in a team's success. They help ascertain how to communicate better, motivate your team, handle challenges, pick a management approach, etc.

Thus, it is essential to know which leadership style suits you and your team the best. Here are a few of the leadership style types to consider and their characteristics, along with pros, and cons.

But first, let’s start with the absolute basic.

What is Leadership Style?

Leaderships Styles are how a leader guides a team through different stages. These styles dictate how a leader implements plans, provides guidance, overlooks work, etc. Based on different personalities and methods, there are many different styles.

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9 Types of Leadership Styles with its Characteristics, Pros and Cons

1. Transactional Leadership
2. Transformational Leadership
3. Servant Leadership
4. Democratic Leadership
5. Autocratic Leadership
6. Laissez-Faire (Delegative) Leadership
7. Bureaucratic Leadership
8. Charismatic Leadership
9. Coaching Leadership

Now, let’s go ahead in understanding in detail about the characteristics, pros and cons.

1. Transactional Leadership Style

As the name suggests, this is strictly a give and take mechanism on leadership. It is through dishing out tasks with rewards and penalties attached to them.

This leadership style is a superb source of motivation to get things done and keep the workforce happy at the same time. It is also an excellent way for the fair rewards and recognition program of a company and is highly directive.

Characteristics of Transactional Leadership Style

- This leadership style thrives on performance based on different sources of motivation. This group's leaders get the best out of a team through intrinsic and extrinsic sources of employee motivation. It can be rewards, incentives, employee promotion considerations, etc.
- Transactional leadership is prone to micromanagement. It is because the management is straightforward in its tasks and processes. It brings scrutiny, which can result in working under micromanagers.
- The leaders who follow this genre are practical in their approach. They know how to get things done, drive people, and solve problems with a pragmatic approach.
- A transactional approach can hinder creativity at work because it is very straightforward in its system. It eliminates the creative inputs of the workers.

Pros:
Transactional leadership diminishes confusion and guesswork, as the leader cites everything. It is also very motivating from the employees’ point of view.

Cons:
Because this style is traditional in its set guidelines, it may halt innovation and creativity.

2. Transformational Leadership Style

This leadership style rides on the concept of transforming existing processes into something better. Individuals following this style are always on the lookout for innovations to bring into the business processes.

Transformational leaders inspire and empower employees to better themselves and the company. Unlike transactional style, this promotes and gives total autonomy to let the employees’ creative juices flow.

Characteristics of Transformational Leadership Style

- The leaders of this style are great visionaries in their field. Due to their desire to seek innovations, they are often the pioneers of the different industries.
- This style relies on better workplace communication. In this form of leadership, there occurs an impeccable example of communication. It is because this type depends on finding better options through brainstorming and giving equal importance to all.
- Transformational leadership is also an excellent way of engaging workers. It has positive effects on employee input, career development, employee satisfaction, etc.
- There is also a certain appetite for risk in this leadership style type. This is because leaders are always on the lookout for better ways. It means going out of one's comfort zone.

Pros:
This style encourages a high level of trust in the workforce’s' abilities and helps them come up with new ideas towards a common goal. Creativity is let loose in transformational leadership.

Cons:
Since this style is always on the lookout for better ways, things may get unstable. It can result in confusion in the processes and among employees.

3. Servant Leadership Style

The servant leadership model runs on the motto of serving others. Rather than leading a workforce, individuals think of ways on how to make things better for their workforce. The servant leaders operate on the idea of service first, lead later.

This style is a favorite among the workers, and works wonders for employee morale and employee experience.

Characteristics of Servant Leadership Style

- Servant leadership always has a high degree of empathy. Their leaders can relate to the hardships of a team and work out ways to solve it. For this matter alone, it is one of the most favorites of all workers.
- This style has a high degree of awareness toward a team. Leaders of this category are great listeners, which gives them a better understanding of their team. It helps to lead the group towards greater success.
- Leaders of this genre can also be very persuasive at times. It is because these leaders almost always have the approval of the team and the followers.
- This leadership style is a great approach for community building within the team. Here, leaders can bring people together towards a common goal.

Pros:
This leadership style type creates a fair increase in employee loyalty and engagement. It also helps in strengthening the employer-employee relationship and trust among the parties.

Cons:
A servant leadership model can be tough at times. This is because it always requires thinking about others rather than oneself. This selfless trait of always putting others' needs ahead of one’s own is not easy at all times.

4. Democratic Leadership Style

Just like the name suggests, this style focuses on giving a voice to everyone concerned. An individual following this style takes into account the opinions of all those matters. This process is put into effect regardless of the status and ranks of individuals.

Democratic leaders emphasize the inputs and ideology of workers. Because of its employee empowerment nature, the business world also calls it as "participative leadership." In this style, leaders don't give orders but instead work together collaboratively.

Characteristics of Democratic Leadership Style

- This leadership style emphasizes the aspect of equality in the workplace. Followers of this style take all inputs into account, irrespective of ranks.
- There is a free flow of opinions in this management style. It acknowledges and discusses views on all critical issues of the business.

- There is a high degree of creativity in a democratic style of management. It leads to a healthy exchange of ideas that paves the way for new ideas and innovation.
- These traits above mean that there is a scope of better engagement in the democratic leadership style.

Pros:
Democratic leadership style promotes empowerment, creativity, participation, and innovation in the workplace. This helps with the job satisfaction level of the employees.

Cons:
This leadership style can be lengthy at times since the decision-making process includes the opinions of all concerned. The processes involved in getting these inputs can also be costly at times.

5. Autocratic Leadership Style

In simple terms, this style is the complete opposite of the democratic leadership model. Leaders following this regime seem to be rigid in their ways with no space for change. Here, the individuals assume all the power to themselves and make the decisions as they see fit.

An autocratic leader gives out instructions on the tasks a team needs to do and how. This style limits the creativity of the working staff to try new things.

Characteristics of Autocratic Leadership Style

- The window for creativity in this style of management is very minimal. It is because all the decisions are made by one person in power only. This harms engagement, as well.
- It provides leaders with a greater power to operate in ways they see fit. This can be helpful in some critical situations, but this can also give rise to micromanagement.
- There occurs a colossal lack of trust in this leadership style on the subordinates. It is why the power to make all the decisions lie in the hands of the leader. This harms employee loyalty to a vast extent.
- Due to its lack of inputs from the team, this leadership style also suffers from a lack of creativity.

Pros:
The decisions in this style take less time since it is just one person's opinion. Also, because this model comes with clear instructions, it cuts out the chances of confusion.

Cons:
In autocratic leadership, employees feel ignored and unheard of their opinions. This lessens their employee engagement level.

6. Laissez-Faire (Delegative) Leadership Style

"Laissez-Faire" is a French term meaning leave it be. This leadership style rejects micromanagement and gives employees the freedom to work by themselves. Followers of this style don't bother with scrutinizing the team members but instead trusts them to do the job well.

To balance out the lack of participation, leaders in this concept provide its team with the resources and tools needed to work well.

Characteristics of Laissez-Faire Leadership Style

- This management style works by allowing greater employee autonomy. It subsequently adds to more creativity in the workplace. This also helps build better independent workers.
- Constructive feedback is a vital component of this leadership style. Leaders of this type offer effective feedback on the work of the employees. Since there is low participation of the leaders in the employees' work, it helps balance things.
- Because of its attitude of leaving a workforce to work out solutions, there occurs a lack of communication. Though the leaders take full responsibility for the workers' actions, they prefer to remain on the sidelines during a project.
- By trusting in its team members' ability, there is also a better sense of loyalty in this management style.

Pros:
The Laissez-Faire leadership style type promotes trust and independence in the workplace.

Cons:
If a particular team isn't well versed with itself, this model can be chaotic initially.

7. Bureaucratic Leadership Style

This leadership style operates with a series of rigid rules. Bureaucratic leaders always follow a specific command chain and stick to those at all times. The government of a nation mostly follows a leadership of such form.

Characteristics of Bureaucratic Leadership Style

- This management style follows a proper chain of command in its working. It helps ensure structure in the organization.
- A management approach of this sort is also very well-organized. Leaders here delegate the tasks as per ranks for better results and accountability.
- Bureaucratic leaders are very strong-minded and courageous in their approach. It is because the organizations in these situations are pretty huge. In this scenario, it requires a strong leader leading from the front.
- Because of its rigid rules and chain of command, creativity does get lost at times.

Pros:
Bureaucratic leadership is like a well-oiled machine where it follows the same regime everything. This eliminates confusion and maintains consistency all the way.

Cons:
A leadership style, as such, can be very rigid at times. This rigidity restricts the level of creativity in the process.

8. Charismatic Leadership Style

The leaders of this style are masters of communication, persuasion with a sense of charm. Charismatic leaders are a valuable asset in the growth of a company and facing a crisis. By forming a deep understanding of people around, they can tilt things in their favor easily.

Characteristics of Charismatic Leadership Style

- The leaders of this leadership style are very confident in their approach. They rarely have any self-doubt about their decisions and possess a very influential personality.
- This leadership style also embodies excellent communication. It helps leaders be aware of a team and find solutions to answers. This also allows the leaders of this genre to be very persuasive in their management style.

- The charismatic leadership style also builds some of the great visionaries in the industry. These leaders' will to look forward and derive results with their commanding personality often sets them apart.
- Employees of an organization can feel comfortable in a charismatic approach. It is because leaders of this style are great from a worker's viewpoint. They are great listeners, risk-takers, have an innovative approach, etc.

Pros:
Charismatic leadership promotes creativity, teamwork, employee motivation, and a great sense of unity.

Cons:
Sometimes, leaders of this form can be self-centered and get an acknowledgment of being shallow.

9. Coaching Leadership Style

As the name suggests, this leadership style stands its ground by mentoring workers. They are usually experts in their field of interest and are great communicators. This makes them perfect for coaching the workers towards greatness.

Characteristics of Coaching Leadership Style

- This leadership style is excellent for employee engagement. It is because this improves employee training and development. This is always crucial from a worker's viewpoint to grow a career.
- Coaching leadership promotes better communication as a result of mentoring. It makes for great communicators in the workplace, which is vital in all cases.
- The leader of this style also requires excellent interpersonal skills. It is so because a mentor must also be understanding rather than just being knowledgeable.
- Coaching leadership is vital in situations like new hires. A coaching mentality will help them adjust well and learn the work quickly. Understanding all the points above, it is a crowd-favorite as well.

Leadership Development

Leadership development refers to activities that improve the skills, abilities and confidence of leaders. Programmes vary massively in complexity, cost and style of teaching. Coaching and mentoring are two forms of development often used to guide and develop leaders.

According to Baldwin and Ford (1988), the success of leadership development is influenced heavily by the quality of the programme, level of support and acceptance from superiors, and the characteristics/learning style of the person being developed.

Some commentators differentiate between leadership development and leader development, the former being used when referring to development programmes focusing on collective leadership in an organisation and the latter on individuals.

Leadership development is a common process in succession planning, which aims to produce high-calibre leaders to take over senior positions when they become vacant. High-performers are typically identified for these leadership development programmes, which may be longer-term and broader than programmes focusing on tighter end-goals.

Communication:

Communication Process

The process of communication refers to the transmission or passage of information or message from the sender through a selected channel to the receiver overcoming barriers that affect its pace.

The process of communication is a cyclic one as it begins with the sender and ends with the sender in the form of feedback. It takes place upward, downward and laterally throughout the organization.

The process of communication as such must be a continuous and dynamic interaction, both affecting and being affected by many variables.

Communication process consists of certain steps where each step constitutes the essential of an effective communication.

The following is a brief analysis of the important steps of the process of communication.

The Different Elements in The Process of Communication

We will now learn about the different elements in the process of communication.

Sender

The very foundation of communication process is laid by the person who transmits or sends the message. He is the sender of the message which may be a thought, idea, a picture, symbol, report or an order and postures and gestures, even a momentary smile. The sender is therefore the initiator of the message that need to be transmitted. After having generated the idea, information etc. the sender encodes it in such a manner that can be well-understood by the receiver.

Message

Message is referred to as the information conveyed by words as in speech and write-ups, signs, pictures or symbols depending upon the situation and the nature and importance of information desired to be sent. Message is the heart of communication. It is the content the sender wants to covey to the receiver. It can be verbal both written and spoken; or non-verbal i.e. pictorial or symbolic, etc.

Encoding

Encoding is putting the targeted message into appropriate medium which may be verbal or non-verbal depending upon the situation, time, space and nature of the message to be sent. The sender puts the message into a series of symbols, pictures or words which will be communicated to the intended receiver. Encoding is an important step in the communication process as wrong and inappropriate encoding may defeat the true intent of the communication process.

Channel

Channel(s) refers to the way or mode the message flows or is transmitted through. The message is transmitted over a channel that links the sender with the receiver. The message may be oral or written and it may be transmitted through a memorandum, a computer, telephone, cell phone, apps or televisions.

Since each channel has its advantages and disadvantages, the choice of proper selection of the channel is paramount for effective communication.

Receiver

Receiver is the person or group who the message is meant for. He may be a listener, a reader or a viewer. Any negligence on the part of the receiver may make the communication ineffective. The receiver needs to comprehend the message sent in the best possible manner such that the true intent of the communication is attained. The extent to which the receiver decodes the message depends on his/her knowledge of the subject matter of the message, experience, trust and relationship with the sender.

The receiver is as significant a factor in communication process as the sender is. It is the other end of the process. The receiver should be in fit condition to receive the message, that is, he/she should have channel of communication active and should not be preoccupied with other thoughts that might cause him/her to pay insufficient attention to the message.

Decoding

Decoding refers to interpreting or converting the sent message into intelligible language. It simply means comprehending the message. The receiver after receiving the message interprets it and tries to understand it in the best possible manner.

Feedback

Feedback is the ultimate aspect of communication process. It refers to the response of the receiver as to the message sent to him/her by the sender. Feedback is necessary to ensure that the message has been effectively encoded, sent, decoded and comprehended.

It is the final step of the communication process and establishes that the receiver has received the message in its letter and spirit. In other words, the receiver has correctly interpreted the message as it was intended by the sender. It is instrumental to make communication effective and purposeful.

Consider the following points related to the feedback involved in the process of communication −

- It enhances the effectiveness of the communication as it permits the sender to know the efficacy of his message.
- It enables the sender to know if his/her message has been properly comprehended.
- The analysis of feedbacks helps improve future messages. Feedback, like the message, can be verbal or nonverbal and transmitted through carefully chosen channel of communication.
- We can represent the above steps in a model as the model of communication process.

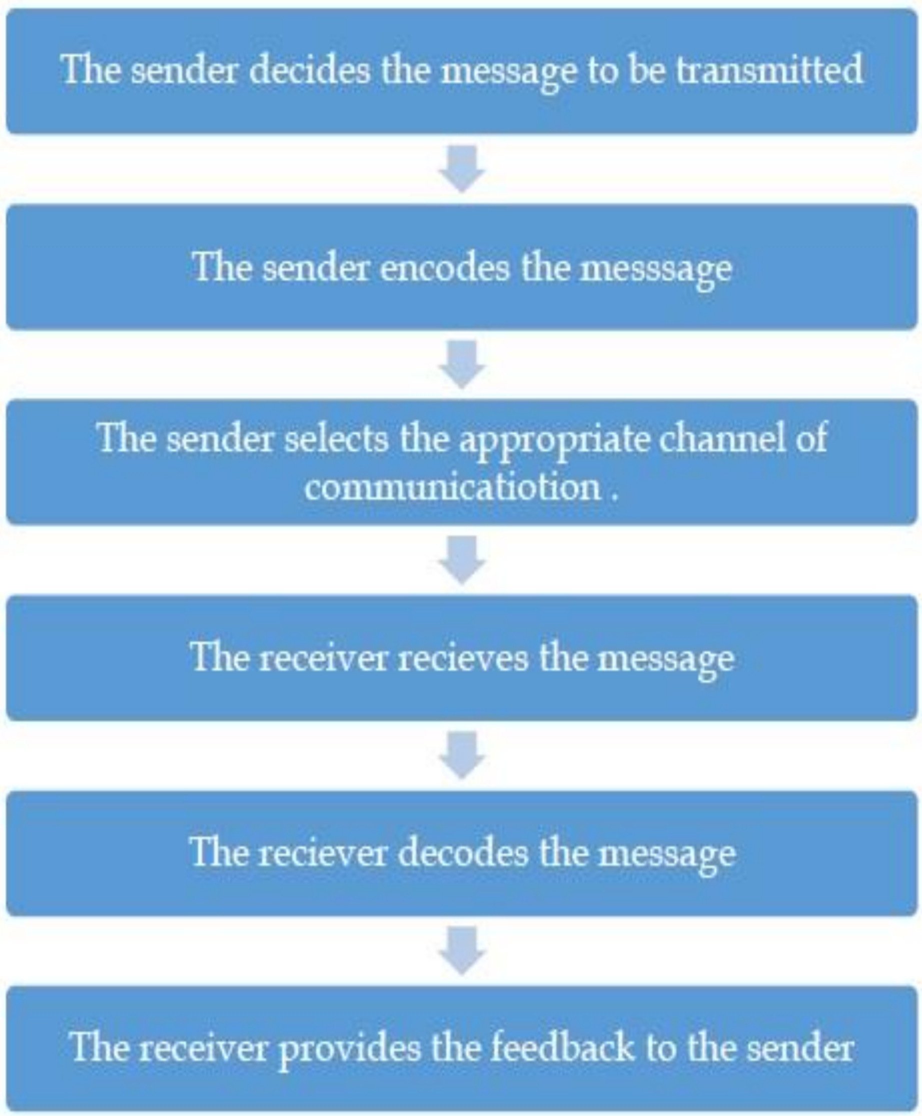
Types of Feedback

Kevin Eujeberry, the world famous leadership exponent mentioned the four types of feedback. The types are as follows −

- Negative Feedback or corrective comments about past behavior
- Positive Feedback or affirming comments about future behavior
- Negative feedforward or corrective comments about future behavior
- Positive feedforward or affirming comments about future behavior

The Model of Communication Process

Let us now see the model of communication process −



The process of communication, however, is not as smooth or barrier-free as it seems. From its transmission to receipt, the message may get interfered or disturbed with at any stage by many factors which are known as barriers to effective communication. One of the factors is poor choice of communication method. In addition to a poor choice of communication method, other barriers to effective communication include noise and other physical distractions, language problems, and failure to recognize nonverbal signals. We will discuss these barriers of communication in a subsequent chapter.

Summary

- The process of communication refers to the transmission or passage of information or message from the sender through a selected channel to the receiver overcoming barriers that affect its pace.
- The different elements in the process of communication −
  - Sender
  - Message
  - Encoding
  - Channel
  - Receiver
  - Decoding
  - Feedback
- Kevin Eujeberry, the world famous leadership exponent mentioned the four types of feedback. The types are as follows −
  - Negative Feedback or corrective comments about past behavior
  - Positive Feedback or affirming comments about future behavior
  - Negative feedforward or corrective comments about future behavior
  - Positive feedforward or affirming comments about future behavior

Importance of Communication

Effective Communication is significant for managers in the organizations so as to perform the basic functions of management, i.e., Planning, Organizing, Leading and Controlling.

Communication helps managers to perform their jobs and responsibilities. Communication serves as a foundation for planning. All the essential information must be communicated to the managers who in-turn must communicate the plans so as to implement them. Organizing also requires effective communication with others about their job task. Similarly leaders as managers must communicate effectively with their subordinates so as to achieve the team goals. Controlling is not possible without written and oral communication.

Managers devote a great part of their time in communication. They generally devote approximately 6 hours per day in communicating. They spend great time on face to face or telephonic communication with their superiors, subordinates, colleagues, customers or suppliers. Managers also use Written Communication in form of letters, reports or memos wherever oral communication is not feasible.

Thus, we can say that "**effective communication is a building block of successful organizations**". In other words, communication acts as organizational blood.

The importance of communication in an organization can be summarized as follows:

1. Communication **promotes motivation** by informing and clarifying the employees about the task to be done, the manner they are performing the task, and how to improve their performance if it is not up to the mark.

2. Communication is a **source of information** to the organizational members for decision-making process as it helps identifying and assessing alternative course of actions.

3. Communication also plays a crucial role in **altering individual's attitudes**, i.e., a well informed individual will have better attitude than a less-informed individual. Organizational magazines, journals, meetings and various other forms of oral and written communication help in moulding employee's attitudes.

4. Communication also **helps in socializing**. In todays life the only presence of another individual fosters communication. It is also said that one cannot survive without communication.

5. As discussed earlier, communication also assists in **controlling process**. It helps controlling organizational member's behaviour in various ways. There are various levels of hierarchy and certain principles and guidelines that employees must follow in an organization. They must comply with organizational policies, perform their job role efficiently and communicate any work problem and grievance to their superiors. Thus, communication helps in controlling function of management.

An effective and efficient communication system requires managerial proficiency in delivering and receiving messages. A manager must discover various barriers to communication, analyze the reasons for their occurrence and take preventive steps to avoid those barriers. Thus, the primary responsibility of a manager is to develop and maintain an effective communication system in the organization.

Communication Flows in an Organization

In an organization, communication flows in 5 main directions-

1. Downward
2. Upward
3. Lateral
4. Diagonal
5. External

1. **Downward Flow of Communication:**

   Communication that flows from a higher level in an organization to a lower level is a downward communication. In other words, communication from superiors to subordinates in a chain of command is a downward communication. This communication flow is used by the managers to transmit work-related information to the employees at lower levels. Employees require this information for performing their jobs and for meeting the expectations of their managers.

2. **Upward Flow of Communication:**

   Communication that flows to a higher level in an organization is called upward communication. It provides feedback on how well the organization is functioning. The subordinates use upward communication to convey their problems and performances to their superiors.

   The subordinates also use upward communication to tell how well they have understood the downward communication. It can also be used by the employees to share their views and ideas and to participate in the decision-making process.

   Upward communication leads to a more committed and loyal workforce in an organization because the employees are given a chance to raise and speak dissatisfaction issues to the higher levels. The managers get to know about the employees feelings towards their jobs, peers, supervisor and organization in general. Managers can thus accordingly take actions for improving things.

   Grievance Redressal System, Complaint and Suggestion Box, Job Satisfaction surveys etc all help in improving upward communication. Other examples of Upward Communication are -performance reports made by low level management for reviewing by higher level management, employee attitude surveys, letters from employees, employee-manager discussions etc.

3. **Lateral / Horizontal Communication:**

   Communication that takes place at same levels of hierarchy in an organization is called lateral communication, i.e., communication between peers, between managers at same levels or between any horizontally equivalent organizational member. The advantages of horizontal communication are as follows:

   - It is time saving.
   - It facilitates co-ordination of the task.
   - It facilitates co-operation among team members.
   - It provides emotional and social assistance to the organizational members.
   - It helps in solving various organizational problems.
   - It is a means of information sharing
   - It can also be used for resolving conflicts of a department with other department or conflicts within a department.

4. **Diagonal Communication:**

   Communication that takes place between a manager and employees of other workgroups is called diagonal communication. It generally does not appear on organizational chart. For instance - To design a training module a training manager interacts with an Operations personnel to enquire about the way they perform their task.

5. **External Communication:**

   Communication that takes place between a manager and external groups such as - suppliers, vendors, banks, financial institutes etc. For instance - To raise capital the Managing director would interact with the Bank Manager.

Communication Channels

Communication channels are the means through which people in an organization communicate. Thought must be given to what channels are used to complete various tasks, because using an inappropriate channel for a task or interaction can lead to negative consequences. Complex messages require richer channels of communication that facilitate interaction to ensure clarity.

Tip

Communication channels include face-to-face communication, broadcast media, mobile channels, electronic communication and written communication.

Face-to-Face or Personal Communication

Face-to-face or personal communication is one of the richest channels of communication that can be used within an organization. Physical presence, the tone of the speaker's voice and facial expressions help recipients of a message interpret that message as the speaker intends. This is the best channel to use for complex or emotionally charged messages, because it allows for interaction between speaker and recipients to clarify ambiguity. A speaker can evaluate whether an audience has received his message as intended and ask or answer follow-up questions.

Broadcast Media Communications

TV, radio and loud speakers all fall within the broadcast media communication channel. These types of media should be used when addressing a mass audience. Businesses seeking to notify customers of a new product may advertise or do promotions using a broadcast channel. Similarly, a CEO may do a global company address by having a television feed broadcast across global sites. When a message intended for a mass audience can be enhanced by being presented in a visual or auditory format, a broadcast channel should be used.

Mobile Communications Channels

A mobile communication channel should be used when a private or more complex message needs to be relayed to an individual or small group. A mobile channel allows for an interactive exchange and gives the recipient the added benefit of interpreting the speaker's tone along with the message. Some within an organization may opt to use this channel versus a face-to-face channel to save on the time and effort it would take to coordinate a face-to-face meeting.

Electronic Communications Channels

Electronic communication channels encompass email, Internet, intranet and social media platforms. This channel can be used for one-on-one, group or mass communication. It is a less personal method of communication but more efficient. When using this channel, care must be taken to craft messages with clarity and to avoid the use of sarcasm and innuendo unless the message specifically calls for it.

Written Methods of Communication

Written communication should be used when a message that does not require interaction needs to be communicated to an employee or group. Policies, letters, memos, manuals, notices and announcements are all messages that work well for this channel. Recipients may follow up through an electronic or face-to-face channel if questions arise about a written message.

Before anything meaningful can be said about the barriers that exist in effective communication, it’s important to have a good understanding of the kind of communication that occurs in an organization.

Formal Communication

Communication in an organization is typically done according to a set of predetermined and prescribed rules, as well as some policies. In that case, the communication is known as formal communication. This kind of communication is based on the chain of command that exists within the business or organization. For example, when the employees need to be told about a new set of policies, the message may come from the human resources department, rather than the accounting department.

There are three kinds of formal communication that take place within an organization.

Vertical Communication

This is where the communication either moves downward from the executives to the managers to the supervisors to the employees or upward from the employees all the way to the executives. This is why it is known as vertical communication. It is an important kind of communication, because it gives the employees an opportunity to have a say in what happens in the business. For example, in a factory, if employees feel like current manufacturing methods aren’t very efficient, and have suggestions for better methods, they could pass the word on to supervisors, who will pass it on to managers, and so on.

Horizontal Communication

Horizontal channels are yet another way for communication to flow in an organization. Horizontal communication occurs when two parts of an organization which are on the same level of communication with each other. These parts could be individuals, teams, or entire departments.

Horizontal communications foster coordination, mutual understanding, and cooperation between employees working on the same level of the organization. The marketing manager can communicate with the finance manager about the marketing budget and can also inform the production manager about the consumer response. This helps ensure that the right amount of product is manufactured to meet consumer demand.

Diagonal Communication

This kind of communication flies in the face of traditional organizational hierarchy and ensures that employees on one level and work area can talk to employees in a different work area on a completely different level. Employees are freely able to communicate with other employees, without having to care about their rank or department.

This kind of communication is pretty useful to encourage the sharing of information across the organization. An example of its use is when the IT department shares information about new internet protocols with all the employees in the organization.

Other Types of Communication

Informal Communication

This kind of information is all about using channels that aren’t typically used in formal communication. The key word in informal communication is “Casual." Everything is casual and nothing follows any predetermined rules. It is used to help the members of the organization to socialize. It is typically characterized by face to face conversations, the use of slang, and sometimes even profanity. Such language typically occurs orally and makes extensive use of gestures.

Verbal Communication

Verbal communication is simply communication that uses speech. It’s all about people talking and doesn’t involve the written word, which falls under a different kind of communication.

Verbal communication involves language that is understood by all the parties that are involved. However, that doesn’t mean that there is always understanding between the parties. People color the information they receive in verbal communication with their own preconceived notions, emotions, and attitudes and so this is a barrier to effective communication.

Non-Verbal Communication

This is a form of communication that doesn't use words at all. Because of its nature, it can be quite complicated and difficult to understand. Wordless messages can be sent by facial expression, tone of voice, posture, body language, gesture and so on. Sometimes, silence is a form of communication and can say more than words ever will.

Because of how complex this form of communication can be, it doesn't have a high success rate and requires some experience and expertise to decode.

Barriers to Effective Communication

No matter what kind of communication you are using, you will face some barriers to effectively getting your message across to the recipient. These barriers can be categorized into four main types of constraints to effective communication: Physical, psychological, organizational, as well as semantic barriers.

Physical Barriers

Of the four obstacles to effective communication, physical barriers have nothing to do with the communicators themselves. Physical barriers are barriers that are natural features of the environment within which communication occurs. Generally, physical barriers will make it more difficult to send a message to the recipient. For example, verbal communication isn't very effective when there is a stone wall dividing the speakers. Communication also becomes more difficult harder the greater the distance between the people communicating. One of the reasons for this is that there are more channels available to communicate when the distance is small.

Technology is often used to overcome physical barriers to communication. For example, if you and the receiver are separated by a physical wall, you might consider giving each other a phone call or sending each other a text.

When you choose the channel to overcome a physical barrier, you should have an intimate understanding of the advantages and disadvantages of that communication channel.

Psychological Barriers

This barrier is caused by the sender and the receiver, and is a result of the respective psychological states of the communicators. Just as there can be physical distance between communicators, so can there be psychological distance. This can cause the communicators to filter out parts of the messages they receive or to add to the messages, creating misunderstandings in the process. They might not retain what they hear, and they might not pay attention, making the communication considerably less effective than it would otherwise have been.

Organizational Barriers

For communication to be effective within an organization, the right organizational structure should support that communication. In this sense, the traditional organizational hierarchy doesn't work well. Each manager receives information from a single point of contact, namely the manager or supervisor beneath that person; this person passes on that message to only one other contact. If the hierarchy becomes too large, it will be difficult to pass the right information at the right time to the right person, using the right medium. In other words, it will be a large scale example of the game of 'telephone.' The organizational structure can also affect how capable the employees are of communicating their needs to the higher-ups in the organization.

Semantic Barriers

The study of semantics is the study of symbols, signs, and their meanings, as used in communication. Semantic barriers occur when the symbols used in a message aren't well understood by the recipient or are understood in a way that is difficult from what was intended. The figures, signs, and words used to communicate can only be interpreted by the receiver, using the receiver's knowledge and experience; in some situations, this process may create doubt. In other words, when the language you use in your message isn't simple enough for the receiver to understand the message, then you should that expect some misunderstandings may occur. Many people can interpret the same message in ways that differ from each other, because the interpretations are based on the recipients' level of education, knowledge, background, as well as on their experience.

Business communication is ongoing in any business whether the business is a traditional "bricks and mortar" environment where all members are under one roof or a virtual business where members may be dispersed around the country or globe. Even in small companies, communication can present challenges. Following some simple tips can help.

Commit to Listening

When communicating, those involved in the communication are too often more concerned about what they have to say, than about what they are hearing. A focus on active listening makes a difference and can help business communicators notice nonverbal cues that may be conveying different messages. For instance, in a meeting, a person who is saying, "Yes, I agree," may be shaking his head slightly, sending a mixed message. Being alert to these signals provides opportunities for clarification that can lead to better understanding.

Use Available Tools Appropriately

Business communicators today have access to a broad range of communication tools that include the traditional memos, meetings and telephone and the new mobile phones, Internet and social media. As new tools emerge, the old ones don't go away, meaning that options are rapidly expanding. Choosing among them can be challenging. Importantly, communicators need to choose the right tool for the audience and the message being conveyed. Much depends on the preference of the person receiving the message. If employees prefer to meet one-on-one, for instance, the manager should consider establishing face-to-face meetings to address their preferences. In addition, says Linda Pophal, of Strategic Communications, a variety of tools should be used together as part of an overall communication plan designed to achieve specific results.

Follow Up

Communication isn't one-way and it isn't accomplished by sending a message and assuming the message will be received, understood and acted upon. Effective communication requires follow-through to ensure both understanding and action. This can be done in a variety of ways including follow-up meetings, polls and surveys or by tracking interactions through online project management tools.

Barriers to Communication

Everything you need to know about the different barriers of communication. There are many communication barriers which tend to distort the messages that pass between sender and receiver. It leads to misunderstanding and conflict among the organisational members.

Managers frequently cite that communication breakdown is one of their most important problems. However, communication problems are often symptoms of more deeply rooted problems. For example, poor planning may be the cause of uncertainty about the direction of the firm.

Similarly, a poorly designed organisation structure may not clearly communicate organisational relationships. Vague performance standards may leave managers uncertain about what is expected of them.

Thus, the perceptive manager will look for the causes of communication problems instead of just dealing with the symptoms. Barriers can exist in the sender, in the transmission of the message, in the receiver, or in the feedback.
The different barriers of communication are:-

1. Semantic Barriers
2. Psychological Barriers
3. Organisational Barriers
4. Personal Barriers
5. Mechanical Barriers
6. Status Barriers
7. Perceptual Barriers
8. Filtering of Information
9. Specialisation
10. Pressure of Time
11. Unclarified Assumption
12. Inattention.

What are the Different Barriers to Communication: Semantic Barriers, Psychological Barriers, Personal Barriers and Other Barriers

What are Barriers of Communication – Semantic Barriers, Psychological Barriers, Organisational Barriers, Personal Barriers and Mechanical Barriers

Communication becomes ineffective due to various barriers like:

1. Semantic barriers,
2. Psychological barriers,
3. Organisational barriers,
4. Personal barriers, and
5. Mechanical barriers.

1. Semantic Barriers:

This denotes barriers of language and symbols and their interpretation. Every language consists of symbols used to transmit meaning from one person to another. Even the Morse code and mathematical symbols are used in a language for communication purpose. The barriers are from the linguistic capability of the individual involved in the communication.

The following are the different types of semantic barriers:
i. Poor Quality of Message:

When a message is prepared, it must be consistent in all respects like – clarity, precision and usage of appropriate words to express the 'idea' to be transmitted. It should be in simple words, easily understood by the receiver. Otherwise it becomes non-specific and the receiver will have a difficulty in following it properly.

ii. Faulty Transmission:

When message is received from the superior to the subordinate, the individual receiving it must be able to translate it to different categories of subordinates having the constraints of level of understanding and their IQ. It does require proper interpretation of the message received to help disseminate the information to the subordinates.

iii. Lack of Clarity:

In all the messages, there are certain ideas, which need to be understood correctly. In other words, the meaning between the lines of the message must be well-perceived by the receiver. If it is not, there is every likelihood of the message being misunderstood leading to confusion.

iv. Technical Language:

It is often seen that technical language is used by specialist persons i n their communication. This may not be known by a common man. As far as possible, when communicating to common people, it must be in a simple language, common to all. For example, take the case of a doctor, who prescribes medicine to a patient and writes 'TDS' (an abbreviation of three times a day). An ordinary patient may not be able to understand this unless it is written in a simple language, or the abbreviation is explained to him.

2. Psychological Barriers:

In interpersonal communication, the psychological state of mind of the sender, as well as that of the receiver makes lot of difference. When an individual is under emotion, his tone overpowers the script of the message. This creates an obstacle in normal communication leading to emotional barriers.

Following are psychological barriers:

i. Premature Evaluation:

This premature evaluation is the possible outcome of message before it is transmitted to the receiver. Such an evaluation may prematurely conclude the message may not bring the desired result, thereby he withholds the message. This is an important psychological factor of communication barrier.

ii. Inadequate Attention:

Normally, in a communication this happens at the receiver's end due to carelessness and not listening properly what the person at the other end is telling. This takes place in fact to face communication or in attending telephones.

iii. Transmission Losses and Poor Retention:

When communication passes through various hands and levels in an organisation, the transmission of the message by various persons tends to become inaccurate or corrupt. This happens in written as well as vocal communication. In the latter, the receiver may not retain the message as it was transmitted to him due to poor retention capability, thus leading to confusion at a later stage.

iv. Undue Stress on Written Message:

In an organisation every executive believes that written message, instructions and orders would be better, since the chances of any miscarriage of the message are almost nil. When face to face communication of a message takes place between a superior and subordinate, it not only makes better understanding but is also effective. It does instil confidence in the subordinate in so far as execution of the orders instructions is concerned. No doubt, it is a better medium of communication than the written one.

v. Lack of Trust in the Sender by the Receiver:

When a communicator (sender) frequently alters the original communication, the receiver at the other end will normally delay the action warranted by the message. This happens due to uncertain decisions often taken by the sender. Thus, the communication becomes ineffective, for various alterations and additions. This is an example of lack of confidence on the part of the sender.

vi. Failure to Communicate:

At times, the superior/manager fails to communicate the desired information/order, etc. This may be the cause of flippant attitude of the sender or his apathy. For instance, the sender's over confidence that the message has already been conveyed to the people is likely to create confusion and embarrassment.

3. Organisational Barriers:

This depends upon the general organisational policy governing the communication network of the organisation. Such policy might be a written text explaining various aspects of communication, especially the upward, downward and lateral since it is desirable to bring an effective communication flow in the organisation.

The barrier on this aspect is discussed below:

i. Restrictions Imposed by Rules of Organisation:

Normally, the information is to be passed to higher ups through proper channel. This gets delayed while passing through the hierarchical ladder. Instructions in general for passing messages must be given. Also, specific instructions for handling important messages need to be explained to all in order to avoid delays.

ii. Status/Hierarchical Positions Restrict the Flow of Communication:

Status and/or position of an individual make a lot of difference in personal dealings. Superior/subordinate capacity in formal organisation also prevents free flow of communication. This happens especially in case of upward communication. A person from the lower rung in the hierarchy may find it difficult to approach directly the top executive of the organisation.

iii. Complex Situation of the Organisation:

Large organisations, where there are a number of levels in managerial posts for communication may get distorted. This takes place due to censoring of the message when transmitted in the upward direction; since people are usually hesitant to inform the superiors about the adverse aspects.

4. Personal Barriers:

These barriers are those, which occur in communication, according to personal constraints at various levels of organisation such as:

i. Attitude of Superiors:

Attitude of the superiors play as vital role in the communication process; whether it is upward or downward or in any other direction. Therefore, the attitude of superior, either favourable or unfavourable affects the flow of communication, i.e., from superior to subordinate and vice versa.

ii. Insistence on Following Proper Channel:

Superiors instruct their subordinates to follow the proper channel, while communicating. They do not want that a subordinate bypasses them and goes direct to the next higher authority. They always want to be in touch with the communication process, so as to help them to know what is happening in their jurisdiction.
During emergency situation, there may be a need to bypass the superior; however, the superior may not like it. He may prevent it and instruct the subordinates to keep him in the picture with whatever information / message being passed to higher up, as and when occasion arises.

iii. Lack of Confidence in Subordinate:

It is a general perception that subordinates are not competent enough to advise superiors, since they do not possess the capacity to do so. This apprehension makes the superior to have lack of confidence in subordinates. However, this idea may not be correct, as there are more able subordinates than their superiors in many respects.

iv. Preoccupation of Superior:

A superior feels that there is no necessity to communicate him each and every matter, as he is always preoccupied with his own work. Supervisor's involvement with their subordinate is a major requirement for efficiency, which many superiors ignore due to lack of time as an excuse.

v. Lack of Awareness:

Inadequate knowledge about the importance of communication and its usefulness in various ways, at times, the superiors may not give desired attention to it. This may lead to restricted or poor transmission of communication affecting the organisation. This can lead to inefficiency and mismanagement.

vi. Hesitation to Communicate:

This happens to be a cause with subordinates not to communicate with their superiors. Subordinates show unwillingness to convey the superior certain information; since such part of information may have an adverse effect on them. Thus, the hesitation to communicate takes place.

5. Mechanical Barriers:

Mechanical barriers are another group of factors putting barriers in the smooth flow of communication.

They are:

i. Inadequate arrangements for transmission of message
ii. Poor office layout
iii. Detective procedure and practices
iv. Use of wrong medium.

i. Inadequate Arrangement for Transmission of Message:

The arrangements include proper coding and decoding facilities. This is normally carried out through coding machines and trained staff to operate such machines. When important information is sent under different classification, top secret, secret, confidential, etc., adequate care has to be taken in its transmission. It should not be leaked out to unauthorised persons. Safety and security of classified information need to be handled by responsible staff.

ii. Poor Office Layout:

A proper information centre is an inescapable necessity to transmit the messages with in the organisation and outside. Therefore, various types of information transmitting through like wireless sets, radio communication system, electronic machines- FAX, email, etc., are required. The infrastructural facilities to accommodate these systems are very essential for effective communication. In their absence there can be various obstacles in the transmission of information.

iii. Defective Procedures and Practices:

There must be defined procedures for docketing of incoming and outgoing messages properly maintained in an information centre. Also, proper arrangements to allot priority messages like immediate, most immediate, etc., and their subsequent transmissions, if all these are not looked into, the very purpose of communicating will be defeated.

iv. Use of Wrong Medium:

This is another barrier in mechanical communication. It is the responsibility of the sender of the message to select the right medium. For example, let us take despatch of letters from one organisation to another at a distant place.
Whether the letter should go by an ordinary mail of Speed post, Courier, FAX or e-mail, depends on the exigency (urgency) of the action to be taken at the receiving end. This aspect needs to be decided by the sender himself at all times. Thus, the sender must select a proper medium of communication.

What are Barriers of Communication – 4 Major Barriers: Semantic Barriers, Psychological Barriers, Organisational Barriers and Personal Barriers

It can be broadly grouped as:

i. Semantic barriers,
ii. Psychological barriers,
iii. Organisational barriers and
iv. Personal barriers.

i. Semantic Barriers:

Semantics is the study of right choice of words. The semantic network of sender may be different from that of the receiver and therefore, the message may not be understood as intended.

The word ‘profits’ has different meaning — pre-tax profits or post-tax profits, fixed amount of profit or rate of return.

(a) Symbols with different meanings – A word can have different meaning in different contexts. Wrong perception leads to communication problems.

(b) Badly expressed message – It may happen on account of omission of needed words, inadequate vocabulary, usage of wrong words, etc.

(c) Unclarified assumptions – Certain assumptions of the communication are subject to different interpretations.

(d) Technical Jargon – Sometimes people may not understand the actual meaning of technical jargon or language used by specialists.

(e) Faulty translations – Sometimes mistakes may creep in if translator who is not proficient in both English and Hindi is involved in translating the communication.

(f) Body language and gesture decoding – Communication may be wrongly perceived if there is no match between what is said and what is expressed in body movements.

ii. Psychological/Emotional barriers:

Communication will be disrupted if state of mind of both sender and receiver of communication is not in an ideal position.

(a) Premature evaluation – If a person has pre-conceived notions against the communication, then he will evaluate the meaning of message before the sender completes his message.

(b) Loss by transmission and poor retention – Successive transmission of the message results in inaccurate information. Usually people cannot retain the information for long time if they are inattentive or not interested.

(c) Lack of attention – Non-listening of message due to pre-occupied mind of the receiver acts as a major psychological barrier.

iii. Organisational Barriers:

These are:

(a) Organisational policy – Effectiveness of communication may be hampered if organisational policy is not supportive to free flow of communications.

(b) Status – A status conscious manager may not allow his subordinates to express their feelings freely.

(c) Rules and regulations – Rigid rules and cumbersome procedures may be a hurdle to communication.

(d) Complexity in organisation structure – Communication gets delayed and distorted if there are number of managerial levels in an organisation.

(e) Organisational facilities – Communications may be hampered if facilities for smooth, clear and timely communications are not provided.

iv. Personal Barriers:

These are:

(a) Fear of challenge to authority – A superior may withhold or suppress communication if he thinks that a particular communication may adversely affect his authority.

(b) Lack of confidence of superior on his subordinates – Superiors may not seek advice or opinions of their subordinates if they do not have confidence on the competency of their subordinates.

(c) Unwillingness to communicate – If subordinates perceive that it may adversely affect their interests, then they may not be prepared to communicate with their superiors.

(d) Lack of proper incentives – Subordinates may not take initiative to communicate if there is no motivation or incentive for communication.

Measures which can be used to overcome the barriers of communication are:

(a) Clarify the ideas before communication – Before communicating to employees, a manager should make an analysis of the subject matter/problem. The purpose of communication must be very clear.

(b) Consult others before communicating – A manager while making plan for communication should encourage participation of subordinates which will ensure their support and cooperation.

(c) Communicate according to the needs of receiver – First of all, the understanding level of employees should be considered and then adjustments be made in communication by the manager.

(d) Be aware of languages, tone and content of message – Language, tone and content of message should be so adjusted according to the situation that it is easily understood by the receiver and stimulates them.

(e) Convey things of help and value to listeners – To get good response from the subordinates, it should be ensured that the message relates to their interests.

(f) Ensure feedback – For success of communication, response of the listeners should be encouraged by the manager.

(g) Communicate for present as well as future – For communication to be successful, managers should incorporate existing commitments as well as future goals of the organisation.

(h) Follow up communication – Sometimes it is difficult to implement instructions in totality by the subordinates. To overcome this, regular follow up should be done by managers.

(i) Be a good listener – Lot of problems can be solved due to attentive listening quality of the manager.

What are Barriers of Communication – 3 Important Barriers: Physical Barriers, Psychological Barriers and Semantic Barriers

Managers frequently cite that communication breakdown is one of their most important problems. However, communication problems are often symptoms of more deeply rooted problems. For example, poor planning may be the cause of uncertainty about the direction of the firm.

Similarly, a poorly designed organisation structure may not clearly communicate organisational relationships. Vague performance standards may leave managers uncertain about what is expected of them. Thus, the perceptive manager will look for the causes of communication problems instead of just dealing with the symptoms. Barriers can exist in the sender, in the transmission of the message, in the receiver, or in the feedback.

Specific communication barriers are discussed here:

1. Limitation of the receiver's capacity

2. Distraction

3. Intrusion of unconscious or partly-conscious mechanism

4. Confused presentation and

5. Absence of communication facilities.

Three Broad Categories of Barriers to Communication:

1. Physical Barriers

2. Psychological Barriers:

3. Semantics Barriers.

1. Physical Barriers:

i. Distance – When two persons are at a distance apart, one cannot hear other's voice clearly. The poor person in Chennai and poor person in New-york will not contact each other through telephone with the fear of telephone bill.

ii. Lack of time – If the superior is very much busy, then he will not have time to meet subordinates due to lack of time.

iii. Noise – Too much noise will make men not able to hear the news.

iv. External disruptions – High Temperature and high humidity make men uneasy and so they may not be in a good mood to get information.

v. Organisational blocks – Two persons in different organisation cannot contact each other whenever they want.

2. Psychological Barriers:

i. It arises from differences in position in the organisational hierarchy.

ii. In upward communication, subordinate may hesitate to tell his superior unfavorable news, because he fears it may affect his relationship with his superior.

iii. Prejudices and biased- A worker cannot convince the biased supervisor.

iv. Premature evaluation

v. Difference existing between mind speeds and speaking speed

vi. Absence of mind

vii. Status blocks

viii. Intentional blocks, and

ix. Fear.

3. Semantic Barriers:

Words and symbols seldom have a single meaning. Words can be conveniently interpreted by the listener or reader. Symbols usually have a variety of meanings. We have to choose one meaning from among the many. Faulty expressions and faulty listening are also considered as semantic barriers.

We can see the following example for understanding the semantic barriers. Rama and Seetha saw the pet animals when they were playing in the park. In this sentence, there is a confusion. Who played in the ground? Whether Rama and Seetha played or Animals played? This type of confusion will be the barrier for communication. This type of barriers (confusion in word usage) should be avoided.

What are Barriers of Communication – Top 10 Barriers: Organisational Barriers, Status Barriers, Perceptual Barriers, Specialization, Pressure of Time and a Few Others

There are many communication barriers which tend to distort the messages that pass between sender and receiver. It leads to misunderstanding and conflict among the organisational members.

The following are major barriers of communication:
(i) Organisational Barriers:

The organisation hierarchy has a significant influence on the ability of the members of the organisation to communicate efficiently and with ease. The information received from top may not reach the bottom in the same shape.
Sometimes the managers divert the information meant for one person or group to another and also color the information. If there are no effective prescribed medium to communicate with each other's then there is a chance of barriers to effective communication.

(ii) Status Barriers:

The status of an organisational member is determined by the position he holds in the organisation. A middle level manager may worry so much about his senior and pay minimum attention to his subordinate's thoughts. A sense of inferiority complex in the mind of the subordinate does not allow him to seek clarification from the superior.

H. Kelly discovered few effects of status upon communication as follows:

(a) Low status and high status member – The low status members communicate more irrelevant information than high status members.

(b) High status persons appear to be restrained from communicating criticism, negative attitudes about their own job those of lower status.

(c) Communication with high status persons – The trend to serve as a substitute for upward locomotion on the part of low status persons who have, little or no possibility of real upward locomotion. The organisational interaction and communication are thus influenced by the status and the role expectations.

(d) Poor Supervision – when a supervisor suspects his subordinates or acts as a self-appointed censor or listens his subordinates with close minds, the communication is blocked.

(iii) Perceptual Barriers:

One of the most common sources of communication barrier is individual perception. A person receiving a message may interpret it in the light of his own background and ability because there is a mutual distrust of misunderstanding between the sender and the receiver of the message. On the other hand, if there is openness in relationship, everything that is communicated will be readily believed.

(iv) Filtering of Information:

The any attempt to alter and colour information to present a more favorable impression is called filtering. The subordinates pass on only that information to their supervisors which will project them in a favorable light which the superior wants to hear. This distortion of communication becomes more sever when an employee is due for promotion or wage increase.

(v) Specialisation:

It tends to separate people even when they work side by side. Different functions special interests and job jargon can make people feel that they line indifferent worlds. The sectional interest and departmental loyalty prevent employees from looking at organisational problems in a broader perspective and prevent them from listening to other's point of view.

(vi) Pressure of Time:

The managers particularly those at higher work under great pressure of time and they cannot afford to interact and communicate frequently with their subordinates. Such time pressure can create communication problem between them.

(vii) Unclarified Assumption:

The information contained in message is generally backed by certain assumptions. The sender may have been clear about the assumptions but unless they are shared with the receiver, there is likely to be a case of incomplete communication, leading to different interpretations. Hence it is necessary for the communicator, to clarify the assumptions underlying his message.

(viii) Semantic Barriers:

Semantic refers to the relationship of signs to their reference. It is the study of meaning in language. The words usually have a variety of meanings and the sender and the receiver have to choose one meaning from among many. The Oxford English Dictionary show an average of over 25 different meanings for each of the 500 most frequently used words in the English language. When two individuals attach different meanings to a word, a breakdown in communication can occur. The use of jargon can also create a barrier to communication.

The Pictures are visual aids worth thousand words. An organisation uses extensive use of picture like blueprints, charts, maps, and films. A viewer may come to know the whole story when he sees themes. Sometimes picture may create confusion in the mind of an observer.

(ix) Mechanical Barriers:

Mechanical barriers include – (a) inadequate arrangement for transmission of news, facts and figures, (b) Poor office layout (c) defective procedures and practices, and (d) the use of wrong media lead to poor communication. They all vitiate the message in several ways. It may result in message.

(x) Inattention:

Sometime the persons do not pay adequate attention to the message. They do not listen the spoken words attentively. The communication has no impact on those who are unwilling to listen. Inattention arises due to lack of interest, over stimulation and time pressure.

Communication is a Two-Way Traffic:

The organisation is effective when its communication machinery is effective. It is very important to understand the nature and behavior of the people on the one hand and to implement the policies and objectives of the organisation on the other hand in order to achieve the goal of the organisation.

Two-way traffic means that the effective communication system provides the liberty to both parties management and worker to convey their ideas, facts, opinions and thoughts etc., to other party.

The communication process should not provide the manager a privilege to communicate the orders and directions to the workers to get the work done as it is revealed by classical theory of organisation behavior named as Theory ‘X’ by McGregor but the workers must also be given a right to approach the management and convey their feelings like complaints, grievances, opinions, suggestions as far these are concerned with the organisation.

This two way traffic will be advantageous to both. Sometimes one party had a bad image of the communicator and he may carry the version of the message according to the image of the communicator in the mind of recipient. This image can be erased through proper communication from the other side.

Thus, the establishment of two-way traffic will improve the morale of the workers on the one hand because they have their say in the management and it will improve the working of the organisation on the other hand. It is very essential to two- way communication, i.e., down ward from the management to workers and upward from the workers to the management. In this way, we can say that the management is composed of two- way traffic communication.

UNIT-V

Controlling:

Concept

Controlling is one of the important functions of a manager. In order to seek planned results from the subordinates, a manager needs to exercise effective control over the activities of the subordinates. In other words, the meaning of controlling function can be defined as ensuring that activities in an organization are performed as per the plans. Controlling also ensures that an organization’s resources are being used effectively & efficiently for the achievement of predetermined goals.

- Controlling is a goal-oriented function.
- It is a primary function of every manager.
- Controlling the function of a manager is a pervasive function.

How Controlling Function Helps Managers

Managers at all levels of management Top, Middle & Lower – need to perform controlling function to keep control over activities in their areas. Therefore, controlling is very much important in an educational institution, military, hospital, & a club as in any business organization.

Therefore, controlling function should not be misunderstood as the last function of management. It is a function that brings back the management cycle back to the planning function. Thus, the controlling function act as a tool that helps in finding out that how actual performance deviates from standards and also finds the cause of deviations & attempts which are necessary to take corrective actions based upon the same.

This process helps in the formulation of future plans in light of the problems that were identified &, thus, helps in better planning in the future periods. So from the meaning of controlling we understand it not only completes the management process but also improves planning in the next cycle.

Importance of Controlling

After the meaning of control, let us see its importance. Control is an indispensable function of management without which the controlling function in an organization cannot be accomplished and the best of plans which can be executed can go away. A good control system helps an organization in the following ways:

1. Accomplishing Organizational Goals

The controlling function is an accomplishment of measures that further makes progress towards the organizational goals & brings to light the deviations, & indicates corrective action. Therefore it helps in guiding the organizational goals which can be achieved by performing a controlling function.

2. Judging Accuracy of Standards

A good control system enables management to verify whether the standards set are accurate & objective. The efficient control system also helps in keeping careful and progress check on the changes which help in taking the major place in the organization & in the environment and also helps to review & revise the standards in light of such changes.

3. Making Efficient use of Resources

Another important function of controlling is that in this, each activity is performed in such manner so an in accordance with predetermined standards & norms so as to ensure that the resources are used in the most effective & efficient manner for the further availability of resources.

4. Improving Employee Motivation

Another important function is that controlling help in accommodating a good control system which ensures that each employee knows well in advance what they expect & what are the standards of performance on the basis of which they will be appraised. Therefore it helps in motivating and increasing their potential so to make them & helps them to give better performance.

5. Ensuring Order & Discipline

Controlling creates an atmosphere of order & discipline in the organization which helps to minimize dishonest behavior on the part of the employees. It keeps a close check on the activities of employees and the company can be able to track and find out the dishonest employees by using computer monitoring as a part of their control system.

6. Facilitating Coordination in Action

The last important function of controlling is that each department & employee is governed by such pre-determined standards and goals which are well versed and coordinated with one another. This ensures that overall organizational objectives are accomplished in an overall manner.

Types of Control

Management theorists and experts have devised several techniques over the years. They often divide these techniques into two categories: traditional and modern. Traditional types of techniques generally focus on non-scientific methods. On the other hand, modern techniques find their sources in scientific methods which can be more accurate.

Traditional Types of Control Techniques in Management

- Budgetary Control
- Standard Costing
- Financial Ratio Analysis
- Internal Audit
- Break-Even Analysis
- Statistical Control

Despite the emergence of modern techniques, traditional practices are still widely in use these days. Let us discuss them one by one.

Budgetary Control

Budgeting simply means showcasing plans and expected results using numerical information. As a corollary to this, budgetary control means controlling regular operations of an organization for executing budgets.

A budget basically helps in understanding and expressing expected results of projects and tasks in numerical form. For example, the amounts of sales, production output, machine hours, etc. can be seen in budgets.

There can be several types of budgets depending on the kind of data they aim to project. For example, a sale budget explains selling and distribution targets. Similarly, there can also be budgets for purchase, production, capital expenditure, cash, etc.

The main aim of budgetary control is to regulate the activity of an organization using budgeting. This process firstly requires managers to determine what objectives they wish to achieve from a particular activity. After that, they have to lay down the exact course of action that they will follow for weeks and months.

Next, they will translate these expected results into monetary and numerical terms, i.e. under a budget. Finally, managers will compare actual performances with their budgets and take corrective measures if necessary. This is exactly how the process of budgetary control works.

Standard Costing

Standard costing is similar to budgeting in the way that it relies on numerical figures. The difference between the two, however, is that standard costing relies on standard and regular/recurring costs.

Under this technique, managers record their costs and expenses for every activity and compare them with standard costs. This controlling technique basically helps in realizing which activity is profitable and which one is not.

Financial Ratio Analysis

Every business organization has to depict its financial performances using reports like balance sheets and profit & loss statements. Financial ratio analysis basically compares these financial reports to show the financial performance of a business in numerical terms.

Comparative studies of financial statements showcase standards like changes in assets, liabilities, capital, profits, etc. Financial ratio analysis also helps in understanding the liquidity and solvency status of a business.

Internal Audit

Another popular traditional type of control technique is internal auditing. This process requires internal auditors to appraise themselves of the operations of an organization.

Generally, the scope of an internal audit is narrow and it relates to financial and accounting activities. In modern times, however, managers use it to regulate several other tasks.

For example, it can also cover policies, procedures, methods, and management of an organization. Results of such audits can, consequently, help managers take corrective action for controlling.

Break-Even Analysis

Break-even analysis shows the point at which a business neither earns profits nor incurs losses. This can be in the form of sale output, production volume, the price of products, etc.

Managers often use break-even analysis to determine the minimum level of results they must achieve for an activity. Any number that goes below the break-even point triggers corrective measures for control.

Statistical Control

The use of statistical tools is a great way to understand an organization’s tasks effectively and efficiently. They help in showing averages, percentages, and ratios using comprehensible graphs and charts.

Managers often use pie charts and graphs to depict their sales, production, profits, productivity, etc. Such tools have always been popular traditional control techniques.

Solved Examples for you

Question: Consider the following statements and mention which traditional type of control technique they relate to.

(1) This technique uses the financial statements of a business.

(2) Regular/recurring costs form the basis of this technique.

(3) Budgets of various kinds form the basis of this technique.

(4) This technique triggers corrective measures beyond a certain minimum performance threshold.

(5) The scope of this technique was previously narrow but has become wider and diverse these days.

(6) This technique uses pie charts and graphs.

Answers:

(1) Financial ratio analysis

(2) Standard Costing

(3) Budgetary control

(4) Break-even analysis

(5) Internal audit

(6) Statistical control

Methods:

Pre-control, Concurrent Control, Post-control

Types of control:

Pre-control

Pre –control system/ Feed forward controls: sometimes called preliminary or preventive controls, attempt to identify and prevent deviations in the standards before they occur. Per- control controls focus on human, material, and financial resources within the organization. These controls are evident in the selection and hiring of new employees. For example, organizations attempt to improve the likelihood that employees will perform up to standards by identifying the necessary job skills and by using tests and other screening devices to hire people with those skills.

Pre-control focuses on the regulation of inputs to ensure that they meet the standards necessary for the transformation process.

Pre-control controls are desirable because they allow management to prevent problems rather than having to cure them later. Unfortunately, these controls require timely and accurate information that is often difficult to develop. Pre-control control also is sometimes called preliminary control, Feed forward, preventive control, or steering control.

Concurrent Control

Concurrent controls: monitor ongoing employee activity to ensure consistency with quality standards. These controls rely on performance standards, rules, and regulations for guiding employee tasks and behaviors. Their purpose is to ensure that work activities produce the desired results. As an example, many manufacturing operations include devices that measure whether the items being produced meet quality standards. Employees monitor the measurements; if they see that standards are not being met in some area, they make a correction themselves or let a manager know that a problem is occurring.

Concurrent control takes place while an activity is in progress. It involves the regulation of ongoing activities that are part of transformation process to ensure that they conform to organizational standards. Concurrent control is designed to ensure that employee work activities produce the correct results.

Since concurrent control involves regulating ongoing tasks, it requires a thorough understanding of the specific tasks involved and their relationship to the desired and product. Concurrent control sometimes is called screening or yes-no control, because it often involves checkpoints at which determinations are made about whether to continue progress, take corrective action, or stop work altogether on products or services.

Post-control

Pest control is the regulation or management of a species defined as a pest, a member of the animal kingdom that impacts adversely on human activities. The human response depends on the importance of the damage done and will range from tolerance, through deterrence and management, to attempts to completely eradicate the pest. Pest control measures may be performed as part of an integrated pest management strategy.

In agriculture, pests are kept at bay by cultural, chemical and biological means. Ploughing and cultivation of the soil before sowing mitigate the pest burden and there is a modern trend to limit the use of pesticides as far as possible. This can be achieved by monitoring the crop, only applying insecticides when necessary, and by growing varieties and crops which are resistant to pests. Where possible, biological means are used, encouraging the natural enemies of the pests and introducing suitable predators or parasites.

In homes and urban environments, the pests are the rodents, birds, insects and other organisms that share the habitat with humans, and that feed on and spoil possessions. Control of these pests is attempted through exclusion, repulsion, physical removal or chemical means. Alternatively, various methods of biological control can be used including sterilisation programmes.

An Integrated Control System

Integrated process control system of an oil field includes control systems of individual process facilities (oil and gas production shops, formation pressure maintenance, oil/gas transportation, well pad facilities – central oil gathering plant, operations base, gas turbine power station, etc.)

All process control systems are independent full-function systems and are based on solutions that enable integration of these systems into the single system of oil production, treatment and transportation.

Main data transfer channels serve as the single basis for integration of automated process control systems.

All subsystems of a process control system are based on common approach ensuring uniformity of technical solutions. The systems are created on the basis of standard hardware/software and open technologies that provide state-of-the-art solution of automation tasks, integration with allied systems and local subsystems, scalability and protection of investments during further operation and retrofitting.

An integrated process control system of an oil field comprises the following levels of control:

- Upper level – level of supervisory monitoring and control. This level deals with acquisition, processing and transfer of information related to operation of all field facilities and supervisory control performed from the central operator room of the field. Some functions of supervisory control are carried out from the central (remote) office of the company.

- Middle level – field subsystems: production, formation pressure maintenance, treatment, field oil piping, power supply. This level provides visualization of information about the process flow and generation of operating control commands from operator workstations located in operator rooms of facilities (central oil gathering plant, pump stations, gas-turbine power station).

- Lower level – process equipment. This level is designed for direct interaction with the process by means of control stations and panels as well as local control systems located in control points and equipment rooms in close proximity to the process equipment.

Control systems integration is provided on the level of production planning department of the company which is in charge of production planning and monitoring of production departments operation.

The Quality Concept Factors affecting Quality

ristics of a product. The quality of a product is usually relative. There is no standard measure though rules are in place to ensure **minimum quality standards** are complied with by manufacturers.

Product quality may be viewed in three different perspectives:

- **Customer:** Product quality to a buyer will refer to its appeal, functionality, durability, and reliability of a product.
- **Manufacturer:** Quality will be viewed as engineering, the type of raw materials used and packaging practices used in the production of a specific good.
- **Product:** This is more of an objective test of a product's durability and reliability. Product quality is very important for the company. Maintenance of high-quality products secures a high level of demand and patronage by end users while poor quality products affect the consumer's confidence, reputation, and sales of the company. The focus is on product quality, pre-production, during and post-production.

It is needless to say that it is essential for every company to ensure better quality products to their consumers who pay for them and expect to receive the best-quality products. If this satisfaction is not met, competing products may be opted for.

Characteristics of product quality

- Fitness for use
- Features that meet consumer needs and give customer satisfaction
- Freedom from deficiencies or defects
- Conformance to standards
- Value or worthiness for money
- Reliable and dependable
- Quality of design
- Quality conformance to needs and regulations
- Proper storage
- Safety

Factors affecting product quality

- Use of production technology

- Skill set, tools, and experience of labor
- Availability of needed raw materials
- Storage facilities
- Carriage or transport facility.

Components of product quality

- **Quality planning:** Repeated efforts to discover defects and reveal the causes.
- **Quality control:** Controlling production, carrying out repairs and warranty costs through defect discovery and maintenance.
- **Quality assurance:** Effective tracking of problem reports and customer complaints in an effort to resolve the queries in a timely fashion.
- **Quality improvement:** This involves public relations and interaction with other enterprise customer management systems and integration with other enterprises for recognizing customer complaints reports.

Developing a Quality Control System

A quality management system (QMS) is defined as a formalized system that documents processes, procedures, and responsibilities for achieving quality policies and objectives. A QMS helps coordinate and direct an organization's activities to meet customer and regulatory requirements and improve its effectiveness and efficiency on a continuous basis.

ISO 9001:2015, the international standard specifying requirements for quality management systems, is the most prominent approach to quality management systems. While some use the term "QMS" to describe the ISO 9001 standard or the group of documents detailing the QMS, it actually refers to the entirety of the system. The documents only serve to describe the system.

- Benefits of QMS
- ISO 9001:2015 and other QMS standards
- Elements and requirements of a QMS
- Establishing and implementing a QMS

- Industrial influence on quality and standardization
- QMS resources

BENEFITS OF QUALITY MANAGEMENT SYSTEMS

Implementing a quality management system affects every aspect of an organization's performance. Benefits of a documented quality management system include:

- Meeting the customer’s requirements, which helps to instill confidence in the organization, in turn leading to more customers, more sales, and more repeat business
- Meeting the organization's requirements, which ensures compliance with regulations and provision of products and services in the most cost- and resource-efficient manner, creating room for expansion, growth, and profit

These benefits offer additional advantages, including:

- Defining, improving, and controlling processes
- Reducing waste
- Preventing mistakes
- Lowering costs
- Facilitating and identifying training opportunities
- Engaging staff
- Setting organization-wide direction
- Communicating a readiness to produce consistent results

ISO 9001:2015 AND OTHER QMS STANDARDS

ISO 9001:2015 is the most recognized and implemented quality management system standard in the world. ISO 9001:2015 specifies the requirements for a QMS that organizations can use to develop their own programs.

Other standards related to quality management systems include the rest of the ISO 9000 series (including ISO 9000 and ISO 9004), the ISO 14000 series (environmental management systems), ISO 13485 (quality management systems for medical devices), ISO 19011 (auditing management systems), and ISO/TS 16949 (quality management systems for automotive-related products).

ELEMENTS AND REQUIREMENTS OF A QMS

Each element of a quality management system helps achieve the overall goals of meeting the customers' and organization's requirements. Quality management systems should address an organization's unique needs; however, the elements all systems have in common include:

- The organization's quality policy and quality objectives
- Quality manual
- Procedures, instructions, and records
- Data management
- Internal processes
- Customer satisfaction from product quality
- Improvement opportunities
- Quality analysis

Quality Management System (QMS) Principles

ESTABLISHING AND IMPLEMENTING A QMS

Before establishing a quality management system, your organization must identify and manage various connected, multi-functional processes to help ensure customer satisfaction. The QMS design should be influenced by the organization's varying objectives, needs, and products and services provided. This structure is based largely on the plan-do-check-act (PDCA) cycle and allows for continuous improvement to both the product and the QMS. The basic steps to implementing a quality management system are as follows:

1. Design
2. Build
3. Deploy
4. Control
5. Measure
6. Review
7. Improve

Design and Build

The design and build portions serve to develop the structure of a QMS, its processes, and plans for implementation. Senior management should oversee this portion to ensure the needs of the organization and the needs of its customers are a driving force behind the systems development.

Deploy

Deployment is best served in a granular fashion by breaking each process down into subprocesses and educating staff on documentation, education, training tools, and metrics. Company intranets are increasingly being used to assist in the deployment of quality management systems.

Control and Measure

Control and measurement are two areas of establishing a QMS that are largely accomplished through routine, systematic audits of the quality management system.

The specifics vary greatly from organization to organization depending on size, potential risk, and environmental impact.

Review and Improve

Review and improve detail how the results of an audit are handled. The goals are to determine the effectiveness and efficiency of each process toward its objectives, to communicate these findings to the employees, and to develop new best practices and processes based on the data collected during the audit.

INDUSTRIAL INFLUENCE ON QUALITY AND STANDARDIZATION

The history of quality can trace its roots back centuries when craftsmen began organizing into unions called guilds. When the Industrial Revolution came, early quality management systems were used as standards that controlled product and process outcomes. As more people had to work together to produce results and production quantities grew, best practices were needed to ensure quality results.

Eventually, best practices for controlling product and process outcomes were established and documented. These documented best practices turned into standard practices for quality management systems.

Quality became increasingly important during World War II, for example, when bullets made in one state had to work with rifles made in another. The armed forces initially inspected virtually every unit of product. To simplify the process without sacrificing safety, the military began to use quality techniques of sampling for inspection, aided by the publication of military-specification standards and training courses in Walter Shewhart's statistical process control techniques.

The importance of quality only grew after the war. The Japanese enjoyed a quality revolution, improving their reputation for shoddy exports by fully embracing the input of American thinkers like Joseph M. Juran and W. Edwards Deming and shifting focus from inspection to improving all organization processes through the people who used them. By the 1970s, the U.S. industrial sectors, such as electronics and automobiles, had been broadsided by Japan's high-quality competition.

The Rise of Quality Management Systems

The American response to the quality revolution in Japan gave birth to the concept of total quality management (TQM), a method for quality management that emphasized not only statistics but approaches that embraced the entire organization.

In the late 20th century, independent organizations began producing standards to assist in the creation and implementation of quality management systems. It is around this time that the phrase “Total Quality Management” began to fall out of favor. Because of the multitude of unique systems that can be applied, the term “Quality Management System” or “QMS” is preferred.

At the start of the 21st century, QMS had begun to merge with the ideas of sustainability and transparency, as these themes became increasingly important to consumer satisfaction. The ISO 19011 audit regime deals with both quality and sustainability and their integration into organizations.

Total Quality Control

Total Quality Control is the system which Japan has developed to implement Kaizen or continuing improvement. Total Quality Control is a forty year plus improvement on the teachings of Deming, Juran, Feigenbaum, and others who brought the concept of quality to Japan. Total Quality Control is where the rubber meets the road in terms of putting quality into place, both within the product and within the system to bring forth, sustain, and retire the product.

The seven basic (old) tools, the seven management (new) tools, the seven product planning tools, quality function deployment, and Taguchi methods enhance the implementation of quality within the Total Quality Control process. In fact, the unconscious every day use of these tools is a primary factor in the increased competitive power of TQC over Total Quality Management, the American perception of implementing quality. This should not be surprising if you reflect on the ascendance of man over other species of the earth because of the ability to develop and use tools, including language. Upon examining these tools a fundamental truth emerges. Tools do not have to be limited to the physical, they can enhance the way we think as well. The tools of TQC are tools to enhance the power of thought. I thus submit that two primary measures or quality characteristics for TQM are the degree of use of these tools and the degree of development and use of new tools for implementing quality. Where is your organization on a larger the better scale of 0 to 10 with respect to these quality characteristics?

In support of the above theory Asaka and Ozeki (1990) note that the

Japanese Industrial Standard JIS Z 8101-1981, *Glossary of Terms Used in Quality Control*, defines quality control (QC) as a system of techniques for economically producing goods and services that meet the customers requirement.

Any integrated set of the tools mentioned above is such a technique. This book does an excellent job of describing graphs, Pareto diagrams, cause and effect diagrams, check sheets, histograms, stratification, descriptive statistics, process capability, control charts, scatter diagrams and correlation, affinity diagrams, relations diagrams, systematic diagrams, matrix diagrams, and arrow diagrams as they should be used by "the foreman, group leaders, supervisiors, QC circle leaders, trainers, quality managers, and other quality leaders ...."

In the foreword to Uchimaru, Okamoto, and Kurahara (1993), David Walden notes that "TQ[C] phase-in typically progresses through three phases: awareness (recognizing the need for TQ[C] and learning its basic principles); empowerment (learning the methods of TQ[C] and developing skill in practicing them); and allignment (harmonizing the business and TQ[C] goals and practices of the company)." For those skeptics of the applicability of TQM in technical fields, this excellent case history should remove that skepticism. For those intent on following the quality path, it will show you the way.

The Total Quality Control Bibliography below is a guide to where we need to go. The Founders of Quality Bibliography are the thoughts of those who started it all.

Pre-control of Inputs

Fishery resources are limited. Consequently, if fishing pressure is not controlled in some way, it will increase until at best the fishery just breaks even economically and at worst the stock collapses through being unable to reproduce itself. Various forms of management are possible. These are

- technical management (controls on the types of fishing gears allowed and restrictions on times and areas of harvest, see Chapters 2 and 3),
- economic management and social management (see Chapter 5), and
- management of the inputs and outputs to a fishery, the subject of this Chapter. These are the limits on the total intensity of use of the gear fishers put into the water in order to catch fish (fishing effort management or input controls) or the limits on how much fish they can take out of the water (management of catch or output controls). Collectively we sometimes refer to these as “direct conservation measures”. This is in order to make it clear to Ministers that these measures, like technical conservation measures, are designed to conserve fish and are not just a way of slicing up the pie! They are essentially concerned with limiting the proportion of fish killed each year by fishing, rather than limiting the sizes, areas and times at which fish are captured.

Conservation of fish stocks is at the heart of the FAO Code of Conduct for Responsible Fisheries (FAO, 1995a) because if the fish do not exist all other objectives fail (Code of Conduct, Paragraphs 6.2, 6.3, 7.1.1 and particularly 7.2.1). Hence limiting the intensity of fishing is a key tool of conservation (Code of Conduct, Paragraphs 7.1.8 and 7.6.1). Consequently this chapter describes how this can be achieved by limiting inputs (fishing effort) and outputs (catch) and explains the requirements and the advantages and problems of these approaches to conservation.

As defined above, input controls are restrictions put on the intensity of use of gear that fishers use to catch fish. Most commonly these refer to restrictions on the number and size of fishing vessels (fishing capacity controls), the amount of time fishing vessels are allowed to fish (vessel usage controls) or the product of capacity and usage (fishing effort controls). Often fishing effort is a useful measure of the ability of a fleet to catch a given proportion of the fish stock each year. When fishing effort increases, all else being equal, we would expect the proportion of fish caught to increase.

For some fisheries, vessels may deploy a variable amount of fishing gear. In these cases the definition of fishing effort would also need to contain a factor relating to gear usage per vessel. In principle, input controls might also refer to limits placed upon other vital supplies of fishing such as the amount of fuel use allowed (energy conservation is desirable, see Paragraphs 8.6.1 and 8.6.2 in the Code of Conduct) but the commonest form of input controls are those put on the various components of fishing effort. In simpler less mechanised fisheries input controls might relate to the number of fishing gears deployed (e.g. the number of static fish traps) or to the number of individual fishers allowed to fish.

Concurrent Control of Operations

Concurrent control takes place while an activity is in progress. It involves the regulation of ongoing activities that are part of transformation process to ensure that they conform to organizational standards. Concurrent control is designed to ensure that employee work activities produce the correct results.

Since concurrent control involves regulating ongoing tasks, it requires a through understanding of the specific tasks involved and their relationship to the desired and product.

Concurrent control sometimes is called screening or yes-no control, because it often involves checkpoints at which determinations are made about whether to continue progress, take corrective action, or stop work altogether on products or services.

Feedback Control

This type of control focuses on the outputs of the organization after transformation is complete. Sometimes called postaction or output control, fulfils a number of important functions. For one thing, it often is used when feedforward and concurrent controls are not feasible or are to costly.

Sometimes, feedback is the only viable type of control available. Moreover, feedback has two advantages over feedforward and concurrent control. First, feedback provides managers with meaningful information on how effective its planning effort was. If feedback indicates little variance between standard and actual performance, this is evidence that planning was generally on target.

If the deviation is great, a manager can use this information when formulating new plans to make them more effective. Second, feedback control can enhance employees motivation.

The major drawback of this type of control is that, the time the manager has the information and if there is significant problem the damage is already done. But for many activities, feedback control fulfils a number important functions.

Quick navigation

Feedforward Control

Multiple Controls

Table of contents

- Analysis:
- Action:
- Implications For Information Systems
- Implications For Controlling Formal Plans

Approaches To The Evaluation Organizational Effectiveness

- The Rational Goal Model
- The Systems Resource Model
- The Bargaining Model
- The Managerial Process Model
- The Organizational Development Model
- The Structural Functional Model
- The Functional Model

Anthony's Perspective

- Strategic Planning
- Management Control
- The Management Control
- Management Control Of Projects
- Task Control
- Distinctions Between Task Control And Management Control

Strategic Control: A New Perspective

- Promise Control
- Implementation Control
- Strategic Surveillance
- Special Alert Control

Strategic Control Process

- Determine What To Control
- Set Control Standards
- Measure Performance
- Compare Performance To Standards
- Determine The Reasons For The Deviations
- Take Corrective Action

Strategy Audits

- Strategic Audits

- Assessing The Firm's Operational And Strategic Health
- Measures Of Organizational Health
- Strategic Audit Measurement Methods
- Qualitative Organizational Measurements
- The Evaluation Of Corporate Strategy
- Quantitative Organizational Measurements

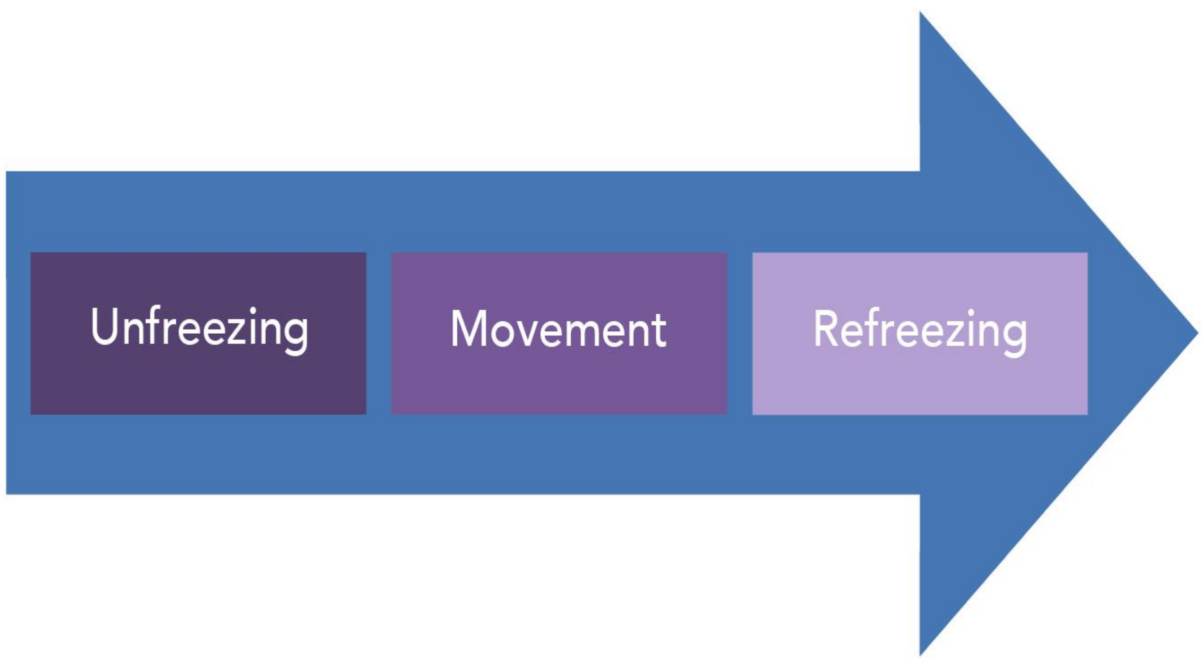
Change and Development:

Model for Managing Change

Navigating change is a constant organizational issue, whether it's on a small or large level. When it's planned change, managers can stay ahead of change resistance and create a calculated plan to put change in place. There are several models and processes for managing organizational change. Let's take a look at them now.

Lewin's Three-Step Model

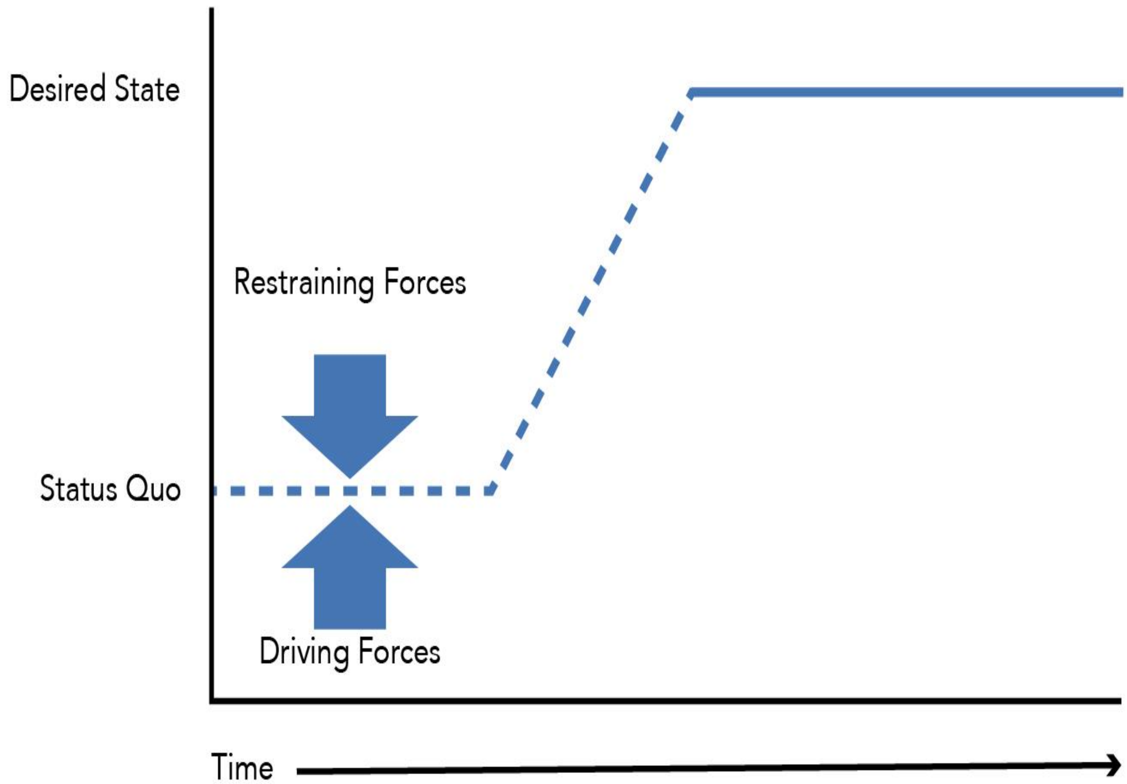
Kurt Lewin, a researcher and psychologist we studied earlier when we talked about leadership styles, proposed that successful change in an organization should be conducted in three steps: unfreezing, movement, and refreezing.



In the “unfreezing” process, the equilibrium state can be unfrozen in one of three ways. The driving forces, which direct behavior away from the status quo, can be increase. The restraining forces, which hinder movement from the existing equilibrium, can be decreased. Or, managers can put a combination of the two to use.

The second part of the process, “movement,” is the actual implementation of change. New practices and policies are implemented.

In the third step, “refreezing,” the newly adopted behaviors and processes are encouraged and supported to become a part of the employees’ routine activities. Coaching, training and an appropriate awards system help to reinforce.



Lewin’s model of change has four characteristics:

- It emphasizes the importance of recognizing the need for change and being motivated to implement it.
- It acknowledges that resistance to change is inevitable.
- It focuses on people as the source of change and learning.
- It highlights the need to support new behaviors.

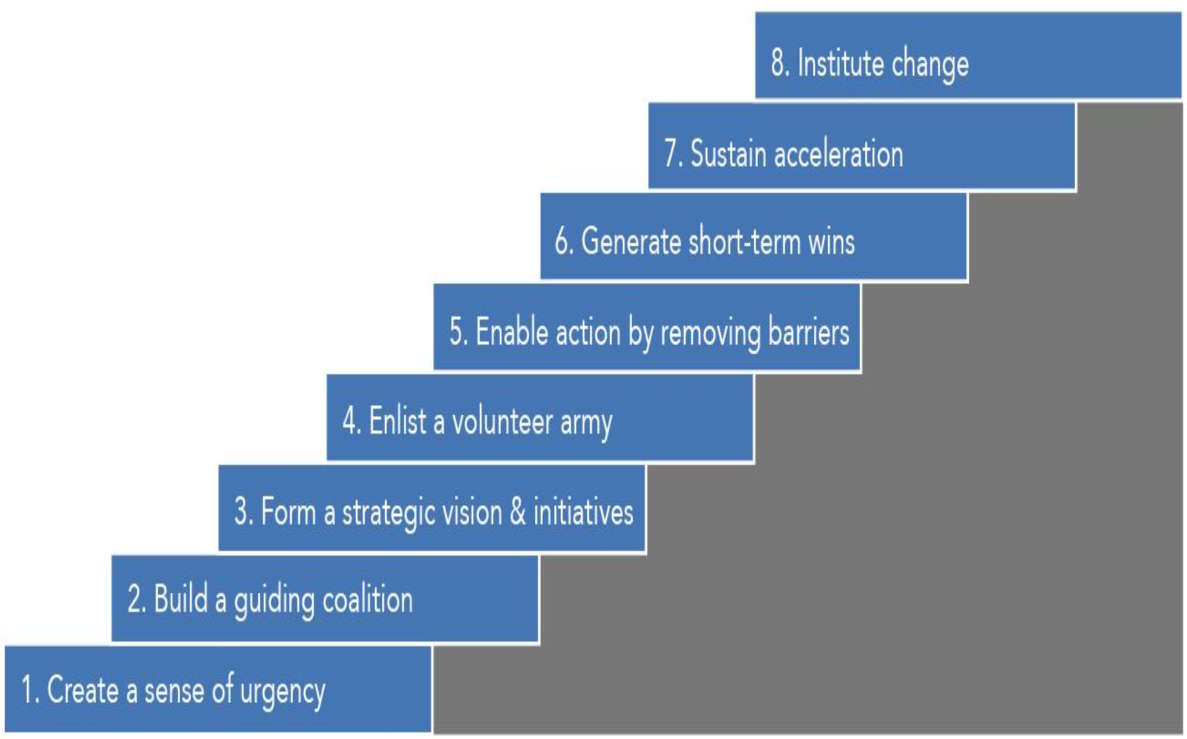
Kotter's Eight Step Plan for Implementing Change

John Kotter, whom we studied earlier when we talked about the difference between managers and leaders, embellished Lewin's three step model into a more detailed eight step model.

Kotter studied all of the places where failures could occur in Lewin's model. Kotter recognized that several things needed to be added in:

- a sense of urgency around change
- a coalition for managing the change
- a communicated vision for the change
- the removal of obstacles to accomplishing change
- the continued pursuit of change in spite of apparent victory
- an anchoring of the changes into the organization's culture

His revised eight steps of change are as follows:



Source: https://www.kotterinc.com/8-steps-process-for-leading-change/

Kotter expanded Lewin's "unfreezing" step with his first four recommendations. His steps five, six, and seven correspond with Lewin's "movement" stage and step eight is parallel with the "refreezing" process.

Nadler's System Model

David Nadler, an American organizational theorist, proposed a system model that suggests that any change within an organization has a ripple effect on all the other areas of the organization. He suggests that, to implement change successfully, a manager must consider four elements:

- **Informal organizational elements:** communication patterns, leadership, power
- **Formal organizational elements:** formal organizational structures and work processes
- **Individuals:** employees and managers, and their abilities, weaknesses, characteristics, etc.
- **Tasks:** assignments given to employees and managers

In accordance with a systems view, if a change impacts one area, it will have a domino effect on the other areas.

As an example, a company may put out a new travel and entertainment policy. That policy, a formal organizational element, has an impact on information organizational elements, individuals and tasks. A new CEO joins and creates changes throughout the organization, impacting items at every level.

Ultimately, though, outputs are positively impacted. The travel and entertainment policy minimizes work processes and saves the company money. The CEO increases shareholder value.

Action Research

Action research is a change process based on systematic collection of data and then selection of a change action based on what the analyzed data indicate. The process of action research consists of five steps, very similar to the scientific method:

In the diagnosis stage, information is gathered about the problem or concerns. During analysis, the change agent determines what information is of primary concern and develops a plan of action, often involving those that will be impacted by the change. Feedback includes sharing with employees what has been discovered during diagnosis and analysis with the intent of getting their thoughts and developing action plans.

Finally, there is action. Employees and the change agent (this is a person who champions and sees change management from start to successful finish) carry out the actions required to solve the problem. Then, the final step is evaluation, where the action plan's effectiveness is reviewed and, if necessary, tweaked for better performance.

This approach is very problem focused, where many people approach a problem with a more solution-centered outlook. It also minimizes resistance to change because it involves affected employees all along the process.

Organizational Development

Remember earlier when we said that these models for change don't usually solve for organizational inertia? To a certain extent, organizational development addresses that. Organizational development is a collection of planned-change interventions, built on humanistic-democratic values, that seeks to improve organizational effectiveness and employee well-being.

The guiding principles of organizational development are:

- Commitment to long-lasting change
- Humanistic approach
- Action research tools
- Focus on process

Organizational development requires the organization to invest a good deal of time and research and it isn't as much a fix for organizational inertia as it is a prevention of it. Some of the techniques and interventions employed by organizational development departments include the following:

- **Sensitivity training.** This is training that seeks to change behavior through unstructured group interaction. The objective is to provide subjects with increased awareness of their own behavior and how others perceive them, to facilitate better integration between individuals and organization.

- **Survey feedback.** The use of questionnaires to identify discrepancies among member perceptions, with discussion and remedies following.

- **Team building.** High interaction among team members to increase trust and openness.

- **Intergroup development.** These are efforts to change the attitudes, stereotypes and perceptions that groups have of each other.

- **Appreciative inquiry.** This process seeks to identify the qualities and strengths of an organization, on which performance improvement can be built. The inquiry usually involves strategizing with employees on performance improvement and "future state" ideals.

Crisis Management

Crisis management is really just the management of unplanned change. When managers unsuccessfully anticipate their competitor's next move or don't accurately read the environment, a crisis can occur. It can also occur as the result of organizational inertia.

Crisis management can be avoided by keeping the organization healthy. That is, not allowing it to become inflexible, infusing a certain amount of conflict in order to stave off complacency, and keeping innovation fresh by encouraging experimentation and bringing in new people with new ideas.

Forces for Change

Alfred North Whitehead was a philosopher and mathematician, but, with that kind of insight on the subject of change, he could have been a CEO. Today's business leaders have to worry about addressing customer needs in a fast-paced environment impacted by social, economic, political and cultural shifts. In today's business environment, the ever-looming presence of change is pretty much the only thing that stays the same.

The problem is, no one likes change.

Change, like the passing of time, is unavoidable

Organizations and their managers have to learn how to anticipate and implement change effectively. Managers need to find ways to overcome their employees' natural aversion to change, because managing change effectively can mean the difference between staying in business and becoming irrelevant to their customers. The first step in managing change effectively is to understand what change is and where it comes from.

Organizational change is the transformation or adjustment to the way an organization functions. Organizations adjust to small changes all the time, possibly looking to improve productivity, responding to a new regulation, hiring a new employee, or something similar. But on top of these little adjustments we make at work all the time, there are larger pressures that loom over us, like competition, technology, or customer demands. Those larger pressures sometimes require larger responses.

What forces create these changes?

External forces are those changes that are part of an organization's general and business environment. There are several kinds of external forces an organization might face:

- **Demographic.** A changing work demographic might require an organizational change in culture. For instance, Avon built and grew their business around door-to-door cosmetic sales, with the stay-at-home wife and mother as their primary front line employee. When more women entered the workforce in 9-to-5 jobs, Avon had to shift gears and find new ways to get their products in front of their customers.

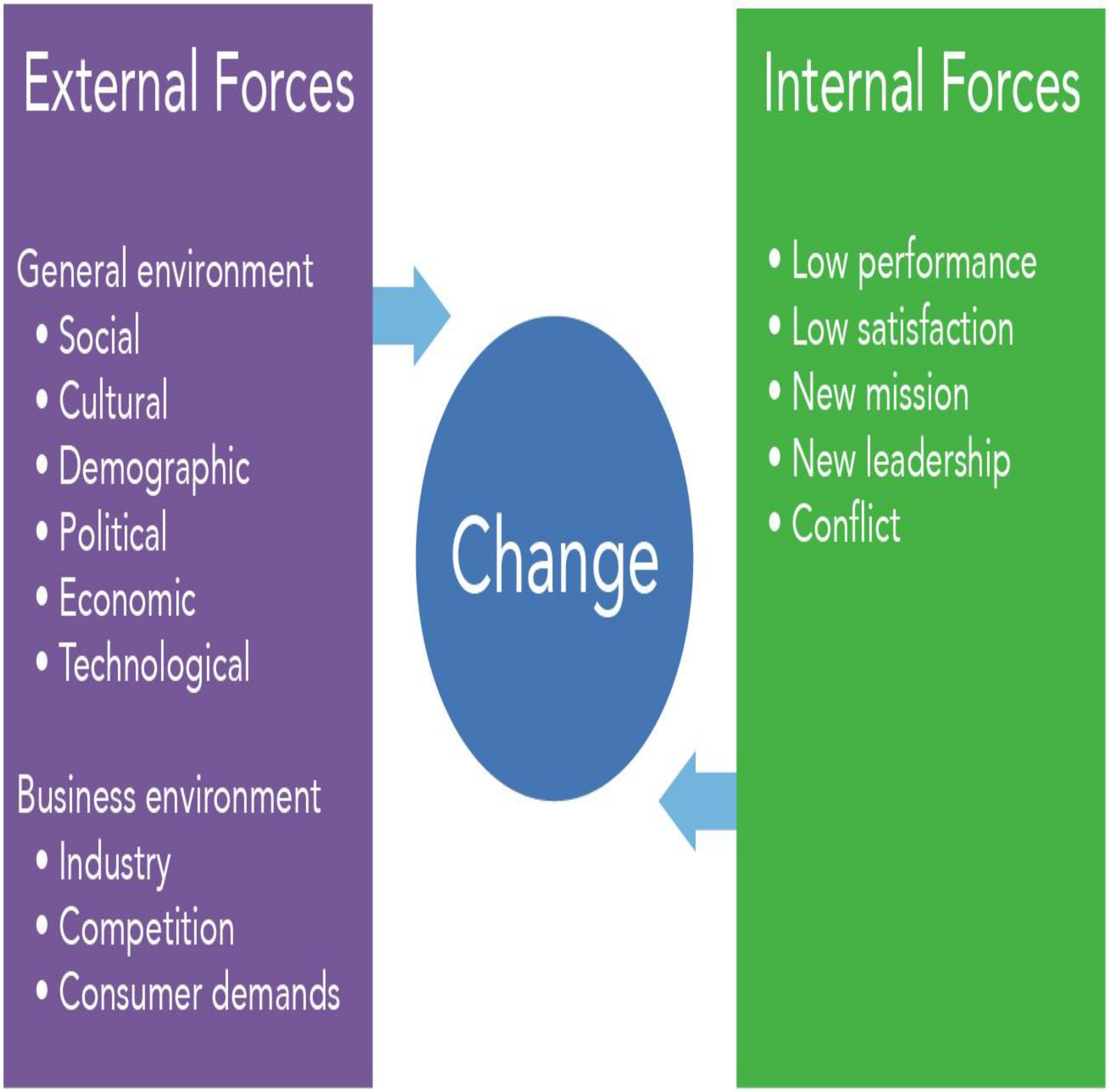
- **Social.** Changing social trends can pressure organizations into making changes. Consumers are becoming more environmentally conscious, a trend which has pushed fast food restaurants to replace Styrofoam containers with paper. Manufacturers of cleaning products changed product formulas to omit phosphorus and other environmentally threatening chemicals. Tobacco companies have buckled under the changing image of smokers, the dangers of their products, and some have started looking into eCigarettes and other smoking alternatives to stay in business.

- **Political.** Government restrictions often force change onto organizations. This can be something as simple as a change in minimum wage for employees, or as complex as rules and restrictions governing fair competition in business. For instance, when the Affordable Health Care act was put into place, businesses had to change their operations and put steps into place to confirm that all employees had healthcare coverage to comply with the new law.

- **Technology.** Still have your VHS player? The founder of Blockbuster wishes you did. Technological changes can make or break a business. Whether new technology is introduced industry-wide, as when the laser was introduced to modern medicine, making surgeries easier and safer; or when it's introduced to end users, as when consumers stopped renting videos to enjoy the cheaper, more convenient streaming services like Netflix, organizations must change to accommodate new technologies or suffer the consequences.

- **Economic.** During the 2008 recession, consumers lost their jobs and cut back on their spending. These economic downturns had a major impact on businesses. Banks failed. General Motors and Chrysler filed for bankruptcy. Survival meant adapting to change. Companies like Lego, who experienced stagnant U.S. sales during this time, took the opportunity to build their markets in Europe and Asia. Netflix realized the potential of providing in-home entertainment to families that had cut back their entertainment budgets and grew their subscriptions by 3 million subscribers in 2009 alone. Meanwhile, in the midst of spiking fuel prices, gas guzzling Hummers were no longer en vogue and quietly went out of business.

Companies can also experience internal forces of change, which can often be related to external forces, but are significant enough to be considered separately. Internal forces of change arise from inside the organization and relate to the internal functioning of the organization. They might include low performance, low satisfaction, conflict, or the introduction of a new mission, new leadership.



Need for Change

In the contemporary business environment, organizations fight the battle of competition by building their adaptive capabilities and preparedness for coping against the pressures of change. In the present scenario, top management give a lot of importance to change management process and the need for being flexible as well as adaptable for tackling the growing environmental uncertainties or competitive threats.

Change management is a complex process and requires serious attention as well as involvement from the management and people from all levels, in order to achieve a meaningful or a progressive transformation across various levels. For being ahead in the competitive race and gaining a winning edge, organizations have been focusing on expansion of business worldwide, achieving excellence in processes and operations, implementing innovations in technology and identifying/developing the right talent. The fast changes which have taken place and the way in which this has affected the strategies, people, policies and processes in an organization, it has become all the more imperative that organizations clearly establish a well-defined change management framework for realizing the strategic objectives. Change is inevitable and it can only be managed, failing which the organizations may cease to exist.

In the era of globalization, organizations function across the cultural boundaries with large investments in human capital as well as physical resources, give utmost importance to technological change and innovative practices for a leadership advantage. Business alliances like mergers, acquisitions, diversifications, takeovers and various other collaborative ventures have become the most preferred strategic best practices for the organizations to survive the fierce forces of competition, through transfer of people, technology, processes and leadership. For successfully handling this transition and converting the threats of change into opportunities, organizations must be flexible and open for Change Management.

By improving the readiness for change, organizations can strengthen their adaptability mechanisms and build their internal competencies for facing future uncertainties or many such multiple change auguring situations. An organization’s readiness for change management influences organizational strategies and policy related decisions, as it involves a comprehensive, well planned approach and implementation of systemic interventions which would have an overall influence on the system, processes, people as well as the organizational structure as a whole.

Innovations in technology and research advancements, have created opportunities for working virtually across any part of the globe; changes in the organizational structure and hierarchy; changes in the human resource policies and regulations, has resulted in organizational reengineering and change in the style of working of employees.

For meeting the growing demands of ever changing business operations, more dynamic and flexible organizations have endorsed new methods of working like flexi work hours, work from home, freelancing opportunities, virtual method of working, business operation outsourcing and project driven operations, etc. which provide ample opportunities to the workmen to work as per their convenience and flexibility.

Organizations change for responding to the fluctuations or volatility in the business environment. Any change in order to have successful outcomes must involve comprehensive planning, focused approach and involvement of the key stakeholders in the entire process.

For any organization, people play a very vital role in driving business excellence as they are the most valuable assets. Hence, a change in the method of handling a job role, implementation of facilitating interventions and training people about the new practices or techniques, can result in impressive results in terms of the return on investment (ROI). How organizations manage change or respond to the business transitions largely depend upon the adaptability of people or readiness of the people in understanding the changes in the process and method of handling a job. Change management process may directly affect the human resource strategies of an organization depending upon the goals or strategies of an organization.

A well-defined change management process can help in mitigating risks related with the people side. If this aspect is ignored, it might result in increase in the overall costs, decline in productivity as well as employee motivation and increase in the absenteeism level and employee attrition. Hence, it improves the overall preparedness of the management and the decision making authorities in understanding the need for managing change, the key processes involved in it and in understanding the operational technicalities connected with it.

Planned change if effectively implemented can be beneficial in terms of controlling costs, minimizing risks, reducing the stress and anxiety by controlling uncertainties. It helps in setting up new milestones, establishing objectives, defining priorities and identifying the limitations for driving excellence in new initiatives.

Effective Change management process help organizations in understanding the changing customer needs, meeting their demands and expectations much better since the requirements are well defined. If implemented with proper planning, change management does not affect the day to day functioning of an organization, rather it functions concurrently. Instead it creates a scope for establishing best practices, defining the operational framework and regulations for the people, processes and system. It engages people in the entire process and motivates them to work towards realization of a common goal or objective and deliver excellence in performance through collaborative efforts and involvement in the process as a whole. Research in this direction proves the fact that organizations which have an established change management process are more likely to excel in meeting the business goals or achieve excellence in their project outcomes.

Effective change management is the key to realization of operational effectiveness, plays a key role in creating an optimism in the organizational environment as it has holistic outcomes and enables achievement of outcomes by defining superior benchmarks and working towards it for realization of the set benchmarks.

Organizational change affect the leadership thinking style and may optimize the benefits by establishing the systems and processes in place, establishing an integrated framework for achieving the developmental goals with the complete involvement of people in the end to end stages of change management cycle.

Hence, to conclude it may be appropriate to mention that change management is a planned and an integrated approach involving the support of the key stakeholders in terms of the willingness as well as the preparedness to move from the existing state of affairs to a reformed state by accepting the transition and wholeheartedly participating in the entire process.

Alternative Change Techniques

For some workers, change might as well be synonymous with failure and disruption. Change management has become a discipline unto itself because organizations encounter such resistance to change by their employees. Organizational change and employee resistance can result in low productivity, decreased employee morale and even work stoppage or strike if the change is significant enough to be considered unacceptable by union workers. Small businesses have the greatest opportunities for alternatives to organizational change, however.

Incremental Adjustments

Although not a complete alternative to organizational change, making incremental adjustments can prevent some of the disruptions that can occur due to making changes that affect the organization at once. A perfect example of this is the growth that many small businesses experience. Many people who work for small businesses become accustomed to the close-knit, often family-like atmosphere that small organizations have. Once the company begins growing, it becomes difficult for some employees to adjust to sudden changes. Slowly building the company's market – perhaps in smaller geographic regions as opposed to expanding nationally all at once – is a wise alternative to changes to the organization overall.

Cross-Functional Training

Organizational changes that involve shifting employees from one position to another or promoting a large segment of the workforce might be better accomplished through cross-functional training and job sharing or mentoring. Assume an organization is contemplating combining two departments, such as purchasing and warehousing. Instead of making drastic changes such as relocating employees from one department to the next, small businesses, in particular, should provide cross-functional training to ensure that employees from both departments fully understand their counterparts' responsibilities before an organizational change that combines two separate departments and functions.

Prototypes

Prototyping yet-to-be announced projects that will have a significant impact on the organization is an ideal way to introduce change. Employees have a difficult time accepting change, but if they witness positive differences that change can make, they are more likely to embrace the organizational change once it comes to fruition. Using a prototype is much like a test-case. For example, if your company is transitioning to paperless transactions, it might work well to go paperless for just one area instead of mandating that the entire organization move to paperless transactions at once.

Trial Period

Similar to prototyping, using a trial run is another effective alternative to organizational change. This is probably easier for small businesses because they can try out a process, organization-wide, for 30 to 60 days; if it doesn't prove worthwhile, it's unlikely to be much of a change to revert back to the traditional business methods. For instance, assume your company wants to utilize technology for its recruitment and selection process. Using an application tracking system for 60 days is an alternative to simply purchasing the full ATS and expecting recruiters to abandon past practices upon which they've come to rely.

Communication

Regardless of the strategy used to influence organizational change, one factor that should remain constant is that communication paths should be clear. Keeping employees well-informed must be one of, if not the most important element of changing the organization's direction or practices. Employees often are resistant to change because they feel excluded from the plans that lead to change. Communicating openly and frequently is key.

New Trends in Organisational Change

Organizations have entered a new era characterized by rapid, dramatic and turbulent changes. The accelerated pace of change has transformed how work is performed by employees in diverse organizations. Change has truly become an inherent and integral part of organizational life.

Several emerging trends are impacting organizational life. Of these emerging trends, five will be examined: globalization, diversity, flexibility, flat, and networks. These five emerging trends create tensions for organizational leaders and employees as they go through waves of changes in their organizations. These tensions present opportunities as well as threats, and if these tensions are not managed well, they will result in dysfunctional and dire organizational outcomes at the end of any change process. These five trends and the specific tensions they produce are presented in Table 1.

GLOBALIZATION

Organizations operate in a global economy that is characterized by greater and more intense competition, and at the same time, greater economic interdependence and collaboration. More products and services are being consumed outside of their country of origin than ever before as globalization brings about greater convergence in terms of consumer tastes and preferences. Yet at the same time, in the midst of greater convergence, there is the opposite force of divergence at work where companies have to adapt corporate and business strategies, marketing plans, and production efforts to local domestic markets.

To stay competitive, more organizations are embracing offshore outsourcing. Many functions are being shifted to India, the Philippines, Malaysia, and other countries for their low labor costs, high levels of workforce education, and technological advantages. According to the 2002-2003 Society for Human Resource Management (SHRM) Workplace Forecast, companies such as Ford, General Motors, and Nestle employ more people outside of their headquarters countries than within those countries.

Almost any company, whether in manufacturing or services, can find some part of its work that can be done off site. Forrester Research projects that 3.3 million U.S. service- and knowledge-based jobs will be shipped overseas by the year 2015, 70 percent of which will move to India. Communication and information sharing are occurring across the globe in multiple languages and multiple cultures. Global competition and global cooperation coexist in the new world economy.

One major consequence of globalization is greater mobility in international capital and labor markets. This creates a global marketplace where there is more opportunity, because there are more potential customers. However, there is also more competition, as local companies have to compete with foreign companies for customers.

According to Dani Rodrik, professor of international political economy at Harvard's Kennedy School of Government, the processes associated with the global integration of markets for goods, services, and capital have created two sources of tensions.

First, reduced barriers to trade and investment accentuate the asymmetries between groups that can cross international borders, and those that cannot. In the first category are owners of capital, highly skilled workers, and many professionals. Unskilled and semiskilled workers and most middle managers belong in the second category.

Second, globalization engenders conflicts within and between nations over domestic norms and the social institutions that embody them. As the technology for manufactured goods becomes standardized and diffused internationally, nations with very different sets of values, norms, institutions, and collective preferences begin to compete head on in markets for similar goods. Trade becomes contentious when it unleashes forces that undermine the norms implicit in local or domestic workplace practices.

Trends	Tensions
1. Globalization	**Global versus Local**
2. Diversity	**Heterogeneity versus Homogeneity**
3. Flexibility	**Flexibility versus Stability**
4. Flat	**Centralization versus Decentralization**
5. Networks	**Interdependence versus Independence**

Professor Rodrik concluded that "the most serious challenge for the world economy in the years ahead lies in making globalization compatible with domestic social and political stability" (Rodrik 1997, p. 2). This implies ensuring that international economic integration does not lead to domestic social disintegration. Organizations that are confronted with this challenge will have to manage the tension created by the global integration versus local disintegration dilemma.

The overall picture as a consequence of globalization is one of turbulence and uncertainty, in which a variety of contradictory processes present a wide range of both opportunities and threats that defy established ways of doing business and working in organizations. Integration and exclusion coexist uneasily side-by-side in organizations.

For example, many apparent dichotomies or paradoxes—competition versus collaboration, market forces versus state intervention, global actions versus local solutions—are losing their sharp edges as contradictory forces appear to converge and reinforce each other in organizations across the globe. Companies that compete fiercely in some markets form strategic alliances in others; government guidance and regulation are required to make markets work effectively; and "think globally, act locally" has been adopted as business strategy (or as a mantra) to deal with the challenges of doing business in the globalized economy. As organizations transform themselves to stay competitive, they will need to confront and resolve some, if not all, of these dichotomies or paradoxes.

On another level, because of globalization, the fates of people living and working in different parts of the world are becoming intertwined. Global events may have significant local impact. September 11, 2001 has been called the "day that changed the world". Heightened security concerns are changing expectations for people in organizations, and the role of organizations themselves. The threat of terrorism continues to be an ongoing concern worldwide. It has created a renewed focus on workplace security as employees experience a heightened sense of vulnerability in the workplace. Employee monitoring and screening are occurring more frequently. Concern over travel for business purposes is resulting in the increased use of alternate forms of communication such as teleconferencing and videoconferencing.

DIVERSITY

Globalization is impacting how organizations compete with each other. In combination with changing demographics, globalization is causing a rapid increase in diversity in organizations. Never before have people been required to work together with colleagues and customers from so many different cultures and countries.

Diversity is moving American society away from "mass society" to "mosaic society". Organizations reflect this "mosaic society" in their more diverse workforce (in terms of not only race, ethnic or culture but also in terms of age, sexual orientation, and other demographic variables). More than ever, people have to interact and communicate with others who come from diverse backgrounds. This in turn has meant that employees need new relational skills to succeed. An emerging stream of research in international management has called these new relational skills "cultural intelligence". Cultural intelligence is defined as the capability to adapt effectively across different national, organizational and professional cultures (Earley, Ang and Tan, 2005). More managers take up global work assignments in industries around the world. They learn how to work with people who not only think and communicate differently but also do things differently. Managers will need to develop their cultural intelligence to manage greater diversity in organizations.

Diversity in organizations will continue to increase. As indicated by the U.S Census Bureau National Population Projections, the Hispanic population will increase by 11.2 percent between 2000 and 2025 to become the largest minority group in the United States. All other minority groups will increase by about 9 percent, while the number of Caucasians will decrease by approximately 19 percent. The world population is growing at a high rate in developing countries, while remaining stable or decreasing in the developed world. The result will be income inequities and economic opportunity leading to increased immigration and migration within and between nations. More temporary workers will be used for specific tasks, and there will be a greater demand for highly skilled workers.

The aging American workforce population means more retirees and potential gaps in availability of experienced workers. According to American Association of Retired Persons (AARP), by 2015 nearly one in five U.S. workers will be age 55 or older. Retirees often want to keep a foot in the workplace. AARP's research shows that nearly 8 of 10 baby boomers envision working part time after retirement; 5 percent anticipate working full time at a new job or career; only 16 percent foresee not working at all.

People of different ethnic and cultural backgrounds possess different attitudes, values, and norms. Increasing cultural diversity in both public and private sector organizations focuses attention on the distinctions between ethnic and cultural groups in their attitudes and performance at work. This greater focus can result in the tension between finding similarities and accentuating differences in the face of greater diversity in organizations.

There is an on-going debate between the heterogenists and the homogenists concerning the impact of greater diversity in organizations. The heterogenists contend that diverse or heterogeneous groups in organizations have performance advantages over homogeneous groups while the homogenists take the opposing view—that homogeneous groups are more advantageous than heterogeneous or diverse groups in organizations.

According to the heterogenists, organizations with greater diversity have an advantage in attracting and retaining the best available human talent. The exceptional capabilities of women and minorities offer a rich labor pool for organizations to tap. When organizations attract, retain, and promote maximum utilization of people from diverse cultural backgrounds, they gain competitive advantage and sustain the highest quality of human resources.

Organizations with greater diversity can understand and penetrate wider and enhanced markets. Not only do these organizations embrace a diverse workforce internally, they are better suited to serve a diverse external clientele. Organizations with greater diversity also display higher creativity and innovation. Especially in research-oriented and high technology organizations, the array of talents provided by a gender- and ethnic-diverse organization becomes invaluable. Heterogeneous or diverse groups display better problem solving ability as they are more capable of avoiding the consequences of groupthink, compared to highly cohesive and homogeneous groups that are more susceptible to conformity.

On the other hand, greater organizational diversity has its drawbacks. With the benefits of diversity come organizational costs. Too much diversity can lead to dysfunctional outcomes. Diversity increases ambiguity, complexity, and confusion. Organizations with greater diversity may have difficulty reaching consensus and implementing solutions. In many organizations, diversity can produce negative dynamics such as ethnocentrism, stereotyping and cultural clashes.

The homogenists argue that homogeneous groups often outperform culturally diverse groups, especially where there is a serious communication problem. Cross-cultural training is necessary to enable culturally diverse groups to live up to their potential and overcome communication difficulties. The diversity movement, according to the homogenists, has the potential to polarize different social groups and harm productivity while breeding cynicism and resentment, heightening intergroup frictions and tensions, and lowering productivity, just the opposite of what managing diversity is intended to accomplish.

The challenge therefore is for management to manage the tension produced by heterogeneity versus homogeneity. If properly managed, organizations can reap the benefits of greater diversity. Aside from proper management, organizations need to learn to appreciate and value diversity before the benefits of diversity can be fully realized. To achieve this, diversity training programs may help people in organizations understand and value diversity.

FLEXIBILITY

Globalization and diversity trends are forcing organizations to become more flexible and adaptable. To be able to function globally and to embrace diversity, leaders and employees in organizations have to become more flexible and develop a wider repertoire of skills and strategies in working with diverse groups of people in the workplace as well as in the marketplace.

The response to increased diversity has, in many cases, been increased organizational flexibility. Some organizations allow workers to have very different work arrangements (e.g. flex-time) and payment schedules. Some organizations (and workers) have found it convenient to treat some workers as independent consultants rather than employees. In certain occupations, advances in communication and information technologies have enabled telecommuting —working at home via computer. One consequence of this is the blurring of boundaries between work and home, and where and when work occurs. The benefits of greater flexibility may be countered by the negative consequences of working 24/7 including higher stress and burnout.

The response to increased competition, however, has resulted in a tension generated by the demands to be flexible and yet maintain some stability as changes are implemented in organizations. To stay competitive, organizations are constantly changing and restructuring to increase flexibility and decrease costs. Business process reengineering, business process out-sourcing, job redesign, and other approaches to optimize business processes have been implemented to increase operational and process efficiency while reducing the costs of doing business.

Changes in business and operational processes need time to stabilize for employees to learn the new processes, become familiar with them, and be able to operate effectively and efficiently. Yet, competitive pressures can cause organizations to go through a series of changes without giving employees adequate time for learning and training, and for the benefits of the change to be fully realized in the organization. This tension is well-captured by Columbia Business School professor Eric Abrahamson in his book, Change Without Pain (2004) in which he discussed how organizations can go through change overload and how employees can experience change fatigue and burnout. Professor Abrahamson proposes "creative recombination" as an alternative approach to the highly destructive, destabilizing and painful changes caused by "creative destruction".

FLAT

In a greater competitive marketplace, speed or response time is critical. How organizations response to customers and other stakeholders or be the first to market may make a significant difference as time is at a premium. Organizations that can develop new technologies faster or can adapt to changes in the market faster are the ones that will survive the competition. To maximize response time, organizations have been flattening their hierarchies and structures, in addition to other initiatives such as downsizing and networking. Flat organizations make decisions more quickly because each person is closer to the ultimate decision-makers. There are fewer levels of management, and workers are empowered to make decisions. Decision-making becomes decentralized.

However, flat organizations create a new tension between decentralization and centralization. Among the drivers of decentralization are communications technologies that allow companies to push decision-making away from the core. Proponents of decentralization emphasize the idea that less hierarchical organizations mirror the efficiencies of the networks that enable them: they are faster, more resilient, more responsive, more flexible and more innovative. Also, they argue, people who work within decentralized organizations feel empowered and energized. They do not need to focus on the chain of command and they do not feel constrained by it.

Organizations are caught between the opposing forces of centralization and decentralization. They want to leverage the opportunities offered by decentralization and create more nimble and forceful organizations, but they cannot always do so because the forces of centralization come into play. There are obvious benefits to centralization as control is comparatively tighter and accountability is clearer compared to a flatter, more decentralized organizational structure.

Take the example of IT operations. The key to a centralized organization's success is its responsiveness. If the centralized operation can be responsive to the needs of the business, then that approach can make sense. Several companies, such as DaimlerChrysler and PepsiCo, have migrated back to centralizing IT operations after attempts at decentralization.

The debate over the centralization versus decentralization of operations in organizations is an enduring one. It is an age-old battle of standardization versus autonomy, corporate efficiency versus local effectiveness and pressure on costs and resources versus accommodation of specific local needs.

Vacillation between centralization and decentralization is both non-productive and unnecessary. Organizations, as they desire to become flatter, will need to be clear about how they need to respond to the tension between centralization and decentralization.

NETWORKS

Organizations that flatten tend to encourage horizontal communication among workers. Rather than working through the organizational hierarchy, it is often faster for workers who need to coordinate with each other simply to communicate directly. Such organizations are highly networked.

Another meaning of networked organizations refers to their relations to other organizations. Organizations that have downsized to just their core competencies must then outsource all the functions that used to be done inhouse. To avoid losing time and effort managing contracts with suppliers, organizations have learned to develop close ties to their suppliers so that social mechanisms of coordination replace legal mechanisms, which are slow and costly. In many industries, such as the garment industry in Italy, strong relationships have developed between manufacturers and suppliers (and other manufacturers), so that considerable work is done without a contract and without even working out a firm price. For these networked organizations to work, high trust and social capital between organizations are key elements.

Networked organizations are particularly important in industries with complex products where technologies and customer needs change rapidly, such as in high technology industries. Close ties among a set of companies enables them to work with each other in ways that are faster than arms-length contracts would permit, and yet retains the flexibility of being able to drop the relationship if needed (as opposed to performing the function in-house). The trend towards networked organizations and structures create a new tension between interdependence and independence. The forces of aggregation and disaggregation throw up new challenges for organizations, for example, the use of independent contractors, joint ventures, strategic partnerships and alliances even with competitors.

One advantage of networks is that organizations have greater flexibility and thus they can become more competitive in the global marketplace. Another advantage is that organizations do not require that many resources such as employee benefits, office space, and financing for new business ventures.

On the other hand, networks have distinct disadvantages. Organizations may find it more difficult to control quality of goods or services as they now have to depend on their partners in the networks to deliver the quality that is desired. Legal and contracting expertise as well as negotiation expertise will also be important for networks. Alternative forms of control may need to be developed to control quality. Alternative mechanisms for coordination may also need to be developed to manage the growing constellation and sometimes tenuous nature of other partner organizations in the network.

All the five trends and the tensions they produce result in greater organizational or system complexity for both leaders and employees in organizations. The tensions produced by these trends cannot be solved. They have to be managed. Effective approaches in organizational change will involve not one strategy but many alternatives and will require leaders and employees to develop greater resilience in confronting these tensions.

In my work, I have the pleasure of meeting hundreds of representatives of various companies from around the world every year, and these meetings challenge and shape my thinking. Having worked around twenty years as a consultant, I’m quite sensitive to tacit signals and trends.

In the beginning of the new year, my mind flies to thinking about the future of the consulting business. Thinking back to my amazing trips to the US last year and planning the next ones, I get inspired to list some top trends in organizational change and structure in 2020 and beyond.

In brief, there are 7 key organizational trends that will be explored below: learning in a business context, the emergence of AI, sensemaking as an organizational affair, purpose-based employee involvement, the growing prevalence of continuous development, the facilitator's role in implementing change and the transformational nature of digitization. These seven trends all play a part in helping organizations stay at the top of their game and ensuring change is in a meaningful direction.

Psst - we're hosting a free webinar in October on leading transformation in the digital era - Click here to reserve your seat!

1. Learning in the core business

The value of every organization is increasingly based on the ability to learn quickly. Learning is not only a department, but it's also a crucial part of the work in every unit. According to Deloitte's 2019 Human Capital Trends, 86% of organizations recognize changing the way people learn at work as their biggest organizational development challenge in 2019 and beyond.

As we are moving towards a world of more uncertainty and less predictability, there is no time to produce formal learning programs and courses for the new emerging topics and challenges. Learning has to happen in the flow of work.

2. The breakthrough of AI

Practical applications of machine learning and AI are finally entering the market in many different fields. Within organizational learning and change, their power is in helping people connect with topics and each other based on their needs and interests.

AI is not something only IT professionals have access to, it can be utilized by everyone. Read about the practical use cases of AI in organizational development from this post.

3. Sensemaking

The world is changing so rapidly that we need everyone to be able to participate in making sense of it. That's why in the future, the ability to quickly adapt and apply new information, will become more important than any number of hard skills. Sense-making, amongst others like team-building, coaching and learning, can be seen as an enduring capability, and they are much more transferable to different roles and situations than skills.

Good facilitation practices are required to support learning on individual, team and organizational levels.

4. Purpose-based employee involvement

Purpose is built with participatory ways of working. It is really difficult to communicate purpose with traditional one-way messages. Everybody needs to participate in the dialogue where the purpose is understood. Millennials are especially demanding new ways of working.

Social media already plays a significant role in our lives. However, little use is made of our social media experience, expertise and insight in the realm of work. Our interactions in our personal networks differ dramatically from our interaction in work-related contexts. This is evident in terms of transparency, for example. Continuous communication and sharing are key to building trust in workplace communities. They prevent disconnects based on assumptions and interpretations.

A transparent work culture makes structures and reporting less complex, as everything is visible. It also means that we need to replace traditional management approaches with coordination and connection. Organizational structures become obstacles to smart ways of working if they do not adapt to people's ability to work together in a self-guided manner.

The good news is that people can further develop their interaction skills if the organization has the willingness and the necessary tools. Better and more multifaceted ways of interaction mean better business and operations for everyone.

5. From change processes to continuous development

Particularly in the United States, organizational change is seen as a process with a beginning, a midpoint and an end when the goals have been achieved. This approach is being replaced by transformation—that is, continuous organizational development.

Instead of purchasing the perfect plan, companies want genuine changes, where the general direction is known, but the workplace community finds its way to the final destination together. Transformation is not about having a set goal; rather, the result is created and shaped through learning. I wrote about transformation in an earlier article.

6. Implementing change is about facilitation

In order to enable learning, sensemaking and engagement the facilitator mindset and facilitation skills are becoming highly appreciated. Facilitation is not only focusing on one-off meetings and workshops, it's the way of co-creating transformation.

It means that valuing your own expertise is no longer enough. Effective facilitators go deeper than just methods. They know how to inspire and involve people in processes and how to handle the process respectfully. Fundamentally, they create favorable conditions for people to become motivated and commit to their work.

7. Digitalization is transforming even the late-blooming organizations

Digitalization can hardly be seen as a trend no more. But the harsh reality is that we're in the stages where organizations unable to transform and develop are actually going out of business. At the same time, it is true that different countries and continents are simultaneously at very different stages of digital maturity and nevertheless doing business together.

In the best of cases, digital ways of working give people real opportunities to participate, and decisions are made collectively. Digitalization enables transparent, real-time processes.

Digitalization is progressing more rapidly in countries with an existing analogue foundation, such as the Nordic countries. Change is digitally driven in countries where traditional hierarchies endure. This was the case when developing countries transferred directly to mobile networks and took the leap onto the Internet, for example. The same will happen with corporate cultures. Communities will be built on real-time technologies and new types of communication practices.

With these observations, I'm eager to hear your thoughts: how are you seeing organization's change in the 2020s?

If you'd also like to learn about the 8 trends that are shaping the organizational learning landscape, you can now download your free copy of our brand new ebook "8 ways to Rethink Organizational Learning".