

Management ?

- Your Mom
- Policeman
- Teacher
- Student
- Politician

Basics...

- Mgmt is getting things done
- Mgmt is a process in which we
Plan, Organize, Staff,
Decide, Co-ordinate,
Motivate & Control

Importance of Mgmt.

- Situation 1-U have $\frac{1}{2}$ hour to complete a particular job
 - U have a job to do
 - U know your job
 - U have skills for the same
- Situation 2- U have $\frac{1}{2}$ hr to complete a job
 - U have 3 subordinates
 - They know the job
 - They have the skills for the same
 - If they don't complete u will be responsible

Case...

- In situation 2 u don't do anything but u **get things done**
- U are paid for responsibilities and if work is not completed u are ultimately responsible, hence mgmt requires people's skills, also called soft skills
- Study of mgmt is important because it is performance oriented

Skills of a Manager

/ Making of a Complete Manager

- Technical skills
- Conceptual skills
- Human relations skills
- Decision making skills

Why Mgmt :: Basic Economic Problems

- Wants are unlimited
- Resources are limited
- Wants can be arranged in the order of priority
- Resources can be put into alternative uses
- So, resources need to be managed so that prioritized wants can be satisfied

We need management for Effective.....

- Utilization of resources
- Best performance in any given situation
- To achieve pre-determined objectives
- To understand internal/external env.factors affecting business
- For corporate strategy
- To face competitive challenges

And for.....

- For research and development
- To understand the impact of change
- To understand the importance of quality
- To understand how it can be applied to solve ‘any business problem’

Definitions

- Mgmt is planning,organising,controlling, directing,co-ordinating,supported by leadership,communication,motivation and morale
- **Koontz & O'Donell-**
mgmt is the creation and maintenance of internal environment in an enterprise,where individuals working together in groups can perform efficiently and effectively towards the attainment of group goals'

Some more...

- **Peter Drucker**
 - manager is a multipurpose organ that manages a business, manages a manager and manages workers and work'
- Mgmt is the mgmt of
 - Men,
 - Money,
 - Machines,
 - Materials and
 - Methods

Features of management

- Purposeful and goal oriented
(definite economic and social objectives)
- Universal
- Situational(differs in diff. situations)
- Continuous process
- Creative
- Multi-disciplinary(knowledge of eco, maths, stats, socio, psycho, laws etc..)
- Dynamic (ever changing)
- Mgnt is what it does(performance oriented)

Features....

- Influenced by internal & external environmental factors
- **Internal**
 - Place
 - Labor
 - Machines
 - Money
 -
 -
 -
 - Mgmt exists at all levels in the organisation
- **External**
 - economic factors
 - political
 - legal
 - social,ethical,moral
 - cultural
 - climatic
 - technological,global

Features.....

- Mgmt is a hierarchical system of authority
- Mgmt involves decision making
- Mgmt is concerned with productivity
- Mgmt is intangible
- Mgmt has distinct identity
- Mgmt is an art and science
- Mgmt is emerging as a profession

Management as an **Art**

- Art requires skills(tech,conc,HR,DM)
- Knowledge(financial,marketing,production)
- Creative(challenges of competition,intro of new product,advertising.....)
- Art is Personalised(autocratic,democratic,beaurocratic.....)
- Art is Performance(indicated by profit,grth,assets,market share.....)

Mgmt as a Science

- Body of organised knowledge
- Developed over a period of time
- Establishes cause and effect relationship
- Has a predictive power
- Rules verified from time to time(old changed for new ones)
- Perfect science/social science(may happen/may not happen)

Mgmt as a Profession ?

Academic approach- characteristics of a profession::

- Requires a definite period of learning
- Centralised rule making authority
- Enforceable code of conduct
- Membership through qualification
- Needs certificate of practice
- Social commitment/obligation/accountability

Management & Administration

- Admin is broader & a higher level function
- Mgmt is a generic term & includes administration
- Mgmt & admin are synonymous but differ in their usage
- Both are overlapping activities

Admin is broader & higher

- Acc to American School of Thought-admin is largely determinative, whereas mgmt is essentially executive
- Admin formulates plans ,policies,objectives whereas mgmt implements those plans, policies,procedures
- Thus admin ‘thinks’ and mgmt ‘acts’

Process of Mgmt

- Systematic way of getting things done for achieving objectives
- Characteristics –
 - 1 Basic functions(p o s d c)
 - 2 Continuous ,3 Non sequential performance
 - 4 Integrated process , 5 Social process 6 Dynamic process, 7 Influencing process 8 Result-Oriented process 8 Universal process 9 Rational process

Managerial roles

- Functional approach– every manager must perform certain functions i.e. P S O D C C
- Managerial roles approach(Mintzberg)-
 - Interpersonal roles
 - Informational roles
 - Decisional roles

Interpersonal roles

- With their subordinates,peers,external persons and organisations . For this they adopt:
 - The Figurehead role
 - The Leader role
 - The Liaison role

Informational roles

- The Monitor role (nerve centre role)-the manager has to search, receive & collect wide variety of information for developing a thorough understanding of the org & env
- The Disseminator role- manager transmits inf through letters, phone, fax, mail, meetings..
- The Spokesperson role-transmits inf to outsiders regarding plans, policies, programmes, failures, success, financial results...also issue ads, other publicity material.....

Fayol's Principles of Mgmt

- Henry Fayol-father of modern theory of mgmt
- Pr of division of work
- Pr of authority and responsibility
- Pr of discipline
- Pr of unity of command
- Pr of unity of direction
- Pr of org. interest higher than individual interest
- Pr of remuneration

Contd.....

- Pr of centralisation
- Pr of scalar chain
- Pr of order
- Pr of equity
- Pr of stability of personnel
- Pr of initiative
- Pr of team spirit

Other principles

- Pr of objective
- Pr of planning
- Pr of span of control
- Pr of balance
- Pr of coordination
- Pr of exception
- Pr of participation

Development of mgmt thought

- Historical stages in the evolution of mgmt

1. Ancient civilisations

2. Medieval period

3. Period of industrial revolution

4. Period of systematised mgmt

- Era of scientific mgmt
- Era of administrative mgmt
- Era of behavioural science
- Modern era of new approaches to mgmt

Mgmt in Ancient Civilisations

- Development of human kind-
 - 1 Sumerian civilisation-(5000 BC)
 - 2 Egyptian civilisation-(5000-525 BC)
 - 3 Babylonian civilisation-(1750 –605 BC)
 - 4 Ancient Hebrews-Jethro's advice to his son-in-law. He is recognised as the first mgmt consultant on record

Contd.....

5 Ancient Chinese-(1100-500 BC)

6 Ancient Greeks –(400 BC)- Socrates,Plato

7 Ancient Romans-Org of the Roman Catholic Church

8 Ancient Indians- Harappa , Mohen-jo-daro,Vedas, Ramayana , Mahabharata (Gita), Kautilya's Arthashastra,(321 BC) also known as Vishnu Gupt and is popularly known as Chanakya

Medieval Period

- Period b/w 500-1500 AD
- First 400 yrs are called the Dark Ages
- Alfarabi wrote about mgmt in the 900s
- In 1100 AD Ghazli wrote the 'Book of Counsel for Kings' in which he suggested 4 do's and don'ts for the Kings
- In 1494 Luca Pacioli wrote a book on double entry system
- Fredrick C Lane wrote 2 books- Merchant of Venice and Venetian Ships and Shipbuilders of the Renaissance

Contd...

- In 16 century Sir Thomas Moore gave ideas for managing an ideal society in Book I and Book II of Utopia
- During this period techniques on standardisation ,cost accounting ,inventory control , piece and day-rate wage payment system ,merit-rating plans ,leadership etc had developed

Period of industrial revolution

- Period b/w 1700-1885 AD is referred to IR period
 - 1 domestic/cottage system of production(England in 18th century)
 - 2 putting-out system of production(dealers and merchants emerged)
 - 3 factory system of production(merchants created places for more profits called factories)
 - 4 emergence of research & study in mgmt-Robert Owens,Charles Babbage,James Watt jr,Boulton,Daniel McCallum

Emergence of research & study

- Robert Owens(1771-1858)-improved working conditions,raised min working age for children , reduced hrs of work, introduced meal facilities in factories, introduced schooling, opened recreation centres, built houses and streets
- Charles Babbage(1792-1871)-was a professor of Maths at Cambridge Univ, he introduced division of labour, setting work standards, costing,work measurements, profit sharing , paying bonus, improving efficiency . He invented the mechanical calculator and the Analytical Machine

Contd...

- Henri Robinson (1844-1924)-President of Yale and Towne Manufacturing Co.He stressed that managers should be a combination of engineer,administrator,and a statistician
- James Watt Jr,(1796-1848)and Boulton (1770 -1842) – they were in charge of their factory at Soho in Britain, they developed mgmt techniques like forecasting & marketing research, planned machine layout, production planning, standardisation of parts,maintaining statistical records, welfare of workers, incentive wage pmts, training of workers

Contd..

- Daniel McCallum(1815-1878) & Henri Poor(1812-1905)- DM was the superintendent of Erie Railroad. He introduced 6 basic principles of organising, controlling, division of labour, delegation of authority, communication and information. Henri poor took over after DM resigned and gave the principle of Espirit de corps.

Period of systematised mgmt

Scientific mgmt & administrative mgmt-

Fredrick Winslow Taylor(1856-1915)-acc to him sc. Mgmt refers to mgmt based on sc. developed principles & techniques. It means knowing exactly what you want your men to do in the best possible and the cheapest way.

Philosophy of Taylor

- Develop a science to replace rules of thumb
- Labour – mgmt cooperation
- Maximisation of production
- Equal division of responsibility
- Job specialisation
- Sc.selection, training, development of workers
- Planning & scheduling of work
- Standardisation
- Wage incentive
- Mental revolution

Contribution of Taylor's sc.mgmt

- Sc.task setting
- work study -method, motion, time, fatigue
- Planning
- Sc.selection & training of workers
- Specialisation
- Standardisation
- Efficient costing system
- Incentive wage plan
- Congenial atmosphere
- Funtional foremanship

Criticism of Taylor's Sc Mgmt

- Production centered
- Neglect of human aspect
- Wrong assumptions
- Over specialisation
- Theoretical
- Restricted application
- Anti social
- It is an approach only

Era of Administrative Thought

- This era runs parallel to the sc mgmt era
- Henri Fayol is regarded as the main contributor to this thought, others being Urwick, Mooney, Reilly and Davis
- Study is discussed under the following heads-1.
Classification of business activities-
(technical, commercial, financial, security, accounting, administrative)

Contd....

2. Elements of mgmt functions-(planning, organising, commanding, coordinating, controlling)
3. 14 Principles of mgmt
4. Flexible and adaptable principles
5. Universal principles
6. Qualities of manager(physically fit, mentally fit, moral, educational, technical, experience)
7. Mgmt education & training

Criticism of Fayol's administrative thought

- Some of his principles & duties are overlapping
- He has used some vague & superfluous terms
- He confuses with structures & process of organisation
- He has not discussed any limitations of mgmt

Organisational thought/approach

- Given by Max Weber, Chester Bernard & Herbert Simon.
- They believed in systematic division of labour, characterised by a high degree of specialisation
- Stable & well defined hierarchy of authority
- Believes in developing a system of formal rules, regulations and procedures
- All employees shall take complete impersonal attitude in performing their duties
- Systematic selection of employees based on technical competence

Contd...

- Since employees are career oriented , promotions should be based on merit & seniority
- Believes in life time employment & protection against arbitrary dismissal
- Remuneration should be paid in the form of salary during employment & thereafter in the form of pension

Advantages of organisational approach

- It is rational
- Provides maxm efficiency in operation
- Ensures proper control
- Removes ambiguity
- Ensures specialised services
- Provides a clear & well known career path
- Proper records of actions & decisions for reference are available for future

Disadvantages

- Completely ignores the informal aspect of organisation
- Impersonal behaviour & rigid rules cause unpopular behaviour
- This results in low performance
- Tends to discourage the acceptance of responsibility by subordinates
- Process of decision making & communication tends to be slow
- Takes away the spirit of initiative & innovations from the employees

Era of Behavioral Thought

- Entry of psychologists & sociologists during late 1920s & 1930s.
- Main contributors were Munsterberg, Robert Owens, Elton Mayo, Mary Parker Follett, McGregor
- Three stages;;
 - 1.emergence of industrial psychology
 - 2.Hawthorne Studies & human relations movement
 - 3.emergence of behavioral science

Stage 1-emergence of industrial psychology

- Munsterberg in his book ‘psychology & industrial efficiency’ suggested that psycho can help mgmt in 3 ways ;;

A finding the best possible man for a job

B detemining the best possible conditions of work

C producing the best possible effect on workers

He believed that psycho can be used to improve labor efficiency which results in higher wages & improved standard of life

Stage 2-Hawthorne studies

- Gave rise to the HR movement
- Studies conducted at the Hawthorne Plant of Western Electric Co. in Chicago b/w 1924-1932
- Studies conducted by Harvard Research group led by Elton Mayo & Fritz

Contd.....

- Illumination /test room study
- The relay assembly test room study(5+1)
- Mass interviewing programme(21000)
- Bank wiring observation room study(14)

Conclusions of Hawthorne studies

- Work is a group activity
- Informal groups
- Influence of social groups
- Norms by social groups
- Group cooperation is planned
- Worker is not only rational economic being
- Role of supervisor's behaviour
- Communication
- Complaints may not be statements of facts
- Birth of human relations movement

Human Relations movement

- Characteristics ---org. is a social system
- Composed of many interacting groups
- Many informal groups emerge at the work place
- Workers do not behave rationally always
- Monetary gains alone cannot motivate workers
- Conflict should be avoided & resolved immediately
- Participation in planning & decision making can boost both morale & productivity
- Sound two way commn system should be developed
- Development of people-oriented skills in managers is essential

Contribution

- Practice of managers began to be human-oriented
- Mgmt training was revolutionised
- Managers became sensitive & responsive to the needs & feelings of the workers
- Selection & placement activities began to be given more importance
- Workers became the focal point instead of the work/job

Criticism

- Over-emphasis on keeping workers happy
- Emphasis on manipulation of workers emotions for the org purposes
- Over emphasis on the importance of socio-psychological factors & undermine the importance of monetary incentives in the productivity of workers
- Overlooks the impact of other environmental factors on productivity like technology, market fluctuations etc..

Behavioural Science Approach

- Given by Fred Fiedler, McClelland, Theodore , Victor Vroom, Tannenbaum
- Belief – org is a socio-economic & technical system
- Variety of factors influence the interpersonal & group behaviour
- Individual goals could differ from org goals
- Conflicts are inevitable due to difference of interests
- Motivated employees are key to productivity
- Productivity can be achieved by self direction & control
- Collaboration & teamwork is key to success of org
- Every individual is optimistic & basically good

Advantages

- Helped managers to recognise that emp. come to their job with certain needs & behaviour
- Helped managers to understand individual & group behaviour
- New areas of mgmt like leadership, motivation, comm, job rotation, enrichment
- Helped in designing mgmt training programmes
- Opened the door for academic field of org behaviour

Disadvantages

- Theory very complicated, cannot be used for solving specific problems
- Used technical language rather than simple/ routine language
- Fails to capture the complex nature of human behaviour
- Proper researching has not been done, no conclusive evidence of relationship between motivation, performance & job satisfaction
- They differ in their recommendations

Modern Schools of Thought

- problem can be expressed as mathematical equations
- Decisions are made on the basis of Quantitative / Mgmt Science Approach- mgmt is a logical decision making process
- Quality of managerial decisions determine the success of an org
- Effective solutions to complex problems can be achieved through quantitative techniques using (mathematics, statistics, computer, economics, linear programming, queuing theory, PERT / CPM)
- Different variables of a managerial quantitative facts such as costs, profits, rate of return on investments....
- Use of computers for application of qualitative models

Advantages

- Helps in considering large no of alternatives while making a decision
- Helps in evaluating the risks & results of different decisions
- Assists in making decisions faster
- Helps managers in balancing diverse interests of different groups
- Makes planning & control of activities easier, quicker & effective

Disadvantages

- Has not been effective in dealing with the human side of the org., human judgement & experience cannot be replaced by qualitative & scientific techniques
- No contribution in areas of org, staffing & directing
- This believes that managers have to only do decision making, which is not true. They have to do more than making decisions
- Variables present in quantitative terms lack consideration

Systems approach

- Given by Ludwig—definition ‘a system is a set of units with interrelationship among them’
- This assumes that everything is a part of a larger, interdependent & organised whole system
- In order to understand the whole system, knowledge of its parts & the relation b/w them is important
- Thus a **system is a set of interacting units or sub-systems**

Types of systems

- Closed system- this is independent of the environment. It does not interact outside its boundaries
- Open system- this interacts with the outside environment
- All organisations are open systems. They differ only in their degree of openness to the environment

Characteristics of Systems Approach

- Managers manage a system which is unified and integrated
- Every org affects & is affected by the env.
- Whole org cannot be understood without understanding the parts
- Managers have to manage the org as per the environment
- Org systems are dynamic & change regularly
- Org is a whole system, thus managers should view it as a whole
- Every org consists of sub-systems/depts whose working is independent, but contributes to the performance of the whole org
- Every org is a goal oriented system & a sub-system of env

Advantages

- It provides a framework with-in which managers can plan actions & anticipate the expected results
- Helps in understanding the unexpected consequences of the plans & actions
- Helps managers to maintain a balance between the needs of various parts of the org
- Helps in integrating various mgmt theories

Disadvantages

- Study of total org is essential, practically which is not true
- Does not lay down any principles & techniques of mgmt
- It is an abstract approach(imaginary)
- It is also intellectual & fails to verify facts & practical advice
- Fails to specify how the relation b/w sub-systems can be measured
- Fails to discuss the problems of the org

Contingency approach

- Given by Woodward, Burns & Stalker, Thompson
- Characteristics –each org is unique
- External env for each org is different
- All sub-systems are interrelated & effect each other
- There cannot be one best way of doing things
- Best approach to mgmt is situational
- Best managerial technique is the one which helps to attain org goals
- Managers success depends in his ability to perceive & analyse things

Procedure

- Manager should first analyse & understand the prevailing situation
- Examine the applicability of each technique in the existing situation
- Manager should then choose a set of techniques which can best be applied
- Finally he should take action to achieve the target/goals

Advantages

- Makes it clear that there is no universal, ultimate or absolute technique of mgmt
- Managers should keep themselves on a high alert
- This approach widens the freedom of operation of managers
- Encourages managers to innovate & develop new principles

Disadvantages

- Limitation of time restricts managers to analyse every situation
- All decisions cannot be taken rationally
- All managers do not have the capacity to analyse every situation
- Sometimes situations change so rapidly that managers are unable to understand them

Excellent Company's approach

- Given by Peters & Waterman in their book 'In Search of Excellence'
- Forwarded by Wehrich & Koontz
- Selected 62 excellent co's in USA
- Sub-sampled 36 on the basis of their 20 yr record
- Identified 8 common characteristics

8 Common attributes

- A bias for action(well timed)
- Closeness to the customers
- Autonomy & entrepreneurship
- Productivity through people
- Hands on, value driven
- Stick to the knitting
- Simple form, lean staff
- Simultaneous loose & tight properties

Advantages

- Draws attention of mgmt to new aspects of org like customer satisfaction, employee autonomy, entrepreneurship, innovation, commn
- Easy-to-understand approach
- Simple & easy to remember framework for achieving excellence
- Useful to practitioners for their work & academicians for their research

Disadvantages

- Sampling was not done correctly
- Ignores the contingency factors or situational factors in mgmt
- Relies too heavily on generalisations
- Neglects the non-managerial factors such as technology, govt.policy,raw materials...
- Presents an over simplified view of managerial problems & solutions. Practically this approach is not possible for real life problems

Planning

- Planning is the process of defining org's objectives & selecting the best possible future courses of action for achieving these objectives effectively & efficiently.

Nature / Concept of planning

- Planning contributes to Objectives
- Primacy of Planning
- Forward Looking
- Pervasiveness
- Efficiency in Operations
- Involves Choices
- Continuous Process
- Intellectual Process

Advantages

- Planning offsets Uncertainties
- Focuses attention on Objectives of the Company
- Improves Efficiency and Economy
- Established co-ordinated efforts
- Encourages Innovation and Creativity
- Facilitating Control
- Planning provides direction
- Facilitates Decision Making

Process of planning

- Environment scanning
- Setting objectives
- Establishing planning premises
- Searching alternatives
- Evaluating the alternatives
- Selecting the most appropriate plan
- Formulating derivative/supporting plans
- Budgeting resources
- Implementing plans
- Follow-up action

Limitations

- Lack of Accuracy
- Cost
- Adverse effect on initiative
- Delay in action
- Psychological barriers
- Limited Flexibility : Internal and External
- Human Element
- Limited Practical Use

Planning Process

- Setting up of the Objectives
- Developing premises for each alternatives
- Listing the various alternatives for achieving the objectives
- Selecting an alternative
- Formulation of supportive/derivative plan
- Put the plan into action
- Follow Up

Types of Planning

- **A. Nature**
 - Corporate planning
 - Strategic planning
 - Operational planning
 - Functional planning
- **B. Time**
 - Long range planning
 - Short range planning
 - Medium range planning

Decision - Making

- Meaning & definition – ‘ DM is the process of choosing or selecting any one option out of several options to achieve some objectives’
- Wehrich & Koontz – ‘dm is defined as the selection of a course of action among alternatives’
- Dm is the work a manager performs to arrive at a conclusion or a judgement
- Dm is a process but arriving at a decision is a stage of that process
- Dm is all pervasive

Nature of Decision-Making

- Process
- Intellectual & logical
- Process in human mind
- Intuitive
- Existence of alternatives
- Ascertainment of choice , not the consequence / result
- Purposeful
- Solves problems
- Commitment
- Influenced by the environment
- All pervasive
- Essence of mgmt

Importance of dm

- To perform mgmt functions(planning, DM, organising, directing, controlling)
- To ensure success of mgmt process
- For the success of the enterprise
- Mark of the managers existence
- For evaluating managers
- For solving problems
- To limit risks
- For optimum utilisation of resources
- To face challenges
- To achieve objectives effectively

Process of decision making

- Identification of problem
- Diagnosing the problem
- Establishing specific objectives
- Identifying limitations
- Finding alternatives
- Evaluating alternatives
- Selecting appropriate alternatives
- Implementing the decision
- Feedback

Rationality in decision making

- Rationality in decision making refers to the ability & competence to make decisions systematically & logically with great objectivity & without subjectivity
- The quality of DM is judged on the scale of rationality
- Degree of rationality varies with org, situation, individual,

Bounded /Limited rationality

Herbert Simon-‘ managers act within bounded rationality’. Dm can never be absolutely rational

- Herbert Simon’s concept of bounded rationality says that in real life situation, it is generally impossible to choose one best alternative due to human & environmental limitations

Human & Environmental limitations

- Uncertain env
- Limited information
- Limited information processing capacity
- Ambiguous problem
- Problem includes solution
- Perceptual bias
- Quality of inf
- Preconceived decisions
- Divergent interests
- Cost & time constraints
- Belief in status quo

Objectives

- Objectives are the specific /desired results that the org wants to achieve
- They relate to the future but are determined today
- They are guides and action to the future
- They create commitment & are for a specific time period
- Objectives are the basic reasons for the creation, existence and functioning of an org.

Management by Objectives

- This model of objective setting was given by Peter Drucker in his book, *The Practice of Mgmt*
- MBO is regarded as a system for improving performance, both, the individual managers & the enterprise as a whole, by the setting of objectives at the corporate level, departmental level & individual managers level— Peter Drucker
- MBO is a process where both superior & subordinate managers jointly identify their common goals, of their work unit & define each employees major areas of responsibility

Characteristics

- A philosophy of mgmt
- Goal-oriented approach
- Common objectives & individual goals
- Participation & involvement
- An interactive approach
- A comprehensive approach
- A systems approach
- It applies to total mgmt system
- Aims at optimum results
- Simple universal approach
- Multiple uses

Process of MBO

- Setting corporate or overall objectives- mainly concerned with the survival, growth, profit , covering all important areas of business
- Setting objectives of each department / unit- set by the dept manager in consultation with the top managers covering all aspects of the depts like productivity, profitability & other operational issues
- Setting individual goals - these are the performance objectives or standards for individual employees. The superior meets the subordinate to discuss mutually acceptable goals. Goals are specific, verifiable, quantitative, time-linked and reward-linked

Contd...

- Matching objectives and resources- superior should ensure proper supply of resources & proper authority given to the subordinates
- Recycling the objectives
- Developing action plans – that includes activities, relationships, time required, beginning & completion dates, priority, nature & amt of resources, accountability

Contd....

- Implementation of action plans – managers train, guide, motivate & give support
- Periodic reviews – superior and subordinate sit together for reviewing the progress towards achieving their goals. Changes in working patterns may be asked if necessary
- Evaluation- performance is evaluated qualitatively or quantitatively in terms of time ,resources, creativity, difficulty, cooperation, coordination, ethics
- Feedback – given to the top managers. On the basis of this, superior sends his comments & suggestions on the performance of every employee. Necessary changes are made in the MBO program

Advantages of MBO

- Encourages result oriented philosophy
- Clearer goals
- Effective planning
- Clarification of organisational roles
- Coordination
- Encourages commitment
- Self-direction & control
- Motivation
- Facilitates control
- Improved performance appraisal

Contd

- Cordial relations between superior & subordinate
- Development of managerial skills
- Facilitates organisational change & development
- Improves communication
- Helps to identify promotable managers
- Rewards can be made to competent people
- Boosts employee morale & gives career opportunities
- Reduces duplication of efforts

Disadvantages

- Failure to teach philosophy of MBO
- Lack of guidelines
- Difficulty of setting goals
- Emphasis on short term goals
- Emphasis on quantitative goals
- Forcing objectives on managers
- Unethical means
- Inflexibility
- Time consuming

Contd...

- Excessive paper work
- Organisation system
- Managerial needs
- Ability of managers
- Neglect of personal development goals
- Uncertain environment

Organising - concept

- We live in a world full of organisations. We are born , educated, employed, worship, governed, and we die in an organisation.
- The term org is used at least in 3 senses-
 - as a group of persons ie. institution
 - as a structure of relationships
 - as a function or process ie. organising

As a group of persons

- The term org is used to refer to a group of people .
- McFarland- an identified group of people contributing their efforts under the direction of a leader in order to accomplish specific goals
-

As a structure of relationships

- The term is also used to refer, a structure or skeleton of relationships among a group of people
- Wehrich & Koontz- org is a structure of relationships by which an enterprise is bound together & the framework in which individual effort is coordinated
- Org is a structure of formal authority relationships among individual members of a group formed for accomplishment of some specific purpose

As a function/ process

- Glueck – ‘org is the mgmt process by which the work is divided up among units and then these units and jobs are linked together to form a unified system’
- Wehrich & Koontz- org is 1)
identification & classification of required activities
2) grouping of activities necessary to attain objectives
3) assigning of each grouping to a manager with the authority necessary to supervise it
4) the provision for coordination horizontally & vertically in the organisation structure

Nature of organising

1. Group of persons
2. Common objectives
3. Deliberate creation
4. Management functions
5. Continuous process
6. Division of work
7. Cooperative relationships
8. Communication
9. Chain of command/ hierarchy of authority
10. Rules & regulations
11. dynamic environment
12. rational behaviour
13. leadership
14. coordination

Importance of organising

- Facilitates performance of other managerial functions
- Ensures survival & success of enterprise
- Promotes specialisation
- Clarifies authority relationships
- Determines decision centres
- Ensures flow of activities
- Facilitates communication

Contd....

- Avoids overlapping duplication of work
- Facilitates coordination
- Encourages sound human relations
- Ensures optimum use of resources
- Stimulates creativity
- Facilitates growth & diversification
- Increases efficiency & effectiveness
- Facilitates adoption of new technological innovations

Social importance/ significance

- Org enable us to achieve that we could not do as well- or at all- as individuals. They help us to provide a continuity of knowledge & they serve us as an important source of careers.
- Society gets – 1) goods & services 2) living standards 3) knowledge through schools & colleges 4) preserve knowledge through libraries, museums 5) provide employment & career opportunities 6) ensures democratic administration 7) helps eradicate poverty 8) helps overcome limitations as individuals & enable groups to reach different goals

Process of Organising

- Determination of objectives
- Identification of activities
- Grouping of activities
- Assigning duties
- Delegation of authority
- Determining relationships
- Allocating resources
- Setting coordination systems

Organisational structure

- Henry Albert- org str is the framework within which managerial & operating tasks are performed
- Characteristics-1) arrangement of people
2)establishes positions & relationships 3)framework of authority & responsibility4)displayed on a chart 5)two dimensional 6)vertically displays the hierarchy & horizontally displays the departmentation 7)formal as well as informal

Forms of organisational structures

- Line organisations
- Line & staff org
- Functional org
- Project org
- Matrix org
- Committee org

Line organisations

- This is one in which the authority flows from the top to the bottom vertically in a straight line manner & responsibility flows in an opposite but equally direct vertical manner
- Characteristics – 1) authority flows vertically from top to down 2) accountability flows in opposite manner 3) man-boss relationship is clear 4) every managerial positions are connected above & below 5) each manager derives authority from from immediate superior 6) each manager is accountable for the acts of his subordinates to his superior 7) no advisory staff 8) complete lack of specialisation 9) based on the principle of unity of command 10) oldest type with limited no of subordinates

Suitability

- Small-scale sole proprietary org
- Org with simple routine operations
- Org with automatic & continuous production processes
- Org with short chain of command
- Org having few subordinates at each level

Line & Staff organisations

- This is one that has line managers with direct, vertical relationships between different levels in the org in addition to the specialists responsible for advising & assisting the line managers
- Staff specialists/experts are the persons or depts who provide technical advice or service to the line managers

Characteristics

- There are 2 types of relationships—line, staff
- Line managers are the persons who have authority to issue orders
- Line managers are responsible for achieving objectives
- They are accountable to their superiors for the performance of their subordinates
- Staff managers/ experts are people /depts having expert knowledge in their respective fields
- The staff managers render auxiliary services
- The line managers are not bound to follow the advice given by ‘staff ‘
- Based on the principle of specialisation & unity of command

Functional organisations

- This str is one in which line authority is channelised through the staff specialists. The line authority runs through many functional experts who have authority to issue orders in their respective fields. The distinction b/w line & staff is eliminated for all practical purposes.

Characteristics

- The activities of org are grouped into major functional depts such as production, marketing, finance.....
- Each functional dept is put under the charge of a functional manager who is an expert
- Each functional manager is granted functional authority to give order in area of his expertise
- Each subordinate shall be accountable to every functional manager from whom he receives the order

Contd...

- In such a str the functional authority of each functional manager extends into the activities of several depts or work units
- Consequently ,the principle of unity of command is violated

Project organisations

- It is a temporary str designed to accomplish a specific task or project with the help of specialists drawn from different functional departments within the org.
- The pro org is led by the project manager and assisted by a team of functional experts

Characteristics

- Is temporarily a part of larger org
- Designed to handle medium or large sized business
- Under the charge of a project manager
- The pm. forms a team of experts from the various functional depts
- Pm acts as coordinator & is directly accountable to the ceo of the org
- The pm has some line authority over the functional experts
- Project team is abandoned after completion of project

Matrix organisations

- A mo is a permanent str designed to accomplish specific project by using teams of specialists drawn from different functional depts within the org
- In this the team members are accountable to both the project manager & functional head to which they are permanently assigned

Characteristics

- Combination of two orgs-project+functional
- Permanent str
- Project manager is incharge of the project
- Pm achieves the project with the help of specialists
- Functional manager is in-charge of expert
- Fm determines-who will perform, how the task has to be done,where the task is to be done+supervises the performance
- The pm coordinates,plans,schedules as per cost,time & quality

Committee organisation

- type of staff org formed to give specialised advice to line managers
- Committee is a group of two or more appointed, nominated or elected persons to consider , discuss, decide, recommend or report on some issue or matter assigned to it
- Considered as a separate type of orgs

Characteristics

- Consists of two or more people
- They are appointed, nominated or elected
- It meets in an organised & lawful manner
- It is assigned some issue or matter to deal with
- During the meeting they consider, discuss, decide, recommend & report
- It works within its jurisdiction
- It decides collectively by voting
- Each member has one vote
- The rule of 'majority wins' applies here
- It may be permanent/temporary
- Known by different names like board/commission/council

Departmentation

- The division of any org into depts, sections, units/divisions is called departmentation
- It is necessary –
 - 1) to introduce principle of specialisation
 - 2) fix responsibility
 - 3) train & develop managers
 - 4) appraisal of managers
 - 5) provide functional authority
 - 6) ensure efficiency of administration

Bases of departmentation

- By functions
- By products
- By customers
- By geographical territory
- By process/equipment
- Combination/composite departmentation

Functions

- Deptn according to the basic functions of org
- It could be subdivided, like mktg dept could be subdivided into sales, adv, mktg research, physical distribution
- Advantages –
 - simple & familiar
 - logical & rational
 - principle of specialisation
 - ensure basic performance of all necessary activities

Contd...

- --- eliminates overlapping & duplication
- permits top mgmt to focus on key functions
- ensures economy in the org
- unity of direction
- effective coordination
- effective controls

Disadvantages – big org has many depts & sub depts,difficult to handle

- dept heads become narrow minded
- difficult to measure each depts role
- too much emphasis on specialisation

By Product

- Deptm is done on the type of products produced /sold
 - Each dept is responsible for a specific product line
 - Advantages-proper attention
 - responsibility can be easily fixed
 - Evaluation of performance
 - identification & dropping of unprofitable products
 - flexible
- Improves decentralisation
- Maximises specialisation

By Customer

- Based on the types or group of customers or markets
- Advantages-permits to understand the peculiar needs of the customer
 - proper attention & service
 - tends to satisfy every customer
 - specialisation can be looked into

By Geographical Territory

- This is based on the geographical territory of the business activities

Advantages— full attention to local customer

--better services to the customer

--adapt & respond to local needs

--shortens lines of communication

-- better control, coordination, flexible

--encourages competition

--Training & better development of managers

By Process/Equipment

- This is done on the basis of process or equipment used by the org eg cotton textile mill may be divided into ginning, spinning, weaving, dyeing & printing depts
- Advantages – economy of operation
 - sequential arrangement of processes
 - efficiency of operations
 - specialisation, fixing responsibility, training & development of junior managers

Composite /combination deptm

- Combination of two or more types of departmentation
- Used in large orgs where areas of operations are numerous
- No one base can meet the needs of such orgs

Authority

- Henri Fayol- the right to give orders & power to exact obedience
- Authority is the formal right vested in a managerial position ,to decide, to direct & to influence the behaviour of subordinates with a view to achieve org goals.

Characteristics

- A right
- Positional right
- Formal
- Flow of authority-top to down
- Right-duty relationship
- Involves issuing orders, taking actions, performing duties, mobilising & utilising of resources
- Compliance is ensured
- Guide & influence
- Binding force
- Authority is exercised to achieve goals

Contd....

- Never absolute
- Limited
- Objective but exercised subjectively
- Basic to managerial job
- Parity b/w authority & responsibility
- Abused/under-used/misused
- Accepted/rejected

Centralisation of Authority

- Allen- it is the systematic & consistent reservation of authority at central point in an org
- It refers to the extent to which authority to make decisions is retained by the top management in an org . It is a situation which goes to decrease the role of the subordinates.

Characteristics

- Authority retained by higher level managers
- They have the right to make decisions
- Actions & operations regulated by top level managers
- Operating authority with the middle level managers
- Reduces the role of subordinates
- Centralisation always present to some extent
- Close supervision & close control

Advantages

- Uniformity of decisions
- Uniformity in org working
- Personal leadership
- Improves integration & coordination
- Expert service
- Reduced mistakes by subordinates
- Increased efficiency
- Improves crisis/emergency management

Disadvantages

- Too much burden on the top mngm
- Delay in decisions
- Weak organisation
- Abuse of power
- Bureaucratic & autocratic org
- Weak commn system
- Frustration in subordinates
- Hampers growth

Decentralisation

- It is the degree to which an org places authority & decisions as far down in the org as efficient managt permits - Mc Farland
- Refers to the extent to which decision-making authority is widely dispersed within the org.

Characteristics

- Refers to the extent to which authority is pushed down in an org
- Operating & routine decisions is delegated at the point closest to action
- Functional authority is delegated to middle & lower level managers
- Decentralisation is more than delegation
- Impossible to achieve complete decentralisation

Advantages

- Reduces burden of top managers
- Quick decisions
- Better decisions
- Better communication
- Training & development
- Democratic atmosphere
- Improves motivation & morale
- Effective supervision
- Provides flexibility & hence survival, growth of org

Disadvantages

- Loss of control
- Difficulty in coordination
- Lack of uniformity
- High cost
- External limitations
- Imbalance
- Competition b/w depts

Contingency factors in decentralisation

- Size & complexity of the org
- History & age of org
- Philosophy of top management
- Competence of managers
- Willingness of subordinates
- Geographical dispersion of the org
- Significance of the decisions

Contd....

- Impact of decisions
- Desire for uniformity of policies
- Desire for independence
- Adequacy of common system
- Control system
- Environmental factors

Span of Control

- Also known as span of management / supervision / responsibility
- It refers to the no of subordinates who are directly reporting to a superior
- Principle of span of control states that no manager should have more subordinates under his direct supervision than he can effectively & efficiently supervise & control

Graicunas theory of relationships

- Graicunas, a French management consultant derived a formula to determine the no of relationships a manager has for a given no of subordinates
- He identified three types of relationships—
 - *Direct single relationships
 - *Direct group relationships
 - *Cross relationships

Formula

- Direct relationship = no of subordinates
- Direct group relationships = $\frac{n(2^n - 1)}{2}$
- Cross relationship = $n(n - 1)$
- Total relationships = $\frac{n(2^n + n - 1)}{2}$

Factors determining span of control

- Ability of managers
- Ability of subordinates
- Nature of jobs
- Similarity of jobs
- Clarity of delegation of authority
- Clarity of plans
- Degree of decentralisation

Contd..

- Quality of standards/control system
- Nature of environment
- Communication system
- Need for personal contacts
- Level of managers in org
- Staff assistance

Motivation

- Motivation is concerned with why people work hard, well or poorly
- It means the need or reason that makes people to do some work
- Terry & Franklin- it is the need or drive within an individual that drives him or her towards goal-oriented action

Characteristics

- It's an internal feeling
- Continuous process
- Dynamic process
- Psychological concept
- A way to direct & explain behaviour
- It is the willingness to exert effort
- System oriented

Contd..

- Need-satisfying process
- Energising force
- Positive / negative
- Whole individual
- Frustrated individual cannot be motivated
- Motivation is different from morale
- Motivation & job satisfaction are not synonymous

Importance of motivation

- Inspires employees to work
- Higher performance
- Higher productivity
- Effectiveness of managerial functions
- Helps achieve organisational objectives
- Human resource development
- Satisfied human resource

Contd..

- Boosts morale
- Sense of belongingness
- Reduced employee turnover & absenteeism
- Facilitates change
- Effective utilisation of resources
- Better industrial relations
- Enhances corporate image
- Innovation & development of technology

Maslow's Need Hierarchy Theory

- According to Maslow every individual has a hierarchy needs as follows—

Physiological needs

Safety needs

Social needs

Esteem needs

Self-actualisation needs

Merits

- Best known theory of motivation
- Logical theory
- Helps managers to concentrate on unsatisfied needs
- Person advances to the next level of the need hierarchy only when lower levels are satisfied
- Easy to understand human needs
- Helps to find reasons that influence behaviour of a person

Contd..

- Dynamic model
- It is a positive theory
- It is a simple & humanistic theory
- It has been proved by different research studies

Demerits

- It is simple but cannot be tested in practice
- Based on a small sample
- Need hierarchy does not exist step by step
- No evidence that a satisfied need is not a motivator
- Need hierarchy may not be the same for all employees
- Human beings are not motivated by their needs alone

Herzberg's Two Factor Theory

- Fredrick Herzberg in 1950 devised the 'Motivation-hygeine theory' after research of job attitudes of 200 engineers & accountants
- He analysed the responses and felt that factors which made respondents feel good were totally different from those which made them feel bad
- He categorised these responses into 2 groups –
 - I) Hygeine factors or maintenance factors
 - II) Motivators or satisfiers

Hygiene factors

- Related to job environment –
 - Company's policies
 - Administration
 - Working conditions
 - Job security
 - Salary
 - Quality of supervision
 - Interpersonal relations

Motivators

- Achievement
- Recognition
- Advancement
- Responsibility
- Personal growth
- Opportunities
- Work itself

Explanation

- Hygiene factors are related to job environment
- Presence of these factors is essential for reasonable satisfaction
- The absence /deficiency of these factors can cause dissatisfaction
- The presence of these factors is necessary to avoid dissatisfaction
- These factors do not motivate employees

Contd..

- Adequacy of 'motivators' make employees satisfied with their job
- This in turn motivates them
- Their absence however does not demotivate the employees
- According to Herzberg job satisfaction & dissatisfaction are not opposite to each other
- Absence of job dissatisfaction does not mean presence of job satisfaction
- Satisfaction is achieved through motivators & dissatisfaction results from absence of adequate hygiene factors
- Therefore managers should maintain adequate amount of hygiene factors & motivators

Merits

- It distinguishes b/w factors that motivate employees on the job & factors that maintain the employees on the job
- Recommends specific measures to improve motivation level
- Helps to understand the effect of job content on motivation of employees
- It explains the significance of job enrichment on the job redesign
- It is a rational approach to motivation

Demerits

- Research base was very narrow
- At times difficult to distinguish b/w job-content & job-context factors
- In real life no direct cause & effect relationship
- Difficult to make interpretations by different raters
- Explains reasons for satisfaction/dissatisfaction & is not a theory at all
- All the measures of satisfaction have not been explored

Contd..

- It ignores the impact of situational variables
- Two factors are not distinct. Both factors can cause satisfaction/dissatisfaction
- It ignores the impact of hygiene factors on motivation

McGregor's Theory X & Theory Y

- Prof Douglas McGregor was a psychologist, management consultant & an author. In his book 'human side of enterprise' he described two sets of assumptions about people at work. He labelled them as theory X & theory Y
- Theory X represents the pessimistic side of the human nature
- Theory Y represents the optimistic side of the human nature

Theory X

- Average human being dislikes work & will avoid work ,if possible
- Hence, they have to be coerced, controlled or threatened to make them achieve objectives
- A H B prefers to be directed
- A H B wishes to avoid responsibility
- A H B has relatively little ambition
- A H B wants security above all other factors associated with work
- A H B is inherently self centered & indifferent to organisational objectives
- A H B resists change
- A H B is gullible, not very bright

Theory Y

- A H B does not dislike work & finds work as normal as play/rest
- Employees will self direct & self control if they are committed
- Commitment to objectives is a function of the rewards associated with their achievement
- A H B can be motivated by higher level needs ie self esteem & self-actualisation needs
- A H B learns to accept & seek responsibility
- He seeks responsibility because it allows him to satisfy higher-level needs
- He exercises imagination & creativity in the solution of problems
- The intellectual potentialities of the AHB are partially utilised in modern industrial life

- McGregor believes that a manager's view about the employee affects the behaviour or motivation of the employees
- If a manager treats employees lazy & irresponsible, the employees will behave accordingly (theory X makes them lazy)
- If a manager treats his employees as mature & responsible, they would behave accordingly (theory Y makes them motivated)
- Theory X assumes that lower order needs dominate individuals
- Theory Y assumes that higher order needs dominate individuals
- Theory Y assumptions were more valid than X
- He proposed ideas like participation in DM, good group relations, providing challenging jobs for maximising motivation

Contribution

- Theory Y suggests that mgmt is responsible for organising the resources for achieving org objectives
- Employees are not lazy/passive/resistant to org objectives
- Work is natural if managers channelise the employees potential
- Employees can exercise self-direction & self-control if they are committed to obj
- Commitment to obj can be ensured if the rewards are associated with the achievement of obj

Criticism

- Tends to over-generalise human behaviour
- Almost all employees don't become good/bad just by the view of their bosses
- Mc Gregor suggests that Job itself is a motivator but practically not so

McClelland's Achievement Theory

- Developed by David McClelland
- He focused on three basic needs for motivation
 - *need for achievement(the drive to excel,in relation to a set of standards)
 - *need for power(to make others behave in a way that they would not have behaved otherwise)
 - *need for affiliation(desire for close,friendly interpersonal relationships)

- Individuals with a high need to achieve prefer job situations with personal responsibility & moderate degree of risk associated with feedback
- Such people are successful in running their own enterprises/managing a self contained unit within a large org
- High nAch people might not be good managers but are interested in how well they do personally
- High nPow & high nAff tend to be closely related to managerial success
- The best managers are high in nPow & low in nAff
- Employees can be trained to stimulate their nAch. Teaching could be in terms of accomplishments, winning, success etc
- So, if a job calls for a high achiever, mgmt can select a person with high nAch or develop its own candidate through achievement training

William Ouchi's Theory Z

- Theory Z refers to the selected Japanese managerial practices adapted to the environment of the United States as suggested by W Ouchi
- W Ouchi identified a no of US co's like IBM,Hewlett Packard, Intel,P&G,Kodak who practiced mgmt similar to successful Japanese co's who have been using these practices for years
- Theory Z is a hybrid system which includes the strengths of Japanese & American Co's
- It believes that a high degree of mutual responsibility , loyalty & consideration b/w co's & their employees will result in higher productivity & improved employee welfare

Features of Theory Z

- Strong bond b/w org & employee
- Employee participation
- Informal structure
- Human resource development
- Informal control
- Mutual trust
- Evaluation & training important
- Individual Responsibility
- Career path
- Concern for the people

Implementation of Theory Z in India has started (eg Maruti Udyog)

Types of Motivation

- **Positive / Negative motivation**- it is the process of influencing the positive behaviour through the use of rewards and the process of controlling negative behaviour through fear & punishments (+ motivation include, pay, fringe benefits, praise, responsibility, participation, social recognition ...)(- motivation include wage cut, retrenchment, demotion, transfer, reprimand...)
- **Extrinsic / Intrinsic motivation**-extrinsic motivation arises from external factors, related to the job environment like higher wages, profit-sharing, fringe benefits ,better working conditions,etc. intrinsic motivation comes in form of job redesign, enrichment, praise, social recognition ,etc.

Techniques of motivation

- **Financial & non financial motivation-** Financial motivation occurs from direct / indirect monetary benefits. Direct benefits are salary, fringe benefits, etc & indirect benefits are bonus, pension, gratuity, insurance plans ,etc..
- Fringe benefits are the benefits over & above regular pay & variable payment related to performance. It includes housing, transport, holidays, free/subsidised medical services, disability benefits, retirement benefits , etc
- Financial techniques are tangible & visible incentives

Non financial techniques/ incentives

- They are not associated with monetary rewards
- They are mainly psychic in nature
- They are associated with the work & work environment
- Such techniques contribute to the higher level needs such as social, esteem & self-actualisation needs

- *Job enlargement* - adding more & different but simple tasks to a specialised job. It increases the no & variety of tasks a worker should do. The employees are encouraged to learn new skills or take new responsibilities.
- *Job enrichment* – basic change in the content & level of authority & responsibility of a job. It is the process of adding several positive inducements & attractions in a job to make it more meaningful. The job holder is given more authority & autonomy for making decisions on operational matters of his job
- *Job rotation* – employees are provided an opportunity to perform different jobs or functions by rotation. The purpose is to increase the knowledge & skill of the employees. This relieves them of boredom & monotony

- *Praise & Recognition* – most effective & direct means of motivation. They satisfy the social & esteem needs of the employees. Prizes, certificates, letter of appreciation.....
- *Participation* – means involvement of non- managerial personnel in the organisational & managerial activities.eg, information sharing, suggestion scheme, consultation, representation on committees, etc...
- *Competition / Contests* – organising various activities or fixing certain goals or standards & challenge the employees to achieve them ahead of others. Winners are awarded gifts, prizes,etc...
- *Promotion* – raise to a higher post or increase in the status of a person improves his motivation level. Promotion may not always increase the pay but the increase in the social status may boost his esteem needs & morale

- *Delegation of authority* – this enables subordinates to have effective control over the work. Job enrichment involves delegation of authority
- *Feeling of accomplishment* – this feeling can be induced by providing more authority, autonomy, applying MBO, better career planning
- *Security of job* – security of job from threat of loss of job from technical change must be provided
- *Congenial social environment* – providing means to socialise through recreation programmes, promote informal relations among the employees, execute induction programmes , etc...
- *Opportunity for advancement* – specified career path
- *Quality circles* – opportunity to express opinions & suggestions in a free, frank , informal way
- *Sound work climate*- physical environment, factory layout, canteen, toilets, rest rooms,

Leadership

- Wehrich & Koontz – Leadership is the process & the art , influencing the behaviour, attitudes, activities of people to work willingly & enthusiastically towards the accomplishment of group goals.
- It is one of the main functions performed by all the managers
- The success of all the managers largely depends on the capacity to lead their subordinates

Characteristics

- Personal quality
- Depends on doing
- Followers
- Influencing & inspiring process
- Continuous process
- Interpersonal relations
- Common goals
- Shared function
- Pervasive function

))

- Dynamic art
- Power
- Formal / Informal
- Management & leadership are different
- Positive / Negative

Importance of leadership

Without leadership, an org would be only a confusion of people & machines

- Determination of goals
- Guides & inspires / motivates
- Boosts morale
- Creates confidence & enthusiasm
- Develops team spirit
- Creates vision & initiative
- Transforms potential into reality

- Representation ((
- Development & use of human resource
- Facilitates change
- Ensures survival & success of the enterprise
- Contributes to effective management
- Creates work environment
- Maintains order & discipline
- Resolves conflicts

Leadership Traits

- Personality & stamina
- Intelligence
- Self confidence
- Vision & foresight
- Ability to inspire
- Ability to communicate
- Sincerity & honesty
- Courage & will power
- Flexible & dynamic
- Emotional stability/maturity

- Sound judgement (
- Tact & humour
- Education & knowledge
- Conceptual skills
- Administrative skills
- Analytical skills
- Human relations skills
- Technical skills

Leadership Style

- It is the general way or pattern of behaviour of a leader towards his followers in order to influence their behaviour to attain a goal
- Autocratic/ Authoritarian style
- Participative / Democratic style
- Free –rein or Laissez-faire style
- Paternalistic style

Autocratic / authoritarian style

- Highly centralised power
- Accepts McGregor's theory X assumptions
- Makes all decisions himself
- Exercises close supervision & control
- Expects obedience
- Gets things done through fear / punishment
- Believes in one way motivation
- For motivation , he satisfies the basic needs only
- Two types- pure autocrats(-)
 - benevolent autocrats(+)

Advantages

- Quick decisions
- Structured work
- Can hire less competent subordinates
- Execution of orders with certainty

Disadvantages

- Overburdens managers
- Fear & frustration of subordinates
- Hampers creativity of subordinates
- No free flow of communication
- Disliked by subordinates
- Decisions may cost heavily

Participative leadership

- Decentralises authority
- Involves subordinates in decision making
- Free flow of commn
- Leads by mutual consent
- Explanative
- All work as a social unit
- Motivates through + means

Advantages

- Avoids hasty decisions
- Encourages cooperation
- Motivates subordinates to perform better
- Higher productivity
- Reduces employee grievance
- Facilitates change, creates healthy atmosphere
- Develops future leaders

Disadvantages

- Slows decision making process
- Dilutes responsibility
- Reduces the role of a leader

Laissez – Faire leadership

- Leader uses very little power
- High degree of freedom to subordinates
- Complete delegation of authority
- Subordinate makes his own plan, procedure & decisions
- Leader becomes a passive observer

Suitability

- Where subordinates are highly competent & duty conscious
- They are able to train & motivate themselves

Paternalistic Style

- Is authoritarian by nature
- Heavily work centered
- Has consideration for subordinates
- Fatherly care for subordinates
- He helps, guides , motivates as members of a family
- Personalised leadership with direct personal contacts
- Subordinates tend to remain submissive & faithful
- They feel job secured
- Problems are sympathetically dealt with

Tannenbaum & Schmidt's Situational leadership Continuum

- T & S developed a leadership continuum
- On the extreme left, leader behaviour is characterised by exercise of high degree of authority over subordinates(manager power influence)
- This is regarded as boss centered leadership
- On the extreme right, leadership is subordinate-centered(non-manager power influence)
- There are many styles in between these two extremes
- These styles vary with the degree of freedom a leader grants his subordinates

- In moving from left to right, less & less authority is used & more & more freedom is allowed in decision making
- The 7 leadership styles of the continuum are as follows
 - manager makes decision & announces it
 - manager sells the decision
 - manager presents ideas & invites questions
 - manager presents tentative decision, subject to change
 - manager presents problems, gets suggestion & takes decision
 - manager defines the limits & asks the groups to make decisions
 - managers & subordinates jointly make decisions
- Selection of leadership style depends on- forces operating in the leader's personality,
 - forces of the subordinates
 - forces in the situation, org & societal environment

Likert's four system of leadership

- Prof. Likert studied different patterns of leaders
- He developed four systems/styles of leadership
- Sys 1- Exploitative-authoritative
- Sys 2- Benevolent-authoritative
- Sys 3- Consultative leadership
- Sys 4- Participative leadership

- Exploitative-authoritative leadership---

- *managers highly autocratic

- *little/no confidence in subordinates

- *motivation mainly through fear/punishment

- *mostly downward commn

- *productivity is mediocre

- Benevolent-authoritative leadership

- *some trust in subordinates

- *little degree of freedom

- *managers make decisions

- *both rewards & fear of punishment for motivation

Little upward commn

- *productivity ranges from fair to good

- Consultative leadership-

- *managers have substantial but not complete confidence in subordinates

- *leaders consult some of their subordinates on policy changes & org goals

- *operating decisions are taken by subordinates

- *lower levels have considerable amount of freedom

- *leaders try to use suggestions given by subordinates

- *two way commn system

- *productivity is good

- Participative group leadership-

- *Likert's recommended style of leadership

- *sign of educated & dynamic society
- *managers have complete trust in subordinates ((
- *they always use ideas & suggestions from subordinates
- *whole group participates in goal setting & decision making process
- *leaders give economic rewards for goal setting & participation
- *free flow of commn
- *maximised quantity & quality of performance

Theories of leadership

A) **Personality theories-** 1) *Great man theory of leadership*- * leaders are born, not made

* leadership qualities are inherited

* They cannot be acquired

* leadership qualities & effectiveness are independent factors

Criticism :: * does not have scientific base

* does not prescribe essential qualities

* inborn leaders are imaginary characters

* leadership can be acquired through formal training

* leadership quality is not alone sufficient for success

2) *Trait theory of leadership*-*certain traits essential to become a good leader

*these traits may be inborn/acquired

Stogdill found the following traits-----*five physical traits such as energy, appearance, height etc..

*four intelligent & ability traits

*sixteen personality traits such as adaptability, enthusiasm, self-confidence etc...

*nine social traits like cooperativeness, interpersonal skills, administrative skills etc...

Criticism -----*not scientific

*long list of traits

*fails to mention important/ unimportant traits

*does not distinguish b/w leaders & followers traits

*no method of measuring traits

*diff roles require diff traits

- Behavioral theory of leadership
 - *it focusses on the behaviour of the leaders
 - *effective leadership is the result of effective behaviour
 - *success of leadership depends on behaviour & not on his traits
 - *functional behaviour includes goal setting, motivating employees, making effective commn,& interation, building team-spirit
 - *dysfunctional behaviour includes inability to accept sibordinates ideas, poor commn, ineffective interaction, poor human relations etc..
 - *it assumes that leaders use conceptual, human & technical skills to lead his subordinates
 - *it uses questionnaires, observation & interviews to identify dimensions of behaviour
 - *does not use any scientific tests

- Situational /contingency theories
 - *emphasises that success of leader is largely determined by situational factors apart from the traits & behaviour of the leader himself
 - *leadership is different in different situations
 - *a leader may fail if he behaves in the same situation all the time
 - *different situations are created by –
 - forces in the leader
 - forces in the subordinates
 - forces in the situations

Control: definition

- Henri Fayol- it consists of verifying whether everything occurs in conformity with the plan adopted, the instructions issued and principles established
- It is the process by which managers ensure that performance is in conformity with the plans & goals
- It involves setting of standards, measuring actual performance & correcting the performance if it deviates from the standards
- Control is concerned with the checking & correcting activities of human beings & not human beings

Characteristics

- Managerial function
- Pervasive function
- Universal process
- Continuous process
- Dynamic process
- Positive & constructive process
- Goal – oriented
- Action oriented
- Forward looking
- Controlling & planning are twins
- Control not of men but actions & behaviour
- Control is not interference
- Wide scope

Importance of control

- Smooth functioning of the enterprise
- Managing large organisations
- Maintaining competitiveness
- Attainment of goals
- Ensures success of planning
- Facilitates decision making
- Delegation & decentralisation
- Effective direction
- Promotes coordination
- Enhances motivation & morale

- Ensures discipline & honesty
- Timely performance
- Detection & correction of mistakes
- Promotes economy
- Organisational stability
- Adapting to changing environment

Control cycle

- Establishment of standards
- Measurement of performance
- Comparison of performance with standards
- Taking corrective actions

- Establishment of standards—

- *productivity standards

- *time standards

- *cost standards

- *quality standards

- *behavioural standards

- Standards should be-

Quantifiable, precise, focus on achievement of result not procedure, capable of achievement, flexible, set in consultation, include tolerance limits, revised from time to time

- Measurement of performance- actual performance can be done through personal observation, samples, reports, accounting statements etc...
- Comparison of performance with standards-degree of variation is found , if variation exceeds the tolerance limits then corrective action is taken
- Taking corrective action- by correcting actual performance or revising standards, provide training, revise compensation plan, redesigning the job, changing the strategy, changing the organisation structure, etc

Effective Control System

- Characteristics –goal oriented
- Accurate
- Timeliness
- Objective
- Understandable
- Flexible & forward looking
- Economical
- Reasonable standards
- Strategic point control
- Consistent to organisational structure

- Emphasis on exception
- Multiple criteria
- Corrective action
- Participation
- Suitability
- Self control by sub systems
- Direct control
- Human factor
- Factors which cannot be controlled should be given consideration
- Effective feedback mechanism

Techniques of control

- Traditional techniques-personal observation
- Setting examples
- Plans & policies
- Organisation charts & manuals
- Disciplinary systems-reprimand, censures, criticism, punishment
- Written instructions
- Statistical data- tables, charts, graphs(mean, mode, st dev, regression , correlation)

- Special reports & records
- Financial statements
- Operational audit
- Break even analysis
- Standard costing
- Budgets/budgetary control

Modern Techniques of control-

- Return on Investment (ROI) = $\frac{S}{TI} * \frac{NP}{S}$

- Management Audit
- Management information system
- Zero – base budgeting
- PERT / CPM

Managing Organisational change

- Org change means alteration of the status quo
- It means planned change or alteration in the role & relationships of the people, technology & environment in the organisation in order to improve its overall performance

Characteristics

- Overall change ie. People, relationships, technology, internal environment
- Change due to internal & external env
- Response to the forces of the env
- Planned & intended
- Change in attitude, values, behaviour, & technology
- Change in equilibrium/ status quo
- Aims at improving overall performance of the org
- Implies learning & unlearning

- Some parts of org change more rapidly than others
- Change in one factor leads to change in other factors- domino effect
- Complex process which needs to be steered systematically
- Rarely takes place smoothly
- Change may effect an individual, group or entire org
- Change may be reactive or proactive

Causes of Org Change

- External causes / forces
- Internal causes / forces

External causes / forces

- Demographic / population factors-level of edu, ratio of rural/urban pop, ratio of male/female/children, ratio of senior citizens, occupation patterns, density of pop etc.
- Economic conditions-state of inflation, deflation, recession, boom, infrastructural facilities, roi, availability of resources
- Technological development-
- Market conditions-
- Economic policy- industrial & licencing policy, import export policy, monetary policy, taxation policy, policy of globalisation & liberalisation, taxation policy, rural area dev policy

- Political and legal factors- political philosophy, business laws, corporate laws, working of judiciary
- Social & cultural conditions- social values, customs, traditions, living patterns, food habits, clothing patterns, etc.
- Trends of economic events- cut throat competition, mergers, amalgamations, takeovers, speed of industrialisation, condition of capital / stock, mnc's, business outsourcing agreements, technological transfers

Internal causes

- Change in top management
- Change in personnel- increase in female staff, increase in white collar jobs, increase in technical staff, attitudes, values, expectations
- Change in org goals- product, diversification,
- Change in policies- marketing, production, financial, personnel
- Change in technology
- Org structure
- Range of work
- Strategic planning
- Introduction of incentive wage plan,
- Change to avoid inertia

Process of planned change

- Identifying the forces demanding change- external, internal
- Identifying the need for change
- Recognising / diagnosing the problem
- Planning the change- org str, job / task , people / human resource

The change agent should be clear about the need, set the broad guidelines, select an appropriate strategy for implementation, anticipate the probable obstacles

- Doing force- field analysis-diagnosing the current situation, * strengthening favourable forces * restraining unfavourable forces
- Implementation of plan - * unfreezing, *changing / moving (compliance, identification, internalisation method), * refreezing
- Review & feedback
- Taking corrective action in case of deviation

Resistance to change

- Resistance by employees-
 1. Fear of economic loss – lay-off, retrenchment, reduced job opportunity, wage cuts, demotion/ low monetary benefits, more work load
 2. Social displacement-
 3. Inconvenience /love for status quo
 4. Fear of uncertainties
 5. Resistance from groups
 6. Fear of loss of power
 7. Lack of understanding
 8. Bitter experience
 9. Fear of absolescence of skills
 10. Habits

Resistance by the management

- Organisational structure-
- Fear of loss of power & influence
- Fear of increase in responsibility
- Resource constraints
- Resource reallocation / transfer
- Chain of effects
- Group inertia
- Non-cooperation or threat by experts
- Sunk costs

Overcoming resistance to change

- Education & communication
- Participation & involvement
- Facilitation & support
- Negotiation & agreement
- Cooptation
- Manipulation
- Coercion
- Use of group forces
- Capable leadership
- Shared rewards
- Employee security
- Union support
- Consistent with total system

Organisation development

- A planned process of change to improve organisation's effectiveness & health to cope with environmental changes through the knowledge & techniques of behavioural science
- Robert Albanese- OD is a conscious, planned process of developing an organisation's capabilities so that it can attain & sustain an optimum level of performance as measured by efficiency, effectiveness & health

Characteristics

- OD is a planned effort to bring changes in entire org
- Aims at improving org's effectiveness
- Involves the knowledge of behavioural science techniques
- Systems-oriented concept
- Improves org's capacity for problem solving, adaptive changes, self renewal
- OD places a high value on the humanistic values & goals
- Dynamic & interactive
- Research based effort, follows the principle 'action should follow research' & 'research should follow action'

- It is a normative educational strategy
- Change agents are employed to bring about OD
- Close relationship exists b/w change agents & the people who are being changed
- Change agent share a social philosophy about human values, are basically humanists seeking to develop a humanistic philosophy in org
- OD is a discipline in which academic degree can be earned & a type of work in which livelihood can be earned

Assumptions of OD

- Human beings are basically good
- Need for confirmation & support
- People can grow
- Differences among people
- Express feelings & emotions
- Be authentic, open & direct
- Give attention to process activities
- Foster cooperation
- Confront conflict
- Drive for personal growth
- Integration of individual goals with org goals
- Sense of commitment
- Total human resource system

Emerging Horizons of Mgmt

It is useless to tell the river to stop flowing ; the best thing is to learn how to swim in the direction it is flowing- Anonymous

- Factors responsible for new horizons::
- Demographical forces
- Social & cultural forces
- General economic forces
- Market forces
- Physical environmental forces
- Technological forces
- International env forces
- Political forces
- Internal env forces
- Legal forces
- Obsolescence of certain managerial practices, experience

Tasks before the mgmt

- Scientific forecasting
- Information technology
- Strategic planning
- Creativity & innovation
- Mgmt by objectives
- Emphasis on mgmt development
- Seeking strategic alliances
- Better corporate governance
- Systems approach to orgs
- Adopting contingency approach
- Visionary leadership
- Organisation development

Leadership

- Taking others towards a Goal,
- Influencing others to work enthusiastically
- Influencing attitude, behaviour, activities
- Supporting

Common ways of influence

Common ways of influence

a) Reasons

b) Friendliness

c) Cohesion

d) Bargaining

e) Higher Authority

f) Assertiveness

g) Sanctions

Nature/Characteristics

- Personal Quality
- Leadership is action, not position
- Followers
- Influencing & Inspiring Process
- Continuous
- Interpersonal relation
- Common Goals
- Shared Functions

Nature/Characteristics

- Pervasive Function
- Dynamic Art : Situational
- Power a.Knowledge,Performance b.Formal Authority c.Charisma d.Distinct Traits
- Leadership may be Formal / Informal
- Managing and Leadership are not same
- Leadership may be positive or Negative

Leadership v/s Management

- Influencing / Getting things done
- Informal or Formal / Informal
- Power / Delegation
- Narrow / Wider
- Relationship Not Specific/Formal
- Structure : Flexible,Open,Dynamic/ Organised Formal
- Goal : Influencing / Directing and Controlling
- Guidance : Behaviour / Policies,Plans,Rules
- Accountable : No / Own and of subordinates

Importance/Functions of Leadership

- Determination of Goals
- Guides & Inspires
- Boosts Morale : Internal Feeling
- Creates Confidence & Enthusiasm
- Develops Team Spirit
- Creates Vision & Initiative
- Transforms potential into reality
- Representation

Importance/Functions of Leadership

- Development & Use of Human Resource
- Facilitates Change
- Resolves Conflicts
- Ensures survival & Success of Enterprise

Leadership Qualities