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MANAGEMENT PROCESS & ORGANISATIONAL BEHAVIOUR -103

Unit I

Introduction: Concept, Nature, Process and Significance of Management; Managerial levels, skills, Functions and Roles; Management vs. Administration; Coordination as Essence of Management; Development of Management Thought: Classical, Neo-Classical, Behavioral, Systems and Contingency Approaches; Management and Society: The External Environment, Social Responsibility, and Ethics: An Overview; Managerial Communication,; Role of technology in communication.

Unit II

Planning: Nature, Scope and Objectives of Planning; Types of plans; Planning Process; Business Forecasting; MBO: Concept, Types, Process and Techniques of Decision-Making.

Organizing: Concept, Nature, Process and Significance; Principles of an Organization; Span of Control; Departmentation; Types of an Organization; Authority-Responsibility; Delegation and Decentralization; Formal and Informal Organization.

Staffing: Concept, Nature and Importance of Staffing; Motivating and Leading: Nature and Importance of Motivation; Types of Motivation; Theories of Motivation: Maslow, Herzberg, X, Y and Z; Leadership: Meaning and Importance; Traits of a leader; Leadership Styles – Likert's Systems of Management, Tannenbaum & Schmidt Model and Managerial Grid.

Controlling: Nature and Scope of Control; Types of Control; Control Process; Control Techniques – Traditional and Modern.

Unit III

Individual & Group Behaviour in Organization: Individual Determinants of OB: Perception, Learning, Emotions, Attitudes, Personality, Stress and Its Implication on Management Practices, Managing emotions in organizations; Structural Dynamics of work groups and Work Teams, Power, Politics, Conflict and Negotiation, Interpersonal Behaviour and Relations; concept of Psychological contract; Transactional Analysis; Organizational commitment; Determinants of Job satisfaction.

Unit IV

Organizational Processes: Organizational change, Organizational Culture, innovation and creativity, Strategic change in organizations.

Text Books

1. Nelson, Quick, Khandelwal, (2012), Organizational Behaviour, 2nd edition, Cengage Learning.
2. Robbins, (2009), Fundamentals of Management: Essentials Concepts and Applications, 6th edition, Pearson Education.

Reference Books

1. Koontz, H. (2008), Essentials of Management, McGraw Hill Education.
2. Gupta, C.B. (2008), Management Concepts and Practices, Sultan Chand and Sons, New Delhi.
3. Stoner, Freeman and Gilbert Jr. (2010) Management, 8th Edition, Pearson Education
4. Mukherjee, K, (2009), Principles of Management, 2nd Edition, McGraw Hill Education.

UNIT-1

Concept of management

The concept of management has acquired special significance in the present competitive and complex business world. Efficient and purposeful management is absolutely essential for the survival of a business unit. Management concept is comprehensive and covers all aspects of business. In simple words, management means utilizing available resources in the best possible manner and also for achieving well defined objectives. It is a distinct and dynamic process involving use of different resources for achieving well defined objectives. The resources are: men, money, materials, machines, methods and markets. These are the six basic inputs in management process (six M's of management) and the output is in the form of achievement of objectives. It is the end result of inputs and is available through efficient management process.

The term 'management' is used extensively in business. It is the core or life giving element in business. We expect that a business unit should be managed efficiently. This is precisely what is done in management. Management is essential for the conduct of business activity in an orderly manner. It is a vital function concerned with all aspects of working of an enterprise.

According to Mary Parker Fallett, "**Management is the art of getting things done through people**".

Process of Management

Planning: It is the primary function of management. It involves determination of a course of action to achieve desired results/objectives. Planning is the starting point of management process and all other functions of management are related to and dependent on planning function. Planning is the key to success, stability and prosperity in business. It acts as a tool for solving the

problems of a business unit. Planning plays a pivotal role in business management. It helps to visualize the future problems and keeps management ready with possible solutions.

Organizing: It is next to planning. It means to bring the resources (men, materials, machines, etc.) together and use them properly for achieving the objectives. Organization is a process as well as it is a structure. Organizing means arranging ways and means to the execution of a business plan. It provides suitable administrative structure and facilitates execution of proposed plan. Organizing involves different aspects such as departmentation, span of control delegation of authority, establishment of superior-subordinate relationship and provision of mechanism for co-ordination of various business activities.

Staffing: Staffing refers to manpower required for the execution of a business plan. Staffing, as managerial function, involves recruitment, selection, appraisal, remuneration and development of managerial personnel. The need of staffing arises in the initial period and also from time to time for replacement and also along with the expansion and diversification of business activities. Every business unit needs efficient, stable and cooperative staff for the management of business activities. Manpower is the most important asset of a business unit. In many organisations, manpower planning and development activities are entrusted to personnel manager or HRD manager. 'Right man for the right job' is the basic principle in staffing.

Directing (Leading): Directing as a managerial function, deals with guiding and instructing people to do the work in the right manner. Directing/leading is the responsibility of managers at all levels. They have to work as leaders of their subordinates. Clear plans and sound organisation set the stage but it requires a manager to direct and lead his men for achieving the objectives. Directing function is quite comprehensive. It involves Directing as well as raising the morale of subordinates. It also involves communicating, leading and motivating. Leadership is essential on the part of managers for achieving organisational objectives.

Controlling: It is an important function of management. It is necessary in the case of individuals and departments so as to avoid wrong actions and activities. Controlling involves three broad aspects: (a) establishing standards of performance, (b) measuring work in progress and interpreting results achieved, and (c) taking corrective actions, if required. Business plans do not give positive results automatically. Managers have to exercise effective control in order to bring success to a business plan. Control is closely linked with other managerial functions. It is rightly treated as the soul of management process. It is true that without planning there will be nothing to control. It is equally true that without control planning will be only an academic exercise. Controlling is a continuous activity of a supervisory nature.

(A) Management Process:



(B) Elements of Management Process (Functions of Management):



Nature of management

- Management is a managerial process: Management is a process and not merely a body of individuals. Those who perform this process are called managers. The managers exercise leadership by assuming authority and direct others to act within the organization. Management process involves planning, organizing, directing and unifying human efforts for the accomplishment of given tasks.
- Management is a social process- Management takes place through people. The importance of human factor in management cannot be ignored. A manager's job is to get the things done with the support and cooperation of subordinates. It is this human element which gives management its special character.
- Management is action-based: Management is always for achieving certain objectives in terms of sales, profit, etc. It is a result-oriented concept and not merely an abstract philosophy. It gives importance to concrete performance through suitable actions. It is an action based activity.

- Management involves achieving results through the efforts of others: Management is the art of getting the things done through others. Managers are expected to guide and motivate subordinates and get the expected performance from them. Management acts as an activating factor.
- Management is a group activity: Management is not an isolated individual activity but it is a collective activity or an activity of a group. It aims at using group efforts for achieving objectives. Managers manage the groups and coordinate the activities of groups functioning in an organization.
- Management is intangible: Management is not directly visible but its presence is noticed in the form of concrete results. Management is intangible. It is like invisible spirit, which guides and motivates people working in a business unit. Management is like government, which functions but is not visible in physical form.
- Management is aided, not replaced by computers: The computer is an extremely powerful tool of management. It helps a manager to widen his vision. The computer supplies ocean of information for important decision-making. The computer has unbelievable data processing and feedback facilities. This has enabled the manager to conduct quick analysis towards making correct decisions. A computer supports manager in his managerial work. However, it cannot replace managers in business. They were required in the past, at present and also in future. Their existence is absolutely essential in the management process.
- Management is all pervasive: Management is comprehensive and covers all departments, activities and employees. Managers operate at different levels but their functions are identical. This indicates that management is a universal and all pervasive process.
- Management is an art, science as well as a profession: Management is an art because certain skills, essential for good management, are unique to individuals. Management is a science because it has an organized body of knowledge. Management is also a profession because it is based on advanced and cultivated knowledge.

Significance of management

- Optimum utilization of resources: Management facilitates optimum utilization of available human and physical resources, which leads to progress and prosperity of a business enterprise. Even wastages of all types are eliminated or minimized.

- **Competitive strength:** Management develops competitive strength in an enterprise. This enables an enterprise to develop and expand its assets and profits.
- **Cordial industrial relation:** Management develops cordial industrial relations, ensures better life and welfare to employees and raises their morale through suitable incentives.
- **Motivation of employees:** It motivates employees to take more interest and initiatives in the work assigned and contribute for raising productivity and profitability of the enterprise.
- **Introduction of new techniques:** Management facilitates the introduction of new machines and new methods in the conduct of business activities. It also brings useful technological developments and innovations in the management of business activities.
- **Effective management:** Society gets the benefits of efficient management in terms of industrial development, justice to different social groups, consumer satisfaction and welfare and proper discharge of social responsibilities.
- **Expansion of business:** Expansion, growth and diversification of a business unit are possible through efficient management.
- **Brings stability and prosperity:** Efficient management brings success, stability and prosperity to a business enterprise through cooperation among employees.

Managerial levels

- **Top-level managers**

It Consists of board of directors, president, vice-president, CEOs, etc. They are responsible for controlling and overseeing the entire organization. They develop goals, strategic plans, company policies, and make decisions on the direction of the business. In addition, top-level managers play a significant role in the mobilization of outside resources and are accountable to the shareholders and general public.

According to Lawrence S. Kleiman, the following skills are needed at the top managerial level.

Broadened understanding of how: competition, world economies, politics, and social trends effect organizational effectiveness.

- **Middle-level managers**

Consist of general managers, branch managers and department managers. They are accountable to the top management for their department's function. They devote more time to organizational and directional functions. Their roles can be emphasized as executing organizational plans in conformance with the company's policies and the objectives of the top management, they define and discuss information and policies from top management to lower management, and most importantly they inspire and provide guidance to lower level managers towards better performance. Some of their functions are as follows:

Designing and implementing effective group and intergroup work and information systems.

Defining and monitoring group-level performance indicators.

Diagnosing and resolving problems within and among work groups.

Designing and implementing reward systems supporting cooperative behavior.

- **low-level managers**

Consist of supervisors, section leads, foremen, etc. They focus on controlling and directing. They usually have the responsibility of assigning employees tasks, guiding and supervising employees on day-to-day activities, ensuring quality and quantity production, making recommendations, suggestions, and up channeling employee problems, etc. First-level managers are role models for employees that provide:

Basic supervision

Motivation

Career planning

Performance feedback

supervising the staffs

Managerial skills

1. Conceptual Skills

Conceptual skill is the ability to visualize (see) the organization as a whole. It includes Analytical, Creative and Initiative skills. It helps the manager to identify the causes of the problems and not the symptoms. It helps him to solve the problems for the benefit of the entire organisation. It helps the manager to fix goals for the whole organization and to plan for every

situation. According to Prof. Daniel Katz, conceptual skills are mostly required by the top-level management because they spend more time in planning, organizing and problem solving.

2. Human Relations Skills

Human relations skills are also called **Interpersonal** skills. It is an ability to work with people. It helps the managers to understand, communicate and work with others. It also helps the managers to lead, motivate and develop team spirit. Human relations skills are required by all managers at all levels of management. This is so, since all managers have to interact and work with people.

- **Technical Skills**

A technical skill is the ability to perform the given job. Technical skills help the managers to use different machines and tools. It also helps them to use various procedures and techniques. The low-level managers require more technical skills. This is because they are in charge of the actual operations.

Functions of Management

The essential elements/components of Management functions are four.

1. Planning
2. Organizing
3. Staffing
4. Directing and
5. Controlling.

We may add some more elements in the management functions. Such elements are:-

Motivating

Co-coordinating

Staffing and

Communicating.

Roles of a manager

1. Interpersonal Roles

2. Informational Roles

3. Decision Roles

1. **Interpersonal** **Roles**
- Under this role, the Manager is taking a major portion of responsibility to manage different things under Management. The following are the most important roles under this i.e.,
- a) The figure head role
 - b) The Leader's Role
 - c) The Liaison Role

2. **Informational** **Roles**

This is the role that the manager plays a coordination with all the superiors and Subordinates to manage the things sophisticatedly. Under this the following are the informational roles

- a) The recipient role: Which relates to receiving the information from their superiors
- b) The Disseminator Role: Which relates to passing the information to the subordinates
- c) The spokes person role: This relates to transmitting the information to those outside of the organization and simultaneously receives or collects the information from outsiders of the organization.

3. **Decision** **Role**

Under this role, the Manager plays a very important and active part and here the Manager is taking full responsibility to manage and decide the things even the administrative point of view also.

Under this the following are the important decision

a) The Entrepreneurial role

b) A disturbance handler role

c) The resource allocator role

d) The negotiator role, which relates to dealing with trade unions, inside parties and outside parties etc.,

Management Vs. Administration

	Management	Administration
Definition	Art of getting things done through others by directing their efforts towards achievement of pre-determined goals.	Formulation of broad objectives, plans & policies.
Nature	executing function, doing function	decision-making function, thinking function
Scope	Decisions within the framework set by the administration.	Major decisions of an enterprise as a whole.
Level of authority	Middle level activity	Top level activity
Status	Group of managerial personnel who use their specialized knowledge to fulfill the objectives of an enterprise.	Consists of owners who invest capital in and receive profits from an enterprise.
Usage	Used in business enterprises.	Popular with government, military, educational, and religious organizations.

Influence	Decisions are influenced by the values, opinions, beliefs and decisions of the managers.	Influenced by public opinion, government policies, customs etc.
Main functions	Motivating and controlling	Planning and organizing
Abilities	Handles the employees.	Handles the business aspects such as finance.

Coordination as essence of management

"Co-ordination is the Essence of Management." The meaning of this sentence implies, Co-ordination affects all the functions of management. In other words, Co-ordination affects Planning, Organizing, Staffing, Directing, Communication, Leading, Motivating and Controlling.



1. Planning and Coordination

According to **Harold Koontz** and **Cyril O'Donnell**, "Planning is deciding in advance what to do, how to do it, when to do it and who is to do it."

There are many departmental plans in a business. These include, Purchase Plan, Sales Plan, Production Plan, Finance Plan, etc. All these plans must be coordinated (brought together) and one Master Plan must be made for the full business. Therefore, Planning is affected by Coordination.

2. Organizing and Coordination

There are many steps in Organizing. All these steps must be coordinated, for achieving the objectives of the business. The Top Level Managers must coordinate the efforts of the Middle Level Managers. Similarly, the Middle Level Managers must coordinate the efforts of the Lower Level Managers. Furthermore, the Lower Level Managers must also coordinate the efforts of the workers. Therefore, Organization is affected by Coordination.

3. Staffing and Coordination

Staffing involves Recruitment and Selection, Training, Placement, Promotion, Transfer, etc. All these steps must be properly coordinated. Similarly, the efforts of all the individuals, groups and departments must be coordinated for achieving the objectives of the business. Therefore, Staffing is affected by Coordination.

4. Directing and Coordination

Directing means giving necessary information, proper instructions and guidance to sub-ordinates. This results in coordination. Therefore, Direction is affected by Coordination.

5. Communicating and Coordination

Many types of communication methods are used in a business. These methods include, Formal communication, Informal Communication, Upward Communication, Downward Communication, Oral Communication, Written Communication, etc. It is important to note that, all these types of communication must be properly coordinated. Lack of proper coordination will hinder the smooth functioning of the communication process. Furthermore, it will also restrict the important information flow and cause many economic problems to the business. Thus, Communication is affected by Coordination.

6. Motivating and Coordination

There are many types of Motivation. These are, Positive Motivation, Negative Motivation, Financial Motivation, and Non-Financial Motivation. All these types of Motivation must be properly coordinated. Therefore, Motivation is affected by Coordination.

7. Leading and Coordination

Every manager must be a good leader. He must coordinate the efforts of his subordinates for achieving the objectives. That is, he must coordinate the human resource. He must also coordinate the material and financial resources of the organization. In short, a leader cannot survive without coordination. In other words, leadership cannot be performed without coordination. Therefore, Leadership is affected by Coordination.

8. Controlling and Coordination

In Controlling the standards are first fixed. Then the performances are measured. Performances are compared with the standards, and the deviations are found out. Then the deviations are corrected. So, controlling involves many steps. All these steps must be properly coordinated. If coordination is not proper, Control will surely fail. Therefore, Control is also affected by Coordination.

Classical Approach

There are three well-established theories of classical management: Taylor's Theory of Scientific Management, Fayol's Administrative Theory, Weber's Theory of Bureaucracy. Although these schools, or theories, developed historical sequence, later ideas have not replaced earlier ones. Instead, each new school has tended to complement or coexist with previous ones. Theory recognizing the role that management plays in an organization. The importance of the

function of management was first recognized by French industrialist Henri Fayol in the early 1900s.

In contrast to the purely scientific examination of work and organizations conducted by F W Taylor, Fayol proposed that any industrial undertaking had six functions: technical; commercial; financial; security; accounting; and managerial. Of these, he believed the managerial function, 'to forecast and plan, to organize, to command, to coordinate, and control', to be quite distinct from the other five. Fayol also identified general principles of management: division of work; authority and responsibility; discipline; unity of command; unity of direction; subordination of individual interest to general interest; remuneration of personnel; centralization; scalar chain of authority; order; equity; stability of tenure of personnel; initiative; and esprit de corps. Fayol's views on management remained popular throughout a large part of the 20th century.

Evolution of Classical Approach to Management

Traditional process of learning is either through observation and experiment. Nature or environment is considered uniform and when we observe certain phenomenon or events uniformly leading to the same result or results, we conclude a cause and effect relationship between the two. This is learning by observation or in other words by experience. Earlier thinkers on management followed this approach in developing theories of management. Learning principally is through empirical process and through analysis of the data collected through observation. Draw the principles of management by looking at and analysing the jobs that all managers commonly do. This approach served as a starting point for pioneers on management science to verify the validity and improve the applicability of the principles and practices of management. Analysis of observed data is what constitute a case study. The observational method of case study helps arriving at logical conclusions about past experience and to test the same as standards for future events. The German socialists, Max Weber followed the classical approach and developed his theory of Bureaucracy, which portrays the structure and design of organization characterized by a hierarchy of authority, formalized rules and regulations that serve to guide the coordinated functioning of an organization.

Basic Postulates of the Classical Approach by Max Weber

- Management of an organization is considered as a chain of inter-related functions. The study of the scope and features of these functions, the sequence through which these are

performed and their inter-relationship leads one to draw principles of management suitable for universal application.

- Learning principles of management is done through the past experiences of actual practicing. Managers.
- As business environment consists of uniform cycles exhibiting an underlying unity of realities, functions and principles of management derived through process of empirical reasoning are suitable for universal application.
- Emerging new managers through formal education and case study can develop skill and competency in management concepts and practices.

5. The classical approach also recognized the importance of economic efficiency and formal organizational structure as guiding pillars of management effectiveness.

6. Business activity is based on economic benefit. Organizations should therefore control economic incentives

Neo-Classical Approach

The **neoclassical theory** was an attempt at incorporating the behavioral sciences into management thought in order to solve the problems caused by classical theory practices. The premise of this inclusion was based on the idea that the role of management is to use employees to get things done in organizations. Rather than focus on production, structures, or technology, the neoclassical theory was concerned with the employee. Neoclassical theorists concentrated on answering questions related to the best way to motivate, structure, and support employees within the organization. Studies during this time, including the popular Hawthorne Studies, revealed that social factors, such as employee relationships, were an important factor for managers to consider. It was believed that any manager who failed to account for the social needs of his or her employees could expect to deal with resistance and lower performance. Employees needed to find some intrinsic value in their jobs, which they certainly were not getting from the job that was highly standardized. Rather than placing employees into job roles, where they completed one specific task all day with little to no interaction with coworkers, employees could be structured in such a way that they would frequently share tasks, information, and knowledge with one another. The belief was that once employees were placed into this alternate structure, their needs for socialization would be fulfilled, and thus they would be more productive.

Behavioural Approach

With the human relations movement strongly in place, theorists became increasingly interested in exploring the individual employee and the nature of work itself. Remember, many employees at the time were left searching for some intrinsic value in their work due to standardization of jobs. Because workers were performing the same tasks day after day, their individual skills and capabilities were not being challenged.

The **behavioral movement** worked to change all that by researching ways to help employees find personal satisfaction in their jobs by providing meaningful work. The behavioral theory of thought was based on the work of **Abraham Maslow, Douglas McGregor, Frederick Herzberg, and David McClelland**, all of whom searched for ways to help motivate employees based on their personal needs. Behavioral psychologists argued that we have a human desire to work towards personal growth, accomplishment, and achievement. Therefore, in addition to providing sufficient pay and showing that managers value their employees, employers must also provide employees with a path to personal development and achievement.

System Approach

A system is a set of inter-connected and inter-related elements directed to achieve certain goals. This theory views organization as an organic and open system composed of many sub-systems. As a system organization is composed of a number of sub-systems viz. production, supportive, maintenance, adaptive managerial, individuals and informal groups.

All these sub-systems operate in an interdependent and interactional relationship. The various subsystems or parts of an organization are linked with each other through communication, decisions, authority responsibility relationships, objectives, policies, procedures and other aspects of coordinating mechanism. Organizations as systems have a variety of goals. The important among them are survival, integration and adaptation with environment and growth.

The major features of the approach to the study of management may be summed up as under:

1. A system consists of inter-related and interdependent parts.

- (2) The approach emphasizes the study of the various parts in their inter-relationships rather than in isolation from each other.
- (3) The approach brings out the complexity of a real life management problem much more sharply than any of other approaches.
- (4) The approach may be utilized by any of the other approaches.
- (5) The approach has been utilized in studying the function of complex organizations and has been utilized as the base for new kinds of organization.

The Systems Approach has an edge over the other approaches insofar as its closeness to reality is concerned. However the problem with the approach is its utter complexity particularly when it comes to a study of large and complex organizations. The conceptual framework of management provided by this approach is too abstract to be useful to practicing managers. The approach recognizes the input of environment but does not functionally relate it to management concepts and techniques.

Contingency approach

The contingency school of management can be summarized as an “it all depends” approach. The appropriate management actions and approaches depend on the situation. Managers with a contingency view use a flexible approach, draw on a variety of theories and experiences, and evaluate many options as they solve problems.

Contingency management recognizes that there is no one best way to manage. In the contingency perspective, managers are faced with the task of determining which managerial approach is likely to be most effective in a given situation. For example, the approach used to manage a group of teenagers working in a fast-food restaurant would be very different from the approach used to manage a medical research team trying to find a cure for a disease.

Contingency thinking avoids the classical “one best way” arguments and recognizes the need to understand situational differences and respond appropriately to them. It does not apply certain management principles to any situation. Contingency theory is recognition of the extreme importance of individual manager performance in any given situation. The contingency approach is highly dependent on the experience and judgment of the manager in a given organizational environment.

Management & society

Management is a life giving element of an organization. Perhaps no organization can survive without performing the functions of management. The functions of management include: planning, organizing, decision making, staffing, coordinating and controlling-all these functions are to be performed by keeping in mind the society.

The impact of society on organization and management can be analyzed, as follows:

1. Goals of the organization:

Every organization comes into existence to achieve specific goals. Such goal must be framed by considering the need of the society.

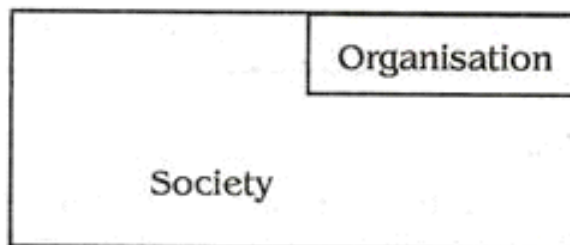
2. Managerial decisions:

The decisions made by managers are obviously influenced by society. The styles of decision making process and the approach adopted are guided by the policies and norms of the society.

3. Human relations:

Maintenance of cordial human relations is an important task of any organization. The ability of a manager to maintain sound human relations depend on his cultural background, family background, socialization process etc.

Thus we can find that various, aspects of society such as values, norms, attitudes, family background, cultural heritage, influence the organization.



1.1. SOCIETY AND ORGANISATION

The external environment

All outside factors that may affect an organization make up the external environment. The external environment is divided into two parts:

Directly interactive: This environment has an immediate and firsthand impact upon the organization. A new competitor entering the market is an example.

Indirectly interactive: This environment has a secondary and more distant effect upon the organization. New legislation taking effect may have a great impact. For example, complying with the Americans with Disabilities Act requires employers to update their facilities to accommodate those with disabilities.

Directly interactive forces include owners, customers, suppliers, competitors, employees, and employee unions. Management has a responsibility to each of these groups. Here are some examples:

Owners expect managers to watch over their interests and provide a return on investments.

Customers demand satisfaction with the products and services they purchase and use.

Suppliers require attentive communication, payment, and a strong working relationship to provide needed resources.

Competitors present challenges as they vie for customers in a marketplace with similar products or services.

Employees and employee unions provide both the people to do the jobs and the representation of work force concerns to management.

The second type of external environment is the *indirectly interactive* forces. These forces include socio cultural, political and legal, technological, economic, and global influences. Indirectly interactive forces may impact one organization more than another simply because of the nature of a particular business. For example, a company that relies heavily on technology will be more affected by software updates than a company that uses just one computer. Although somewhat removed, indirect forces are still important to the interactive nature of an organization.

The *socio cultural* dimension is especially important because it determines the goods, services, and standards that society values. The socio cultural force includes the demographics and values of a particular customer base.

Demographics are measures of the various characteristics of the people and social groups who make up a society. Age, gender, and income are examples of commonly used demographic characteristics.

Values refer to certain beliefs that people have about different forms of behavior or products. Changes in how a society values an item or a behavior can greatly affect a business. (Think of all the fads that have come and gone!)

The *political and legal dimensions* of the external environment include regulatory parameters within which an organization must operate. Political parties create or influence laws, and business owners must abide by these laws. Tax policies, trade regulations, and minimum wage legislation are just a few examples of political and legal issues that may affect the way an organization operates.

The *technological dimension* of the external environment impacts the scientific processes used in changing inputs (resources, labor, money) to outputs (goods and services). The success of many organizations depends on how well they identify and respond to external technological changes.

For example, one of the most significant technological dimensions of the last several decades has been the increasing availability and affordability of management information systems (also known as MIS). Through these systems, managers have access to information that can improve the way they operate and manage their businesses.

The *economic dimension* reflects worldwide financial conditions. Certain economic conditions of special concern to organizations include interest rates, inflation, unemployment rates, gross national product, and the value of the U.S. dollar against other currencies.

A favorable economic climate generally represents opportunities for growth in many industries, such as sales of clothing, jewelry, and new cars. But some businesses traditionally benefit in poor economic conditions. The alcoholic beverage industry, for example, traditionally fares well during times of economic downturn.

The *global dimension* of the environment refers to factors in other countries that affect U.S. organizations. Although the basic management functions of planning, organizing, staffing, leading, and controlling are the same whether a company operates domestically or internationally, managers encounter difficulties and risks on an international scale. Whether it be unfamiliarity with language or customs or a problem within the country itself (think mad cow disease), managers encounter global risks that they probably wouldn't have encountered if they had stayed on their own shores.

Social responsibility

Social responsibility is an ethical ideology or theory that an entity, be it an organization or individual, has an obligation to act to benefit society at large. This responsibility can be passive, by avoiding engaging in socially harmful acts, or active, by performing activities that directly advance social goals.

Business ethics:

The study of proper business policies and practices regarding potentially controversial issues, such as corporate governance, insider trading, bribery, discrimination, corporate social responsibility and fiduciary responsibilities, Business ethics are often guided by law, while other times provide a basic framework that businesses may choose to follow in order to gain public acceptance.

Business ethics are implemented in order to ensure that a certain required level of trust exists between consumers and various forms of market participants with businesses. For example, a portfolio manager must give the same consideration to the portfolios of family members and small individual investors. Such practices ensure that the public is treated fairly.

Managerial communication

Managerial communication is a function which helps managers communicates with each other as well as with employees within the organization.

Communication helps in the transfer of information from one party also called the sender to the other party called the receiver.

Managerial Communication helps in the smooth flow of information among managers working towards a common goal. The message has to be clear and well understood in effective communication.

The team members should know what their manager or team leader intends to communicate.

Effective managerial communication enables the information to flow in its desired form among managers, team leaders and their respective teams.

Managerial communication is of the following two types:

Interpersonal Communication - Interpersonal communication generally takes place between two or more individuals at the workplace.

Organizational Communication - Communication taking place at all levels in the organization refers to organizational communication.

Ways of Managerial Communication

A successful manager is one who communicates effectively with his subordinates. It is really essential for managers to express their views clearly for the team members to understand what exactly is expected out of them.

Usually there are two ways managers communicate amongst themselves and with their subordinates:

Verbal Communication

Communication done with the help of words is called as verbal communication. No written records are available in verbal communication.

In verbal communication individuals need to be very careful about their speech. What they speak and how they speak matter a lot. Managers must choose the right words to address their team members. Make sure you do not confuse your team members.

One has to be loud and clear while interacting with employees at the workplace. Be very clear and precise.

Written Communication

Communication is also done through emails, letters, manuals, notices and so on. Such mode of communication where written records are available is often called written communication.

Managers must inculcate a practice of communicating through emails with their juniors as it is the one of the most reliable modes of communication. It is essential for the managers to master the art of writing emails. Avoid using capitals, bright colours, designer font styles in official mails. Make sure your signatures are correct.

Role of Technology in communication

The manners associated with the ways we communicate with each other continue to be the key to how we understand each other. As new technology emerges, there are new manners associated with the new methods of communication. However, maintaining the standards of communication that have served and will continue to serve us well into the future is what's important.

The Good Conversationalist

How we speak is just as important as what we actually say. And what we choose *not* to say may be just as powerful as what we do. People who converse well think clearly before sharing their thoughts and ideas and are able to respectfully listen when it is not their turn to talk. Whether you are speaking for pleasure, out of sympathy, or in business, remember that it takes more than one person to have a conversation.

Notes and Letters

As technology advances, written communication continues to take various forms. In its smallest form, a text message or tweet is can be a source of writing. Sometimes an email is sufficient for transferring information; sometimes a written letter is preferable. While it's not necessary to compose a letter in calligraphy, it is essential to consider what is the most fitting style and method for the occasion.

Social Names and Titles

It may not always be clear how to address a person. Are they a "Mrs." or a "Miss?" Do you say "Mr." or "Sir?" Both on letters and in person, these titles can in fact make a difference in how a person is received. Although there can be many potential options, addressing someone by the name or title that he or she prefers is one of the most basic ways to show your respect. For more on proper address, see our Forms of Address section.

Telephone Manners

While today's phones are capable of countless special functions, remember that basic etiquette still applies. Being aware of who is with you and where you are when receiving a call is important, as well as having an awareness of your volume and tone of voice. If you don't want anyone to hear your conversation, chances are they don't want to hear it either!

Personal Communication Devices

Considerate use of your smart phone or personal digital assistant (PDA) requires utmost responsibility and command of your device. It is often taken for granted that information and communication are always at hand, but it is also important to know when and where to access it appropriately, and (perhaps more importantly) of those times and places when it is best left alone.

Computers and Communication

Using your computer to communicate with others involves acting with the same respect and consideration that you use in the non-virtual world. Human contact still matters, along with what you say and how you say it. Just because most forms of communication are now instant and quick, does not mean that grammar and spelling need be ignored. Always be aware of who's around you, whose time you're on, and always double-check before you hit "send."

UNIT-2

Planning

Planning is thinking in advance or before doing something. All kinds of organization do planning. Planning helps us in looking into the future. Planning establishes goals or objectives and identifies the ways to achieve them. A plan is a predetermined course of action to be taken in future.

Types of plans

Managerial planning comprises various types of plans, which are also known as elements of good planning. Some of the important types of plans may be discussed as follows, which must be included in a sound planning system.

1. **Objectives**
Objectives may be defined as the targets people seek to achieve over different time periods. Objectives give direction to human behavior and effort. Hence, an essential task of management is to formulate, classify and communicate organizational objectives. Managers are required to set both general and specific objectives. Survival, growth and development are general objectives of a business enterprise. The specific objectives include the goals set for various departments, divisions, groups and individuals. The general objectives are long term in nature, whereas the specific objectives are short range, though the short range objectives are and should be a part of

long term objectives. Departmental objectives must be consistent with the conductive to the overall, corporate objectives.

2. Policies

A policy is a general statement that guides thinking, action and decision making of managers for the successful achievement of organizational objectives. Policies define the limits within which decision are to be made. This ensures consistent and unified performance and exercise of discretion by managers. Top management generally frames the policies. However, a manager at any other level may lay down policies within the limits of his authority and also within boundaries set by policies of his seniors. A policy is not static and may be modified or reviewed in the light of changes the environment. A policy may be verbal, written or implied. A well defined policy helps the manager to delegate authority without undue fear, because the policy lays down the limits for decisions by the subordinates.

3. Procedures

A procedure prescribe the sequence of steps that must be completed in order to achieve a specific purpose. A procedure is a guide to action rather than to thinking. It details the exact manner in which a certain activity must be accomplished. Its essence is chronological sequence of required actions or steps. A procedure is generally established for repetitive activity so that same steps are followed each time when that activity is performed. The procedures do not allow much latitude in managerial decision making because they lay down a definite way of doing certain things. Procedures are designed to execute policies and achieve objectives. Procedures are used in all major functional areas. Purchase procedure, materials issue procedure, costumer's order executing procedure, accounting procedure, grievance handling procedure, etc, are some of the examples of usual procedures.

4. Rules

Like a procedure, a rule is a guide to action. But it does not lay down any sequence of steps as in the case of a procedure. A rule tells us whether a definite action will be taken or will not be taken in case of a given situation. Examples of rules are: (i) Customer's complaint must be replied within one day (under customer satisfaction policy), (ii) No smoking in the factory (under safety policy). Thus, a rule is prescribed course of action or conduct that must be followed. As such, a rule does not leave any scope for discretion on the part of the subordinates. Rules are definite and rigid because there must be no deviation from the stated action, except in very exceptional cases.

5. Strategy

Strategy is a pattern or plan that involves matching organization competences (i.e. internal resources and skills) with the opportunities and risks created by environmental change, in ways

that will be both effective and efficient over the time such resources will be deployed. Effective formal strategies contain three elements: (i) the most important goals, (ii) the most significant policies, (iii) the major programmed. Strategy deals with unpredictable and unknowable. It is developed around a few key concepts and thrusts. A well-formulated strategy helps to marshal and allocate and organization's resources into a unique and viable posture in relation to the strengths and weaknesses of the organization, the anticipated changes in the environment and the contingent moves of the opponents. Generally when we walk of organizational strategy, it refers organization's top level strategy. However, strategies exist at other levels also.

6. **Program**

A program lays down the principal steps for accomplishing a mission and sets an approximate time for carrying out each step. George Terry says, A program can be defined as a comprehensive plan that includes future use of different resources in an integrated pattern and establishes a sequence of required actions and time schedules for each in order to achieve stated objectives. Program outline the actions to be taken by whom and where. A program is made up of objectives, policies, procedures, task assignment, budgets, schedules etc. Examples of program are, building program, expansion program, moral improvement program, acquisition of the new line of business program, training program, development of a new product program, advertising program and so on. Program may be measure or minor, primary or derivative and long-term, medium term or short term.

7. **Projects**

Often a single step in a program is set up as a project. In fact a project is simply a cluster of activities that is relatively separate and clear cut. Thus, projects have some features of a program but are usually parts of some program. Building a hospital, designing a new package, building a new plant, are some examples of projects. The chief virtue of a project lies in identifying a nice, neat work package within a bewildering array of objectives, alternatives and activities.

8. **Budgets**

A budget is a statement or a plan of expected results expressed in numerical terms, such as man hours, units of production, machine hours, amount of expenditure or any other quantitatively measurable term. Then it may be expressed in time, money, materials or other quantitative units. Budget is prepared prior to a definite period of time of the policy to be pursued during that period for a purpose of a given objective. It introduces the idea of definiteness in planning. A budget is an important control device also because it provides standards against which actual performance may be measured. Examples of budgets are, production budget, sales budget, material budget, cash budget, capital expenditure budget, expenses budget and so on.

9.

Schedules

A schedule is an operational plan, timetable of work that specified time-periods (with beginning and completion time points) within which activity or activities are to be accomplished. In order to keep the schedule realistic and flexible, minimum and maximum time-periods may be specified. Three main elements are involved in planning a schedules, (i) identification of activities or tasks, (ii) determination of their sequence, (iii) specification of starting and finishing dates for each activity as well as for the sequence as a whole. Scheduling is the process of establishing a time sequence for the work to be done. Schedules translate program into actions. Scheduling is necessary in all organizations with a view to providing for an even flow of operations and to ensure completing of each task at the right time. While planning schedule, the availability of resources, processing time and the delivery commitments should be kept in view. Due allowance should be made for delays created by factors beyond the control of management as well as for non-productive time.

10.

Forecasts

Planning presupposes forecasting as the former is defined as deciding what is to be done in future. Henri Fayol has described a plan as the synthesis of various forecasts - annual, long-term, short-term, special etc. The targets cannot be fixed with any degree of precision unless forecasts are made. Forecasts are estimates of future events, providing parameters to planning. Forecasts do not involve any kind of commitment of organizational resources. Planning without forecasts is not possible. In fact, forecasts are predictions or estimates of the changes in the environment, which may affect the business plans. A manager has to make forecasts keeping in view the planning premises. There are various types of forecasts, such as economic, technological, political, and social and so on. However, sales forecast is the basis of most planning.

Objective of planning

1. Helps management to clarify, focus, and research their business's or project's development and prospects.
2. Provides a considered and logical framework within which a business can develop and pursue business strategies over the next three to five years.
3. Offers a benchmark against which actual performance can be measured and reviewed.

Scope of planning

When it comes to project planning, defining the project scope is the most critical step. In case if you start the project without knowing what you are supposed to be delivering at the end to the client and what the boundaries of the project are, there is a little chance for you to success. In most of the instances, you actually do not have any chance to success with this unorganized approach.

If you do not do a good job in project scope definition, project scope management during the project execution is almost impossible.

The main purpose of the scope definition is to clearly describe the boundaries of your project. Clearly describing the boundaries is not enough when it comes to project. You need to get the client's agreement as well.

Therefore, the defined scope of the project usually included into the contractual agreements between the client and the service provider. SOW, or in other words, Statement of Work, is one such document.

In the project scope definition, the elements within the scope and out of the scope are well defined in order to clearly understand what will be the area under the project control. Therefore, you should identify more elements in detailed manner and divide them among the scope and out of scope.

Process of planning

The various stages in the process of planning are as follows:

1. Goal setting:

Plans are the means to achieve certain ends or objectives. Therefore, establishment of organizational or overall objectives is the first step in planning. Setting objectives is the most crucial part of planning. The organizational objectives should be set in key areas of operations.

They should be verifiable i.e., they should as far as possible be specified in clear and measurable terms. The objectives are set in the light of the opportunities perceived by managers. Establishment of goals is influenced by the values and beliefs of executives, mission of the organization, organizational resources, etc.

Objectives provide the guidelines (what to do) for the preparation of strategic and procedural plans. One cannot make plans unless one knows what is to be accomplished. Objectives constitute the mission of an organisation. They set the pattern of future course of action.

The objectives must be clear, specific and informative. Major objectives should be broken into departmental, sectional and individual objectives. In order to set realistic objectives, planners must be fully aware of the opportunities and problems that the enterprise is likely to face.

2. Developing the planning premises:

Before plans are prepared, the assumptions and conditions underlying them must be clearly defined these assumptions are called planning premises and they can be identified through accurate forecasting of likely future events.

They are forecast data of a factual nature. Assessment of environment helps to reveal opportunities and constraints. Analysis of internal (controllable and external (uncontrollable) forces is essential for sound planning premises are the critical factors which lay down the bounder for planning.

They are vital to the success of planning as they supply per tenant facts about future. They need revision with changes in the situation. Contingent plans may be prepared for alternate situations.

3. Reviewing Limitations:

In practice, several constraints or limitations affect the ability of an organization to achieve its objectives. These limitations restrict the smooth operation of plans and they must be anticipated and provided for.

The key areas of Imitations are finance," human resources, materials, power and machinery. The strong and weak points of the enterprise should be correctly assessed.

4. Deciding the planning period:

Once the broad goals, planning premises and limitations are laid down, the next step is to decide the period of planning. The planning period should be long enough to permit the fulfilment of the commitments involved in a decision.

This is known as the principle of commitment. The planning period depends on several factors e.g., future that can be reasonably anticipated, time required to receive capital investments, expected future availability of raw materials, lead time in development and commercialization of a new product, etc.

5. Formulation of policies and strategies:

After the goals are defined and planning premises are identified, management can formulate policies and strategies for the accomplishment of desired results. The responsibility for laying

down policies and strategies lies usually with management. But, the subordinates should be consulted as they are to implement the policies and strategies.

Alternative plans of action should be developed and evaluated carefully so as to select the most appropriate policy for the organization. Imagination, foresight, experience and quantitative techniques are very useful in the development and evaluation of alternatives.

Available alternatives should be evaluated in the light of objectives and planning premises. If the evaluation shows that more than one alternative is equally good, the various alternatives may be combined in action.

6. Preparing operating plans:

After the formulation of overall operating plans, the derivative or supporting plans are prepared. Several medium range and short-range plans are required to implement policies and strategies.

These plans consist of procedures, programmes, schedules, budgets and rules. Such plans are required for the implementation of basic plans.

Operational plans reflect commitments as to methods, time, money, etc. These plans are helpful in the implementation of long range plans. Along with the supporting, plans, the timing and sequence of activities is determined to ensure continuity in operations.

7. Integration of plans:

Different plans must be properly balanced so that they support one another. Review and revision may be necessary before the plan is put into operation. Moreover, the various plans must be communicated and explained to those responsible for putting them into practice.

The participation and cooperation of subordinates is necessary for successful implementation of plans. Established plans should be reviewed periodically so as to modify and change them whenever necessary.

A system of continuous evaluation and appraisal of plans should be devised to identify any shortcomings or pitfalls of the plans under changing situations.

Business forecasting

Forecasting is a process of predicting or estimating the future based on past and present data. Forecasting provides information about the potential future events and their consequences for the organization. It may not reduce the complications and uncertainty of the future. However, it increases the confidence of the management to make important decisions. Forecasting is the basis of premising. Forecasting uses many statistical techniques. Therefore, it is also called as **Statistical Analysis**.

MBO

"Management by objectives as a performance appraisal and review which intended to:

Measure and judge performance;

Relate individual performance to organizational goals;

Foster the increasing competence and growth of the subordinates;

Enhance communication between superior and subordinates;

Serve as a basis for judgment about promotion and incentives;

Stimulate the subordinates' motivation;

Serve as a device for organizational control and integration.

The essence of an MBO system lies in the establishment of common goals by managers and their subordinates acting together. Each person's major areas of responsibility are clearly defined in terms of measurable expected results (objectives). These objectives are used by subordinates in planning their work and by both subordinates and their superiors for monitoring progress. Performance appraisals are conducted jointly on a continuing basis, with provisions for regular periodic reviews.

Process of MBO

1. Develop overall organizational development
2. Establish specific goals
3. Devise action plans
4. Maintain self control

5. Review the progress
6. Appraisal of performance

Decision making

A decision is a choice between alternatives and decision making is the process of choosing one alternative over the others. Making good decisions should be a process. It is a process of identifying problems and resolving them, or of identifying opportunities and taking advantage of them.

Types of Decision making

Decisions are broadly taken at three levels:

Strategic decisions are big choices of identity and direction. Who are we? Where are we heading? These decisions are often complex and multi-dimensional. They may involve large sums of money, have a long-term impact and are usually taken by senior management.

Tactical decisions are about how to manage performance to achieve the strategy. What resources are needed? What is the timescale? These decisions are distinctive but within clearer boundaries. They may involve significant resources, have medium-term implications and may be taken by senior or middle managers.

Operational decisions are more routine and follow known rules. How many? To what specification? These decisions involve more limited resources, have a shorter-term application and can be taken by middle or first line managers

Techniques of decision making

Grid Analysis: Grid Analysis helps you to take decision confidently and rationally. It is particularly powerful where you have a number of good alternatives to choose from, and many different factors to take into account. It is also known as Decision Matrix Analysis, Pugh Matrix Analysis or MAUT, which stands for Multi-Attribute Utility Theory. Here, you create a table and

write in possible solutions in different rows and factors responsible in columns. You then rate each solution with the factors responsible and the option with highest mark is the solution.

Paired Comparison Analysis : In paired comparison analysis, different options are compared and the results are tallied with each other. The option with the highest score is the preferred option. It is useful where priorities are not clear. It helps you to set priorities where there are conflicting demands on your resources.

Force Field Analysis: Force Field Analysis is a useful technique for looking at all the forces for and against a decision. This is also a method based on pros and cons. Here, you create a table where you write down the plan in the middle, list all forces for change in one column, and all forces against change in another column. Then assign score to each force.

Starbursting: Starbursting is a form of brainstorming that focuses on generating questions rather than answers. It is more interactive. For example, a colleague suggests a new design of ice skating boot. One question you ask might be "Who is the customer?" Answer: "Skaters". But you need to go further than this to ensure that you target your promotions accurately: "What kind of skaters?" Answer: "Those who do a lot of jumping, who need extra support", and so on.

Stepladder Technique: The Stepladder Technique is a useful method for motivating individual participation in group decision. It encourages all members to contribute on an individual level before being influenced by anyone else. These results in a wider variety of ideas, it prevents people from "hiding" within the group.

Cost/Benefit Analysis: As the name suggest, here the decision is based purely by comparing the cost and the benefit. If the benefit is more, the decision is usually accepted.

The Delphi Technique: As opposed to face- to- face group discussions, Delphi Technique helps generate ideas anonymously. The experts answer questions in two or more rounds. Thereafter an anonymous summary of the experts from the previous round is provided. Thus, experts are encouraged to revise their earlier answers in light of the replies of other members of their panel. It is believed that during this process the range of the answers will decrease and the group will converge towards the "correct" answer.

Decision Making process

There are many decision-making models. Here is another that is not nearly as insightful as the one above, but it is one that many of the students will be familiar with.

1. Identify the problem. The first step is to recognize there is a problem and a decision must be made. Some people just react to problems, but good managers seek to understand the problem. Defining and clarifying the problem helps. Decision making is essentially a problem-solving process. This involves understanding the situation and trying to resolve it.

2. List alternatives. Managers need to develop a list of possible courses of action that will solve the problem. Managers must look for standard answers and also creative answers. The technique “brainstorming” is an example of creative thinking that can take place between a manager and the subordinates. In brainstorming, everyone comes up with as many alternatives as possible. A critical point about brainstorming sessions is that no criticism should be allowed. You want to foster a nurturing environment where everyone will feel like contributing. Shooting down an idea will stop the free flow of exchange.

3. Select the best alternative. In some models, the next step is evaluating your alternatives, but we are combining the evaluation with the selection. Evaluating is part of selecting. As part of the evaluation, you should list the potential effects of each choice. You should also weigh the advantages and disadvantages. Discuss those effects and make the decision based on what is best for the organization.

4. Implement the chosen alternative. Put the alternative into action. This is critical. All of your successful analysis won't do any good if you are afraid to act. Whether the implementation is easy or hard, you must take action.

5. Evaluate. Earlier we evaluated the alternatives, but now this final step means to evaluate the action. This is done with feedback. Collect the best feedback you can.

Organising:

Concept:

Organizing is the function of management which follows planning. It is a function in which the synchronization and combination of human, physical and financial resources takes place. All the three resources are important to get results. Therefore, organizational function helps in achievement of results which in fact is important for the functioning of a concern. According to *Chester Barnard*, “Organizing is a function by which the concern is able to define the role positions, the jobs related and the co- ordination between authority and responsibility. Hence, a manager always has to organize in order to get results.

Nature of organizing

There are two essential Concepts regarding with Organizing:

Organization as a Process: The concept of organizing can be considered as a process, because a large number of events or activities are done under the process of organizing with-a-view to accomplish the preset goals in an appropriate way. In fact, organizing involves division of works, determination of activities, grouping of activities, delegation of authority and the establishment of proper co-ordination and balance among various departments of individuals towards the attainment of predetermined goals. On the whole it is clear that the objectives of business firm cannot be obtained by doing single activity, so organizing is set to be a process.

Organization as a Structure of Relationship: Organization refers to a structure of relationship due to involvement of a large number of groups. In fact, under the process of organizing the relationship of departments to departments, groups to groups and individuals to individuals are analyzed carefully through the process of communication system with a view to establish proper unity and co-ordination among them. So that everyone can take initiative for the welfare of enterprise. Thus it is clear that Organization can be considered as a structure of relationship.

Organization is a group of Individuals: Organization can consider as a group of individuals who comes together and make co-operative relationship with each-other and contributing their efforts with a view to attain preset goals. Infact, in the absence of group of individuals there is no existence of organization. Thus it is clear that organization is a group of individuals.

Organization is a process: The feature of organization can put to be as a process, because a large number of events are done under organizing process towards the attainment of predetermined goals, such as determination of various activities, grouping of activities, allocation of work among the employees and delegation of authority as well. Hence, organization is a process.

Organization is a 'Means' not an 'End': Organization is a means to reach out the goals of an enterprise. In fact organization provides such platforms to enterprise where all the activities are clearly predefined, as a result of this enterprise easily obtain its goals. Thus it is proved that organization is a 'Means' not an 'End'.

Organization is an important Function of Management: It is an essential feature of organization. Organization refers to an important function of management because all other functions of management like staffing, directing, controlling etc will become ineffective in the absence of this function.

Process of organizing

Organizing is the function of management which follows planning. It is a function in which the synchronization and combination of human, physical and financial resources takes place. All the three resources are important to get results. Therefore, organizational function helps in achievement of results which in fact is important for the functioning of a concern. According to *Chester Barnard*, "Organizing is a function by which the concern is able to define the role positions, the jobs related and the co- ordination between authority and responsibility. Hence, a manager always has to organize in order to get results.

A manager performs organizing function with the help of following steps:-

- **Identification of activities** - All the activities which have to be performed in a concern have to be identified first. For example, preparation of accounts, making sales, record keeping, quality control, inventory control, etc. All these activities have to be grouped and classified into units.
- **Departmentally organizing the activities** - In this step, the manager tries to combine and group similar and related activities into units or departments. This organization of dividing the whole concern into independent units and departments is called departmentation.
- **Classifying the authority** - Once the departments are made, the manager likes to classify the powers and its extent to the managers. This activity of giving a rank in order to the managerial positions is called hierarchy. The top management is into formulation of policies, the middle level management into departmental supervision and lower level management into supervision of foremen. The clarification of authority help in bringing efficiency in the running of a concern. This helps in achieving efficiency in the running of a concern. This helps in avoiding wastage of time, money, effort, in avoidance of duplication or overlapping of efforts and this helps in bringing smoothness in a concern's working.
- **Co-ordination between authority and responsibility** - Relationships are established among various groups to enable smooth interaction toward the achievement of the organizational goal. Each individual is made aware of his authority and he/she knows whom they have to take orders from and to whom they are accountable and to whom they have to report. A clear organizational structure is drawn and all the employees are made aware of it.

Significance of organizing

Specialization - Organizational structure is a network of relationships in which the work is divided into units and departments. This division of work is helping in bringing specialization in various activities of concern.

Well defined jobs - Organizational structure helps in putting right men on right job which can be done by selecting people for various departments according to their qualifications, skill and experience. This is helping in defining the jobs properly which clarifies the role of every person.

3. Clarifies authority - Organizational structure helps in clarifying the role positions to every manager (status quo). This can be done by clarifying the powers to every manager and the way he has to exercise those powers should be clarified so that misuse of powers do not take place. Well defined jobs and responsibilities attached helps in bringing

Co-ordination - Organization is a means of creating co- ordination among different departments of the enterprise. It creates clear cut relationships among positions and ensure mutual co- operation among individuals. Harmony of work is brought by higher level managers exercising their authority over interconnected activities of lower level manager.

Authority responsibility relationships can be fruitful only when there is a formal relationship between the two. For smooth running of an organization, the co- ordination between authority- responsibility is very important. There should be co- ordination between different relationships. Clarity should be made for having an ultimate responsibility attached to every authority. There is a saying, “Authority without responsibility leads to ineffective behaviour and responsibility without authority makes person ineffective.” Therefore, co- ordination of authority- responsibility is very important.

Effective administration - The organization structure is helpful in defining the jobs positions. The roles to be performed by different managers are clarified. Specialization is achieved through division of work. This all leads to efficient and effective administration.

Growth and diversification - A company's growth is totally dependent on how efficiently and smoothly a concern works. Efficiency can be brought about by clarifying the role positions to the managers, co-ordination between authority and responsibility and concentrating on specialization. In addition to this, a company can diversify if its potential grow. This is possible only when the organization structure is well- defined. This is possible through a set of formal structure.

Sense of security - Organizational structure clarifies the job positions. The roles assigned to every manager is clear. Co- ordination is possible. Therefore, clarity of powers helps

automatically in increasing mental satisfaction and thereby a sense of security in a concern. This is very important for job- satisfaction.

Principles of an Organisation

1. Division of work. The object of division of work is to derive the benefits from the principle of specialization which can be applied not only in technical work, put in all other work as well. Unlike Taylor, Fayol pointed out that division of work has its obvious limits.

2. Authority and responsibility. Authority and responsibility are correlated terms; responsibility is the essential counterpart of authority and they go hand. An ideal manager is expected to have official authority arising from official positions as well as his inherent personal authority. Such person authority is “compounded of intelligence experience, moral worth, ability to lead, past services, etc.”

3. Discipline. “Discipline is in essence obedience, application, energy, behaviour, and outward marks of respect” shown by employees. “Discipline is what the leaders make it” through the observance of agreements, because agreements spell out to formalities of discipline. Three requisites of discipline are (a) good supervisors at all levels, (b) clear and fair agreements, and (c) judicious application of penalties of sanctions.

4. Unity of direction. This principle requires that employee should receive orders from one superior only. Dual command wreaks havoc in all concerns, “since authority is undermined, discipline in jeopardy, order disturbed and stability threatened.”

5. Unity of direction. Fayol discussed this principle of unity of direction in a different way from that of unity of command. While unity of direction is concerned with the functioning of the body corporate, unity of command is only concerned with the functioning of personnel at all levels. For the accomplishment of a group of activities having the same objective, there should be one head and one plan. “A body with two heads is in the social as in the animal sphere a monster, and has difficulty in surviving.

6. Subordination of individual interest to general interest. Common interest must prevail over individual interest, but some factors like ambition, laziness, weakness and others tend to reduce the importance of general interest.

7. Remuneration of personnel. As the prices of services rendered remunerations should be fair and satisfactory to both the parties.

8. Centralization. “Everything which goes to increase the importance of the subordinate's role is decentralization; everything which goes to reduce it is centralization.” The question of centralization or decentralization holds the key to the utilization of all faculties of the personnel.

9. Scalar chain. It is the chain of superiors or the line of authority from the highest executive to the lowest one for the purpose of communication. The need for swift action should be reconciled with due regard to the line of authority by using “gang plank” or direct contact.

10. Order. This is a principle of organization relating to things and persons material order requires “a place for everything and everything in its place” and social demands the engagement of “the right man in the right place.”

11. Equity. Equity is greater than justice, since it” results from the combination of kindness and justice.” The application of equity requires much good sense, experience and good nature with a view to securing devotion and loyalty from employees.

12. Stability of tenure of personnel. Stability of tenure is essential to get an employee accustomed to doing a new work and to enable him in performing it well. Instability of tenure is an evidence of bad running of affairs.

13. Initiative. The freedom to purpose a plan and to execute it is what is known as initiative that increases zeal and energy on the part of human beings. Since initiative is one of “the keenest satisfactions for an intelligent man to experience.” Fayol advised managers to secure as much initiative from employees as possible.

14. Esprit de corps. This is an extension of the principle of unity of command whereby team work is ensured. To maintain proper esprit de corps in the organization, personality politics and abuse of written and communications are to be guarded against.

SPAN OF CONTROL

- **Meaning.**

Number of subordinates or the units of work that an officer can personally direct, control and supervise is known as “Span of Supervision” or Span of Management. It was termed as Span of

Attention by Gracuinus. Span is the length between the thumb and the little finger. Symbolically it refers to one's hold over something.

2) Views on Limitation

1. Hamilton 3 to 4 in his Soul and Body of an Army. 2. Graicunus 5 to 6
3. Urwick 5 to 6 at Higher 8 to 12 on lower 4. Haldane 10 to 12
- 3) **Gullick** identified three factors which determine it (i) Function-technical less span- Time and Space.

3) Factors Determining.

- a) **Function** - more when the work is easy, routine, mechanical, and homogenous difficult if opposite.
- b) **Time:** Age of the organization – more in old organization
- c) **Space** – Work spot – if under the same roof more. Distinction between “Direct supervision” and access made by Urwick.
- d) **Personality.** It is competence of supervisor as well as supervised. More if a supervisor is intelligent energetic and tactful – If subordinate are trained and experienced .

Departmentation

The process of grouping of activities into units for the purpose of administration is called departmentation. It can be defined "as the process by which activities or functions of enterprise are grouped homogeneously into different groups."

The administrative units are called divisions, units or departments. The followings are the basis of departmentation:

- (a) When departmentation is done on the basis of functions the departments created are production, marketing, accounting, finance and personnel departments.
- (b) When departmentation is done on the basis of geographical area, the departments are known as eastern department, western department, northern and southern department.

- (c) Departmentation can be done on the basis of customers.
- (d) Departmentation can be done on the basis of product handled.

Types of an organization

On the basis of relationship, an organization may of two types—formal and informal.

Formal organization refers to the structure of well-defined jobs, each bearing a definite measure of authority, responsibility and accountability.

Informal organization refers to the relationship between people in the organization based on personal attitudes, emotions and prejudices, likes and dislikes.

There are five common forms of organization structure—Line, Functional, Line and Staff, Committee and matrix organization.

(1) Line organization —In this, there is a chain of authority which flows from upward to down word.

Advantages- Main advantages of this form of organization are: (i) Simple, (ii) Fixed responsibility, (iii) Flexibility, (iv) Prompt decision, (v) Unified control, (vi) Well-defined authority, (vii) Fixed channel of promotions.

Disadvantages— The system claims the following disadvantages: (i) Unitary administration, (ii) Overloading with work, (iii) Lack of specialization (iv) Lack of communication (v) Succession problem, (vi) Absence of conceptual thinking, (vii) Favorites, (viii) No co-ordination.

(2) Functional organization—In this form of organization all activities in the organization are grouped according to the basic functions, i.e., production, finance, marketing, headed by a specialist.

Advantages- Main advantages of this form are: (i) Specialization, (ii) Large-scale production,

(iii)

Improved efficiency, (iv) Flexibility, (v) Better industrial relations, (vi) Separation of mental and physical functions.

Disadvantages—Following are the disadvantages of this form of organization: (i) Multiplicity of authority, (ii) Indiscipline, (iii) Shifting of responsibility, (iv) Lack of co-ordination, (v) impracticable, (vi) delay in decision making.

(3) Line and Staff Organization—In this form of organization the structure is basically that of line organization but functional experts are appointed to advise the line authority in their respective field.

Advantages: (i) Advantages of the line and the functional organizations, (ii) Specialization, (iii) Sound decisions.

Disadvantages: (i) Conflicts between the line and the staff executives, (ii) Advice of the staff executives are ignored, (iii) No demarcation of authority, (iv) Lack of responsibility, (v) uneconomical.

(4) Committee Organization—Committee is a group of individuals formed permanently or temporarily for a particular purpose through free interchange of ideas.

Advantages—(I) Pooling of ideas, (2) Co-ordination, (3) Motivation through participation, (4) Representation of interest groups, (5) Easy communication, (6) No concentration of power, (7) A tool of management for development.

Disadvantages—(I) Slow decisions, (2) Divided responsibility, (3) Minority tyranny, (4) other abuses.

(5) Project or Matrix Organization—In it authority flows vertically within functional departments.

Advantages-It emphasizes multiple inter-dependence among various functions, horizontal relationships and operational flexibility.

Disadvantages—It is of a temporary nature.

Authority & Responsibility

Authority signifies hold over knowledge, skill or position. First two are expert. The role of authority is like soul to the body. Administrators do not actually perform duty directly but they get things done. **The right to get things done** is called authority. Authority is **legal or rightful power, a right to command or to act**. In formal organization it is vested with job position and not to the person. Hence it is a bureaucratic concept. Organisations where authority and responsibility are clearly defined are good and less corrupt and hence termed as: Two Pillars on which organization is sustained.

2. Definitions:

-

(a) **Fayol: It is right to give orders and power to exact obedience.**

(b) **Theo Haimann:** Rightful legal power to ask a subordinate to do and if not done to take action.

(c) **Simon:** Superior- subordinate relationships. It is power to make decisions.

(d) **Allen:** Sums of powers and rights to make possible the performance.

(e) **Mooney and Reiley** called it as supreme coordinating power that provides legitimacy to the organizational structure.

(f) **Koont and O Donnell:** Key to management job.

3. Characteristics:

(a) Existence of right (b) legitimate (c) exercised by making decisions and to carry out (d) to control the negative aspects of behaviour (e) It is also determined by the personality factors of the possessor.

4. Power and Authority: Authority is institutionalized right of a superior to command and compel his subordinate to perform a certain act. Power is ability of a person to influence another person to perform an act. Power is competent to do an act and authority right to order action by others. Examples of P.M. and Mahatma. Authority is right to command but power is capacity to command.

(ii) Power is ability to make things happen- Follet

(b) Power in democratic society requires control and greater the power greater should be the control—L.D. White

c) Power corrupts and absolute power corrupts absolutely

Delegation & Decentralization

Decentralization is a systematic delegation of authority at all levels of management and in all of the organization. In a decentralization concern, authority is retained by the top management for taking major decisions and framing policies concerning the whole concern. Rest of the authority may be delegated to the middle level and lower level of management.

The degree of **centralization and decentralization** will depend upon the amount of authority delegated to the lowest level. According to Allen, “Decentralization refers to the systematic effort to delegate to the lowest level of authority except that which can be controlled and exercised at central points.

Decentralization is not the same as delegation. In fact, decentralization is all extension of delegation. Decentralization pattern is wider in scope and the authorities are diffused to the lowest most level of management. **Delegation** of authority is a complete process and takes place from one person to another. While decentralization is complete only when fullest possible delegation has taken place. For example, the general manager of a company is responsible for receiving the leave application for the whole of the concern. The general manager delegates this work to the personnel manager who is now responsible for receiving the leave applicants. In this situation delegation of authority has taken place. On the other hand, on the request of the personnel manager, if the general manager delegates this power to all the departmental heads at all level, in this situation decentralization has taken place. There is a saying that “Everything that increasing the role of subordinates is decentralization and that decreases the role is centralization”. Decentralization is wider in scope and the subordinate’s responsibility increase

in this case. On the other hand, in delegation the managers remain answerable even for the acts of subordinates to their superiors.

Formal organization refers to the structure of well-defined jobs, each bearing a definite measure of authority, responsibility and accountability.

Informal organization refers to the relationship between people in the organization based on personal attitudes, emotions and prejudices, likes and dislikes.

Staffing

Concept:

The managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal and development of the personnel's to fill the roles assigned to the employers/workforce.

According to Theo Haimann, "Staffing pertains to recruitment, selection, development and compensation of subordinates."

Nature of Staffing

Staffing is an important managerial function- Staffing function is the most important managerial act along with planning, organizing, directing and controlling. The operations of these four functions depend upon the manpower which is available through staffing function.

Staffing is a pervasive activity- As staffing function is carried out by all managers and in all types of concerns where business activities are carried out.

Staffing is a continuous activity- This is because staffing function continues throughout the life of an organization due to the transfers and promotions that take place.

The basis of staffing function is efficient management of personnel's- Human resources can be efficiently managed by a system or proper procedure, that is, recruitment, selection, placement, training and development, providing remuneration, etc.

Staffing helps in placing right men at the right job. It can be done effectively through proper recruitment procedures and then finally selecting the most suitable candidate as per the job requirements.

Staffing is performed by all managers depending upon the nature of business, size of the company, qualifications and skills of managers etc. In small companies, the top management generally performs this function. In medium and small scale enterprise, it is performed especially by the personnel department of that concern

Importance of staffing

Good Employees = Good Service

Efficient staffing management begins by hiring the right people for open positions. When you conduct in-person interviews and ask potential employees pertinent questions as they relate to your industry, you get a better feel for who will best represent your company. Hiring efficient, knowledgeable employees will help your business attain a reputation for quality products and service. Hiring undependable or unknowledgeable employees can turn off customers and make you lose business.

Short Lines Benefit Customers

Hiring enough people to efficiently run your business will make customers feel like you respect their time and are committed to giving them efficient, timely service. Even the best employees won't perform to their full potential if they are overworked or are trying to do the job of several people, which can lead to irritability and impatience with both employees and customers. Evaluating your staffing needs and making sure you have enough trained professionals in place to cover regular shifts will help you deliver smooth, customer-friendly service.

Trained Employees Perform Better

When you train employees on all aspects of their job and give them insight into other positions in your business, you develop well-rounded individuals who have a working knowledge of their positions and those of their colleagues. Knowledgeable employees are better able to answer customer questions, handle problems and deliver better quality service. Untrained employees who have to find a manager or send people away without help or information can create frustrated customers.

Smart Scheduling Streamlines Service

Selecting the right people to work together can create an effective team dynamic that leads to more efficient delivery of products and services. Scheduling all new employees together can create havoc and scheduling all veteran employees together can create a struggle for leadership. Creating a schedule with a complementary mix of personality types will set a balance for harmonious work flow and result in a more efficiently operated shift.

Motivation

Motivation is the word derived from the word 'motive' which means needs, desires, wants or drives within the individuals. It is the process of stimulating people to actions to accomplish the goals. In the work goal context the psychological factors stimulating the people's behaviour can be -

Desire for money

Success

Recognition

Job-satisfaction

Team work, etc

Types of motivation

Intrinsic Motivation

Intrinsic motivation means that the individual's motivational stimuli are coming from within. The individual has the desire to perform a specific task, because its results are in accordance with his belief system or fulfills a desire and therefore importance is attached to it.

Our deep-rooted desires have the highest motivational power. Below are some examples:

Acceptance: We all need to feel that we, as well as our decisions, are accepted by our co-workers.

Curiosity: We all have the desire to be in the know.

Honor: We all need to respect the rules and to be ethical.

Independence: We all need to feel we are unique.

Order: We all need to be organized.

Power: We all have the desire to be able to have influence.

Social contact: We all need to have some social interactions.

Social Status: We all have the desire to feel important.

Extrinsic Motivation

Extrinsic motivation means that the individual's motivational stimuli are coming from outside. In other words, our desires to perform a task are controlled by an outside source. Note that even though the stimuli are coming from outside, the result of performing the task will still be rewarding for the individual performing the task.

Extrinsic motivation is external in nature. The most well-known and the most debated motivation is money. Below are some other examples:

Employee of the month award

Benefit package

Bonuses

Organized activities

Theories of motivation

Maslow's Need Hierarchy Model

Human behavior is goal-directed. Motivation cause goal-directed behaviour. It is through motivation that needs can be handled and tackled purposely. This can be understood by understanding the hierarchy of needs by manager. The needs of individual serves as a driving force in human behavior. Therefore, a manager must understand the “hierarchy of needs”. Maslow has proposed “The Need Hierarchy Model”.

				Self-actualization Needs
			Esteem Needs	

		Social Needs		
	Security Needs			
Physiological Needs				

FIGURE - Maslow's Need Hierarchy Model

Herzberg's Two-Factor Theory of Motivation

In 1959, Frederick Herzberg, a behavioral scientist proposed a two-factor theory or the motivator-hygiene theory. According to Herzberg, there are some job factors that result in satisfaction while there are other job factors that prevent dissatisfaction. According to Herzberg, the opposite of "Satisfaction" is "No satisfaction" and the opposite of "Dissatisfaction" is "No Dissatisfaction".

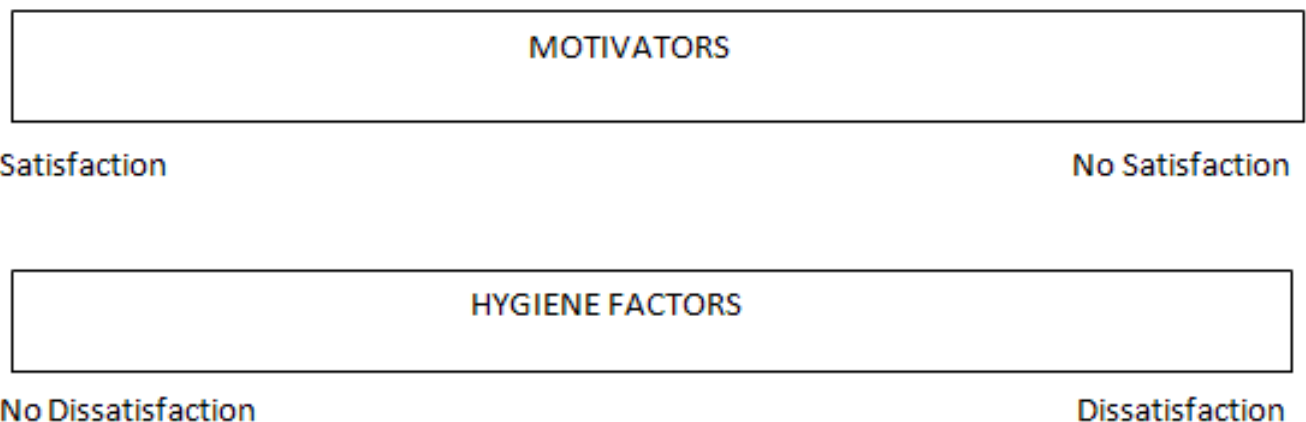


FIGURE: Herzberg's view of satisfaction and dissatisfaction

Herzberg classified these job factors into two categories-

Hygiene factors- Hygiene factors are those job factors which are essential for existence of motivation at workplace. These do not lead to positive satisfaction for long-term. But if these factors are absent / if these factors are non-existent at workplace, then they lead to dissatisfaction. In other words, hygiene factors are those factors which when adequate / reasonable in a job, pacify the employees and do not make them dissatisfied. These factors are extrinsic to work. Hygiene factors are also called as **dissatisfies or maintenance factors** as they are required to avoid dissatisfaction. These factors describe the job environment / scenario. The hygiene factors symbolized the physiological needs which the individuals wanted and expected to be fulfilled. Hygiene factors include:

Pay- The pay or salary structure should be appropriate and reasonable. It must be equal and competitive to those in the same industry in the same domain.

Company Policies and administrative policies- The company policies should not be too rigid. They should be fair and clear. It should include flexible working hours, dress code, breaks, vacation, etc.

Fringe benefits- The employees should be offered health care plans (medical), benefits for the family members, employee help program, etc.

Physical Working conditions- The working conditions should be safe, clean and hygienic. The work equipments should be updated and well-maintained.

Status- The employees' status within the organization should be familiar and retained.

Interpersonal relations- The relationship of the employees with his peers, superiors and subordinates should be appropriate and acceptable. There should be no conflict or humiliation element present.

Job Security- The organization must provide job security to the employees.

Motivational factors- According to Herzberg, the hygiene factors cannot be regarded as motivators. The motivational factors yield positive satisfaction. These factors are inherent to work. These factors motivate the employees for a superior performance. These factors are called satisfiers. These are factors involved in performing the job

Recognition- The employees should be praised and recognized for their accomplishments by the managers.

Sense of achievement- The employees must have a sense of achievement. This depends on the job. There must be a fruit of some sort in the job.

Growth and promotional opportunities- There must be growth and advancement opportunities in an organization to motivate the employees to perform well.

Responsibility- The employees must hold themselves responsible for the work. The managers should give them ownership of the work. They should minimize control but retain accountability.

Meaningfulness of the work- The work itself should be meaningful, interesting and challenging for the employee to perform and to get motivated.

Limitations of Two-Factor Theory

The two factor theory is not free from limitations:

The two-factor theory overlooks situational variables.

Herzberg assumed a correlation between satisfaction and productivity. But the research conducted by Herzberg stressed upon satisfaction and ignored productivity.

The theory's reliability is uncertain. Analysis has to be made by the raters. The raters may spoil the findings by analyzing same response in different manner.

No comprehensive measure of satisfaction was used. An employee may find his job acceptable despite the fact that he may hate/object part of his job.

The two factor theory is not free from bias as it is based on the natural reaction of employees when they are enquired the sources of satisfaction and dissatisfaction at work. They will blame dissatisfaction on the external factors such as salary structure, company policies and peer relationship. Also, the employees will give credit to themselves for the satisfaction factor at work.

The theory ignores blue-collar workers. Despite these limitations, Herzberg's Two-Factor theory is acceptable broadly.

Theory X and Theory Y

In 1960, Douglas McGregor formulated Theory X and Theory Y suggesting two aspects of human behaviour at work, or in other words, two different views of individuals (employees): one of which is negative, called as Theory X and the other is positive, so called as Theory Y.

According to McGregor, the perception of managers on the nature of individuals is based on various assumptions.

Assumptions of Theory X

An average employee intrinsically does not like work and tries to escape it whenever possible.

Since the employee does not want to work, he must be persuaded, compelled, or warned with punishment so as to achieve organizational goals. A close supervision is required on part of managers. The managers adopt a more dictatorial style.

Many employees rank job security on top, and they have little or no aspiration/ ambition.

Employees generally dislike responsibilities.

Employees resist change.

An average employee needs formal direction.

Assumptions of Theory Y

Employees can perceive their job as relaxing and normal. They exercise their physical and mental efforts in an inherent manner in their jobs.

Employees may not require only threat, external control and coercion to work, but they can use self-direction and self-control if they are dedicated and sincere to achieve the organizational objectives.

If the job is rewarding and satisfying, then it will result in employees' loyalty and commitment to organization.

An average employee can learn to admit and recognize the responsibility. In fact, he can even learn to obtain responsibility.

The employees have skills and capabilities. Their logical capabilities should be fully utilized. In other words, the creativity, resourcefulness and innovative potentiality of the employees can be utilized to solve organizational problems.

Thus, we can say that Theory X presents a pessimistic view of employees' nature and behaviour at work, while Theory Y presents an optimistic view of the employees' nature and behaviour at work. If correlate it with Maslow's theory, we can say that Theory X is based on the assumption that the employees emphasize on the physiological needs and the safety needs; while Theory Y is

based on the assumption that the social needs, esteem needs and the self-actualization needs dominate the employees.

McGregor views Theory Y to be more valid and reasonable than Theory X. Thus, he encouraged cordial team relations, responsible and stimulating jobs, and participation of all in decision-making process.

Implications of Theory X and Theory Y

Quite a few organizations use Theory X today. Theory X encourages use of tight control and supervision. It implies that employees are reluctant to organizational changes. Thus, it does not encourage innovation.

Many organizations are using Theory Y techniques. Theory Y implies that the managers should create and encourage a work environment which provides opportunities to employees to take initiative and self-direction. Employees should be given opportunities to contribute to organizational well-being. Theory Y encourages decentralization of authority, teamwork and participative decision making in an organization. Theory Y searches and discovers the ways in which an employee can make significant contributions in an organization. It harmonizes and matches employees' needs and aspirations with organizational needs and aspirations.

Theory Z

Lyndall F. Urwick has proposed this theory according to which primary task of every manager is to make or distribute goods or services at prices which the consumers are able and willing to pay and it is to this end he must direct the efforts of those associated with him. The people would be ready to direct their behavior towards organization goals under two conditions: (i) each individual should know the organization goals precisely and the contributions which his attempts are making towards these; and (ii) each individual should be confident that the realization of organizational goals is going to affect his needs satisfaction positively, and that none of his needs is threatened or frustrated by the membership of the organization. Management action consistent with these will motivate employees. Urwick contents that behavior is better reflected by a new theory Z rather than by X or Y. No doubt, this is true, but this is not a new contribution. It can be made clear that Z does not stand for anything; it is merely the last letter of the alphabet. Perhaps the various authors have used it just to describe a state of affairs in the organization and human behavior as has been done in the case of theories X and Y. Further, theory Z is not a theory—it is a label interchangeable with type Z. Just for labeling purposes, type Z was perfectly

all right. The redundant expression theory Z was adopted not for analytical or descriptive purposes but for promotional purposes. Ouchi's theory Z captures the best in management methods from U.S. and Japanese approaches. There are four postulates of theory Z. These are: strong bond between organization and its employee's involvement, no formal organization structure, and role of leader to bring coordination in human beings rather than in technical factors.

1. Strong Bond between Organization and Employees—Theory Z suggests strong bond between organization and its employees. Ouchi has suggested certain methods for this, including the lifetime employment in the organization as being followed by Japanese organizations. This stability must be achieved through the provisions of highly conducive work environment and challenges and participation in decisions. When there is a situation of layoff, it should not be resorted to and shareholders and owners can share the resultant loss by accepting less profits or even moderate losses for a short period of time. Another factor necessary for stability of employment is the slowing down of evaluation and promotion which brings saturation in employees' prospects very soon. As against vertical movement of employees, more emphasis should be placed on horizontal movement which reduces stagnation. A career planning for employees should be prepared so that every employee is suitably placed. Slowing down of promotion and financial incentives can be made up by non-financial forms of evaluation such as frequent involvement with superiors or projects. They communicate the expectation of greater income in the future without creating short-term incentives.

2. Employee Involvement—Employee involvement is the important factor in theory Z. The involvement comes through meaningful participation. However, it does not mean that employees' participation is necessary in all decisions. In fact, there can be some decisions which are taken without consulting employees but they are informed later. There can be some decisions where employees' suggestions are taken but the final decisions are taken by management. In the case of remaining decisions, the process should be a joint one. However, any decision affecting employees in any way should be taken jointly and if there is any decision which the management wants to take individually, the employees should be informed about this so that they do not feel ignored. The idea is not to slow down the decision-making process but to involve employees for their commitment and giving due recognition to them.

3. No Formal Organisation Structure—Theory Z supposes no formal structure for the organization. Instead, it must be a perfect teamwork with cooperation along with sharing of information, resources and plans. Ouchi has given the example of a basketball team which plays well together and solves all problems with no formal reporting relationships and minimum of specialization of positions and of tasks. An organization does not have any chart, division or any visible structure.

4. Coordination of Human Beings—To productivity a leader has to coordinate the people and not the technology. This involves developing people's skills and also the creation of new

structures, incentives and a new philosophy of management. The purpose is to achieve commitment of employees to the development of a more cooperative approach to work. The leader must develop trust which consists of the understanding of fundamentally compatible goals of the desire for the more effective working relationship together. Thus, theory Z provides a complete transformation of motivational aspect of employees which other theories are not able to emphasize. However, following features may work against the precepts of theory Z.

- (1) The provision of life time employment to develop strong bond between the organisation and its employees seems to be difficult because the employer will not retain an unproductive employee.
- (2) Theory Z emphasizes on common culture and class feeling within the organisation. This is also very difficult because people come from a wide variety of environments. People differ in habits, eating pattern, dress and languages, caste system etc.
- (3) The proposition that shareholders will accept less profit or accept losses to avoid lay off does not seem to be feasible.
- (4) There are some operational problems in implementing Theory Z.

Leadership

Meaning:

Leadership is a process by which an executive can direct, guide and influence the behavior and work of others towards accomplishment of specific goals in a given situation. Leadership is the ability of a manager to induce the subordinates to work with confidence and zeal.

Leadership is the potential to influence behavior of others. It is also defined as the capacity to influence a group towards the realization of a goal. Leaders are required to develop future visions, and to motivate the organizational members to want to achieve the visions.

According to Keith Davis, "Leadership is the ability to persuade others to seek defined objectives enthusiastically. It is the human factor which binds a group together and motivates it towards goals."

Importance of Leadership

Leadership is an important function of management which helps to maximize efficiency and to achieve organizational goals. The following points justify the importance of leadership in a concern.

Initiates action- Leader is a person who starts the work by communicating the policies and plans to the subordinates from where the work actually starts.

Motivation- A leader proves to be playing an incentive role in the concern's working. He motivates the employees with economic and non-economic rewards and thereby gets the work from the subordinates.

Providing guidance- A leader has to not only supervise but also play a guiding role for the subordinates. Guidance here means instructing the subordinates the way they have to perform their work effectively and efficiently.

Creating confidence- Confidence is an important factor which can be achieved through expressing the work efforts to the subordinates, explaining them clearly their role and giving them guidelines to achieve the goals effectively. It is also important to hear the employees with regards to their complaints and problems.

Building morale- Morale denotes willing co-operation of the employees towards their work and getting them into confidence and winning their trust. A leader can be a morale booster by achieving full co-operation so that they perform with best of their abilities as they work to achieve goals.

Builds work environment- Management is getting things done from people. An efficient work environment helps in sound and stable growth. Therefore, human relations should be kept into mind by a leader. He should have personal contacts with employees and should listen to their problems and solve them. He should treat employees on humanitarian terms.

Co-ordination- Co-ordination can be achieved through reconciling personal interests with organizational goals. This synchronization can be achieved through proper and effective co-ordination which should be primary motive of a leader.

Traits of a Leader

A leader has got multidimensional traits in him which makes him appealing and effective in behavior. The following are the requisites to be present in a good leader:

Physical appearance- A leader must have a pleasing appearance. Physique and health are very important for a good leader.

Vision and foresight- A leader cannot maintain influence unless he exhibits that he is forward looking. He has to visualize situations and thereby has to frame logical programmes.

Intelligence- A leader should be intelligent enough to examine problems and difficult situations. He should be analytical who weighs pros and cons and then summarizes the situation. Therefore, a positive bent of mind and mature outlook is very important.

Communicative skills- A leader must be able to communicate the policies and procedures clearly, precisely and effectively. This can be helpful in persuasion and stimulation.

Objective- A leader has to be having a fair outlook which is free from bias and which does not reflects his willingness towards a particular individual. He should develop his own opinion and should base his judgement on facts and logic.

Knowledge of work- A leader should be very precisely knowing the nature of work of his subordinates because it is then he can win the trust and confidence of his subordinates.

Sense of responsibility- Responsibility and accountability towards an individual's work is very important to bring a sense of influence. A leader must have a sense of responsibility towards organizational goals because only then he can get maximum of capabilities exploited in a real sense. For this, he has to motivate himself and arouse and urge to give best of his abilities. Only then he can motivate the subordinates to the best.

Self-confidence and will-power- Confidence in himself is important to earn the confidence of the subordinates. He should be trustworthy and should handle the situations with full will power. (You can read more about Self-Confidence at : Self Confidence - Tips to be Confident and Eliminate Your Apprehensions).

Humanist- This trait to be present in a leader is essential because he deals with human beings and is in personal contact with them. He has to handle the personal problems of his subordinates with great care and attention. Therefore, treating the human beings on humanitarian grounds is essential for building a congenial environment.

Empathy- It is an old adage "Stepping into the shoes of others". This is very important because fair judgement and objectivity comes only then. A leader should understand the problems and complaints of employees and should also have a complete view of the needs and aspirations of the employees. This helps in improving human relations and personal contacts with the employees.

Likert's systems of management

Rensis Likert and his associates studied the patterns and styles of managers for three decades at the University of Michigan, USA, and identified a four-fold model of management systems. The model was developed on the basis of a questionnaire administered to managers in over 200 organizations and research into the performance characteristics of different types of organizations. The four systems of management system or the four leadership styles identified by Likert are:

System 1 - Exploitative Authoritative: Responsibility lies in the hands of the people at the upper echelons of the hierarchy. The superior has no trust and confidence in subordinates. The decisions are imposed on subordinates and they do not feel free at all to discuss things about the job with their superior. The teamwork or communication is very little and the motivation is based on threats.

System 2 - Benevolent Authoritative: The responsibility lies at the managerial levels but not at the lower levels of the organizational hierarchy. The superior has condescending confidence and trust in subordinates (master-servant relationship). Here again, the subordinates do not feel free to discuss things about the job with their superior. The teamwork or communication is very little and motivation is based on a system of rewards. **System 3 - Consultative:** Responsibility is spread widely through the organizational hierarchy. The superior has substantial but not complete confidence in subordinates. Some amount of discussion about job related things takes place between the superior and subordinates. There is a fair amount of teamwork, and communication takes place vertically and horizontally. The motivation is based on rewards and involvement in the job.

System 4 - Participative: Responsibility for achieving the organizational goals is widespread throughout the organizational hierarchy. There is a high level of confidence that the superior has in his subordinates. There is a high level of teamwork, communication, and participation.

Tannenbaum & Schmidt model

In 1938, Lewin and Lippitt proposed classifications of leaders based on how much involvement leaders placed into task and relationship needs. This range of leadership behaviors was expressed along a continuum by Tannenbaum & Schmidt in 1973, ranging from boss-centered (task) to subordinate-centered (relationship). To choose the most appropriate managerial style or use of authority, the leader must consider the following:

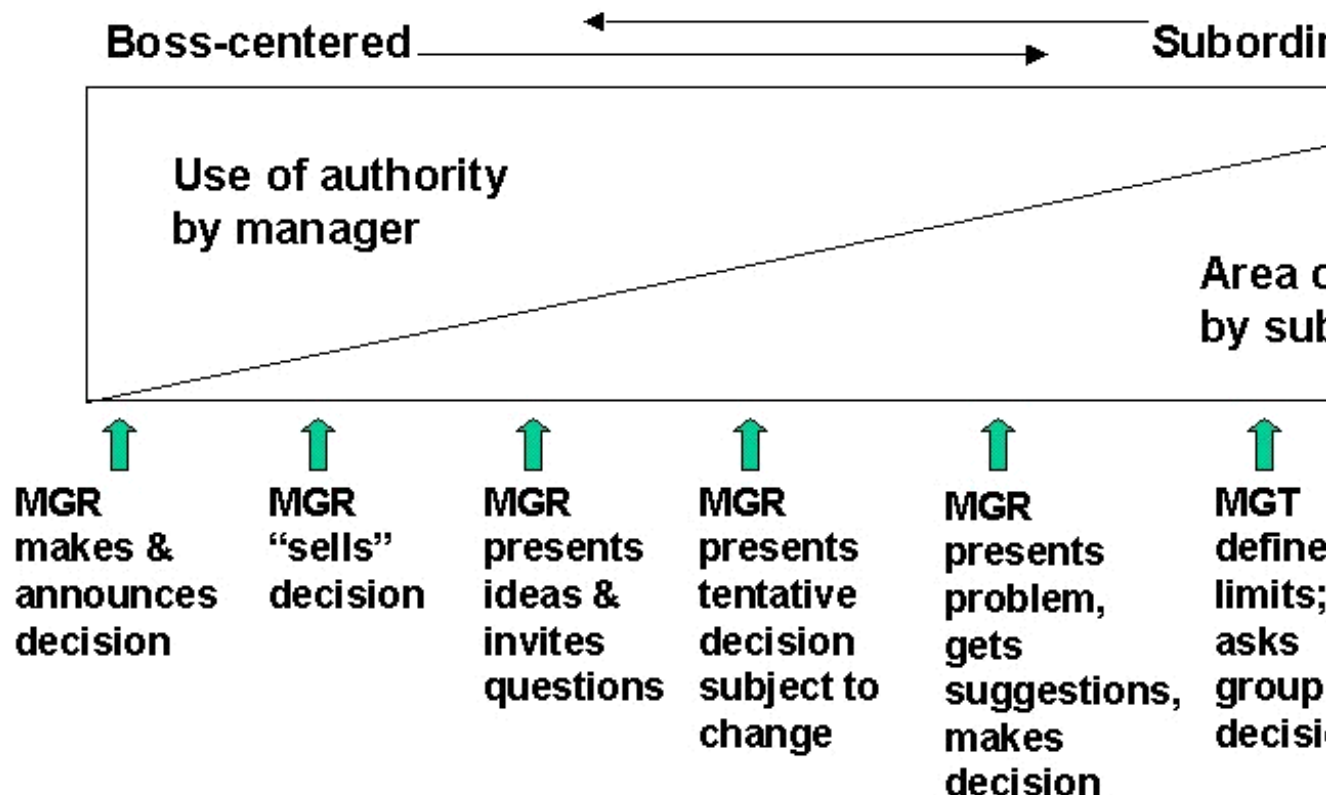
Forces in the manager: belief in team member participation and confidence in capabilities of members

Forces in the subordinate: subordinates who are independent, tolerant of ambiguity, competent, identify with organizational goals

Forces in the situation: team has requisite knowledge, team hold organizational values and traditions, teams work effectively

Time pressure: need for immediate decision under pressure mitigates against participation

Continuum of Leadership Behavior



Advantages of this theory

- It gives managers a range of choices for involvement
- It presents criteria for involvement and delegation
- It focuses decision maker on relevant criteria (e.g., forces & time)
- It emphasizes employee development and empowerment
- It is heuristic--encourages research to see how effective delegation may be under the model

Limitations of this theory

- It involves only the initial step of assigning a task to someone, not the following processes that may determine the effectiveness of the outcome
- It assumes the manager has sufficient information to determine disposition to self or team
- It assumes "neutral" environment without social bonds or politics

Managerial grid

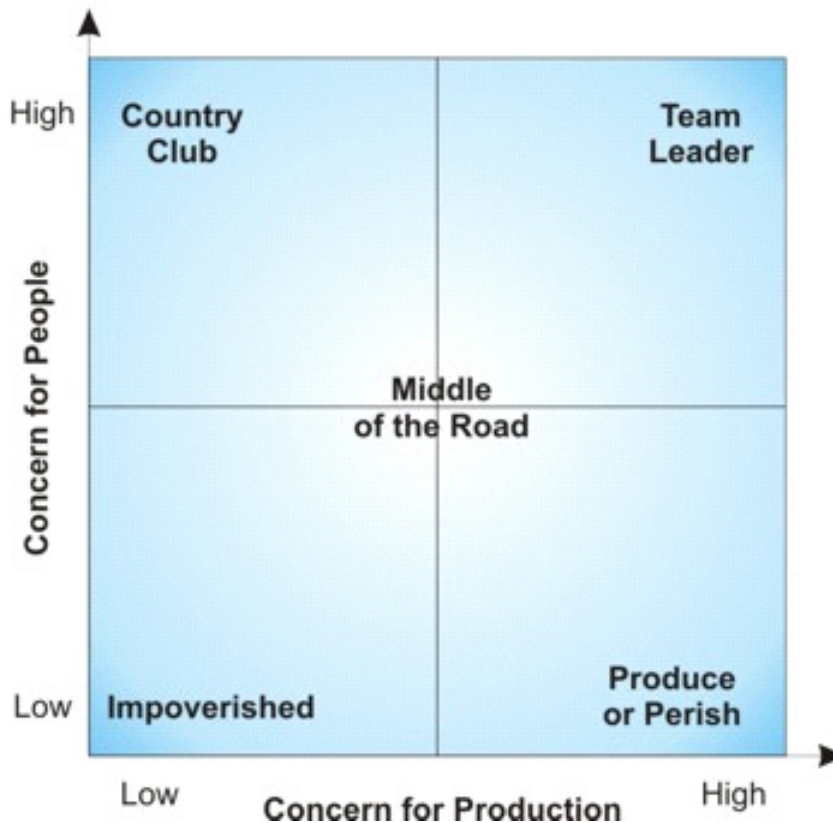
The Managerial Grid is based on two behavioral dimensions:

Concern for People – This is the degree to which a leader considers the needs of team members, their interests, and areas of personal development when deciding how best to accomplish a task.

Concern for Production – This is the degree to which a leader emphasizes concrete objectives, organizational efficiency and high productivity when deciding how best to accomplish a task.

Using the axis to plot leadership 'concerns for production' versus 'concerns for people', Blake and Mouton defined the following five leadership styles:

Figure 1: The Blake Mouton Grid



Impoverished Leadership – Low Production/Low People

This leader is mostly ineffective. He/she has neither a high regard for creating systems for getting the job done, nor for creating a work environment that is satisfying and motivating. The result is disorganization, dissatisfaction and disharmony.

Country Club Leadership – High People/Low Production

This style of leader is most concerned about the needs and feelings of members of his/her team. These people operate under the assumption that as long as team members are happy and secure then they will work hard. What tends to result is a work environment that is very relaxed and fun but where production suffers due to lack of direction and control.

Produce or Perish Leadership – High Production/Low People

Also known as Authoritarian or Compliance Leaders, people in this category believe that employees are simply a means to an end. Employee needs are always secondary to the need for efficient and productive workplaces. This type of leader is very autocratic, has strict work rules,

policies, and procedures, and views punishment as the most effective means to motivate employees. (See also our article on Theory X/Theory Y .)

Middle-of-the-Road Leadership – Medium Production/Medium People

This style seems to be a balance of the two competing concerns, and it may at first appear to be an ideal compromise. Therein lays the problem, though: When you compromise, you necessarily give away a bit of each concern, so that neither production nor people needs are fully met. Leaders who use this style settle for average performance and often believe that this is the most anyone can expect.

Team Leadership – High Production/High People

According to the Blake Mouton model, this is the best managerial style. These leaders stress production needs and the needs of the people equally highly.

The premise here is that employees understand the organizations purpose and are involved in determining production needs. When employees are committed to, and have a stake in the organization's success, their needs and production needs coincide. This creates a team environment based on trust and respect, which leads to high satisfaction and motivation and, as a result, high production.

Controlling

Meaning:

Controlling is a systematic exercise which is called as a process of checking actual performance against the standards or plans with a view to ensure adequate progress and also recording such experience as is gained as a contribution to possible future needs.

Scope of controlling

Control Scope is the process of monitoring the status of the project and product scope and managing changes to the scope baseline. The key benefit of this process is that it allows the scope baseline to be maintained throughout the project. The inputs, tools and techniques, and outputs of the process

Nature of controlling

Controlling is an end function- A function which comes once the performances are made in conformities with plans.

Controlling is a pervasive function- which means it is performed by managers at all levels and in all type of concerns.

Controlling is forward looking- because effective control is not possible without past being controlled. Controlling always look to future so that follow-up can be made whenever required.

Controlling is a dynamic process- since controlling requires taking reviewable methods, changes have to be made wherever possible.

Process of controlling

Controlling as a management function involves following steps:

- **Establishment of standards-** Standards are the plans or the targets which have to be achieved in the course of business function. They can also be called as the criteria for judging the performance. Standards generally are classified into two-

Measurable or tangible - Those standards which can be measured and expressed are called as measurable standards. They can be in form of cost, output, expenditure, time, profit, etc.

Non-measurable or intangible- There are standards which cannot be measured monetarily. For example-performance of a manager, deviation of workers, their attitudes towards a concern. These are called as intangible standards.

Controlling becomes easy through establishment of these standards because controlling is exercised on the basis of these standards.

- **Measurement of performance-** The second major step in controlling is to measure the performance. Finding out deviations becomes easy through measuring the actual performance. Performance levels are sometimes easy to measure and sometimes difficult. Measurement of tangible standards is easy as it can be expressed in units, cost, money terms, etc. Quantitative measurement becomes difficult when performance of manager has to be measured. Performance of a manager cannot be measured in quantities. It can be measured only by-

Attitude of the workers,

Their morale to work,

The development in the attitudes regarding the physical environment, and

Their communication with the superior.

It is also sometimes done through various reports like weekly, monthly, quarterly, yearly reports.

- **Comparison of actual and standard performance-** Comparison of actual performance with the planned targets is very important. Deviation can be defined as the gap between actual performance and the planned targets. The manager has to find out two things here- extent of deviation and cause of deviation. Extent of deviation means that the manager has to find out whether the deviation is positive or negative or whether the actual performance is in conformity with the planned performance. The managers have to exercise control by exception. He has to find out those deviations which are critical and important for business. Minor deviations have to be ignored. Major deviations like replacement of machinery, appointment of workers, quality of raw material, rate of profits, etc. should be looked upon consciously. Therefore it is said, “ If a manager controls everything, he ends up controlling nothing.” For example, if stationery charges increase by a minor 5 to 10%, it can be called as a minor deviation. On the other hand, if monthly production decreases continuously, it is called as major deviation.

Once the deviation is identified, a manager has to think about various cause which has led to deviation. The causes can be-

Erroneous planning,

Co-ordination loosens,

Implementation of plans is defective, and

Supervision and communication is ineffective, etc.

- **Taking remedial actions-** Once the causes and extent of deviations are known, the manager has to detect those errors and take remedial measures for it. There are two alternatives here-

Taking corrective measures for deviations which have occurred; and

After taking the corrective measures, if the actual performance is not in conformity with plans, the manager can revise the targets. It is here the controlling process comes to an end. Follow up is an important step because it is only through taking corrective measures, a manager can exercise controlling.

Types of control

Feed forward control

Feed forward is a management and communication term that refers to giving a control impact to a subordinate, a person, or an organization from which you are expecting an output. Feedforward is not just a pre-feedback, because feedback is always based on measuring an output and sending respective feedback. A pre-feedback given without measurement of output may be understood as a confirmation or just an acknowledgment of control command.

Feed forward is generally imposed before any willful change in output may occur. All other changes of output determined with feedback may result from distortion, noise, or attenuation. Feed forward usually involves giving a document for review and giving an ex post information on that document that has not already been given. However, social feedback is the response of the supreme hierarchy to the subordinate as an acknowledgement of a subordinate's report on output (hence, the subordinate's feedback to the supreme).

Concurrent Control

Concurrent control is control that happens at the same time as a project is occurring. This monitoring and controlling consists of the processes that observe project execution so that potential problems can be identified in a timely manner and corrective action can be taken, when necessary, to control the execution of the project. Controlling is one of the managerial functions, like planning, organizing, staffing, and directing. It is an important function because it helps to check for errors and to take corrective action so that deviations from standards are minimized and the stated goals of the organization are achieved in the desired manner. Control in management means setting standards, measuring actual performance, and taking corrective action.

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Feedback

Feedback is a process in which information about the past or the present influences the same phenomenon in the present or future. As part of a chain of cause-and-effect that forms a circuit or loop, the event is said to "feedback" into itself.

As an organization seeks to improve its performance, feedback helps it make required adjustments. Feedback serves as motivation for many people in the workplace. When one receives either negative or positive feedback, one decides how to apply it to his or her job.

Joseph Folkman says that to find the greatest level of success in an organization, working with other people, a person should learn how to accept any kind of feedback, analyze it in the most positive manner possible, and use it to further impact future decision-making.

Control techniques

Few important techniques are as follows:-

Traditional Techniques:

- Personal observation
- Setting examples
- Plans and policies
- Organizational manuals and charts
- Disciplinary system
- Written instructions
- Statistical data
- Special reports and records
- Financial statements
- Operational audits
- Break even analysis
- Standard costing
- Budgets/Budgetary control

Modern Techniques:

- Return on investment(ROI)
- Management audit

- Management Information system(MIS)
- Network Techniques
- Zero-base budgeting
- Responsibility accounting

UNIT-3

What is Organizational Behavior?

Human behavior within an organization is determined by various factors like motivation, financial incentives, work environment, etc. It is vital that an organization study these factors in order to ensure maximum productivity from its employees. Organizational behavior is the study and application of human behavior as applied to organizations. Organizations may be schools, businesses, government, etc. The study of organizational behavior helps people, structure, technology and environment to work in unison for maximum productivity.

Individual Determinants of OB

These disciplines are related to organizational behavior

- **Psychology**. Psychology is the study of human behavior which tries to identify the characteristics of individuals and provides an understanding why an individual behaves in a particular way. This thus provides us with useful insight into areas such as human motivation, perceptual processes or personality characteristics.
- **Sociology**. Sociology is the study of social behavior, relationships among social groups and societies, and the maintenance of social order. The main focus of attention is on the social system. This helps us to appreciate the functioning of individuals within the organization which is essentially a socio-technical entity.
- **Social psychology**. Social psychology is the study of human behavior in the context of social situations. This essentially addresses the problem of understanding the typical behavioral patterns to be expected from an individual when he takes part in a group.

Perception

Perception is our sensory experience of the world around us and involves both the recognition of environmental stimuli and actions in response to these stimuli. Through the perceptual process, we gain information about properties and elements of the environment that are critical to our survival. Perception not only creates our experience of the world around us; it allows us to act within our environment.

Perception includes the five senses; touch, sight, taste, smell and taste. It also includes what is known as proprioception, a set of senses involving the ability to detect changes in body positions and movements. It also involves the cognitive processes required to process information, such as recognizing the face of a friend or detecting a familiar scent.

Attitude

Attitudes are associations between attitude objects (virtually any aspect of the social world) and evaluations of those objects"

"Attitudes are lasting evaluations of various aspects of the social world--evaluations that are stored in memory"

"An attitude is a mental and neural state of readiness organized through experience exerting a directive or dynamic influence upon the individual's response to all objects and situations with which it is related."

Personality

Almost every day we describe and assess the personalities of the people around us. Whether we realize it or not, these daily musings on how and why people behave as they do are similar to what personality psychologists do.

While our informal assessments of personality tend to focus more on individuals, personality psychologists instead use conceptions of personality that can apply to everyone. Personality research has led to the development of a number of theories that help explain how and why certain personality traits develop.

Components of Personality

While there are many different theories of personality, the first step is to understand exactly what is meant by the term *personality*. A brief definition would be that personality is made up of the

characteristic patterns of thoughts, feelings and behaviors that make a person unique. In addition to this, personality arises from within the individual and remains fairly consistent throughout life.

Some of the fundamental characteristics of personality include:

Consistency - There is generally a recognizable order and regularity to behaviors. Essentially, people act in the same ways or similar ways in a variety of situations.

Psychological and physiological - Personality is a psychological construct, but research suggests that it is also influenced by biological processes and needs.

It impacts behaviors and actions - Personality does not just influence how we move and respond in our environment; it also *causes* us to act in certain ways.

Multiple expressions - Personality is displayed in more than just behavior. It can also be seen in our thoughts, feelings, close relationships and other social interactions.

Learning

Learning is acquiring new or modifying existing knowledge, behaviors, skills, values, or preferences and may involve synthesizing different types of information. The ability to learn is possessed by humans, animals and some machines. Progress over time tends to follow learning curves. Learning is not compulsory, it is contextual. It does not happen all at once, but builds upon and is shaped by what we already know. To that end, learning may be viewed as a process, rather than a collection of factual and procedural knowledge.

Human learning may occur as part of education, personal development, schooling, or training. It may be goal-oriented and may be aided by motivation. The study of how learning occurs is part of neuropsychology, educational psychology, learning theory, and pedagogy. Learning may occur as a result of habituation or classical conditioning, seen in many animal species, or as a result of more complex activities such as play, seen only in relatively intelligent animals. Learning may occur consciously or without conscious awareness. There is evidence for human behavioral learning prenatally, in which habituation has been observed as early as 32 weeks into gestation, indicating that the central nervous system is sufficiently developed and primed for learning and memory to occur very early on in development.

Emotions

emotion is a subjective, conscious experience characterized primarily by psycho physiological expressions, biological reactions, and mental states. Emotion is often associated and considered reciprocally influential with mood, temperament, personality, disposition, and motivation. It also is influenced by hormones and neurotransmitters such as dopamine, noradrenalin, serotonin, oxytocin, cortisol and GABA. Emotion is often the driving force behind motivation, positive or negative. An alternative definition of emotion is a "positive or negative experience that is associated with a particular pattern of physiological activity.

Stress & its implications on management practices

Stress is unavoidable. This statement is a fact that most people are highly aware of nowadays. Every culture in the world has some degree of stress. People of all ages and from all walks of life experience a certain degree of stress on a daily basis.

Although it is not totally detrimental, constant or repeated exposure to high levels of stress has been known to cause a number of negative physical, mental, social and emotional issues. This is why it is vital to have effective stress management practices. There is no need to worry about finding an effective way to cope with stress — many options are available. Each individual simply has to pick one he or she believes is best suited to him- or herself.

However, some people end up resorting to the wrong stress relief practices. Yes, there are wrong stress relief practices. They are capable of providing relief from the immediate emotions related to stress, but in the long run, they are bound to bring more harm than good.

Below are some examples of the most common positive and negative stress management practices.s

Negative Stress Management Practices

Smoking- A lot of people have this notion that smoking has a calming effect that helps relieve tension and improve the mood. This belief is so rampant that it is common to see workplaces with smoking rooms where workers head on their breaks or in a state of agitation or stress.

But studies refute this belief. Scientists say that rather than helping smokers relax, nicotine — which is a stimulant — actually increases anxiety and tension. The relaxing effect of smoking is alleged to be a mere psychological addiction.

Emotional eating- A lot of people, especially women, find solace in a bucket of ice cream, a box of chocolates, or eating a whole pizza when they are stressed out. People commonly say that these kinds of food just magically take their stress away. But scientific studies beg to disagree. Several studies have proved that emotional eating may temporarily help ease stress, but it is bound to cause even more stress in the long run with the health problems and regret that come with extra pounds.

Drug use- Due to the need to fix problems quickly, taking medications to relieve stress seems to be an easy solution for most people. Benzodiazepines, antidepressants, buspirone and beta blockers are the most common drugs used to relieve stress. These prescription drugs may provide an easy escape from stress, but the relief is only temporary. Long-term use of prescription medications can result in dependency or adverse side effects.

Positive Stress Management Practices

Time management- Much stress is brought about by people's lack of control over their lives. Effective time management helps put people in control and allows them to spend more time with their family and friends; that in turn will help reduce stress. So writing a to-do list, prioritizing tasks from most to least important, and keeping a schedule of daily activities to minimize conflicts and last-minute rushes all are vital to reducing stress levels.

Regular relaxation periods- It is important that each individual sets aside specific times each day to relax. Try not to let relaxation be at the mercy of work or family. Even short, quiet 30-minute breaks daily can do much to renew an individual's energy and perspective. It would be best to schedule these breaks during the most stressful times in your day.

Regular exercise- Physical exercise is one of the most effective ways of relieving stress. It has both short- and long-term effects that have a positive impact on a person's stress levels. Studies have shown that right after exercising, a surge of natural "feel good" hormones called endorphins are released. Regular physical activity improves a person's mental and physical state and makes him or her better able to combat stress.

Healthy and balanced diet- Good nutrition is the foundation of good health and is especially important during times of stress. A person's diet and nutrition choices can make his or her stress levels go up or down. Certain foods provide comfort and actually increase levels of the body's stress-fighting hormones. Other types of foods and beverages can reduce stress by lowering the levels of hormones that trigger it. Although there is no diet to relieve stress, eating healthy meals and avoiding caffeine, alcohol, and nicotine are the basic things to remember.

A person with unhealthy stress management practices is bound eventually to suffer grave consequences. If your methods of coping with stress aren't contributing to your greater

emotional and physical health, it is time to change your ways and adopt the right ones. These ways may be a little difficult to follow through and may require a great deal of effort, but they will bring permanent, positive changes.

Managing emotions in organizations

Once you've identified the emotion and its message, the last step is to take action. Ask yourself if there's anything you can do to solve the situation. If there is, consider what you can do.

For instance, if you're upset that you can't find a good job, maybe you can have friends review your resume or hire a professional resume writer. Maybe you can sharpen your interview skills or extend your search a few zip codes.

If there's nothing you can do, determine how you can cope with the emotion. It is suggested meditating, getting social support, writing, exercising and seeking therapy.

Think of these strategies as an emotional toolkit. You simply reach into your kit, and pick out the healthy tool you need. In fact, you can create an actual tote, and pack it with comforting items such as sneakers, your journal, funny films, favorite books and a list of people you'd like to call when you're upset.

The strategies that work best will vary with each person, depending on your personality, physiology and other individual factors. For some people, running works wonders in alleviating anxiety. For others, meditation is better.

Emotions may seem confusing and threatening but applying the above practical and clear-cut approach reveals emotions for what they really are: useful, informative and far from murky.

Dynamics of work groups & work team

Work teams and group dynamics is a very broad topic, but we will narrow our review to some of the most relevant questions about it: Why is it relevant to study work teams? What are the main group development stages? What is group structure and how does it influence group effectiveness? What are the advantages and disadvantages of group decision making? What is the difference between a work team and a group? What characteristics must a work team have to be effective? If at some point you ever thought about this questions, then by the end of this

review you will be in a position to answer some of them with some more confidence and knowledge.

Stages in group development

When talking about the different stages in group development, we can talk about the forming, storming, norming and performing stages. The first stage, **forming**, takes place when there is uncertainty concerning the purpose, structure, and leadership in the group and the members of the group get to know each other and clarify expectations. The second stage, **storming**, takes place when due to an intragroup conflict, some members accept the existence of the group but they resist the constraints the group imposes. There's conflict over who will control the group and this stage is complete when the group agrees to a hierarchy of leadership. The third stage, **norming**, takes place when close relationships develop within the group, building higher group cohesion and formal and informal group norms are established. Finally, the fourth stage, **performing**, takes place when group members can focus on getting the job done and all their energy is concentrated on performing.

Work team norms

—These are shared expectations about how group members should behave. Some examples that are common in most groups are such as scheduling norms, attendance, decision making norms, new members' acceptance, ways to deal with conflict, work intensity, etc. This norms can develop externally to the group,— by intragroup negotiation or discussion, or spontaneously from experience. This process reminds us about the punctuated equilibrium model and about the relevance of the first meetings, where the first norms are settled.

Work team size

In general, larger groups are less effective as there are issues with coordination, as well as there is more possibility for social loafing. Moreover, members in large groups usually tend to be less satisfied and motivated.

Work team composition

It is still not clearly determined what is the relationship between diversity in a group in terms of attitudes, gender, personality or experience regarding team performance. Nevertheless, more diverse groups usually tend to have more difficulties in the beginning, although in case they manage to work together, they can reach higher levels of performance than less heterogeneous groups. It is also important to think about the type of task that is being carried out as diverse groups tend to work better with more complex and creative tasks.

Power

Max Weber: "The probability that one actor within a social relationship will be in a position to carry out his own will despite resistance."

Pfeiffer: "The potential ability to influence behavior, to change the course of events, to overcome resistance, and to get people to do things that they would not otherwise do."

The concept of power needs to be distinguished from authority and influence.

Authority is the right to direct others and ask them to do things which they would not otherwise do, but it is legitimate and is exercised in the working of organizations.

Influence is conceived as broader and it is the ability to alter actions of other people in general ways by changing their satisfaction criteria and thus improve their performance. Authority is different from power because of its legitimacy and acceptance in an organizational context and leadership is broader than power and indicates a willingness on the part of the follower to follow in the absence of authority.

Luthans remarked that operational definition of power is still lacking.

The classifications of Power

Psychologists John French and Bertram Raven provided five categories

1. Reward power
2. Coercive power (punishment power)
3. Legitimate power
4. Referent power
5. Expert power

Politics

Politics (from Greek: *politikos*, meaning "of, for, or relating to citizens") is the practice and theory of influencing other people on a civic or individual level. More narrowly, it refers to achieving and exercising positions of governance — organized control over a human community, particularly a state. A variety of methods are employed in politics, which include promoting its own political views among people, negotiation with other political subjects, making laws, and exercising force, including warfare against adversaries. Politics is exercised on

a wide range of social levels, from clans and tribes of traditional societies, through modern local governments, companies and institutions up to sovereign states, to international level.

Conflict & negotiation

Conflict occurs whenever Disagreements exist in a social situation over issues of substance.

–Emotional antagonisms cause frictions between individuals or groups.

Negotiation

The process of making joint decisions when the parties involved have different preferences.

–Workplace disagreements arise over a variety of matters.

Interpersonal Behavior & relations

Interpersonal behavior is the bond or behavior between two people depending on the context of their relationship. This could be workmates, couples in a relationship or even business partners. People appreciate each other's skill when they work together.

Interpersonal behavior is a topic that is widely studied by many academics. Basically, the term 'interpersonal' focuses on the bond between two people, and the behavior between these two individuals will depend on the context of their relationship. For example, the way that a boyfriend and a girlfriend behave with one another will be different to the communication between a mother and a daughter.

If you are interested in interpersonal behavior, studying social sciences can be the first step to learning more. Subjects such as psychology and sociology focus in depth on how we rely on the people we develop bonds with, and how our behavior alters over time.

Of course, interpersonal behavior isn't just explored in the environment of friends and family, as it is widely believed that a strong partnership between an employer and their staff can result in higher levels of efficiency in the workplace. This is why character building courses have become a key part of business, as it allows interpersonal behavior to become stronger as co-workers trust one another further.

There are different theories that surround interpersonal behavior, and it's widely believed that the more people collaborate with each other, the better they will be at appreciating each other's skills. It doesn't just benefit the results that companies can publish, but it improves levels of happiness in the workplace. Because people are working with their friends and enjoying one

another's company, they are going to be chirpier and less likely to get involved with conflict that can damage overall productivity.

Concept of psychological contract

Primarily, the Psychological Contract refers to the **relationship between an employer and its employees**, and specifically concerns **mutual expectations of inputs and outcomes**.

The Psychological Contract is usually seen from the standpoint or feelings of employees, although a full appreciation requires it to be understood from both sides.

Simply, in an employment context, the Psychological Contract is the fairness or balance (typically as perceived by the employee) between:

how the employee is treated by the employer, and

what the employee puts into the job.

The words 'employees' or 'staff' or 'workforce' are equally appropriate in the above description.

At a deeper level the concept becomes increasingly complex and significant in work and management - especially in change management and in large organizations.

Organizational commitment

Organizational commitment is the individual's psychological attachment to the organization. The basis behind many of these studies was to find ways to improve how workers feel about their jobs so that these workers would become more committed to their organizations. Organizational commitment predicts work variables such as turnover, organizational citizenship behavior, and job performance. Some of the factors such as role stress, empowerment, job insecurity and employability, and distribution of leadership have been shown to be connected to a worker's sense of organizational commitment.

Organizational commitment can be contrasted with other work-related attitudes, such as job satisfaction, defined as an employee's feelings about their job, and organizational identification, defined as the degree to which an employee experiences a 'sense of oneness' with their organization.

Determinants of job satisfaction

Working Conditions

Because employees spend so much time in their work environment each week, it's important for companies to try to optimize working conditions. Such things as providing spacious work areas rather than cramped ones, adequate lighting and comfortable work stations contribute to favorable work conditions. Providing productivity tools such as upgraded information technology to help employees accomplish tasks more efficiently contributes to job satisfaction as well.

Opportunity for Advancement

Employees are more satisfied with their current job if they see a path available to move up the ranks in the company and be given more responsibility and along with it higher compensation. Many companies encourage employees to acquire more advanced skills that will lead to the chance of promotion. Companies often pay the cost of tuition for employees taking university courses, for example. During an employee's annual performance review, a supervisor should map out a path showing her what she needs to accomplish and what new skills she needs to develop in order to be on a track to advancement within the organization.

Workload and Stress Level

Dealing with a workload that is far too heavy and deadlines that are impossible to reach can cause job satisfaction to erode for even the most dedicated employee. Falling short of deadlines results in conflict between employees and supervisors and raises the stress level of the workplace. Many times, this environment is caused by ineffective management and poor planning. The office operates in a crisis mode because supervisors don't allow enough time for employees to perform their assigned tasks effectively or because staff levels are inadequate.

Respect from Co-Workers

Employees seek to be treated with respect by those they work with. A hostile work environment with rude or unpleasant coworkers -- is one that usually has lower job satisfaction. In an August 2011 survey published by FoxBusiness.com, 50 percent of those responding said they had personally experienced a great amount of workplace incivility. Fifty percent also believe morale is poor where they work. Managers need to step in and mediate conflicts before they escalate into more serious problems requiring disciplinary action. Employees may need to be reminded what behaviors are considered inappropriate when interacting with coworkers.

Relationship with Supervisors

Effective managers know their employees need recognition and praise for their efforts and accomplishments. Employees also need to know their supervisor's door is always open for them to discuss any concerns they have that are affecting their ability to do their jobs effectively and impeding their satisfaction at the office.

Financial Rewards

Job satisfaction is impacted by an employee's views about the fairness of the company wage scale as well as the current compensation she may be receiving. Companies need to have a

mechanism in place to evaluate employee performance and provide salary increases to top performers. Opportunities to earn special incentives, such as bonuses, extra paid time off or vacations, also bring excitement and higher job satisfaction to the workplace.

Transactional Analysis

Transactional Analysis is a theory developed by Dr. Eric Berne in the 1950s. Originally trained in psychoanalysis, Berne wanted a theory which could be understood and available to everyone and began to develop what came to be called Transactional Analysis (TA). Transactional Analysis is a social psychology and a method to improve communication. The theory outlines how we have developed and treat ourselves, how we relate and communicate with others, and offers suggestions and interventions which will enable us to change and grow. Transactional Analysis is underpinned by the philosophy that:

people can change

we all have a right to be in the world and be accepted

Initially criticized by some as a simplistic model, Transactional Analysis is now gathering worldwide attention. It originally suffered much from the popularized writings in the 1960s. Also, summarized explanations, such as this, which can only touch on some of the concepts in Transactional Analysis, led their readers to believe that there was very little to it. Many did not appreciate the duration and complexity of the training.

Today there is greater understanding of Transactional Analysis. More and more people are taking the four to five year part-time training courses to qualify, and increasingly universities are accrediting these courses for master's degrees. Those taking training include psychiatrists, organizational and management consultants, teachers, social workers, designers, engineers and the clergy.

Today Transactional Analysis is used in psychotherapy, organizations, educational and religious settings. Books have been written for all ages, from children through to adults, by people all over the world. Transactional Analysis is truly an international theory relating to a diverse range of cultures.

Theoretical concepts within the Transactional Analysis world are constantly being challenged and developed making it a rich dynamic process. Berne died in July 1970 at the age of 60. However, Transactional Analysis has not stood still and continues to develop and change, paralleling the processes we encourage in ourselves and others.

The key concepts in Transactional Analysis are outlined below in the form of introductory information.

Transactional analysis - contracting

Transactional Analysis is a contractual approach. A contract is "an explicit bilateral commitment to a well-defined course of action" Berne E. (1966). Which means that all parties need to agree:

Why they want to do something

With whom

What they are going to do

By when

Any fees, payment or exchanges there will be .

transactional analysis - ego states

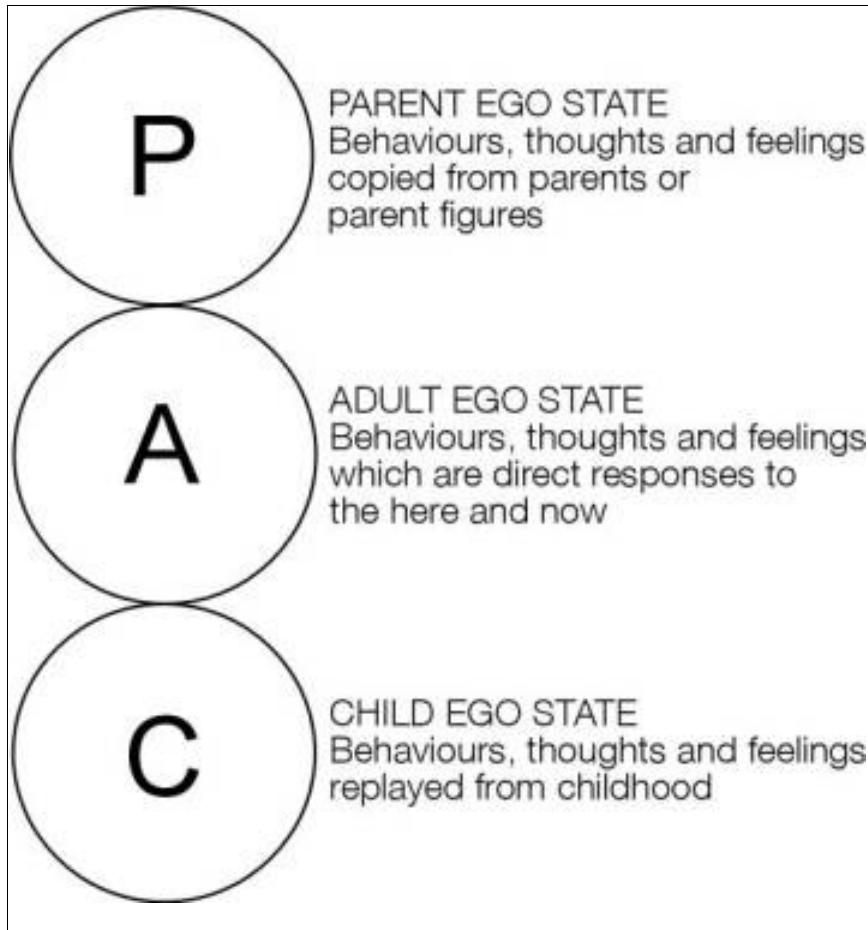
Transactional Analysis first order structural model

Berne devised the concept of ego states to help explain how we are made up, and how we relate to others. These are drawn as three stacked circles and they are one of the building blocks of Transactional Analysis. They categorise the ways we think, feel and behave and are called Parent, Adult, and Child. Each ego state is given a capital letter to denote the difference between actual parents, adults and children.



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Parent ego state

This is a set of feelings, thinking and behavior that we have copied from our parents and significant others.

As we grow up we take in ideas, beliefs, feelings and behaviors from our parents and caretakers. If we live in an extended family then there are more people to learn and take in from. When we do this, it is called interjecting and it is just as if we take in the whole of the care giver. For example, we may notice that we are saying things just as our father, mother, grandmother may have done, even though, consciously, we don't want to. We do this as we have lived with this person so long that we automatically reproduce certain things that were said to us, or treat others as we might have been treated.

Adult ego state

The Adult ego state is about direct responses to the here and now. We deal with things that are going on today in ways that are not unhealthily influenced by our past.

The Adult ego state is about being spontaneous and aware with the capacity for intimacy.

Child ego state

The Child ego state is a set of behaviors, thoughts and feelings which are replayed from our own childhood.

UNIT-4

Organizational change

“A casual reflection on change should indicate that it encompasses almost all our concepts in the organizational behavior literature. Think about leadership, motivation, organizational environment, and roles. It is impossible to think about these and other concepts without inquiring about change.”

If environments were perfectly static, if employees' skills and abilities were always up to date and incapable of deteriorating, and if tomorrow were always exactly the same as today, organizational change would have little or no relevance to managers. The real world, however, is turbulent, requiring organizations and their members to undergo dynamic change if they are to perform at competitive levels.

Managers are the primary change agents in most organizations. By the decisions they make and their role-modeling behaviors, they shape the organization's change culture. For instance, management decisions related to structural design, cultural factors, and human resource policies largely determine the level of innovation within the organization. Similarly, management decisions, policies, and practices will determine the degree to which the organization learns and adapts to changing environmental factors.

Forces for Change

1. Organizations face a dynamic and changing environment

2. The changing nature of the workforce

A multicultural environment.

Human resource policies and practices changed to attract and keep this more diverse workforce.

Large expenditure on training to upgrade reading, math, computer, and other skills of employees

- **Technology is changing jobs and organizations:**

Sophisticated information technology is also making organizations more responsive. As organizations have had to become more adaptable, so too have their employees.

We live in an “age of discontinuity.” Beginning in the early 1970s with the overnight quadrupling of world oil prices, economic shocks have continued to impose changes on organizations.

- **Competition is changing:**

The global economy means global competitors.

Established organizations need to defend themselves against both traditional competitors and small, entrepreneurial firms with innovative offerings.

Successful organizations will be the ones that can change in response to the competition.

Managing Planned Change

1. Some organizations treat all change as an accidental occurrence, however, change as an intentional, goal-oriented activity is planned change.

2. There are two goals of planned change:

Improve the ability of the organization to adapt to changes in its environment.

Change employee behavior.

3. Examples of planned-change activities are needed to stimulate innovation, empower employees, and introduce work teams.

Organizational culture

The values and behaviors that contribute to the unique social and psychological environment of an organization.

Organizational culture includes an organization's expectations, experiences, philosophy, and values that hold it together, and is expressed in its self-image, inner workings, interactions with the outside world, and future expectations. It is based on shared attitudes, beliefs, customs, and written and unwritten rules that have been developed over time and are considered valid. Also called corporate culture, it's shown in

- (1) the ways the organization conducts its business, treats its employees, customers, and the wider community,
- (2) the extent to which freedom is allowed in decision making, developing new ideas, and personal expression,
- (3) how power and information flow through its hierarchy, and
- (4) how committed employees are towards collective objectives.

It affects the organization's productivity and performance, and provides guidelines on customer care and service, product quality and safety, attendance and punctuality, and concern for the environment. It also extends to production-methods, marketing and advertising practices, and to new product creation. Organizational culture is unique for every organization and one of the hardest things to change.

Innovation & creativity

1. Both creativity and innovation are, in the end, about particularly useful ways of dealing with a given situation. They are a form of adaptation. They may also be beautiful. Or profitable.
2. Creative thought is not necessarily innovative. Creativity is of the moment. Innovation is of a moment yet to come. Or, innovation makes that moment
3. Creativity responds to context; innovation restructures it.
4. Creativity takes the local into account. Innovation takes the past and future into account.
5. There are small innovations and large innovations, and these are determined by context. A new process may be innovative in the context of a particular company or organization—this is a small innovation. A large innovation is innovative among all such organizations, if not the world.

6. Creativity is tied to personal survival. Innovation is tied to organizational or cultural survival.
7. Creativity is ultimately present, local, and personal. Innovation is historical, future-oriented, communal, and global.
8. A person is creative. A creative person may produce innovative work. But a person is not innovative.

Strategic change in organizations

Transforming a nonprofit organization—for example, changing a service model or delivery area, or adding a new set of beneficiaries— is not just an exercise in creating new strategies and processes to accomplish the organization’s mission. It also means evaluating how the existing organization’s culture might positively or negatively influence the change that needs to take place—and then working to adjust the culture, as needed, so that it supports the change.

Culture is in essence an organization’s operating environment: the implicit patterns of behavior, activities, and attitudes—shaped by a shared set of values and beliefs—that characterize the way people work together. In order for any strategic change to be implemented successfully, the organization’s culture needs to be aligned. Unfortunately, if it isn’t, the challenge is significant; changing culture is not an easy task.

“Changing culture isn’t as simple as identifying the new behaviors you want to see and articulating a new set of beliefs and values associated with these,” explained Bridgespan Group Partner Kirk Kramer. “Most people won’t change their behaviors until they observe the role models in their organization acting differently, and when they see this new behavior positively recognized and rewarded—a clear promotion, a plum assignment, a change in authority or responsibility, or simply praise from the top of the organization.”

Bridgespan has found that the key levers leaders have to change culture are the ones that motivate and support different behaviors: who is on the leadership team, what they are doing, who makes key decisions, which people are in key jobs, who gets positive feedback through performance assessments, and even the right processes and systems that affect how people work together. These, along with culture, are what Bridgespan refers to in its organization wheel (see sidebar) as the core elements of an effective organization.

In this article, we hear from two nonprofit leaders who needed to change their organizations fundamentally in order to make them more effective—and how they were able to do so through addressing key levers for culture change. The first is Liberty Resources CEO Carl Coyle, who

merged his human services organization with a nonprofit mental health clinic. The second is The Children's Village President and CEO Jeremy Kohomban, who changed his organization's service model from residential to community-based care.

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