INTRODUCTION TO MANAGEMENT

CONCEPTS OF MANAGEMENT

Management means many things to many people. To a layman management means an impressive person occupying an air-condition chamber with an over-staked table and cushioned chair. Some people suggest management as commanding other. To many others, management is nothing more than clerical work and putting fancy signatures. But truly management is the process of planning, organising, staffing, directing, coordinating and controlling the activities of business enterprises. It is also described as the technique of leadership, decision making and a mean of co-ordinating

Meaning of Management

As there is no universally accepted definition for management, it is difficult to define it.

But a simple traditional definition, defines it as the "art of getting things done by others". This definition brings in two elements namely accomplishment of objectives, and direction of group activities towards the goal. The weaknesses of this definition is that firstly it uses the word "art", whereas management is not merely an art, but it is both art and science. Secondly, the definition does not state the various functions of a manager clearly.

A more elaborate definition given by George R. Terry, defines management as a process "consisting of planning, organizing, actuating and controlling, performed to determine and accomplish the objectives by the use of people and resources." Firstly it considers management as a "process" i.e. a systematic way of doing things. Secondly it states four management activities: Planning, organizing, actuating, and controlling. Planning is thinking of an actions in advance. organizing is coordination of the human and material resources of an organization. Actuating is motivation and direction of subordinates. Controlling means the attempt to ensure no deviation from the norm or plan. Thirdly it states that manager uses people and other resources. For example a manager who wants to increase the sales, might try not only to increase the sales force, but also to increase advertising budget. And fourthly, it states that management involves the act of achieving the organization's objectives.

Definitions

A few definitions by experts are:

- "Management is an art of knowing what is to be done and seeing that it is done in the best possible manner." (planning and controlling) – F.W. Taylor (father of scientific management)
- "Management is to forecast, to plan, to organize, to command, to coordinate and control activities of others." – Henri Fayol (father of modern management)
- "Management is the process by which co-operative group directs actions towards common goals." – Joseph Massie
- "Management is that process by which managers create, direct, maintain and operate purposive organisation through systematic, coordinated and cooperative human efforts." – McFarland
- "Management is the coordination of all resources through the process of planning, organising, directing and controlling in order to attain stated goals." – Henry Sisk
- "Management is a social and technical process that utilises resources, influences human action and facilitates changes in order to accomplish an organization's goals." – Tho Harmann, William Scott
- "Management is a process of working with and through others to achieve organizational objectives in a changing environment, central to this purpose is the effective and efficient use of limited resources." – Rovert Kreitner
- "Management is a responsible person's or group's thinking processes and administrative processes directed at achieving the purpose, needs, aspirations and objectives of an organization, project or task through people." – Universal Management System Standard MSS 1000 - CQI Integrated Management Special Interest Group

FUNCTIONS OF MANAGERS

Managers just don't go out and haphazardly perform their responsibilities. Good managers discover how to master five basic functions: planning, organizing, staffing, leading, and controlling.

- **Planning:** This step involves mapping out exactly how to achieve a particular goal. Say, for example, that the organization's goal is to improve company sales. The manager first needs to decide which steps are necessary to accomplish that goal. These steps may include increasing advertising, inventory, and sales staff. These necessary steps are developed into a plan. When the plan is in place, the manager can follow it to accomplish the goal of improving company sales.
- **Organizing:** After a plan is in place, a manager needs to organize her team and materials according to her plan. Assigning work and granting authority are two important elements of organizing.
- **Staffing:** After a manager discerns his area's needs, he may decide to beef up his staffing by recruiting, selecting, training, and developing employees. A manager in a large organization often works with the company's human resources department to accomplish this goal.
- **Leading:** A manager needs to do more than just plan, organize, and staff her team to achieve a goal. She must also lead. Leading involves motivating, communicating, guiding, and encouraging. It requires the manager to coach, assist, and problem solve with employees.
- **Controlling:** After the other elements are in place, a manager's job is not finished. He needs to continuously check results against goals and take any corrective actions necessary to make sure that his area's plans remain on track.

All managers at all levels of every organization perform these functions, but the amount of time a manager spends on each one depends on both the level of management and the specific organization.

Roles performed by managers

A manager wears many hats. Not only is a manager a team leader, but he or she is also a planner, organizer, cheerleader, coach, problem solver, and decision maker — all rolled into one. And these are just a few of a manager's roles.

In addition, managers' schedules are usually jam-packed. Whether they're busy with employee meetings, unexpected problems, or strategy sessions, managers often find little spare time on their calendars. (And that doesn't even include responding to e-mail!)

In his classic book, *The Nature of Managerial Work*, Henry Mintzberg describes a set of ten roles that a manager fills. These roles fall into three categories:

- **Interpersonal:** This role involves human interaction.
- **Informational:** This role involves the sharing and analyzing of information.
- **Decisional:** This role involves decision making.

Table 1 contains a more in-depth look at each category of roles that help managers carry out all five functions described in the preceding “Functions of Managers” section.

TABLE 1 Mintzberg's Set of Ten Roles

Category	Role	Activity
Informational	Monitor	Seek and receive information; scan periodicals and reports; maintain personal contact with stakeholders.
	Disseminator	Forward information to organization members via memos, reports, and phone calls.
	Spokesperson	Transmit information to outsiders via reports, memos, and speeches.
Interpersonal	Figurehead	Perform ceremonial and symbolic duties, such as greeting visitors and signing legal documents.
	Leader	Direct and motivate subordinates; counsel and communicate with subordinates.
	Liaison	Maintain information links both inside and outside organization via mail, phone calls, and meetings.
Decisional	Entrepreneur	Initiate improvement projects; identify new ideas and delegate idea responsibility to others.
	Disturbance handler	Take corrective action during disputes or crises; resolve conflicts among subordinates; adapt to environments.
	Resource allocator	Decide who gets resources; prepare budgets; set schedules and determine priorities.
	Negotiator	Represent department during negotiations of union contracts, sales, purchases, and budgets.

MANAGEMENT PROCESS

Four Basic Functions of Management is a systematic way of doing things. We **refer to management** as a process to emphasize that all managers, irrespective of their aptitude or skill, engage in some inter-related functions in order to achieve their desired goals.

Four Basic Functions of Management Process are;

1. Planning and Decision Making: Determining Courses of Action

Looking ahead into the future and predict possible trends or occurrences which are likely to influence the working situation is the most vital quality as well as the **job of a manager**. Planning means setting an organization's goal and deciding how best to achieve them. **Planning is decision making**, regarding the goals and setting the future course of action from a set of alternatives to reach them.

Planning involves deciding where to take a company and selecting steps to get there. It first requires managers to be aware of challenges facing their businesses, and it then it requires managers to forecast future business and economic conditions. They then formulate objectives to reach by certain deadlines and decide on steps to reach them. They re-evaluate their plans as conditions change and make adjustments as necessary. Planning helps allocate resources and reduce waste as well.

2. Organizing: Coordinating Activities and Resources

Organizing can be defined as the process by which the established plans are moved closer to realization. Once a manager **set goals and develops plans**, his next managerial function is organizing human and other resources that are identified as necessary by the plan to reach the goal.

Organizing involves determining how activities and resources are to be assembled and coordinated. The organization can also be defined as an **intentionally formalized structure of positions or roles** for people to fill in an organization.

Organizing produces a **structure of relationships in an organization** and it is through these structured relationships that future plans are pursued.

The structure must define the task to be done. The rules so established must also be designed in the light of the abilities and motivations of the people available.

Staffing is related to organizing and it involves filling and keeping filled, the positions in the organization structure. Staffing can be done by determining the positions to be filled, identifying the requirement of manpower, filling the vacancies and **training employees** so that the assigned tasks are accomplished effectively and efficiently.

The managerial functions of promotion, demotion, discharge, dismissal, transfer, etc. Are also included with the broad task "staffing." staffing ensures the placement of the right person at the right position.

Some take staffing as an element in management process after 'organizing'.

3. Leading: Managing and Motivating People

The third basic managerial function is **leading**. The **skills of influencing people** for a particular purpose or reason is called leading. Leading is considered to be the most important and challenging of all managerial activities.

Leading requires managers to motivate employees to achieve business objectives and goals. It requires the use of authority to achieve those ends as well as the ability to communicate effectively. Effective leaders are students of human personalities, motivation and communication. They can influence their personnel to view situations from their perspectives. Leading also involves supervision of employees and their work.

Leading is influencing or prompting the member of the organization to work together with the interest of the organization.

Leading involves a number of deferment processes and activates. The functions of direction, **motivation**, **communication**, and coordination are considered a part of leading process or system.

Coordinating is also essential in leading. Most authors do not consider it a separate function of management. Rather they regard coordinating as the essence of managership for achieving harmony among individual efforts towards accomplishing group targets.

Motivating is an essential quality for leading. Motivating is the function of management process of influencing people's behavior based on the knowledge of what cause and channel sustain human behavior in a particularly committed direction. **Efficient managers need to be effective leaders**.

4. Controlling: Monitoring and Evaluating activities

Monitoring the organizational progress toward goal fulfillment is called controlling. Monitoring the progress is essential to ensure the **achievement of organizational goal**.

Controlling is measuring, comparing, finding deviation and correcting the organizational activities which are performed for achieving the goals or objectives.
Controlling consist of activities, like; measuring the performance, comparing with the existing standard and finding the deviations, and correcting the deviations. Control activities generally relate to the measurement of achievement or results of actions which were taken to attain the goal.

Some means of controlling, like the **budget for expenses**, inspection records, and the record of labor hours lost, are generally familiar. Each measure also shows whether plans are working out.

If deviations persist, correction is indicated. Whenever results are found to differ from the planned action, persons responsible are to be identified and necessary actions are to be taken to improve performance.

Thus outcomes are controlled by controlling what people do. Controlling is the last but not the least important management function process.

It is rightly said, "planning without controlling is useless". In short, we can say the controlling enables the accomplishment of the plan.

TAYLOR'S SCIENTIFIC MANAGEMENT THEORY

Teamwork is another area where pure Taylorism is in opposition to current practice. Essentially, Taylorism breaks tasks down into tiny steps, and focuses on how each person can do his or her specific series of steps best. Modern methodologies prefer to examine work systems more holistically in order to evaluate efficiency and maximize productivity. The extreme specialization that Taylorism promotes is contrary to modern ideals of how to provide a motivating and satisfying workplace.

Where Taylorism separates manual from mental work, modern productivity enhancement practices seek to incorporate worker's ideas, experience and knowledge into best practice. Scientific management in its pure form focuses too much on the mechanics, and fails to value the people side of work, whereby motivation and workplace satisfaction are key elements in an efficient and productive organization.

The Principles of Taylor's Scientific Management Theory became widely practiced, and the resulting cooperation between workers and managers eventually developed into the teamwork we enjoy today. While Taylorism in a pure sense isn't practiced much today, scientific management did provide many significant contributions to the advancement of management practice. It introduced systematic selection and training procedures, it provided a way to study workplace efficiency, and it encouraged the idea of systematic organizational design.

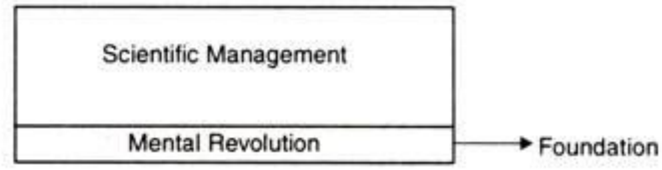
Scientific management might be defined as follows:
Scientific management involves the application of a scientific approach to managerial decision-making (consisting of-collection of data, an analysis of data and basing decisions on the outcome of such analyses); and discarding at the same time, all unscientific approaches, like – rule of the thumb, a hit or miss approach and a trial and error approach.

F W. Taylor defined scientific management in the following words:
"Scientific Management consists in knowing what you (i.e. management) want men to do exactly; and seeing to it that they do it in the best and the cheapest manner."

Principles of Scientific Management:
The fundamental principles, which would support the concept and practice of scientific management, are the following:

- **(i) Science, not the rule of thumb:** The basic principle of scientific management is the adoption of a scientific approach to managerial decision making; and a complete discard of all unscientific approaches, hitherto practiced by managements.
- **(ii) Harmony, not discord:** Harmony refers to the unity of action; while discord refers to differences in approach.
- **(iii) Co-operation, not individualism:** Co-operation refers to working, on the part of people, towards the attainment of group objectives; while regarding their individual objectives-as subordinate to the general interest.
- **(iv) Maximum production, in place of restricted production:** In Taylor's view the most dangerous evil of the industrial system was a deliberate restriction of output. As a means of promoting the prosperity of workers, management and society, this principle of scientific management emphasizes on maximising production and not deliberately restricting it.
- **(v) Development of each person to the greatest of his capabilities:** Management must endeavor to develop people to the greatest of their capabilities to ensure maximum prosperity for both-employees and employers.
- **(vi) A more equal division of responsibility between management and workers:** The principle of scientific management recommends a separation of planning from execution. According to this principle, management must be concerned with the planning of work; and workers with the execution of plans.
- **(vii) Mental revolution on the part of management and workers:** According to Taylor, scientific management, in its essence, involves a complete mental revolution on the part of both sides to industry viz. workers and management (representing employers).

In fact, this principle of scientific management is the most fundamental one ensuring success of it. It is like the foundation on which the building of scientific management must be erected.



Building of Scientific Management

Though Taylor's work and practice of it is quite comprehensive and detailed; yet the major aspects of work done by him could be summarized into the following outline structure:

(1) Determination of fair day's task for each worker through scientific methods (including the best way of doing a job):

For determining a fair day's task for each worker, Taylor recommended the use of scientific methods involving the conduct of the following three types of work studies, viz.,

(a) Time study
(b) Motion study
(c) Fatigue study

The following points are not worthy in this context:

(i) An average worker (or representative worker) is first selected for conducting the above work-studies. In case otherwise, the standards of work fixed would be either too high or too low.
(ii) The above three work-studies (i.e. time, motion and fatigue studies) are to be considered together to arrive at a fair day's task.

(2) Scientific selection and training of workers:

This aspect of scientific management is, in fact, the staffing angle of it. The workers, under scientific management, must be properly selected by adhering to a carefully- designed selection procedure. Further, selected workers must be imparted training in best methods of performing a job.

(3) Standardisation of raw materials, tools and working conditions:

By standardisation, Taylor implies two varieties of standardisation:

(i) Raw materials, tools, machines and other facilities of work must be of a reasonably good quality; so that the quality of production is reasonable.
(ii) Another variety of standardization which Taylor refers to is uniformity in providing work-facilities and work conditions to all workers, doing a similar type of job.

(4) Functional Foremanship:

The scheme of functional foremanship recommended by Taylor is, in fact, an introduction of managerial specialization-at the shop-level. In Taylor's view, instead of a single foreman performing all the aspects of the foremanship task, there must be a number of foremen-each concerned with only a particular aspect of foremanship.

Each foreman, being a specialist in performance of his role, is a functional foreman. Hence, the nomenclature of the scheme as 'functional foremanship'.

In the context of the scheme of functional foremanship, Taylor compares workers with students in a school class-room; where a student is imparted teaching in a particular subject by a specialized teacher of that subject – instead of a single teacher teaching all the subject to students.

In the scheme of functional foremanship recommended by Taylor, there is a provision for eight foremen of the following types:

(i) **Route Clerk:** The route clerk is a foreman who would lay down the route (or journey) of raw materials from the raw-material stage to the finished product stage as passing through different processes and machines.

(ii) **Instructions Card Clerk:** The instructions card clerk is a foreman who would determine the detailed instructions for handling a job; and prepare a card containing such instructions.

(iii) **Time and Cost-Clerk:** The time and cost clerk is a foreman who would record the time taken by a worker in completing a job; and would also compile the cost of doing that job.

(iv) **Shop Disciplinarian:** The shop disciplinarian would look after the maintenance of discipline in the workshop and deal with cases of absenteeism, misbehavior and other aspects of indiscipline.

(v) **Gang Boss:** The gang boss is the supervisor proper. He would see to it that all work-facilities are made available to workers and they start their work as per the instructions imparted to them.

(vi) **Speed Boss:** The speed boss is a foreman who would determine the optimum speed at which machines are to be operated; so that both-over speeding and under-speeding of machines are avoided. In this way, less depreciation is caused to machines; industrial accidents are averted and quality of production is also maintained.

(vii) **Repair Boss:** The repair boss is a foreman, who would look after and take care of the repairs and maintenance of machines.

(viii) **Inspector:** The inspector is a foreman who would look after the quality of production.

The following chart illustrates the functioning of the scheme of the functional foremanship:

The scheme of functional foremanship results in a complete violation of the principle of unity of command as advised by Fayol; because in this scheme, a worker is subject to the control and superintendence of eight foremen. The scheme, therefore, involves multiple commands as against a single command.

(5) Differential piece-rate system of wage-payment:

In order to motivate workers positively as also negatively to produce the standard output, Taylor devised a scheme of wage payment, known as the 'Differential piece-rate system of wage-payment.'

The inherent features of this scheme are:

(i) A standard output for each worker is determined in advance through scientific work studies.

(ii) Two rates of wage-payment (based on piece rate system) are established-

  (a) A higher rate per unit of output; and

  (b) A lower rate per unit of output.

(iii) Workers who produce the standard output or exceed the standard are paid according to the higher rate for all the units produced by them. Those workers who are unable to come up to the standard are paid according to the lower rate for all the units produced by them.

Let us take an example to illustrate the working of this system of wage payment. Suppose the standard output is 25 units; and the two rate of wage payment are – Rs.2 per unit (the higher rate) and Rs. 1.80 p. per unit (the lower rate). Now, if a worker produces 25 units or more; he would be paid on total production done by him according to Rs.2 per unit. If, on the other hand, a worker produces only 24 units (taking the extreme case); he would be paid on all the 24 units produced by him, according to the lower rate i.e. Rs. 1.80 p per unit. In the latter case, the worker is not only suffering a shortfall of payment on one unit produced less by him as against the standard of 25 units; but also suffering a shortfall of payment of 20 p. per unit on all the 24 units produced by him. Thus there is a severe penalty for the inefficient worker in being paid according to the lower rate on total production done by him.

Merits of Scientific Management:

Some of the merits of scientific management are:

(i) More production and higher profits: Scientific management makes for a more systematized way of managing-enabling employers (of course, through their managements) to have more production at the minimum cost; and ultimately reap higher profits.

(ii) Job satisfaction: Under scientific management, a standardized work-environment (raw materials, tools, machines, conditions of work etc.) is provided to workers which would enable them to derive what is known as 'job satisfaction' – the biggest happiness for workers, according to the psychologist.

(iv) Personality development: As one of the basic principles of scientific management is the 'development of each person to the greatest of his capabilities'; workers get an opportunity, under scientific management, to develop themselves fully according to their potential.

(v) Higher standard of living: Scientific management is oriented towards maximum production; which would lead to more of consumption of goods on the part of people, in the society. This naturally, would mean an increase in the standard of living of people.

Criticism of Scientific Management:

Scientific management has come in for a severe criticism at the hands of the employer, the worker, the psychologist and the theoretician. Some of the major points of attack on scientific management from different quarters are as follows:

(i) Unsuitable for the small employers: Scientific management is wholly unsuitable for the small employers. Techniques like time, and motion studies, introduction of managerial specialization, etc. are too costly to be afforded to by the small employers.

(ii) Unemployment: Scientific management leads to unemployment of workers; especially when mechanical devices are introduced to replace manual labour.

(iii) Retarding human development: According to psychologist, scientific management aims efficiency at the cost of initiative. It totally takes away initiative from workers. In fact, under scientific management, workers are reduced to the status of machines; totally deprived of the thinking function.

HENRI FAYOL'S PRINCIPLES OF MANAGEMENT – 14 Principles of Management (Fayol)

Introduction to 14 principles of Management

In the last century, organizations already had to deal with management in practice. In the early 1900s, large organizations, such as production factories, had to be managed too. At the time there were only few (external) management tools, models and methods available.

Thanks to scientists like Henri Fayol (1841-1925) the first foundations were laid for modern scientific management. These first concepts, also called principles of management are the underlying factors for successful management. Henri Fayol explored this comprehensively and, as a result, he synthesized the 14 principles of management. Henri Fayol 's principles of management and research were published in the book '*General and Industrial Management*' (1916).

14 Principles of Management

14 principles of Management are statements that are based on a fundamental truth. These principles of management serve as a guideline for decision-making and management actions. They are drawn up by means of observations and analyses of events that managers encounter in practice. Henri Fayol was able to synthesize 14 principles of management after years of study, namely:

1. Division of Work

In practice, employees are specialized in different areas and they have different skills. Different levels of expertise can be distinguished within the knowledge areas (from generalist to specialist). Personal and professional developments support this. According to Henri Fayol specialization promotes efficiency of the workforce and increases productivity. In addition, the specialization of the workforce increases their accuracy and speed. This management principle of the 14 principles of management is applicable to both technical and managerial activities.

2. Authority and Responsibility

In order to get things done in an organization, management has the authority to give orders to the employees. Of course with this authority comes responsibility. According to Henri Fayol, the accompanying power or authority gives the management the right to give orders to the subordinates. The responsibility can be traced back from performance and it is therefore necessary to make agreements about this. In other words, authority and responsibility go together and they are two sides of the same coin.

3. Discipline

This third principle of the 14 principles of management is about obedience. It is often a part of the core values of a mission and vision in the form of good conduct and respectful interactions. This management principle is essential and is seen as the oil to make the engine of an organization run smoothly.

4. Unity of Command

The management principle 'Unity of command' means that an individual employee should receive orders from one manager and that the employee is answerable to that manager. If tasks and related responsibilities are given to the employee by more than one manager, this may lead to confusion which may lead to possible conflicts for employees. By using this principle, the responsibility for mistakes can be established more easily.

5. Unity of Direction

This management principle of the 14 principles of management is all about focus and unity. All employees deliver the same activities that can be linked to the same objectives. All activities must be carried out by one group that forms a team. These activities must be described in a plan of action. The manager is ultimately responsible for this plan and he monitors the progress of the defined and planned activities. Focus areas are the efforts made by the employees and coordination.

6. Subordination of Individual Interest

There are always all kinds of interests in an organization. In order to have an organization function well, Henri Fayol indicated that personal interests are subordinate to the interests of the organization (ethics). The primary focus is on the organizational objectives and not on those of the individual. This applies to all levels of the entire organization, including the managers.

7. Remuneration

Motivation and productivity are close to one another as far as the smooth running of an organization is concerned. This management principle of the 14 principles of management argues that the remuneration should be sufficient to keep employees motivated and productive. There are two types of remuneration namely non-monetary (a compliment, more responsibilities, credits) and monetary (compensation, bonus or other financial compensation). Ultimately, it is about rewarding the efforts that have been made.

8. The Degree of Centralization

Management and authority for decision-making process must be properly balanced in an organization. This depends on the volume and size of an organization including its hierarchy.

Centralization implies the concentration of decision making authority at the top management (executive board). Sharing of authorities for the decision-making process with lower levels (middle and lower management), is referred to as decentralization by Henri Fayol. Henri Fayol indicated that an organization should strive for a good balance in this.

9. Scalar Chain

Hierarchy presents itself in any given organization. This varies from senior management (executive board) to the lowest levels in the organization. Henri Fayol 's "hierarchy" management principle states that there should be a clear line in the area of authority (from top to bottom and all managers at all levels). This can be seen as a type of management structure. Each employee can contact a manager or a superior in an emergency situation without challenging the hierarchy. Especially, when it concerns reports about calamities to the immediate managers/superiors.

10. Order

According to this principle of the 14 principles of management, employees in an organization must have the right resources at their disposal so that they can function properly in an organization. In addition to social order (responsibility of the managers) the work environment must be safe, clean and tidy.

11. Equity

The management principle of equity often occurs in the core values of an organization. According to Henri Fayol, employees must be treated kindly and equally. Employees must be in the right place in the organization to do things right. Managers should supervise and monitor this process and they should treat employees fairly and impartially.

12. Stability of Tenure of Personnel

This management principle of the 14 principles of management represents deployment and managing of personnel and this should be in balance with the service that is provided from the organization. Management strives to minimize employee turnover and to have the right staff in the right place. Focus areas such as frequent change of position and sufficient development must be managed well.

13. Initiative

Henri Fayol argued that with this management principle employees should be allowed to express new ideas. This encourages interest and involvement and creates added value for the company. Employee initiatives are a source of strength for the organization according to Henri Fayol. This encourages the employees to be involved and interested.

14. Esprit de Corps

The management principle 'esprit de corps' of the 14 principles of management stands for striving for the involvement and unity of the employees. Managers are responsible for the development of morale in the workplace; individually and in the area of communication. Esprit de corps contributes to the development of the culture and creates an atmosphere of mutual trust and understanding.

MAYO HAWTHORNE EXPERIMENTS

Introduction

George Elton Mayo was an Australian who became one of the best-known management theorists after his experimental work on employee motivation in the 1920's and 30's. Mayo was a lecturer at the University of Queensland when he decided to move to the University of Pennsylvania in America in 1923 and then to the Harvard Business School in 1926 where he became professor of industrial research. It was from here that he took on the research that was to make him one of the most famous names in management history. Elton Mayo's team conducted a number of experiments involving six female workers. These experiments are often referred to as the Hawthorne experiments or Hawthorne studies as they took place at The Hawthorne Works of the Western Electric Company in Chicago.

Hawthorne Experiment Details

Mayo's reputation as a management guru rests on the Hawthorne Experiments which he conducted from 1927 to 1932 at the Western Electric Hawthorne Works in Cicero, Illinois (a suburb of Chicago). The factory employed mainly women workers who assembled telephone cabling equipment. The aim of the study was to establish the impact of different conditions of work on employee productivity. Initially, Mayo examined the affect of changes in the factory environment such as lighting and humidity. He then went on to study the effect of changes in employment arrangements such as breaks, hours, and managerial leadership. The changes were explained to the workers prior to implementation. Not only were the Hawthorne experiments the first large-scale studies of working people's conditions ever made; they also produced a range of remarkable results that changed the face of people management.

Hawthorne Experiment (Relay Assembly Room Experiments) Conclusions

After analysing the results from the Hawthorne experiments Mayo concluded that workers were motivated by more than self interest and the following had an impact too:

1. **Psychological Contract:** There is an unwritten understanding between the worker and employer regarding what is expected from them; Mayo called this the psychological contract.
2. **Interest in Workers:** A worker's motivation can be increased by showing an interest in them. Mayo classified studying the workers (through the experiments) as showing an interest in the workers.
3. **Work is a Group Activity**: Work is a group activity, team work can increase a worker's motivation as it allows people to form strong working relationships and increases trust between the workers. Work groups are created formally by the employer but also occur informally. Both informal and formal groups should be used to increase productivity as informal groups influence the worker's habits and attitudes.
4. **Social Aspect of Work**: Workers are motivated by the social aspect of work, as demonstrated by the female workers socialising during and outside work and the subsequent increase in motivation.
5. **Recognise Workers:** Workers are motivated by recognition, security and a sense of belonging.
6. **Communication**: The communication between workers and management influences workers' morale and productivity. Workers are motivated through a good working relationship with management.

Hawthorne Experiment Results

At the end of the five-year period, the female worker's working conditions, reverted back to the conditions before the experiment began. Unexpectedly the workers morale and productivity rose to levels higher than before and during the experiments. To his amazement, Elton Mayo discovered a general upward trend in production, completely independent of any of the changes he made. The combination of results during and after the experiment (ie the increase in the workers productivity when they were returned to their original working conditions) led Mayo to conclude that workers were motivated by psychological conditions more than physical working condition.

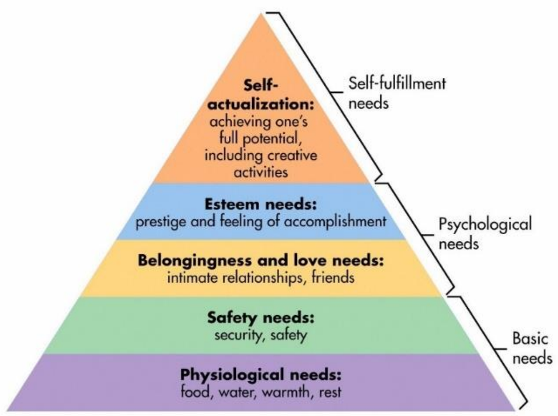
MASLOW'S THEORY OF HUMAN NEEDS

Maslow's Hierarchy of Needs or Maslow's Need Hierarchy Theory

Maslow's hierarchy of needs is a motivational theory in psychology comprising a five-tier model of human needs, often depicted as hierarchical levels within a pyramid.

Maslow (1943, 1954) stated that people are motivated to achieve certain needs and that some needs take precedence over others. Our most basic need is for physical survival, and this will be the first thing that motivates our behavior. Once that level is fulfilled the next level up is what motivates us, and so on.

Abraham Maslow is well renowned for proposing the Hierarchy of Needs Theory in 1943. This theory is a classical depiction of human motivation. This theory is based on the assumption that there is a hierarchy of five needs within each individual. The urgency of these needs varies.



This five-stage model can be divided into deficiency needs and growth needs. The first four levels are often referred to as deficiency needs (*D-needs*), and the top level is known as growth or being needs (*B-needs*).

Deficiency needs arise due to deprivation and are said to motivate people when they are unmet. Also, the motivation to fulfill such needs will become stronger the longer the duration they are denied. For example, the longer a person goes without food, the more hungry they will become.

Maslow (1943) initially stated that individuals must satisfy lower level deficit needs before progressing on to meet higher level growth needs. However, he later clarified that satisfaction of a needs is not an "all-or-none" phenomenon, admitting that his earlier statements may have given "the false impression that a need must be satisfied 100 percent before the next need emerges".

When a deficit need has been 'more or less' satisfied it will go away, and our activities become habitually directed towards meeting the next set of needs that we have yet to satisfy. These then become our salient needs. However, growth needs continue to be felt and may even become stronger once they have been engaged.

Growth needs do not stem from a lack of something, but rather from a desire to grow as a person. Once these growth needs have been reasonably satisfied, one may be able to reach the highest level called self-actualization.

Every person is capable and has the desire to move up the hierarchy toward a level of self-actualization. Unfortunately, progress is often disrupted by a failure to meet lower level needs. Life experiences, including divorce and loss of a job, may cause an individual to fluctuate between levels of the hierarchy. Therefore, not everyone will move through the hierarchy in a uni-directional manner but may move back and forth between the different types of needs.

The original hierarchy of needs five-stage model includes:

1. *Biological and physiological needs* - These are the basic needs of air, water, food, clothing and shelter. In other words, physiological needs are the needs for basic amenities of life.
2. *Safety needs* - Safety needs include physical, environmental and emotional safety and protection. For instance- Job security, financial security, protection from animals, family security, health security, etc.
3. *Love and belongingness needs* - friendship, intimacy, trust and acceptance, receiving and giving affection and love. Affiliating, being part of a group (family, friends, work).
4. *Esteem needs* - which Maslow classified into two categories: (i) esteem for oneself (dignity, achievement, mastery, independence) and (ii) the desire for reputation or respect from others (e.g., status, prestige). Maslow indicated that the need for respect or reputation is most important for children and adolescents and precedes real self-esteem or dignity.
5. *Self-actualization needs* - realizing personal potential, self-fulfillment, seeking personal growth and peak experiences. A desire "to become everything one is capable of becoming".

Maslow posited that human needs are arranged in a hierarchy.

Maslow continued to refine his theory based on the concept of a *hierarchy of needs* over several decades. Regarding to the structure of his hierarchy, Maslow (1987) proposed that the order in the hierarchy "is not nearly as rigid" (p. 68) as he may have implied in his earlier description.

Maslow noted that the order of needs might be flexible based on external circumstances or individual differences. For example, he notes that for some individuals, the need for self-esteem is more important than the need for love. For others, the need for creative fulfillment may supersede even the most basic needs.

Maslow (1987) also pointed out that most behavior is multi-motivated and noted that "any behavior tends to be determined by several or all of the basic needs simultaneously rather than by only one of them" (p. 71).

Hierarchy of needs summary

(a) human beings are motivated by a hierarchy of needs.
(b) needs are organized in a hierarchy of prepotency in which more basic needs must be more or less met (rather than all or none) prior to higher needs.
(c) the order of needs is not rigid but instead may be flexible based on external circumstances or individual differences.
(d) most behavior is multi-motivated, that is, simultaneously determined by more than one basic need.

The expanded hierarchy of needs:
It is important to note that Maslow's (1943, 1954) five-stage model has been expanded to include cognitive and aesthetic needs (Maslow, 1970a) and later transcendence needs (Maslow, 1970b).

Limitations of Maslow's Theory

- It is essential to note that not all employees are governed by same set of needs. Different individuals may be driven by different needs at same point of time. It is always the **most powerful unsatisfied need that motivates an individual**.
- The theory is not empirically supported.
- The theory is not applicable in case of starving artist as even if the artist's basic needs are not satisfied, he will still strive for recognition and achievement.

HERZBERG'S TWO-FACTOR THEORY OF MOTIVATION

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

MOTIVATORS

Satisfaction — No Satisfaction

HYGIENE FACTORS

No Dissatisfaction — Dissatisfaction

FIGURE: Herzberg's view of satisfaction and dissatisfaction

Motivation-Hygiene Theory

Herzberg's findings revealed that certain characteristics of a job are consistently related to job satisfaction, while different factors are associated with job dissatisfaction. These are:

Factors for Satisfaction	**Factors for Dissatisfaction**
	Company policies
Achievement	Supervision
Recognition	Relationship with supervisor and peers
The work itself	Work conditions
Responsibility	Salary
Advancement	Status
Growth	Security

Herzberg classified these job factors into two categories-

a. **Hygiene factors-** Hygiene factors are those job factors which are essential for existence of motivation at workplace. These do not lead to positive satisfaction for long-term. But if these factors are absent / if these factors are non-existant at workplace, then they lead to dissatisfaction. In other words, hygiene factors are those factors which when adequate/reasonable in a job, pacify the employees and do not make them dissatisfied. These factors are extrinsic to work. Hygiene factors are also called as **dissatisfiers or maintenance factors** as they are required to avoid dissatisfaction. These factors describe the job environment/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 (mediclaim), benefits for the family members, employee help programmes, etc.
- Physical Working conditions - The working conditions should be safe, clean and hygienic. The work equipments should be updated and well-maintained.
- Status - The employees' status within the organization should be familiar and retained.
- Interpersonal relations - The relationship of the employees with his peers, superiors and subordinates should be appropriate and acceptable. There should be no conflict or humiliation element present.
- Job Security - The organization must provide job security to the employees.

b. **Motivational factors-** According to Herzberg, the hygiene factors cannot be regarded as motivators. The motivational factors yield positive satisfaction. These factors are inherent to work. These factors motivate the employees for a superior performance. These factors are called satisfiers. These are factors involved in performing the job. Employees find these factors intrinsically rewarding. The motivators symbolized the psychological needs that were perceived as an additional benefit. Motivational factors include:
   - Recognition - The employees should be praised and recognized for their accomplishments by the managers.
   - Sense of achievement - The employees must have a sense of achievement. This depends on the job. There must be a fruit of some sort in the job.
   - Growth and promotional opportunities - There must be growth and advancement opportunities in an organization to motivate the employees to perform well.
   - Responsibility - The employees must hold themselves responsible for the work. The managers should give them ownership of the work. They should minimize control but retain accountability.
   - Meaningfulness of the work - The work itself should be meaningful, interesting and challenging for the employee to perform and to get motivated.

The conclusion he drew is that job satisfaction and job dissatisfaction are not opposites.
- The opposite of Satisfaction is No Satisfaction.
- The opposite of Dissatisfaction is No Dissatisfaction.

Remedying the causes of dissatisfaction will not create satisfaction. Nor will adding the factors of job satisfaction eliminate job dissatisfaction. If you have a hostile work environment, giving someone a promotion will not make him or her satisfied. If you create a healthy work environment but do not provide members of your team with any of the satisfaction factors, the work they're doing will still not be satisfying.

According to Herzberg, the factors leading to job satisfaction are "separate and distinct from those that lead to job dissatisfaction." Therefore, if you set about eliminating dissatisfying job factors, you may create peace but not necessarily enhance performance. This placates your workforce instead of actually motivating them to improve performance.

The characteristics associated with job dissatisfaction are called hygiene factors. When these have been adequately addressed, people will not be dissatisfied nor will they be satisfied. If you want to motivate your team, you then have to focus on satisfaction factors like achievement, recognition and responsibility.

Limitations of Two-Factor Theory
The two factor theory is not free from limitations:
1. The two-factor theory overlooks situational variables. Despite its wide acceptance, the theory has its detractors. Some say its methodology does not address the notion that, when things are going well, people tend to look at the things they enjoy about their job. When things are going badly, however, they tend to blame external factors.
2. Herzberg assumed a correlation between satisfaction and productivity. But the research conducted by Herzberg stressed upon satisfaction and ignored productivity. Herzberg's methodology did not

address this relationship, therefore this assumption needs to be correct for his findings to have practical relevance.

3. 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.
4. 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.
5. 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.
6. The theory ignores blue-collar workers. Despite these limitations, Herzberg’s Two-Factor theory is acceptable broadly.

Implications of Two-Factor Theory

The Two-Factor theory implies that the managers must stress upon guaranteeing the adequacy of the hygiene factors to avoid employee dissatisfaction. Also, the managers must make sure that the work is stimulating and rewarding so that the employees are motivated to work and perform harder and better. This theory emphasize upon job-enrichment so as to motivate the employees. The job must utilize the employee’s skills and competencies to the maximum. Focusing on the motivational factors can improve work-quality.

MANAGERIAL ROLES APPROACH

10 Managerial Roles by Henry Mintzberg

Another approach to study management is to examine the roles that managers are expected to perform. These roles can be defined as the organized sets of behaviors identified with the position. These roles were developed by Henry Mintzberg in the late 1960s after a careful study of executives at work. All these roles in one form or another deal with people and their interpersonal relationships.

These ten managerial roles are divided into three categories. The first category of **interpersonal roles** arises directly from the manager's position and the formal authority bestowed upon him. The second category of **informational roles** is played as a direct result of interpersonal roles and these two categories lead to the third category of **decisional roles.**

Dr. Henry Mintzberg a prominent management researcher conducted a researcher to find out what are really a manager duties or responsibilities. In 1916 Henri Fayol was first to give definition of manager.

Dr. Henry Mintzberg wanted to find out that if Henri Fayol's 50 year old definition of manager and management definition still stood is 60s and 70s. So he conducted a research base on structured observation method.

For this Mintzberg observed the daily activities of five executives for a one week period. They all were from five different type of organization; a consulting firm, a school, a technology firm, a consumer goods manufacturer and a hospital. He kept track of all there activates and analyzed it.

1. Interpersonal Roles

Managers spend a considerable amount of time in interacting with other people both within their own organizations as well as outside. These people include peers, subordinates, superiors, suppliers, customers, government officials and community leaders. All these interactions require an understanding of interpersonal relations. Studies show that interacting with people takes up nearly 80 per cent of a manager's time.

Interpersonal roles thus relate to the manager's behavior that focuses on interpersonal contact Interpersonal roles are roles that involve people (subordinates and persons outside the organization) and other duties that are ceremonial and symbolic in nature. The three interpersonal roles include being a figurehead, leader, and liaison.

a. **Figurehead:**
   Managers act as symbolic figureheads performing social or legal obligations. These duties include greeting visitors, signing legal documents, taking important customers to lunch, attending a subordinate's wedding or speaking at functions in schools and churches. All these/ primarily, are duties of a ceremonial nature but are important for the smooth functioning of the organization.
b. **Leader:** The Leader builds relationships with employees and communicates with, motivates, and coaches them. Duties are at the heart of the manager-subordinate relationship and include structuring and motivating subordinates, overseeing their progress, promoting and encouraging their development, and balancing effectiveness.

c. **Liaison:** The liaison maintains a network of contacts outside the work unit to obtain information. Describes the information and communication obligations of a manager. One must network and engage in information exchange to gain access to knowledge bases.

2. Informational Roles

By virtue of his interpersonal contacts, a manager emerges as a source of information about a variety of issues concerning the organization. These informational roles are all about receiving and transmitting information so that managers can serve as the nerve centers of their organization. In this capacity of information processing, a manager executes the following three roles:

a. **Monitor:** The monitor seeks internal and external information about issues that can affect the organization. Duties include assessing internal operations, a department's success and the problems and opportunities which may arise. All the information gained in this capacity must be stored and maintained.

b. **Disseminator/Dissemination of Information:** The disseminator transmits information internally that is obtained from either internal or external sources. Highlights factual or value based external views into the organization and to subordinates. This requires both filtering and **delegation skills**.

c. **Spokesperson:** The spokesperson transmits information about the organization to outsiders. Serves in a PR capacity by informing and lobbying others to keep key stakeholders updated about the operations of the organization.

3. Decisional Roles

On the basis of the environmental information received, a manager must make decisions and solve organizational problems. Decisional roles revolved around making choices. Managers' interpersonal role leads to the decisional roles.

The four decisional roles include being an **entrepreneur**, disturbance handler, resource allocator, and **negotiator**.

a. **Entrepreneur:** The entrepreneur acts as an initiator, designer, and encourage of change and innovation. Roles encourage managers to create improvement projects and work to delegate, empower and supervise teams in the development process. As entrepreneurs, managers are continuously involved in improving their units and facing the dynamic technological challenges. They are constantly on the lookout for new2 ideas for product improvement or products addition.

b. **Disturbance/Conflict handler:** The disturbance handler takes corrective action when the organization faces important, unexpected difficulties. A generalist role that takes charge when an organization is unexpectedly upset or transformed and requires calming and support. The managers are constantly involved as arbitrators in solving differences among the subordinates or the employee's conflicts with the central management. These conflicts may arise due to demands for higher pay or other benefits or these conflicts may involve outside forces such as vendors increasing their prices, a major customer going bankrupt or unwanted visits by governmental inspectors.

c. **Resource allocator:** The third decisional role of a manager is that of a resource allocator. The managers establish priorities among various projects or programs and make budgetary allocations to the different activities of the organization based upon these priorities. They assign personnel to jobs, they allocate their own time to different activities and they allocate funds for new equipment, advertising and pay raises.

d. **Negotiator:** The negotiator represents the organization in major negotiations affecting the manager's areas of responsibility is a specific task which is integral for the spokesman, figurehead and resource allocator roles.

These ten roles of a manager stated by Mintzburg; comes with a great deal or responsibilities. Informing, Connecting, and ordering require a manager to able to adapt to the situation and controlling it in a balanced way.

PLANNING AND DECISION MAKING

OBJECTIVES AND SIGNIFICANCE OF PLANNING

Objectives of Planning

1. To bring certainty in future events: Planning provides a proper guidance to an organization how to bring certainty in future events for the achievement of organizational goals. As we know that future is uncertain & risk-oriented. What will occur tomorrow we cannot say with certainty, Hence to avoid these future uncertainties & to bring certainty in future events organization has to make plan.
2. To provide specific direction: Planning provides a specific direction for doing various activities in an appropriate manner.
3. To Forecast: Forecasting is the essence of planning. The objective of planning is to predict about the future course of events
4. To bring economy in managerial operations: It is an important objective of planning. Planning provides a proper guidance to an organization how to bring economy in all around operations. So that, organization can easily utilizes all available resources in the best & cheapest way
5. To attain predetermined goals: It is one of the most essential objectives of planning. In fact, in the absence of planning any organization cannot able to achieve its predetermined goals in a proper way.
6. To get victory over competitions: Planning provides a proper guidance to an organization how to get victory over market competitions.
7. To facilitate control: There can be no control without any planning.
8. To help the function of coordination: Unless anything is planned coordination is impossible.

Importance of Planning

Planning is the first and most important function of management. It is needed at every level of management. In the absence of planning all the business activities of the organisation will become meaningless. The importance of planning has increased all the more in view of the increasing size of organisations and their complexities.

Planning has again gained importance because of uncertain and constantly changing business environment. In the absence of planning, it may not be impossible but certainly difficult to guess the uncertain events of future. The following facts show the advantages of planning and its importance for a business organisation:

(1) Planning Provides Direction:

Under the process of planning the objectives of the organisation are defined in simple and clear words. The obvious outcome of this is that all the employees get a direction and all their efforts are focused towards a particular end. In this way, planning has an important role in the attainment of the objectives of the organisation. For example, suppose a company fixes a sales target under the process of planning. Now all the departments, e.g., purchase, personnel, finance, etc., will decide their objectives in view of the sales target.

(2) Planning Reduces Risks of Uncertainty:

Planning is always done for future and future is uncertain. With the help of planning possible changes in future are anticipated and various activities are planned in the best possible way. In this way, the risk of future uncertainties can be minimised. For example, in order to fix a sales target a survey can be undertaken to find out the number of new companies likely to enter the market. By keeping these facts in mind and planning the future activities, the possible difficulties can be avoided.

(3) Planning Reduces Overlapping and Wasteful Activities:

Under planning, future activities are planned in order to achieve objectives. Consequently, the problems of when, where, what and why are almost decided. This puts an end to disorder and suspicion. In such a situation coordination is established among different activities and departments. It puts an end to overlapping and wasteful activities.

(4) Efficient Use of Resources

All organizations, large and small, have limited resources. The planning process provides the information top management needs to make effective decisions about how to allocate the resources in a way that will enable the organization to reach its objectives. Productivity is maximized and resources are not wasted on projects with little chance of success.

(5) Establishing Goals

Setting goals that challenge everyone in the organization to strive for better performance is one of the key aspects of the planning process. Goals must be aggressive, but realistic. Organizations cannot allow themselves to become too satisfied with how they are currently doing--or they are likely to lose ground to competitors. The goal setting process can be a wake-up call for managers that have become complacent. The other benefit of goal setting comes when forecast results are compared to actual results.

(6) Team Building

Planning promotes team building and a spirit of cooperation. When the plan is completed and communicated to members of the organization, everyone knows what their responsibilities are, and how other areas of the organization need their assistance and expertise in order to complete assigned tasks. They see how their work contributes to the success of the organization as a whole and can take pride in their contributions.

(7) Creating Competitive Advantages

Planning helps organizations get a realistic view of their current strengths and weaknesses relative to major competitors. The management team sees areas where competitors may be vulnerable and then crafts marketing strategies to take advantage of these weaknesses.

STRATEGIC PLANNING PROCESS

Strategy is a framework of plans or methods that help and organisation to achievement of the main objective. It is a course of actions that is designed to reach smaller goals thus leading to the main aim of the company. Originally, the word strategy has been derived from Greek word, 'strategos' which means general ship.

Strategic planning is a review and planning process that is undertaken to make thoughtful decisions about an organization's future in order to ensure its success. Strategy is a framework of plans or methods that help and organisation to achievement of the main objective. It is a course of actions that is designed to reach smaller goals thus leading to the main aim of the company. Originally, the word strategy has been derived from Greek word, 'strategos' which means general ship.

There are various approaches and action steps for strategic planning. One of which has been summarized below. It is a joint attempt between Board and staff, which can be achieved by forming a special strategic planning committee of members from the Board and staff and delegating proper balance of authority and responsibility for the effort. Some of it can be done by the committee, while Board and staff planning retreats are likely to be required, during each phase of the planning process. Major steps have been described below:

1. Decide on one common strategic planning process

- Understand what strategic planning process is and how it is done, its importance to the organization, towards providing a common vision, with agreed-upon objectives and strategies, and what steps can be taken to establish and implement a strategic plan;
- Examine all the costs involved in doing strategic planning, in terms of human resources, time and other resources – needed to develop an effective plan; in case of organizational instability or financial crisis or any such situation, it would not be easy or a wise decision to enter into a strategic planning process until the current problems and needs have been properly addressed;
- Agree upon one common procedure and set responsibilities at all levels in the strategic planning process, dedicating proper time for planning meetings with the Board and all staff. The time may range from a few hours to a couple of days, depending on the members and planning.

It's desirable to set up a committee or task force for strategic planning. The coordinating group or the committee assigned for strategic planning process must consist of Board members, senior & middle managers, a representative of support/technical staff, a member representing stakeholders, and perhaps former leaders of the organization.

- It's important to allocate ample time to the strategic planning process.

- It is essential to delegate lesser regular day-to-day responsibilities of the staff and Board members who are the key participants in developing the strategic plan.

2. Evaluate and Assess the Environment

This evaluation covers both an **external environment** — finding and fixing opportunities and threats — and an **internal environment** — analysing organizational strengths and weaknesses. This process is known as "SWOT Analysis" that stands for: strengths, weaknesses, opportunities, and threats. The committee responsible to assist the environmental scan can contact company's external members like suppliers, stakeholders, etc to get an external view and the staff can provide an internal assessment. The result of the environmental scan should be an analysis of organizational strengths and weaknesses and external opportunities and threats. Recorded or documented, the assessment requires close review and discussion by the committee. The meeting for strategic planning process begin with a presentation of these results of the environmental assessment. In most of the cases, these results are presented to the Board before the planning meetings begin.

3. Determine the important issues and questions that need to be addressed as part of the strategic planning effort

If there is some discrepancy about issues of the organization, it is possible to move immediately to the main objective and then goals. If there is no agreement on general directions and organizational goals at all, it becomes necessary to find issue priorities and learn critical choices. This might be done in several ways. For example: The planning committee should determine the strategic issues from the environmental assessment, with individuals identifying issues and indicating why each of them is strategic, including the pros and cons of addressing and not addressing it.

4. Define or review the values, social vision, and mission

Make sure there is an agreement on why organization's existence, <u>what goals it seeks to achieve</u>, and whom it serves. Begin your strategic planning process by agreeing on:

- Deep-rooted values or core principles that guide the organization and are shared by Board and staff, not easily changed.
- Vision for the community which is viewed as your reflection of what the community would be like, if your values were shared and practiced by all.
- Mission or the purpose for your organization's existence.

5. Make a shared vision for the organization

It is important to focus and agree on the organization's vision to be in three to five years or at the end of the period covered by the strategic plan.

The vision describes the organization and:

- -its mix of programs,
- Resources (human and financial)
- Reputation inside and outside,
- Key accomplishments and development, and
- Relationships with stakeholders, and government;
- Its target area, target population,
- Budget and funding from public and private sources,
- Board and staff, size and composition,
- Program areas, offices and locations.

6. Develop a series of goals that define the organization addressing its mission

Short steps from the vision to goals – the statement that describe the vision are essentially missions. It is extremely important to divide the vision into a series of major objectives of the organization, as status statements that describe the organization.

7. Concede the major strategies to attain goals and address main issues identified through SWOT

The major emphasis should be on broad strategies, which should be related to specific goals. The process requires to know the "where you are?", "where you want to be?" and "how to reach there?" for the organization. The Board provides a blueprint, while the staff or the planning committee does the detailed analysis. Whatever specific approach is used, particular criteria for assessing and selecting among strategies should be given consent. Thereafter, the planning committee must always consider the reasons to properly delegate responsibilities for their implementation.

8. Design an action plan that marks the goals and identifies objectives and work plans on a yearly basis

After developing the longer-term parts of a strategic plan, it is now time to ensure a specific work plan, to start the implementation. Strategic planning describes that strategies must exhibit present conditions within the organization's internal environment. Therefore it becomes difficult to develop particularized annual plans except for the first or perhaps the second year covered by the strategic objective. However, yearly action plans are required. Yearly program goals should be time-based and measurable, as it shows the progress made by the organization according to the plans made. This also gives an idea if the strategic planning process is been done and implemented in the right manner or not. The annual plan can be included under the strategic plan.

9. Seal the final planned strategy that summarizes the decisions and consequences of the strategic planning process

No set format is required; however it's important to be sure to include the outcomes of each major step.

10. Build in processes for monitoring and modifying strategies in accordance with the changes in the external environment

Development towards goals and use of strategies should be monitored regularly, with strategies re-evaluated and annual objectives improved on a yearly basis, based on the progress made, obstacles removed, and the continuously changing environment. Before unexpected changes before-hand, such as favourable appointed officials, development in the economy, changes in local financiers priorities, or changing demand patterns of the target population.

a) Define objectives at the beginning of every year.
b) Track the progress that has been made.
c) Use the plan as a compass, but not an inflexible blueprint for action.

The Board plays a critical role in reviewing progress and changing the strategies when needed; the staff generates the documentation and necessary information for this review, as well as performing timely assessment and making reports to the Board.

TYPES OF PLANNING

Plans commit individuals, departments, organizations, and the resources of each to specific actions for the future. Effectively designed organizational goals fit into a hierarchy so that the achievement of goals at low levels permits the attainment of high-level goals. This process is called a **means-ends chain** because low-level goals lead to accomplishment of high-level goals.

Operational plans are necessary to attain tactical plans and tactical plans lead to the achievement of strategic plans. Then, in true planning fashion, there are also plans to backup plans that fail. These are known as **contingency plans**. There are others like budgets, long term and short term planning, etc. as explained below:

1. Strategic Plan

A **strategic plan** is an outline of steps designed with the goals of the entire organization as a whole in mind, rather than with the goals of specific divisions or departments. Strategic planning begins with an organization's mission.

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

2. Tactical Plan

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

Tactical plans are concerned with shorter time frames and narrower scopes than are strategic plans. These plans usually span one year or less because they are considered short-term goals. Long-term goals, on the other hand, can take several years or more to accomplish. Normally, it is the middle manager's responsibility to take the broad strategic plan and identify specific tactical actions.

3. Operational Plans

An **operational plan** is one that a manager uses to accomplish his or her job responsibilities. Supervisors, team leaders, and facilitators develop operational plans to support tactical plans. Operational plans can be a single-use plan or an ongoing plan.

An **operational plan** describes the specific goals and objectives and milestones set by an organization during a specific period. (**Objectives** are specific tasks undertaken to meet broader goals. A goal may be to increase product sales by 3 percent; an objective may be to hire two additional sales agents.) It will allocate the tangible resources (labor, equipment, space) and authorize the financing necessary to meet the objectives of the plan. There are two types of operational plans: standing plans and single-use plans.

a) **Single-use plans** apply to activities that do not recur or repeat. A one-time occurrence, such as a special sales program, is a single-use plan because it deals with the who, what, where, how, and how much of an activity. A budget is also a single-use plan because it predicts sources and amounts of income and how much they are used for a specific project.

b) **Standing/Continuing/Ongoing plans** are usually made once and retain their value over a period of years while undergoing periodic revisions and updates. **Standing plans** are plans designed to be used again and again. Examples include policies, procedures, and regulations. The advantage of standing plans is that they foster unity and fairness within an organization and help to support stated organizational values. Managers don’t have to make unique decisions already addressed by various organizational policies.

The following are examples of ongoing plans:

- **Policies** provide broad guidelines for the smooth operation of the organization. They cover things like hiring and firing, performance appraisals, promotions, and discipline. For example, a company may have a policy to encourage recycling in the workplace or a policy that prohibits personal cell phone use in manufacturing areas.
- **Procedures** are steps to be followed in established and repeated operations. Procedures should reflect the policies of the company and support the organization's long-term goals. Procedures may also detail steps that should be followed to ensure employees are disciplined in a fair and unbiased manner. For example, if employees feel that other employees interacted with them in an inappropriate manner, then they should follow the procedure for bringing this to management's attention. Or, the organization may establish procedures for what to do in cases of emergencies, such as a fire or toxic spill.
- **Rules/Regulations** refer to what is allowable and what is strictly prohibited in an organization. In other words, a regulation is a kind of rule that addresses general situations. In many hospitals and laboratories, for example, there are safety regulations against wearing open-toed shoes or shoes with slippery soles. State and federal governments frequently issue regulations for industries that impact public safety.

4. Contingency Plans

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

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

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

5. Long-term and Short-term Plans

A **long-term plan** is crucial to the ultimate success of the organization. A long-term plan for many businesses, such as construction, hospitality, or manufacturing, generally extends four to five years into the future. For other faster-changing industries, especially technology companies, a long-term plan may only look two or three years into the future. After that, it becomes too difficult to predict the future with any degree of certainty.

Top management is responsible for the development of the long-term plan. It is up to the CEO to make sure that changing conditions (both external and internal) are reflected in the organization's long-term plan. The larger and more complex the organization, the larger and more complex the long-term plan will be to include all of the individual departments and functions.

Short-term plans generally allocate resources for a year or less. They may also be referred to as operational plans because they are concerned with daily activities and standard business operations. Like long-term plans, short-term plans must be monitored and updated, and this is the role of middle- and first-level management. Different managerial levels have responsibility for implementing different types of short-term plans. For example, a department manager may be comfortable implementing an operational plan for the entire year for her department. A marketing manager may direct a three- to four-month plan that involves the introduction of a new product line. A team leader may only be comfortable planning and implementing very specific activities over the period of a month.

6. Budgets

Refer to the "Organizational Plan Hierarchy" figure earlier and locate the box labeled "Budgets." Notice that budgets are examples of single-use, short-term plans. An organization's budget is a document that details the financial and physical resources allocated to a project or department. They are single-use plans because they are specific to a particular period or event. For example, departments may have a

hiring budget that allocates a certain number of positions and a total salary value for a calendar year. Next year, that budget may be the same or it may change, depending upon conditions in the organization. But it cannot be assumed that the budget will stay the same. Zero-based budgets look at each budget as if it were brand new and require managers to justify each of the budgeted items. This process ensures that budgets are closely tied to the latest organizational goals.
Managers deal with a variety of budget types:

- Financial budgets include balance sheets, income/expense statements, and statements of cash flow.
- Operating budgets project revenue against expenditures.
- Nonmonetary budgets allocate resources such as labor, workspace, and equipment use.
- Fixed budgets are budgets that do not change with increased or decreased activities, such as sales revenue. They are also called static budgets.
- Flexible budgets will vary with the level of activity (grow or be reduced according to changing conditions).

7. Forecasting

Forecasting is simply making a prediction about the future. Anyone can make a forecast—the trick is to be right or close enough so that important planning decisions can be based on the forecast.

Scientific forecasting is using mathematical models, historical data, and statistical analysis to make predictions about what will happen in the future. Businesses use short-term forecasting all the time when creating budgets and anticipating expenses. Mostly, these forecasts are based on what they sold and what they paid providers in the recent past. Long-range forecasting requires both quantitative numerical data and qualitative data based on expert opinions and insights.

8. Scenario Planning

Often, organizations will create a number of long-range forecasts based on “best-case” and “worst-case” scenarios. They will then make plans on how they would respond to each situation and, as time goes on, they will update and adapt the long-term plan.

9. Benchmarking

The last planning tool we’ll discuss in this section is benchmarking. You may think that your organization has an excellent long-term plan and effective short-term plans, but how do you really know? Even if your company is showing growth, is it growing as fast as your competitor? A benchmark is a standard used for comparison purposes. **Benchmarking** is looking at performance levels outside of your organization, or sometimes across departments or divisions inside your organization, to evaluate your own performance. You can benchmark using several different criteria:

- **Industry:** Let’s say you produce technology widgets. Benchmarking can answer questions about how your company is doing in comparison to other tech widget makers. This approach is a type of competitive benchmarking.
- **Geography:** Your state is showing a lot of economic growth. You can use benchmarking to determine if your company is sharing in that wealth or underperforming compared to the regional economy.
- **Organization:** You are a small business owner. Benchmarking can help answer questions about whether the economic climate is friendlier to big business than it is to small business, or whether nonprofits are failing whereas for-profits are succeeding.
- **Processes:** You can use benchmarking to determine what processes other firms are using that are helping or hurting them. Are there lessons to be learned from them? This is also called strategic benchmarking or process benchmarking.
- **Innovation:** Benchmarking can help you discover what partners or techniques your competitors are using that are missing in your organization. Are there functions in your products or programs that should be eliminated and others that could be added? Functional benchmarking is key in technology-related organizations.

BARRIERS TO EFFECTIVE PLANNING

Benjamin Franklin said that if you fail to plan, you plan to fail. This axiom still holds true when taking on a new project or developing a business plan for the future. Effective planning requires a thorough understanding of current conditions and future goals. One major barrier to effective planning begins with a personal or corporate attitude that fears change.

Planning for the future of an organization can be difficult. One must consider the thoughts and ideas of board members, staff members, executive management and other stakeholders. Not all of these folks are on the same page or have the same agenda. Some individuals can bring positive ideas to the table, only to have their enthusiasm squashed by barriers brought by others. While everyone ideally has the same end goal -- success -- finding one's way there can be difficult.

1. **Fear:** Fear can be a barrier to effective planning. When management focuses on the fear of change or lack of success rather than the potential for growth, it makes it difficult to plan for the future of an organization. Fear of financial insolvency or a lack of knowledge about market conditions can cause executive management to avoid planning for the future and focus solely on day-to-day operations.
2. **Shortsightedness:** Shortsighted behavior can cause executive managers to stop in their tracks. By focusing on current projects rather than broader, long-term goals and on day-to-day management rather than future growth and profitability, shortsightedness is a barrier to effective planning.
3. **Situation Analysis:** Without an honest analysis of the current situation bereft of emotions, planning cannot be effective. If you don't know where you are, you cannot plot a map or plan to take you where you want to go. All effective plans start with an honest review of the project or company's specific situation, its competition and a market analysis of its customer demographics. A forecasting analysis can also help make a reasonable plan that can be carried out.
4. **Negativity:** Negativity, or a lack of positive ideas and suggestions for the future, can create an insurmountable barricade when it comes to strategic planning. A good leader must be positive and bring knowledge and expertise to the table. Negative thought, or a belief in failure, can lead to inertia, which can cause an organization to stagnate.
5. **Communication Barriers/Poor Communication:** Difficulty in communicating goals and plans can stall a planning session. Whether communication barriers stem from language or cultural differences, or whether a manager simply is an ineffective communicator, poor communication can make it hard to express goals and organizational mission.
6. **Poor Leadership:** Leaders who are insecure or fearful in their own position within an organization are ineffective when it comes to planning. A leader must inspire those around him to work to their full capability. A leader who cannot lead, or who is unapproachable, cannot collect suggestions and ideas from employees that are essential to effective planning.
7. **Lack of Creativity or Creative Thinking:** An ability to think originally and grow in new directions are what often keep a company alive and vibrant. While one business model may work for many years, organizations have to think creatively and take chances by expanding and growing into new areas. A lack of creativity, tied with poor leadership, can cause employees to grow bored and disheartened, and employees who feel like that can't do their best work.
8. **Resistance to Change:** Any type of organisational planning involves changing one or two aspects of its current situation. Managers resist change for three main reasons, viz., fear of the unknown, a preference for familiar goals and plans, and, economic insecurity. The difficulties of the planning process are not always the result of accident or incompetence. Most people who are going to be affected by change don't like the idea and resist it. Resistance to planning for change within organizations can take the form of malingering, undermining of morale or straightforward opposition. Contingency plans to accommodate resistance should be included in any comprehensive planning process.
9. **Insufficient Resources:** If plans become excessively ambitious, they can sometimes be stymied by a simple lack of resources on the part of a company or organization. This is particularly true if planning involves physical plant renovation or expansion. Grand plans are much less expensive to create on paper than in bricks and mortar, and planners can easily lose track of the eventual cost of their plans.

10. **Constraints:** Another major obstacle to planning arises due to constraints that limit what an organisation can do. For example, an organisation may have such a heavy investment in plant and equipment that it cannot acquire new equipment. Labour contracts can also be major constraints. Other possible constraints include governmental regulations, a shortage of managerial talent, and a scarcity of raw materials.
11. **Inertia Problems:** Inertia is most frequently a problem for large and long-established organizations. Inertia can be created by a combination of archaic infrastructure, calcified modes of thinking, oversize bureaucracy and fear of change. Forward thinking elements within an organization that want to engage in creative planning may have to spend a lot of time and energy overcoming the inertia of things that have gone before.
11. **Reluctance to Establish Goals:** One barrier to effective planning is the reluctance on the part of some managers to establish goals for themselves and their units of responsibilities. The main reason for this reluctance is lack of confidence or fear or failure. If a manager sets a very specific 'concise and time-related goals', then whether he (she) attains it will become clear.
12. **Lack of an Appropriate 'Planning Climate':** Other difficulties associated with managerial planning arise due to lack of an appropriate 'planning climate' within the organisation as a whole. There may be lack of top management support. The manager's superiors may, for instance, be perceived as being uncommitted or even hostile to planning and to the use of objectives. Planning is unlikely to be effective in an atmosphere in which there is excessive reliance on 'intuitive hunches'.
13. **Misunderstanding:** A misunderstanding of the planning process can lead to other kinds of difficulty for the manager. Some managers feel that planning is not really necessary. They often believe that planning relies on inexact techniques of prediction, which seem, in effect, to be little better than guesswork. Still others believe that it stifles initiative and requires total adherence to others' estimates of the future.
14. **Dynamic and Complex Environments:** Perhaps the most important barrier to effective planning is the nature of an organisation's environment. When, for instance, an electronics firm develops a long-range plan, it tries to take into account how much technological innovation is likely to occur during the time period of planning.
15. **Technical Problems:** Such problems which occur frequently are a major source of difficulty for the managerial planner. If the manager is deficient in organizing ability he will be unable to understand or solve some of the technical organisational problems which accompany planning.
    Alternatively, if he lacks training in the effective utilization of this time, he cannot solve the technical demands of arranging time in order to cope with the burdens of planning. In addition, a manager may lack the technical skills necessary to understand the nature of the objectives for which planning is needed.
16. **Time and Expense:** Another barrier to effective planning is that good planning is time-consuming and expensive. Good planning often fails for lack of funds. A planning system often requires for instance, technical expertise or a database that are to be acquired at a cost.

PLANNING PREMISES

Meaning of Planning Premises

The process of planning is based upon estimates of future. Though past guides the plans in present, plans are made to achieve the goals in future. Therefore, forecast of future events leads to efficient plans. Since future events are not known accurately, assumption is made about these events. These events may be known conditions (changes in the tax laws as announced in the budget) or anticipated events which may or may not happen (entry of competitor in the same market with the same product). Though these assumptions are primarily based on scientific analysis and models, managers also use their intuition and judgement to make assumptions about future events. Identifying the factors (assumptions) that affect plans is called premising and the methods used for making premises are called forecasting.

The forecast or the assumptions about future which provide a base for planning in present are known as planning premises. They are "the anticipated environment in which plans are expected to operate. They include assumptions or forecasts of the future and known conditions that will affect the operation of plans. Thusm Planning premises are the basic assumptions about the environment. These assumptions are essential to make plans more realistic and operational. Planning premises provide a framework. All plans are made within this framework. There are many environmental factors, which influence the plan. Assumptions are made about these factors. These assumptions are called premises.

The estimates about future markets, consumer preferences, political and economic environment are the planning premises on which business plans are developed but if plans are made and their efficiency is judged in terms of future market demands, revenues and costs, they are mere expectations of plans. Such plans provide planning premise for other plans.

Planning is made for the future. Future is uncertain the management makes certain assumptions about the future. The assumptions are not to be based on hunch or guess work. It should be developed through scientific forecasting of future events.

The assumptions derived from forecasting and used in planning are called as planning premises.

According to Koontz O'Donnell:
"Planning premises are the anticipated environment in which plans are expected to operate. They include assumptions or forecasts of the future and known conditions that will affect the course of plans such as prevailing policies and existing company plans that controls the basic nature of supporting plans."

So planning premises provide a framework for planning and action in the midst of uncertainties in the business environment. They imply not only the assumptions about the future but also predictions. Planning premises constitute the framework with which planning is done.

They provide the bedrock upon which future course of action is based. To have effective planning, plans must be based on sound premises. Therefore premises are to be established on the basis of systematic forecasting. Effective planning is largely dependent on the correct knowledge and choice of planning premises.

For planning the planning premises are to be correctly formulated without which planning will be without proper foundation. Further change in planning premises may result in modification of plans. There are innumerable forces and factors which react on business economy.

A manager must consider these forces and factors while formulating premises. Such forces may be internal or external. The manager is to recognise the strategic, crucial and limiting factors. Based on this the manager is to select the proper and adequate premises upon which the super structure of planning are to be raised.

Process of Planning Premises

Wrong premises can lead to failure of plans.

Since environmental factors affect business plans (also non-business plans) to a great extent, premises must be developed rationally and scientifically through the following process:

1. Selection of the Premises:

Though there are innumerable factors in the environment, all of them do not affect operations of the business enterprise. Top managers should select the premises which have direct impact on developing organisational plans. There are many factors that affect business decisions, some of which are general in nature while others are selective.

The general factors affect all the firms alike but specific factors affect different firms differently. While developing premises, organisations should focus more on specific factors (or its micro environment) as they have immediate impact on making the plans.

In order to analyse the factors that affect developing the premises, two factors have to be taken into account:

a) The probability of impact of factors:

If represents whether the factors under study affect or do not affect the planning premises. This probability can be high, medium or low.

b) The degree of impact of factors:

Given the factors which have the probability of developing planning premises, it represents the degree to which these factors affect the planning premises. This can also be high, medium or low.

Based on these two broad factors, nine different combinations can be formed which broadly result into four categories:

a) Critical factors
b) High priority factors
c) Factors to be watched
d) Low priority factors

a) Critical factors: These are the factors with:
(i) High probability of impact, and
(ii) High degree of impact.
These factors must be thoroughly analysed as they significantly affect making of the planning premises.

b) High priority factors: Though these factors are not as important as critical factors, they rank high in priority in developing the planning premises. These are the factors with:
(i) Medium probability of impact, and High degree of impact
(ii) High/Medium probability of impact, and Medium degree of impact
These factors also must be thoroughly analysed by managers as they significantly affect the making of planning premises.

c) Factors to be watched: These are the factors with:
(i) Low probability of impact, and
(ii) High degree of impact.
Thus, while these factors may not affect the planning premises, but if they affect, their degree of impact is high. A close watch must be kept on these factors so that their impact may not be ignored.

d) Low priority factors: These factors rank low in priority in affecting the planning premises as either their probability of impact is low or the degree of impact is low. These are the factors with:
(i) Low probability of impact, and Medium degree of impact
(ii) High/Medium/Low probability of impact, and Low degree of impact.
These factors do not significantly affect making of the planning premises and, therefore, do not require extensive scanning by managers.

The factors covered under various categories are not generic and determination of these factors depends upon the judgement of managers, nature and size of the organisation and nature of environment in which the organisations are operating.

Probability of impact of factors	Degree of Impact of factors		
	High	Medium	Low
High	Critical	High priority	Low Priority
Medium	High Priority	High Priority	Low Priority
Low	To be watched	Low Priority	Low Priority

2. Development of Alternative Premises:

Since factors affecting organisational plans cannot be perfectly predicted, managers should develop alternative premises i.e., plans under different sets of assumptions about the future events. This helps in developing contingent plans. Contingent plans are the alternative plans for alternative premises. Since the premises keep changing, some slowly and some fast, to keep pace with such changes, alternative plans must be developed.

As developing too many plans is costly in terms of time and money, the following factors should be considered in developing contingent plans:

a) They should be made for those factors which are important for corporate decisions like economic factors, competitors' policies, consumers' tastes etc.
   They should be made in the order of priority of factors like:
   (i) Critical factors,
   (ii) High priority factors,
   (iii) To be watched factors,
   (iv) Low priority factors, and
b) They should be made on the basis of cost-benefit analysis, that is, the alternative whose cost seems to be more than its benefits should be dropped out.
c) Though maximum details should be covered in each contingency plan, all the plans cannot cover extensive information. Contents or details should depend on the order of priority of plans. Important plans made for critical factors should cover maximum information while plans for low priority factors should not contain extensive details as the degree of their impact on organisational plans is low.

Collecting details or information about the factors that affect the premises is based on forecasting techniques. The choice of technique (simple or complex) depends upon the need of the organisation, resources, the period in which information is collected, the sample size, to what degree is the sample representative of the general population etc.

Every technique has costs and benefits and a thorough cost-benefit analysis should be undertaken before adopting a specific technique of forecasting. In some cases, this information is available through secondary sources like published journals, magazines and information agencies. The relevance of such information should be considered before using it for development of premises.

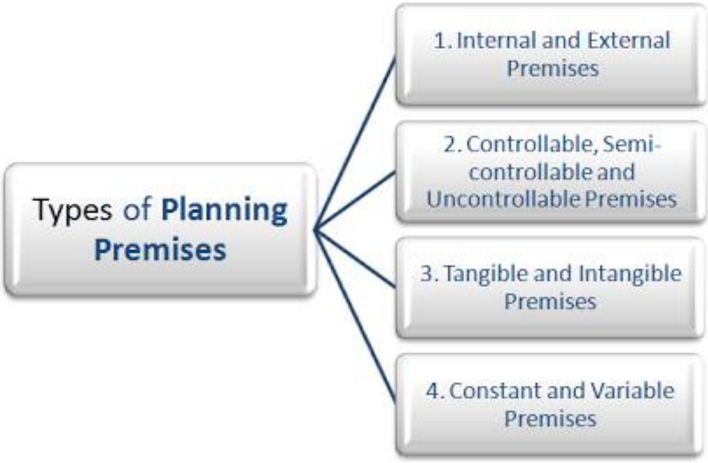
3. Verification of Premises:

Planning staff at different levels of different departments makes plans according to their judgement. These premises are then sent to top executives for their approval. The premises which involve both staff and line managers are more consistent than those that are developed by executives alone.

4. Communication of Premises:

After the premises are developed, they are supported by budgets and programmes and communicated to all those concerned with development of plans at different levels in different departments. Planning premises are contained in documents like environmental threat and opportunity profile (ETOP) and communicated to managers concerned. The premises, thus, help to develop sound plans followed by strategies, policies, procedures etc. which further help in effective implementation of plans.

Types of Planning Premises:



1. Internal and External Premises:

Internal premises originate from factors within the enterprise. They relate to premises about the company's internal policies and programmes, capital budgeting proposals, sales forecasts, personnel forecasts (skills and abilities of personnel) etc. These premises may be strengths or weaknesses of the organisation.

Strength represents a positive attitude which provides strategic advantage to the company over competitors and weakness is a limitation or constraint that provides strategic disadvantage. Managers analyse their strengths and weaknesses through corporate analysis and when corporate analysis (internal) is combined with environmental analysis (external), it is called SWOT analysis (Strength, Weaknesses, Opportunities, Strengths).

Internal Premises come from the business itself. It includes skills of the workers, capital investment policies, philosophy of management, sales forecasts, etc. Internal premises are those which exist within the business enterprise. This may include men, material, money and methods. Competence of managerial personnel and skill of labour force are some of the important internal premises.

External premises originate from factors outside the organisation. These are the indirect- action environmental factors (social, political, technological etc.) which affect the organisation. They are also non-controllable premises beyond the control of the organisation. The external environmental factors represent opportunity or threat to the organisation.

Opportunity is a favourable environmental condition which helps the organisation to improve its operational efficiency and threat creates risk for the company. It is the environmental challenge that weakens the organisation's competitive strength. This is done through SWOT analysis. It identifies environmental variables which help to formulate plans and policies.

External Premises come from the external environment. That is, economic, social, political, cultural and technological environment. External premises cannot be controlled by the business.External premises centre round the markets and derived from the external environment surrounding the business. Examples: Product market, money market, population growth, government policies, business cycles technological changes.

2. Controllable, Semi-controllable and Non-controllable Premises:

Controllable premises are within the control of a business enterprise, such as, men, money, materials, policies, procedures, programmes, etc. They can be controlled by a business enterprise to ensure better sales of products. Such premises are usually internal to the business.

There are certain factors which are well within the control of the management to a great extent. Factors like materials, money and machines are areas where management has maximum control over their future commitments. The management can decide what policies, procedures, rules and strategies are to be followed in the organisation for achieving the objectives.

Semi-controllable premises are those which can be partially controlled by a business enterprise like, labour position in the market, prices of the product, market share of the company etc. For instance, increase or decrease in the price of the product is neither totally controllable nor non-controllable by the managers. Semi-controllable premises are thus those assumptions about future which are under the partial control of a business. Examples of such premises are demand for the product, Trade union relations. The extent to which prices can be increased or decreased depends upon market sentiments, prices charged by competitors, cost structure of the company etc. Thus, change in prices can be controlled but subject to constraints of the variables that affect the price of the product. Similar is the case with change in wages paid to the labour or labour turnover (labour turnover is greatly affected by the wages offered by other companies.

Non-controllable premises lie beyond the control of the business enterprise. Wars, natural calamities and external environmental factors (economic policies, taxations laws, political climate etc.) are the non-controllable premises. These premises are usually external to the business.
Non-controllable premises are entirety beyond the scope of business like government policy, international trade agreements, wars, natural calamities new discoveries and inventions etc. Such events cannot be predicted or controlled. These factors disturb all well thought-out calculations. All intangible premises also fall in this category as human behaviour also cannot be predicted accurately.

3. Tangible and Intangible Premises:
Tangible premises can be estimated in quantitative terms like, production units, cost per unit etc. For example, production forecast and sales forecast can be expressed in monetary terms. How many units of product A can be sold in a year and, therefore, produced, how much raw material is needed for production can be estimated in units and monetary terms. Thus, Tangible premises are those which can be measured quantitatively. They may be quantified in terms of money, time and units of production.

Intangible premises cannot be quantified, for example, goodwill of the firm, employer-employee relationships, leadership qualities of the managers, motivational factors that affect employees' performance etc. Though the planning premises have been classified as above, this classification is not mutually exclusive. Intangible premises are those which cannot be measured quantitatively. Examples are: Reputation of the business, Public relations, employee morale, motivation etc. Planning is to consider both tangible and intangible premises.

4. Constant and Variable Premises:
Constant premises are those which behave in similar fashion irrespective of action taken. They are definite, well known and well-understood. The behaviour of constant premises is not subject to changes these are ignored in planning. Such factors are men, machine and money. Constant Premises do not change. They remain the same, even if there is a change in the course of action. They include men, money and machines.

Variable premises are those which vary in relation to the course of action.
The management is to consider these factors in formulating plans as their variations are dependent on the action taken by the management. These cannot be controlled and predicted. For example, sales volume of the enterprise can be partly controlled by the management. There are certain other factors which affect the sales volume of the enterprise but are quite uncontrollable. Variable Premises are subject to change. They change according to the course of action. They include union-management relations.

Forecasting gives the manager an idea of knowledge of their variations.

Different types of premises tend to overlap each other. For instance, internal premises may also be controllable (organisational policies) and tangible premises (cost of product), external premises can also be non-controllable premises (economic policies).

External premises can also be tangible (rate of inflation) or intangible (value system of the society). Therefore, various types of planning premises have to be viewed in the context in which they need to be used in making the plans.

KEY TO PLANNING

Planning is one of the most important but poorly utilized management tools of businesses. This is true whether the focus is on planning a start-up business, operations planning, expansion planning, strategic planning or other planning.

Organizations around the globe develop strategic plans. They carefully create a vision of their future and the strategies needed to get there. But many fail to realize their vision and fail to deliver the expected strategic results. Unfortunately, executive teams cannot pinpoint the reasons for this dilemma so they repeat the strategic planning cycle over and over, always hoping that the next strategic planning session will bring better results. And of course it doesn't. In our experience, there are following critical factors that will ensure your strategic plans are successfully implemented.

I. The Planning Environment

Before you being the planning process you need to create the proper environment within the business. This will increase your chances of having a productive planning effort.

1. Engagement

"Only 23% of companies use a formal strategic planning process to make important strategic decisions. In 52% of companies, these decisions are made by a small senior group." McKinsey & Co.

Strategic Planning is a process not an event. A key element in the process is the engagement of all levels of staff throughout the organization. Staff engagement generates additional input and helps build their commitment to the end plan. It is essential to involve employees in the planning of strategy and direction for the organization.

Involve all management personnel. It is often believed that planning is a business function separate from management. However, to be successful, all management personnel need to be involved in planning. Involving management personnel is the way to create "ownership" and "commitment" to the plan and its implementation. Companies often delegate planning to a "planner", an individual who is responsible for creating the plan. But management, especially top management, needs to feel responsible for planning.

Employee's input will:

- Provide insight into issues, challenges, concerns, and opportunities which may not have been known or fully understood.
- Ensure their "buy-in" to help execute the strategies.

The senior management team will not execute the strategies – staff will. Engage them and your strategy execution success rate will increase dramatically.

2. Culture

"There is a failure to understand the culture of the organization as well as a failure to develop values and culture to support the plans." Strategic Planning Failure – Mark Mendenhall, Encyclopedia of Business

Create a culture within the organization that is open to planning. It is easy for management to focus all of their attention on day-to-day management and forget about the long-term direction of the business. After a while, this becomes ingrained in the culture of the business. Once this occurs, it is difficult to break out of. So, a special effort may be needed by top management to change the attitudes within the organization.

Organizational Culture is the commonly held attitudes, values, beliefs and behaviours of its employees. The culture of an organization is as unique and diverse as an individual's personality. If the employees of an organization believe that change is something to be feared and avoided, then change implementation is often reactive and haphazard. If the employees believe that all change should be aggressively implemented "from above", then change is seldom supported. However, if the employees of an organization believe that change is worthwhile and everyone's responsibility; then change and growth occur with relative ease. These are the few "excellent" organizations that continue to excel in their industry.

It is followed by the top down communication. Senior management will share the strategic plan with employees. They will communicate to all employees how their engagement will help ensure success in the execution of these strategies.

3. Customer Needs

Remember customer needs. During the planning process it is easy to focus on matters internal to the organization and forget the customer. Remember, satisfying customer wants and needs is the reason the business exists.

II. The Planning Process

Once you have created the proper planning environment, you need to focus on the planning process.

1. Focus the Plan on Goals

The purpose of the plan is to achieve the goals of the business and help reach its vision and mission. So, the first step is to reexamine the business mission statement and the goals associated with it. Without goals, planning is meaningless. The planning process often gets consumed by "busy work" – collecting data, writing reports, etc. Although these functions are important, it is often easy to use them to distract you from the hard choices involved in deciding the future direction of your business.

2. Set Realistic Deadlines

Setting a time deadline for the first draft of the plan is important. It forces management to move forward on the planning process. However, expecting too much to be done in too short of a time period usually leads to a poorly drafted plan.

3. Provide Sufficient Time and Money for the Planning Process

Planning is often entered into half-heartedly. So, it is often under-funded with insufficient managerial time allocated to it.

4. Make Good Assumptions about the industry and market environment

The business will be operating in an industry and market environment. So, it is important that you thoroughly understand these environments. The assumptions you make about these environments are important for the success of the business.

5. Focus on results

To be successful, planners need to proceed through the various steps of the planning process. During every step of the process, planners need to focus on the expected results of the planning process.

6. Innovation

"Organizations need the courage to try something risky that they don't know will work. Why? Because if they know it will work, they'll only get an improvement to what they already have. Yet if they try something that is a little dangerous and new, they will realize true innovation." Michael Stanleigh

Some strategic plans include strategies to develop a new product or deliver a new service or re-structure a department, etc. They put teams of individuals together to work on these major initiatives and give them investment money to ensure success. Yet over time it becomes apparent that this team won't realize the strategic goal given to them and the strategy itself will be deemed a failure. This is wrong!! This is not a failure of execution. It is the lack of an Innovation Process to manage the strategy that led to the failure. The senior management created strategies that required innovation to achieve them. This is unfortunately, very common.

Many organizations tell their employees to be more innovative. They create strategies for new products and services. But they fail to develop a strategy for Innovation which includes reshaping the organizational culture to be innovative, implementing a process for managing innovations, etc. Research in Motion is a classic case. They'll tell you that they're very innovative. They market it and promote it. But look at their Strategic Plan. They lack a clear strategy for innovation – but they do have strategies for new product development. Yet since the development of the Blackberry, they haven't released a single innovative product. They will of course disagree. The Playbook is an Ipad with less functionality. It's not an innovation.

However, there are many examples of organizations that have a strategy for innovation and this helps drive their new product and service delivery strategies. These include Apple, Google, Zodiac and BMW.

III. Implementing the Plan/Project Management

1. Communication

"2 out of 3 HR and IT departments develop plans that are not linked to the company's overall strategy". Harvard Business School

Strategic Planning processes are successful when a bottom up and top down communication approach is taken. It starts off with a communication to all levels of employees informing them that a Strategic Planning process will be undertaken. It includes how they will be involved in this process. This is the bottom up communication. Employees will provide input to the strategic planning process through feedback surveys, focus groups, meetings, etc. regarding their ideas for organizational direction, etc.

It is followed by the top down communication. Senior management will share the strategic plan with employees. They will communicate to all employees how their engagement will help ensure success in the execution of these strategies.

2. Reward Implementation

Without proper implementation, planning is meaningless. As with planning, implementation should involve all of the management personnel. Also, for those charged with leading or directing implementation, there should be a reward or incentive built into the proper completion of the implementation phase.

3. Include Evaluation Procedures in the plan

A plan should be evaluated as it is being implemented. Do not wait until implementation is over. Evaluation procedures should be built into various stages of the implementation process and should be used to measure performance.

4. Revise Plan

The plan is a "living" document - revise it regularly as needed

Business leaders often believe that a plan cannot be changed once it has been put in place, or at least until the next planning period. Although a plan should not be changed frivolously, it needs to be modified and updated when appropriate. As a plan is being implemented, it is not uncommon to uncover deficiencies in the plan. Also, over a planning period, things change.

5. The plan will not solve all of your problems

Planning is not a magic bullet for curing what ails you. Proper planning is necessary for business success. However, it is just one of the ingredients needed for success.

Conclusion

Establish a clear and meaningful strategic planning process. Engage all levels of employees to ensure success. Communicate to employees throughout. Use an innovation process for all new product development, service delivery, etc. strategies. Create projects to manage the strategies and prioritize all of these projects to ensure they are properly resourced. Re-shape the organizational culture to be more adaptive to the changes the strategic plan requires.

"Plan your work and work your plan."

DECISION MAKING

In psychology, decision-making is regarded as the cognitive process resulting in the selection of a belief or a course of action among several alternative possibilities. Every decision-making process produces a final choice, which may or may not prompt action.

Decision-making is the process of identifying and choosing alternatives based on the values, preferences and beliefs of the decision-maker.

Meaning of Decision Making

Decision-making is an integral part of modern management. Essentially, Rational or sound decision making is taken as primary function of management. Every manager takes hundreds and hundreds of decisions subconsciously or consciously making it as the key component in the role of a manager.

Decisions play important roles as they determine both organizational and managerial activities. A decision can be defined as a course of action purposely chosen from a set of alternatives to achieve organizational or managerial objectives or goals. Decision making process is continuous and indispensable component of managing any organization or business activities. Decisions are made to sustain the activities of all business activities and organizational functioning.

Decisions are made at every level of management to ensure organizational or business goals are achieved. Further, the decisions make up one of core functional values that every organization adopts and implements to ensure optimum growth and drivability in terms of services and or products offered. As such, decision making process can be further exemplified in the backdrop of the following definitions.

Decision making is the thought process of selecting a logical choice from the available options. When trying to make a good decision, a person must weight the positives and negatives of each option, and consider all the alternatives. For effective decision making, a person must be able to forecast the outcome of each option as well, and based on all these items, determine which option is the best for that particular situation.

Definition of Decision Making

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

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

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

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

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

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

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

GROUP DECISION MAKING TECHNIQUES

Meaning of Group Decision Making
Group Decision Making is the collective activity wherein several persons interact simultaneously to find out the solution to a given statement of a problem. In other words, group decision making is a participatory process wherein multiple individuals work together to analyze the problem and find out the optimum solution out of the available set of alternatives.

In group decision-making, the number of participants often ranges from two to seven. It is not necessary that all the group members agree with each other and hence most of the times, the decision is taken on the basis of a majority if no other mode of a majority is prescribed. The majority means the number of votes in favor or against the proposed alternative.

The concept of group decision making is based on the proverb that two heads are better than one. This means when the decisions are taken jointly, the expertise or experience of each member could be capitalized to reach to an optimum solution. Thus, the synergy gets created when the decisions are made in a group as more ideas and opinions pop up during the discussion session. But however, the group decision making can be time-consuming and often leads to the conflict between the group members. Also, no single member is held accountable in case of a failure of such decision, since it is the whole group that agrees with that decision.

Group decision-making commonly known as collaborative decision-making is a situation faced when individuals collectively make a choice from the alternatives before them. The decision is then no longer attributable to any individual group member as all the individuals and social group processes like social influence contribute to the decision outcome. The decisions made by groups are mostly different from those made by individuals. For example, groups tend to make decisions that are more extreme than those made by individual members, as individuals tend to be biased.

Advantages of Group Decision Making: Group decision making has two advantages over individual decision making.
1. **Synergy:** It is the idea that the whole is greater than the aggregate of its parts. When a group makes a decision collectively, its judgment can be powerful than that of any of its members. Through discussing, questioning, and collaborative approach, group members can identify more complete and robust solutions and recommendations.
2. **Sharing of information:** Group decisions take into account a wider scope of information as each group member may contribute distinct information and expertise. Sharing information increases understanding, clarifies issues, and facilitates movement towards a collective decision.

Disadvantages of Group Decision Making: The major disadvantages of group decision making are as follows −
1. **Diffusion of Responsibility:** Group decision making results in distribution of responsibility that results in lack of accountability for outcomes. In this way, everyone is responsible for a decision, and no one really is. Moreover, group decisions can make it easier for members to refuse personal responsibilities and blame others for bad decisions.
2. **Lower Efficiency:** Group decisions can sometimes be less efficient than individual decisions. It takes additional time because there is a need of active participation, discussion, and coordination among group members. Without good facilitation and structure, meetings can get eliminated in trivial details that may matter a lot to one person but not to the others.
3. **Groupthink:** One of the biggest disadvantage of effective group decision making is groupthink. It is a psychological phenomenon that occurs within a group of people in which the wish for harmony or conformity results in an illogical or dysfunctional decision-making outcome. By refraining themselves from outside influences and actively suppressing opposing viewpoints in the interest of minimizing conflict, group members reach a consensus decision without critical evaluation of substitute viewpoints. Groupthink sometimes produces dehumanizing actions against the out-group.

Techniques of Group Decision Making

Group decision-making techniques are strategies for structuring group members' interactions to enhance the quality of a collective decision. It is a set of rules or procedures that specify the process members should follow when contributing to a decision pertaining to their group.

An effective group decision is characterized by a full use of members' resources, an efficient use of time, and a high-quality outcome. A number of group process deficiencies or roadblocks can hinder one or more aspects of effectiveness. For example, group members may withhold critical input because they do not want to interrupt another person (i.e., production blocking), feel apprehensive about being evaluated by other group members, have been interrupted by another person such as a domineering teammate, or be prone to social loafing wherein individual effort decreases as group size increases. Furthermore, members may ignore teammates' input because they are unwilling to consider alternative viewpoints or because they are distracted as they closely monitor the conversational flow for opportunities to state their own ideas. Collectively, these and other barriers can cause groups to evaluate solutions before all members have provided input or exhausted their supply of ideas and suggestions.

A group decision-making technique is designed to enhance effectiveness by diminishing barriers and roadblocks such as those described earlier. Four of the most commonly cited group decision-making techniques are brainstorming, the nominal group technique, the Delphi technique, and the stepladder technique. These techniques vary in the manner in which they structure group problem solving. They also differ according to the particular process deficiencies they aim to minimize.

Managers in organizations often need to take decisions based on consensus. They need team members to discuss, debate, and decide on a mutually agreeable conclusion. Though group decision-making is a powerful technique, it has its own disadvantages. It is time consuming; members may be unclear about their roles and if not handled well, there could be some bitter feelings between them. Nevertheless, its advantages outweigh the possible disadvantages. As all the members are involved in the process, it is likely to be accepted easily and members will be more willing to abide by the decision taken. Besides, there could be more generation of ideas with more information flow.
There are several techniques that can be used to increase the efficiency of group decision making. These are as follows:

1. Brainstorming

This technique includes a group of people, mostly between five and ten in number, sitting around a table, producing ideas in the form of free association. The main focus is on generation of ideas and not on evaluation of these ideas.

If more ideas can be originated, then it is likely that there will be a unique and creative idea among them. All these ideas are written on the blackboard with a piece of chalk so that all the team members can see every idea and try to improvise these ideas.

Brainstorming technique is very effective when the problem is comparatively precise and can be simply defined. A complex problem can be divided into parts and each part can be dealt with separately at a time.

It is a combination of group problem-solving and discussions. It works on the belief that the more the number of ideas, greater the possibility of arriving at a solution to the problem that is acceptable to all. It starts with the group generating ideas which are then analyzed, with action points based on the discussions.

For instance, if you have received a new e-learning project and are thinking of a strategy to implement in the course, you can follow this technique. Gather a group of instructional designers in a conference and let them first analyze the inputs. After that, you can collect ideas from each of them and take the final decision.

Groups often make ineffective decisions because they either fail to sample an adequate domain of alternative solutions or do a poor job of evaluating and selecting among the alternatives considered. Brainstorming is a group decision-making technique designed to address the first of these two issues by increasing the range of ideas and solutions available for the group to explore. Brainstorming groups meet specifically to generate alternatives. They are instructed to produce as many ideas as possible. Brainstorming does not provide a problem solution or decision itself. Instead, it produces a list of alternatives that will later be considered, discussed, and evaluated when it is time to reach a final decision.

The ground rules include the following:

- **Suspend judgment**: Evaluation and criticism of ideas during brainstorming should be avoided.
- **Permit freewheeling**: Group members should offer any ideas they have, no matter how impractical. Wild ideas, even those considered too risky or impractical to implement, are expected.
- **Emphasize quantity, not quality**: Quantity should be stressed, not quality. All ideas should be expressed. None should be screened out. This is intended to encourage people to move beyond their favorite ideas, thereby producing a more complete range of alternatives.
- **Encourage pooled creativity and synergy**: Members should build on others' ideas when possible. People should feel free to make combinations from others' suggestions.
- **Ignore seniority**: During brainstorming, group members should behave as if everyone were the same rank. Political motivations should be set aside. Brainstorming should be characterized by a relaxed, cooperative, uninhibited, congenial, egalitarian atmosphere.
- **Ensure all voices are heard**: It is important to ensure that all members participate in the brain-storming session, no matter how reluctant they are to contribute.
- **Record all ideas**: Every idea produced during the brainstorming session should be recorded for later discussion.

The purpose of brainstorming is to prompt divergent thinking, produce many different ideas in a short period of time, and encourage full participation among all group members. It is designed to minimize stifling ideas by domineering members, interpersonal conflicts, stereotypes of others' expertise or intelligence, habitual patterns of silence, and evaluation apprehension.

Brainstorming can be implemented in one of several ways. In one version of brainstorming, group members convene and randomly verbalize their ideas, which are captured by a tape recorder or a facilitator who writes them on a flip chart. Research has shown this strategy to be less effective than simply having people generate ideas on their own, independent of the group. Social anxiety and evaluation apprehension prevent some members from blurting out their ideas in a group. Additionally, groups experience production blocking, which is a norm where only one member speaks at a time. During production blocking, ideas that might have emerged are forgotten or censored while a member awaits the opportunity to speak.

Electronic brainstorming is an alternative that is more effective than the face-to-face procedure described earlier. During electronic brainstorming, group members enter ideas into the computer, either anonymously or not, and each member is able to see the ideas shared by others. The production-blocking problem described previously is all but eliminated because multiple people can enter ideas simultaneously. Research has shown that this form of brain-storming is more effective than its face-to-face alternative, with electronic brainstorming groups performing as well as or better than people generating ideas on their own.

2. Delphi Technique

This technique is the improvised version of the nominal group technique, except that it involves obtaining the opinions of experts physically distant from each other and unknown to each other. This isolates group members from the undue influence of others. Basically, the types of problems sorted by this technique are not specific in nature or related to a particular situation at a given time. For example, the technique could be used to explain the problems that could be created in the event of a war.

In this method of decision-making, the facilitator allows team members to individually brainstorm and submit their ideas “anonymously”. Other team members do not know the owner of the ideas. The facilitator then collects all the inputs and circulates them among others for modifying or improving them. This process continues until a final decision is made. In the above example, you can have a facilitator who collects strategies and passes them on to the others without revealing to whom the strategy belongs. Later, the facilitator collects the improvised strategies and chooses the best one.

The Delphi technique includes the following steps −

- The problem is first identified and a panel of experts are selected. These experts are asked to provide potential solutions through a series of thoughtfully designed questionnaires.
- Each expert concludes and returns the initial questionnaire.
- The results of the questionnaire are composed at a central location and the central coordinator prepares a second set of questionnaire based on the previous answers.
- Each member receives a copy of the results accompanied by the second questionnaire.
- Members are required to review the results and respond to the second questionnaire. The results typically trigger new solutions or motivate changes in the original ideas.
- The process is repeated until a general agreement is obtained. The process is very time consuming and is primarily useful in illuminating broad range, long term complex issues such as future effects of energy shortages that might occur.

The Delphi technique is a method for collecting, organizing, reviewing, and revising the opinions of a group of individuals who never actually meet. This procedure, which is directed by a nonparticipating coordinator, generates a group decision without physically assembling members. Ideas are solicited and provided via questionnaires. The Delphi technique typically involves the following steps:

- **Solicit input**: The coordinator sends initial questions to members via a mail, fax, or e-mail survey.
- **Independently generate ideas**: Members brainstorm and then include their opinions and ideas on the survey, which is returned to the coordinator on completion.
- **Summarize input**: The coordinator summarizes the input received from members in a way that maintains member anonymity.
- **Distribute summary**: The coordinator sends the summary of everyone’s opinions to all group members.
- **Revise, refine, and prioritize earlier input**: After reading the summary of opinions, members are given the opportunity to revise their earlier input, refine ideas, comment on idea strengths and weaknesses, prioritize the opinions being considered, and identify new ideas. When finished, they send their input to the coordinator.
- **Repeat as necessary**: The third through the fifth steps described earlier are repeated until members have no further input to add.
- **Form final decision**: If a clear consensus emerges after the final round of surveys, the exercise is finished. Alternatively, the members may be asked to rank or rate the final decision options. In this case, the group decision is the alternative with the most favorable rating or ranking.

By requiring members to work independently, the Delphi technique can promote accountability, decrease social loafing, equalize participation, eliminate the biasing effect of domineering members, prevent impaired communications stemming from unproductive disagreements and conflict, avoid the logistical problems (e.g., scheduling) that occur when trying to assemble a dispersed group, eliminate production blocking, and ensure that a premature decision is not made before all ideas are expressed. In addition, the anonymity of group members’ input can decrease evaluation apprehension and minimize pressure to conform.

Research has shown that groups structured according to the Delphi technique are more satisfied than both nominal and conventional consensus groups. However, the Delphi process can take a long time. Some estimates indicate that this process, when conducted by postal mail, takes about 44 days on average. Another limitation of this technique is that it completely eliminates direct interaction among group members, which can lead to fruitful synergies under the right conditions.

3. Nominal Group Thinking (NGT)

This technique is similar to brainstorming except that this approach is more structured. It motivates individual creativity. Members form the group for namesake and operate independently, originate ideas for solving the problem on their own, in silence and in writing. Members do not communicate well with each other so that strong personality domination is evaded.

The group coordinator either collects the written ideas or writes them on a large blackboard so that each member of the group can see what the ideas are. These ideas are further discussed one by one in turn and each participant is motivated to comment on these ideas in order to clarify and improve them. After all these ideas have been discussed, they are evaluated for their merits and drawbacks and each actively participating member is needed to vote on each idea and allot it a rank on the basis of priority of each alternative solution. The idea with the highest cumulative ranking is selected as the final solution to the problem.

In a nominal group technique, the team divides itself into smaller groups and generates ideas. Possible options are noted down in writing and the team members further discuss these to narrow down the possible choices they would like to accept. Team members then discuss and vote on the best possible choice. The choice that receives the maximum votes is accepted as the group decision.

Continuing the above example, this group of instructional designers can be further divided into smaller teams. Every member of the team gives their idea and at the end, each member votes for the best one. At the end, the idea that gains the highest votes would be finalized.

The nominal group technique facilitates both the generation and evaluation of ideas. Unlike brainstorming, this strategy results in a final group decision. The nominal group technique typically involves the following steps:

- **Write ideas in private**: After the problem at hand is understood, members silently generate their ideas in writing. No discussion among members is permitted at this point.
- **Take turns reporting ideas**: Members take turns reporting their ideas to the group, one at a time, while a facilitator records them on a flip chart or blackboard. Again, no group discussion occurs during this step. This round-robin listing continues until each member has no more ideas to share.
- **Discuss ideas**: Next, group members discuss the ideas that have been recorded. The main purpose of this discussion is to clarify, criticize, or defend the stated ideas.
- **Vote on ideas**: Each member privately and anonymously prioritizes the ideas. This nominal voting step may involve a rank-ordering system, a weighted voting procedure, or some similar mechanism for reporting preferences.
- **Calculate the group decision**: The group decision is calculated mathematically, based on the vote described earlier. The final decision is the pooled outcome of the individual votes.
- **Repeat if necessary**: Some variations of the nominal group technique allow the generation-discussion-vote cycle described previously to be repeated until an appropriate decision is reached.

The nominal group technique was developed to overcome a number of decision-making roadblocks. The highly structured and task-focused nature of this strategy is thought to encourage the efficient use of time by reducing the propensity for nonproductive digressions and hostile arguments. The nominal group technique likely decreases evaluation apprehension by having members write their ideas privately and by separating the brainstorming phase from the later idea evaluation phase. Requiring group members to brainstorm their ideas independently and in writing also facilitates idea generation by reducing production blocking. Taking turns reporting written ideas encourages balanced participation and discourages domineering or high-status members from blocking others' input. Members may also experience an increased sense of accountability and a decreased propensity for social loafing, because members are required to publicly state their written ideas. Finally, the round-robin listing of ideas prevents groups from prematurely evaluating solutions before all members have provided input or exhausted their supply of suggestions.

Despite its positive features, some have argued that the structured nature of the nominal group technique may limit creativity. Research has shown that groups organized according to this method express less decision satisfaction than those using a conventional, unstructured, consensus meeting approach. They also express less decision satisfaction than those relying on the Delphi technique.

4. Lotus Blossom Technique

Invented in Japan by Yasuo Matsumura, the Lotus Blossom technique adds focus and power to classic brainstorming. Once mastered, the technique helps you create more and higher quality ideas for products and services, find innovative ways of improving your business, and helps you solve a variety of problems you frequently encounter.

The Lotus Blossom technique focuses the power of brainstorming on areas of interest. It does so through the use of a visual representation of ideas and is similar to a mind-map, but is more structured and pushes you in ways you don't experience in classic mind-mapping.

One starts off with a central idea or theme, and then expands outwards with solution areas or related themes in an iterative manner. The technique encourages you to have a fully fleshed out idea space before considering it complete.

The Lotus Blossom technique is designed for groups and is used to provide a more in-depth look at various solutions to problems. It begins with a central core idea surrounded by eight empty boxes or circles. Using brainstorming, eight additional ideas (solutions or issues) are written in these boxes.

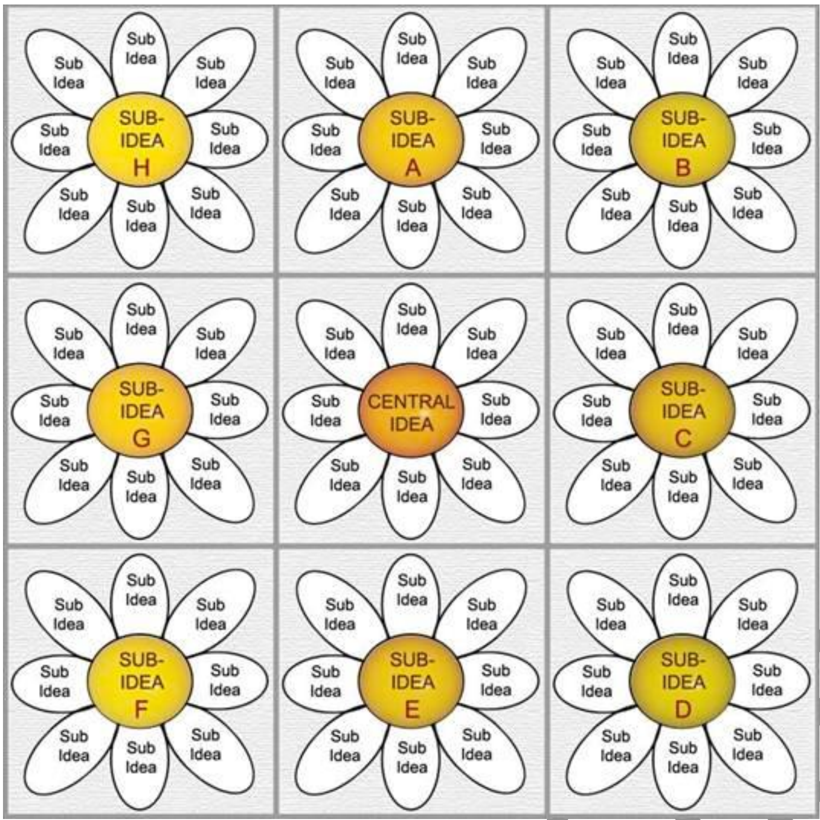
Organisation

- **Duration:**
  Medium (about 30-60 minutes)
- **Complexity:**
  Medium
- **Group size:**
  2 - 30 persons

The Lotus Blossom Technique or the My technique was originally developed in Japan by Yasuo Matsumura, director of the Clover Management Research. The aim of this method is to find the root causes of the problem/issue in resemblance of peeling of the petals of the lotus blossom. This technique allows you to track whole systems of interacting elements and can also be used in scenario planning and forecasting strategic scenarios.

In the Lotus Blossom, ideas evolve into other ideas and applications. Because the components of the technique are dynamic, the ideas seem to flow outward with a conceptual momentum all their own. Ideas and thoughts are not merely isolated acts and parts floating around in your mind. Unless you look at a whole system and all of its components, you may miss the key relationships and how they interact. The process starts by defining a central subject and expanding it into themes and sub-themes, each with separate entry points. In Lotus Blossom, the petals around the core of the blossom are figuratively "peeled back" one at a time, revealing a key component or theme. This approach is pursued in ever-widening circles until the subject or opportunity is comprehensively explored. The cluster of themes and surrounding ideas and applications, which are developed in one way or another, provide several different alternative possibilities.

Illustration



Preparation

Execution

a) The facilitator works with the group to articulate and document the central idea or concept to be explored. This is written, usually on a large flip-chart paper for the entire group to see.

b) The group 'brainstorms' up to eight significant characteristics or attributes of the topic under discussion. These are 'sub-ideas' which are to be explored later. This original diagram becomes the original 'Lotus Blossom' diagram. Each of the sub-ideas are 'seeds' for more Lotus Blossoms.

c) Each sub-idea seed becomes the central idea for a new Lotus Blossom diagram. This process is repeated for each of the original sub-ideas.

d) Once all the Lotus Blossom diagrams have been created, they can be used as an agenda and topics for further discussions or analysis.

e) Create a template on a computer or draw a Lotus Blossom diagram on a wall chart.

f) If Ideas have been collected in a previous step, they can be collected on Post It's and stuck onto the template to be further developed.

Hints from experience

The optimal number of themes for a manageable diagram is between six and eight. If you have more than eight, make additional diagrams. Ask questions like: What are my specific objectives? What are the constants in my problem? What are the dimensions of my problem?

Prioritize ideas, solutions, options and other results by using colored markers or applying colored dots for next steps.

Tools list

- Sticky dots
- Adhesive tape
- Sticky notes
- Paper, big, flipchart
- Board markers or pencils

DESIGNING ORGANIZATIONAL STRUCTURES

BASIC CONCEPTS RELATED TO ORGANIZATION

The word is derived from the Greek word *organon*, which means "organ".

A social unit of people that is structured and managed to meet a need or to pursue collective goals. All organizations have a management structure that determines relationships between the different activities and the members, and subdivides and assigns roles, responsibilities, and authority to carry out different tasks. Organizations are open systems--they affect and are affected by their environment.

An organization or organisation is an entity comprising multiple people, such as an institution or an association, that has a collective goal and is linked to an external environment.

Organization as a System

It helps to think of organizations as systems. Simply put, a system is an organized collection of parts that are highly integrated in order to accomplish an overall goal. The system has various inputs which are processed to produce certain outputs, that together, accomplish the overall goal desired by the organization. There is ongoing feedback among these various parts to ensure they remain aligned to accomplish the overall goal of the organization. There are several classes of systems, ranging from very simple frameworks all the way to social systems, which are the most complex. Organizations are, of course, social systems.

DEPARTMENTATION

The process of organization consists of Dividing different duties and Assigning responsibilities to different people. Dividing and grouping of activities is of paramount importance to all developing organizations. Departmentation is the process which is used to group activities into units for purpose of administration at all levels. By this process, the personnel and functions of an enterprise are departmentalized by division into separate units.

The span of control i.e.. the limitation on the number of subordinates that can be directly managed would restrict the size of the enterprise. Therefore, the work and people should be divided and grouped to facilitate expansion of the firm. Dividing the work and people, and grouping them on some logical basis is called Departmentation.

Departmentalization (or simply departmentation) refers to the grouping of operating tasks into jobs, the combining of jobs into effective work groups and the combining of groups into divisions often termed as 'Departments'.

According to Koontz and O'Donnell, "A department is a distinct area, division or branch of an enterprise over which a manager has authority for the performance of specified activities."'

In the words of Louis Allen, "Divisionalisation is a means of dividing the large and monolithic functional organisation into smaller flexible administrative units."

Different Basis of Departmentation in an Organisation

There are six different basis of departmentation in an organisation. The basis are: 1. Departmentation by Function 2. Departmentation by Products 3. Departmentation by Territory/Geographic Departmentation 4. Departmentation by Customers 5. Departmentation by Process 6. Combined Base.

1. Departmentation by Function:

The most commonly accepted practice is the grouping of the activities in accordance with the functions of an enterprise. The basic enterprise functions generally consist of production, marketing, finance, etc. This method is more logical and hence present in almost all enterprises at some level.

Similar activities of a business are grouped into major departments or divisions under an executive who reports to the chief executive. This departmentation is most widely used basis for organising activities and is present in every organisation at some level.

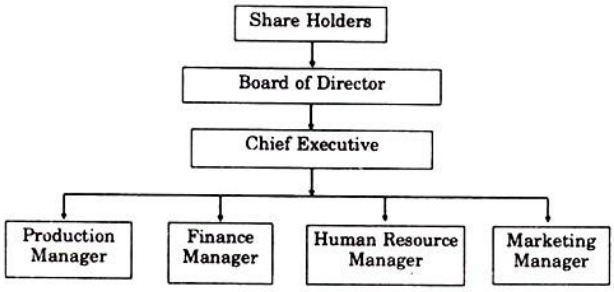


Fig. 6.6. Departmentation by function.

Merits of Departmentation by Function:

1. It suits well the small enterprises for creating major departments.
2. This method follows the principle of specialization. It promotes specialization.
3. It economizes operations and makes possible the adoption of logical and comprehensible structure.
4. It facilitates inter-departmental co-ordination.
5. It suits well for those organisations which have single product line.

Demerits of Departmentation by Function:

1. It may lead to excessive centralization.
2. Decision making process is delayed.
3. Poor inter-departmental co-ordination. Coordination of different functions shall become difficult.
4. It is rather difficult to set up specific accountability and profit centres within functional departments so the performance is not accurately measured. Only the departmental heads are held responsible for defective work.
5. It hinders human development in all the areas.

2. Departmentation by Product:

In a multiproduct organisation the departmentation by product most suits. Here the activities are grouped on the basis of produce or product lines. All functions related to particular product are bought together under the umbrella of product manager.

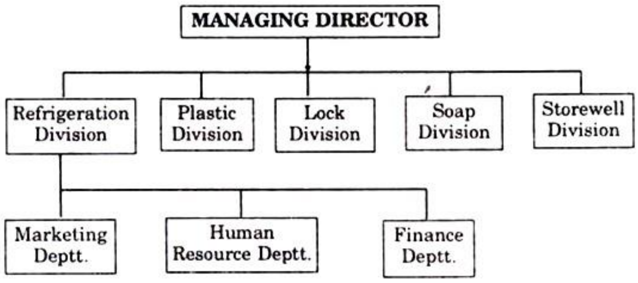


Fig. 6.7. Departmentation or geographic by product.

Merits of Departmentation by Product:

1. Each product division can be taken as a viable profit centre for accountability purposes. The performance of individual products can be easily accessed to distinguish between profitable and unprofitable products.
2. Marketing strategy becomes more pragmatic.
3. Top management is relieved of operating task responsibility and can concentrate on such centralized activities as finance, research etc.
4. It facilitates decentralization.
5. Attention is given to product lines, which is good for further diversification and expansion.

Demerits of Departmentation by Product:

1. It increases management cost. Service functions are duplicated both at the top and at the operating levels of management.

2. High cost of operation prevents the small & medium sized concerns from adopting this basis of classification, particularly for creating major units.
3. There are problems at the top of co-ordination.

3. Departmentation by Territory:

It is suitable for organisations having wide geographical market such as pharmaceuticals, banking, consumer goods, insurance, railways etc. Here, the market is broken up into sales territories and a responsible executive is put in charge of each territory. The territory may be known as district, division or region. The fig. below shows the geographical departmentation.

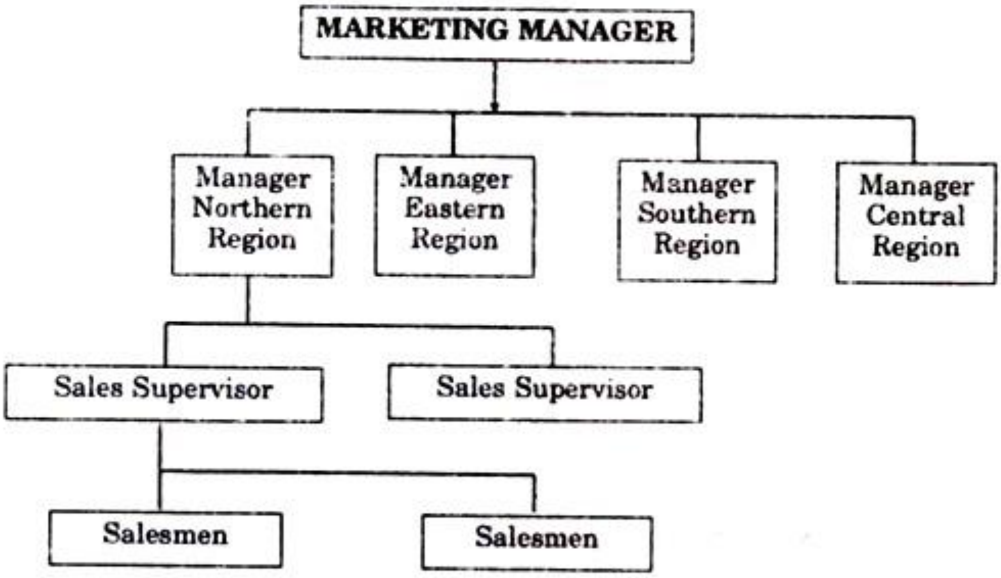


Fig. 6.8. Territorial or geographic departmentation

Merits of Departmentation by Territory:

1. It helps in achieving the benefits of local operations such as local supply of materials & labour, local markets etc.
2. Full attention can be paid to local customer groups.
3. A regional division achieves a better co-ordination and supervision of activities in a particular area.
4. It helps in reducing transportation and distribution costs.
5. It facilitates the expansion of business to different regions.

Demerits of Departmentation by Territory:

1. It creates the problem of communication and co-ordination between various regional offices.
2. It may be uneconomical due to costly duplication of personnel & physical facilities.
3. It may be difficult to provide efficient centralized services to various departments located in different areas.
4. Various regional units may become so engrossed in short term competition among themselves that the overall long term interests of the organisation as a whole may be overlooked.
5. The problem of top management control becomes difficult.

4. Departmentation by Customers:

This type of classification is adopted by enterprises offering specialized services. To give the attention to heterogeneous groups of buyers in the market, marketing activities are often split into various several parts. Such groups are suitable to organisations serving several segments like a pharmaceutical company supplying to institutional buyers such as hospitals and government and non-institutional buyers as wholesalers and retail chemists.

The general organisation of this type of departmentation is depicted as under:

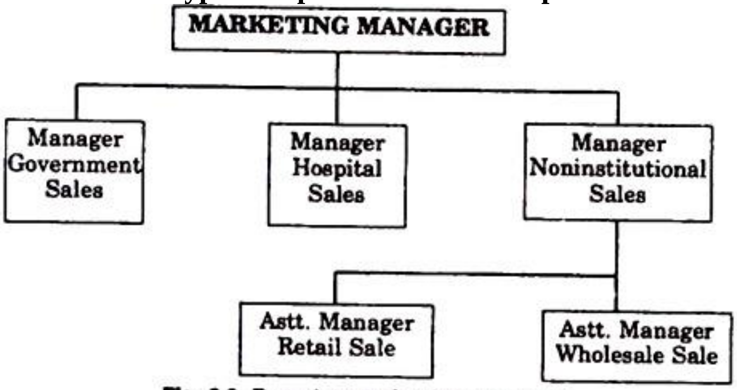


Fig. 6.9. Departmentation by customers

Merits of Departmentation by Customers:

1. The main advantage of following this type of departmentation is that particular needs of the particular- customers can be solved.
2. Benefits of specialization can be obtained.

Demerits of Departmentation by Customers:

1. There may be duplication and underutilization of facilities and resources.
2. It may be difficult to maintain co-ordination among the different customer departments.

5. Departmentation by Process:

The production function may be further subdivided on the basis of the process of production when the production process has distinct activity groups, they are taken as the basis of departmentation. The departmentation by process can be shown as under:

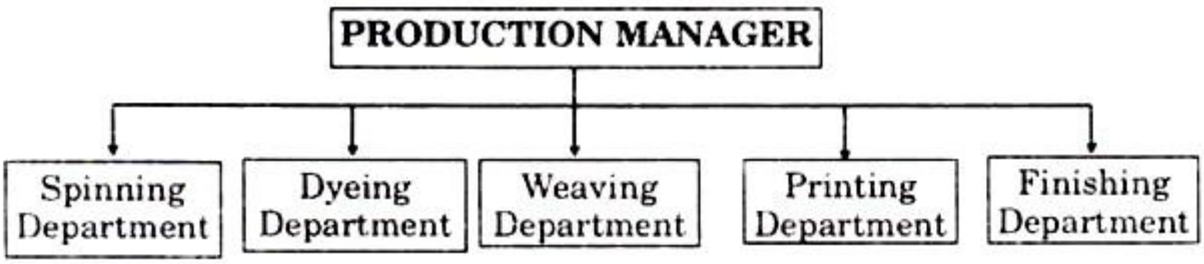


Fig. 6.10. Departmentation by process (Textile mill)

Merits of Departmentation by Process:

1. It provides economy of operation
2. The benefits of specialization are available.
3. Efficient maintenance of equipment's is possible.
4. It simplifies supervision and plant layout.

Demerits of Departmentation by Process:

1. There may be difficulties in coordinating the activities of different departments
2. Due to specialized activity, the employee mobility is reduced.
3. Extreme specialization may reduce flexibility of operations.
4. This type of departmentation may not provide opportunity for the all-round development of managerial talent.
5. Conflicts may arise among managers of different processes, particularly when they loose sight of the overall company goals.

6. Departmentation-Combined Base:

Sometimes, several bases of departmentation may be used simultaneously. Fig. 6.11. Denotes the combined base departmentation. First the organisation is divided on the basis of functions. The marketing department is further divided on the basis of product lines i.e., refrigeration and chemical division.

The refrigeration division is further divided on the basis of territory and the territory is further divided on the basis of customers i.e., retail and wholesale.

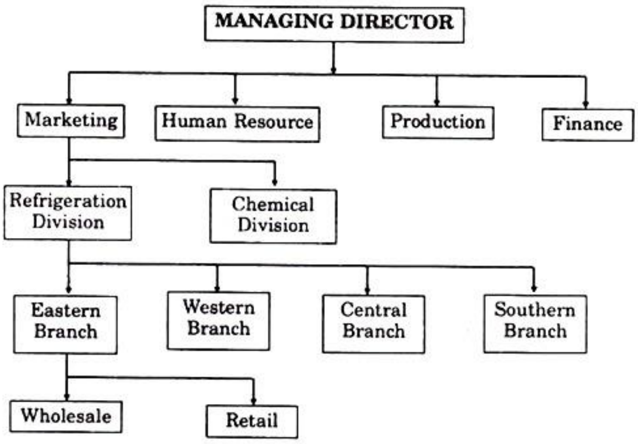


Fig. 6.11. Mixed Departmentation

Combined base departmentation is also called as composite departmentation or mixed departmentation. This type of departmentation provide the benefits of both functional and product structures. But the conflicts between different departments and division may increase. It becomes necessary to differentiate clearly between the line authority and functional authority of managers.

DECENTRALISATION

Meaning:

Decentralisation can be viewed as an extension of delegation. When a part of the work is entrusted to others, it is known as delegation. Decentralisation extends to the lowest level of the organisation.

Decentralisation is the process of distributing power away from the centre of an organisation. In the case of a corporation this usually means divesting authority away from the head office and out to operators in the field. Debate centres on which is the more efficient structure for an organisation that has a number of far-flung arms, especially a multinational with operations in several different countries: one where decision-making is concentrated at the centre, or one where it is diffused around the organisation?

Decentralisation has had its supporters for centuries. In the 1700s, the East India Company was a highly decentralised organisation. Its factors ran its factories in remote parts of the world. There was no telegraph, telephone or telex. They had to make decisions for themselves on the spot.

Definitions:

1. "Decentralisation refers to tire systematic effort to delegate to the lowest levels all authority except that which can only be exercised at central points." —Louis A. Allen
2. "Decentralisation means the division of a group of functions and activities into relatively autonomous units with overall authority and responsibility for their operation delegate to timd of cacti unit.'—Earl. P. Strong

Degree of Decentralisation:

The degree of decentralisation is determined by:

(a) Nature of the authority delegated,
(b) How far down in the organisation it is delegated,
(c) How consistently it is delegated.

So, the degree of decentralisation is determined by the authority given. For example, manager A in a company is given the authority to buy certain material worth Rs. 1500 whereas manager B is allowed to do similar type of work to the extent of Rs. 4500.

It is clear that the degree of decentralisation is less in case of A. Similarly decisions about the matters referred, measure the degree of decentralisation depending upon the power to take decisions vested in an officer without the need of getting consent of somebody else.

Advantages of Decentralisation:

1. *Reduces the burden on top executives:*

Decentralisation relieves the top executives of the burden of performing various functions. Centralisation of authority puts the whole responsibility on the shoulders of an executive and his immediate group.

2. *Facilitates diversification:*

Under decentralization, the diversification of products, activites and markets etc., is facilitated. A centralised enterprise with the concentration of authority at the top will find it difficult and complex to diversify its activities and start the additional lines of manufacture or distribution.

3. *To provide product and market emphasis:*

A product loses its market when new products appear in the market on account of innovations or changes in the customers demand. In such cases authority is decentralised to the regional units to render instant service taking into account the price, quality, delivery, novelty, etc.

4. *Executive Development:*

When the authority is decentralised, executives in the organisation will get the opportunity to develop their talents by taking initiative which will also make them ready for managerial positions.

5. *It promotes motivation:*

Decentralisation stimulates the formation of small cohesive groups. Since local managers are given a large degree of authority and local autonomy, they tend to weld their people into closely knit integrated groups. This improves the morale of employees as they get involved in decision-making process.

6. *Better control and supervision:*

Decentralisation ensures better control and supervision as the subordinates at the lowest levels will have the authority to make independent decisions. As a result they have thorough knowledge of every assignment under their control and are in a position to make amendments and take corrective action.

7. *Quick Decision-Making:*

Decentralisation brings decision making process closer to the scene of action. This leads to quicker decision-making of lower level since decisions do not have to be referred up through the hierarchy.

Disadvantages of Decentralisation:

Decentralisation can be extremely beneficial. But it can be dangerous unless it is carefully constructed and constantly monitored for the good of the company as a whole.

1. *Uniform policies not Followed:*

Under decentralisation, it is not possible* to follow uniform policies and standardised procedures. Each manager will work and frame policies according to his talent.

2. *Problem of Co-Ordination:*

Decentralisation of authority creates problems of co-ordination as authority lies dispersed widely throughout the organisation.

3. *More Financial Burden:*

Decentralisation requires the employment of trained personnel to accept authority, it involves more financial burden and a small enterprise cannot afford to appoint experts in various fields.

4. *Require Qualified Personnel:*

Decentralisation becomes useless when there are no qualified and competent personnel.

5. *Conflict:*

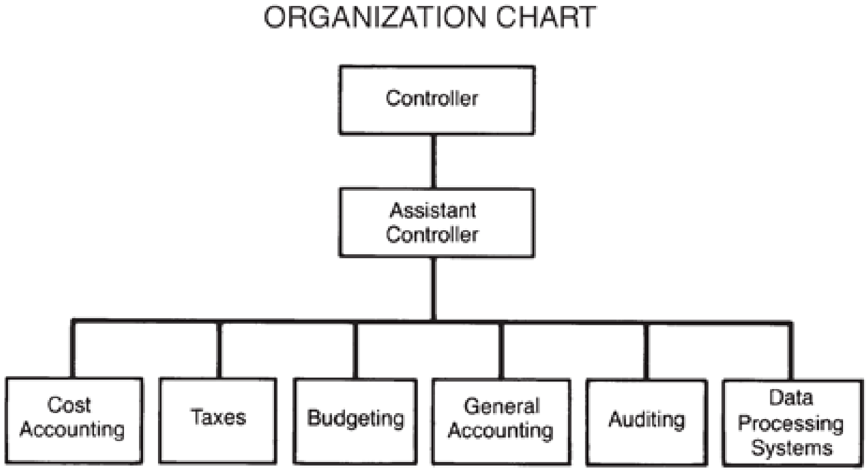
Decentralisation puts more pressure on divisional heads to realize profits at any cost. Often in meeting their new profit plans, bring conflicts among managers.

TYPES OF MECHANISTIC AND ORGANIC STRUCTURES OF ORGANISATION

1. LINE ORGANIZATION

Line organization is the most oldest and simplest method of administrative organization. According to this type of organization, the authority flows from top to bottom in a concern. The line of command is carried out from top to bottom. This is the reason for calling this organization as scalar organization which means scalar chain of command is a part and parcel of this type of administrative organization. In this type of organization, the line of command flows on an even basis without any gaps in communication and co-ordination taking place. Line organization is also known as vertical organization or departmental organization and is based on scalar basis.

J.D Mooney and A.C Reiley introduced the idea of line organization. They pointed out that "the degree of authority exists in all organization as on uninterrupted scale or series. The basic of scalar organization is that in any organization there must be a series of superior and subordinates relationship from top organization to the very downward structure of organization.



Features of Line Organization

1. It is the most simplest form of organization.
2. Line of authority flows from top to bottom.
3. Specialized and supportive services do not take place in these organization.
4. Unified control by the line officers can be maintained since they can independently take decisions in their areas and spheres.
5. This kind of organization always helps in bringing efficiency in communication and bringing stability to a concern.

Merits of Line Organization

1. **Simplest:** It is the most simple and oldest method of administration. It is very simple to understand and implement. It can be easily define and explain to all staff.
2. **Unity of Command/Unified Control:** In these organizations, superior-subordinate relationship is maintained and scalar chain of command flows from top to bottom. Good control, direction and direction is possible in line organization because of fixed responsibility.
3. **Better discipline:** The control is unified and concentrates on one person and therefore, he can independently make decisions of his own. Unified control ensures better discipline.
4. **Fixed responsibility:** In this type of organization, every line executive has got fixed authority, power and fixed responsibility attached to every authority. In this form of organization responsibilities are fixed and defined. Every person is crystal clear to whom he is answerable and who are accountable to him.
5. **Flexibility:** In type of organization is flexible in character. There is a co-ordination between the top most authority and bottom line authority. Since the authority relationships are clear, line officials

are independent and can flexibly take the decision. This flexibility gives satisfaction of line executives.

6. **Prompt/Quick decision:** Single authority, unified control and fixed responsibility to help in quick decision.

Demerits of Line Organization

1. **Over reliance:** The line executive's decisions are implemented to the bottom. This results in over-relying on the line officials.
2. **Lack of specialization:** A line organization flows in a scalar chain from top to bottom and there is no scope for specialized functions. Different types of jobs are looked after, supervised and control by executive.
3. **Inadequate communication:** The policies and strategies which are framed by the top authority are carried out in the same way. This leaves no scope for communication from the other end.
4. **Lack of Co-ordination:** Whatever decisions are taken by the line officials, in certain situations wrong decisions, are carried down and implemented in the same way. Therefore, the degree of effective co-ordination is less.
5. **Authority leadership:** The line officials have tendency to misuse their authority positions. This leads to autocratic leadership and monopoly in the concern.
6. **Over loading:** The executive is overloaded at each level of organization. There are several things he must manage independently.

2. LINE AND STAFF ORGANIZATION

Line and staff organization is a modification of line organization and it is more complex than line organization. According to this administrative organization, specialized and supportive activities are attached to the line of command by appointing staff supervisors and staff specialists who are attached to the line authority. The power of command always remains with the line executives and staff supervisors guide, advice and council the line executives. Personal Secretary to the Managing Director is a staff official.

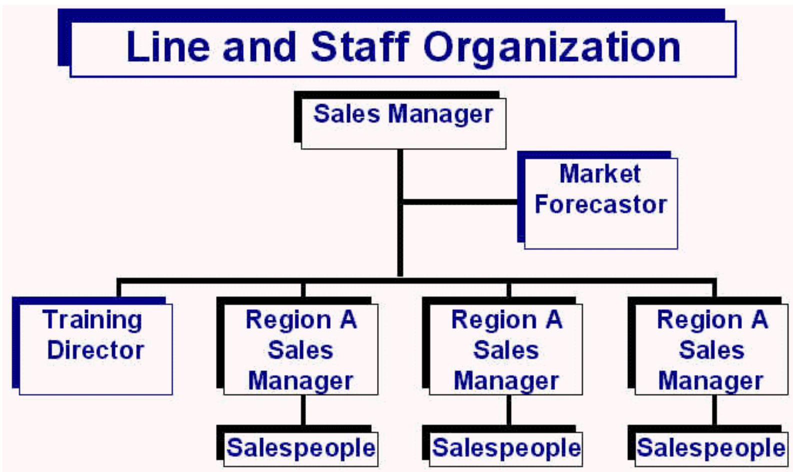
In this type of organization structure, there are two types of are two types of relationships:

The Line relationships and

The staff relationships.

According to Henry Fayol, "Staff is a group of men who have the strength, knowledge and time which the line manager may lack".

According to Allen, "Line refers to those positions and elements of organisation, which have the responsibility and authority and are accountable for the accomplishment of primary objectives. Staff elements are those which have responsibility and authority for providing advice and service to the line in the attainment of objectives."



Features of Line and Staff Organization

1. There are two types of staff :
   a. Staff Assistants- P.A. to Managing Director, Secretary to Marketing Manager.
   b. Staff Supervisor- Operation Control Manager, Quality Controller, PRO
2. Line and Staff Organization is a compromise of line organization. It is more complex than line concern.
3. Division of work and specialization takes place in line and staff organization.
4. The whole organization is divided into different functional areas to which staff specialists are attached.
5. Efficiency can be achieved through the features of specialization.
6. There are two lines of authority which flow at one time in a concern :
   a. Line Authority
   b. Staff Authority
7. Power of command remains with the line executive and staff serves only as counselors.

Merits of Line and Staff Organization

1. **Relief to line of executives:** In a line and staff organization, the advice and counseling which is provided to the line executives divides the work between the two. The line executive can concentrate on the execution of plans and they get relieved of dividing their attention to many areas.
2. **Expert advice:** The line and staff organization facilitates expert advice to the line executive at the time of need. The planning and investigation which is related to different matters can be done by the staff specialist and line officers can concentrate on execution of plans.
3. **Benefit of Specialization:** Line and staff through division of whole concern into two types of authority divides the enterprise into parts and functional areas. This way every officer or official can concentrate in its own area. There is bifurcation of conceptual and executive function.
4. **Better co-ordination:** Line and staff organization through specialization is able to provide better decision making and concentration remains in few hands. This feature helps in bringing co-ordination in work as every official is concentrating in their own area.
5. **Benefits of Research and Development:** Through the advice of specialized staff, the line executives, the line executives get time to execute plans by taking productive decisions which are helpful for a concern. This gives a wide scope to the line executive to bring innovations and go for research work in those areas.
6. **Training:** Due to the presence of staff specialists and their expert advice serves as ground for training to line officials. Line executives can give due concentration to their decision making. This in itself is a training ground for them.
7. **Balanced decisions:** The factor of specialization which is achieved by line staff helps in bringing co-ordination. This relationship automatically ends up the line official to take better and balanced decision.
8. **Unity of action:** Unity of action is a result of unified control. Control and its effectivity take place when co-ordination is present in the concern. In the line and staff authority all the officials have got independence to make decisions. This serves as effective control in the whole enterprise.

Demerits of Line and Staff Organization

1. **Lack of understanding:** In a line and staff organization, there are two authority flowing at one time. This results in the confusion between the two. As a result, the workers are not able to understand as to who is their commanding authority.
2. **Lack of sound advice:** The line official get used to the expertise advice of the staff. At times the staff specialist also provide wrong decisions which the line executive have to consider. This can affect the efficient running of the enterprise.
3. **Line and staff conflicts:** Line and staff are two authorities which are flowing at the same time. The factors of designations, status influence sentiments which are related to their relation, can pose a distress on the minds of the employees. This leads to minimizing of co-ordination which hampers a concern’s working.
4. **Costly:** In line and staff concern, the concerns have to maintain the high remuneration of staff specialist. This proves to be costly for a concern with limited finance.

5. **Assumption of authority:** The power of concern is with the line official but the staff dislikes it as they are the one more in mental work. The staff people feel themselves status-less without authority. Staff becomes ineffective in absence of authority.
6. **Staff steals the show:** In a line and staff concern, the higher returns are considered to be a product of staff advice and counseling. The line officials feel dissatisfied and a feeling of distress enters a concern. The satisfaction of line officials is very important for effective results.

3. FUNCTIONAL ORGANIZATION

The military is a perfect example of how a large functional organization works. There is one main commander but each platoon has its own captain, and the soldiers in that platoon have to obey him/her; however, that captain is getting orders from another leader who is getting orders from someone of even higher authority.

Functional organization has been divided to put the specialists in the top position throughout the enterprise. This is an organization in which we can define as a system in which functional department are created to deal with the problems of business at various levels. Functional authority remains confined to functional guidance to different departments. This helps in maintaining quality and uniformity of performance of different functions throughout the enterprise.

The concept of Functional organization was suggested by F.W. Taylor who recommended the appointment of specialists at important positions. For example, the functional head and Marketing Director directs the subordinates throughout the organization in his particular area. This means that subordinates receives orders from several specialists, managers working above them.

F.W. Taylor, father of scientific management, developed the concept of functional organisation. He recommended functional organisation even at the shop level where workers have to produce goods. He thought that one foreman could not manage all the aspects of production work for directing a group of employees as they could not have varied knowledge. He suggested the substitution of line authority by functional foremanship at the lower levels of the organisation structure.

Taylor suggested the division of supervisory functions into two groups, viz:
1. Office specialists and;
2. Shop specialists.

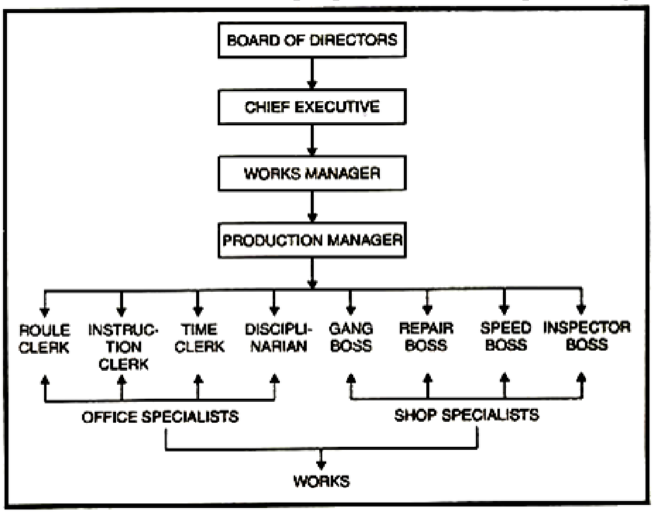
1. Office Specialists: They are concerned with the design, scheduling, recording and planning of work. **The office staff consists of following persons:**

(i) **Route Clerk:** The route clerk is responsible for planning the route from which work will pass from machine to machine. He schedules the work in such a way that finished goods are ready in time.
(ii) **Instruction Card Clerk:** This clerk records instructions for doing every piece of work. The exact method of doing the work is recorded.
(iii) **Time and Cost Clerk:** He lays down the standard time for completing a particular work. He supplies every information required for completing the job. He also records the time taken for completing a job. This helps him in working out the cost of various jobs.
(iv) **Disciplinarian:** He ensures the implementation of various rules and regulations. He tries to maintain proper discipline at work.

2. Shop Specialists: **They guide and supervise the work in the factory. Following are the shop specialists:**

(i) **Gang Boss:** He should arrange machines and tools at the work. He ensures adequate work for the workers and sees that necessary tools, etc. are available to the workers. He also tries that every work is completed at the earliest.
(ii) **Speed boss:** He determines the speed at which work should go on. It is his duty to ensure that work is completed at standard time. He also guides the workers in keeping proper pace of work.
(iii) **Repair boss:** The duty of repair boss is to ensure that machines and tools are maintained in proper condition. He should see that workers clean their machines properly and regularly and maintain them with standard care.

(iv) **Inspector:** The inspector ensures that the work is done according to the prescribed standards and qualities. The workers should also maintain proper workmanship of the goods manufactured.



Features of Functional Organization

1. The entire organizational activities are divided into specific functions such as operations, finance, marketing and personal relations.
2. Complex form of administrative organization compared to the other two.
3. Three authorities exist- Line, staff and function.
4. Each functional area is put under the charge of functional specialists and he has got the authority to give all decisions regarding the function whenever the function is performed throughout the enterprise.
5. Principle of unity of command does not apply to such organization as it is present in line organization.

Merits of Functional Organization

1. **Specialization:** Better division of labour takes place which results in specialization of function and it's consequent benefit. This type of organisation has the benefit of having specialists in each area. The work is performed by those who have the specialist knowledge of that work.
2. **Effective Control:** Management control is simplified as the mental functions are separated from manual functions. Checks and balances keep the authority within certain limits. Specialists may be asked to judge the performance of various sections. Democratic Control is achieved. This type of organisation eliminates one man control.
3. **Increase in Efficiency:** There is a division of labour up to manager level. Planning and execution are also separated. The workers get guidance from expert supervisors and this enhances their performance at work. Greater efficiency is achieved because of every function performing a limited number of functions.
4. **Economy of Operations:** The use of specialists helps in controlling the waste of materials, money and time. The consolidation of activities leads to optimum use of facilities like office accommodation, plant and machinery, etc.
5. **Expansion:** Expert knowledge of functional manager facilitates better control and supervision.
6. **Scope for Growth:** The functional organisation provides wide scope for growth and mass production. The employment of specialists at various levels of work enables the organisation to grow as per the needs of the situation.
7. **Flexibility:** Functional organisation allows changes in organisation without disturbing the whole work. The span of supervision can also be adjusted according to the requirements.
8. **Relief to Top Executives:** Top executives are not unnecessarily burdened as happens in line organisation. The line officer is supposed to be a jack of all trades and is burdened with all types of works. On the contrary a specialist is a master of his line and he has the expertise and capability of taking his own decisions.

9. **Better Supervision:** Every superior is an expert in his own area and he will be successful in making proper planning and execution. The superiors, being well acquainted with the work, will be able to improve the level of supervision.

Demerits of Functional Organization

1. **Confusion:** The functional system is quite complicated to put into operation, especially when it is carried out at low levels. Therefore, co-ordination becomes difficult.
2. **Lack of Co-ordination:** The appointment of several specialists creates problems of co-ordination, especially when the advice of more than one is needed for taking decisions. Specialists try to give more importance to their work as compared to other areas. This creates conflicts among specialists and co-ordination becomes a problem
3. **Difficulty in Fixing Responsibility:** Because of multiple authority, it is difficult to fix responsibility. Since there is no unity of command, it becomes difficult to fix responsibility for slackness in work.
4. **Conflicts in Authority:** There may be conflicts among the supervisory staff of equal ranks. They may not agree on certain issues. The principle of 'unity of command' is violated in functional organisation. A subordinate is answerable to many bosses. The workers feel confused and are unable to decide about the priorities of their work.
5. **Costly/Expensive:** Maintenance of specialist's staff of the highest order is expensive for a concern. Multiplicity of experts increases overhead expenses of the organisation. Small units cannot afford to have functional organisation.
6. **Delay in Taking Decisions:** The involvement of more than one person in decision-making process slows the process down. The speed or action tends to be hampered by the division of authority.
7. **Poor Discipline:** The division of authority creates problem of discipline. The workers have to obey many bosses, their loyalty becomes divided.
8. **Group Rivalries:** The emergence of many persons of equal status encourages group rivalries among executives. Persons connected with different fields try to create their groups and then rivalry starts among these groups. Every group tries to dominate the other.

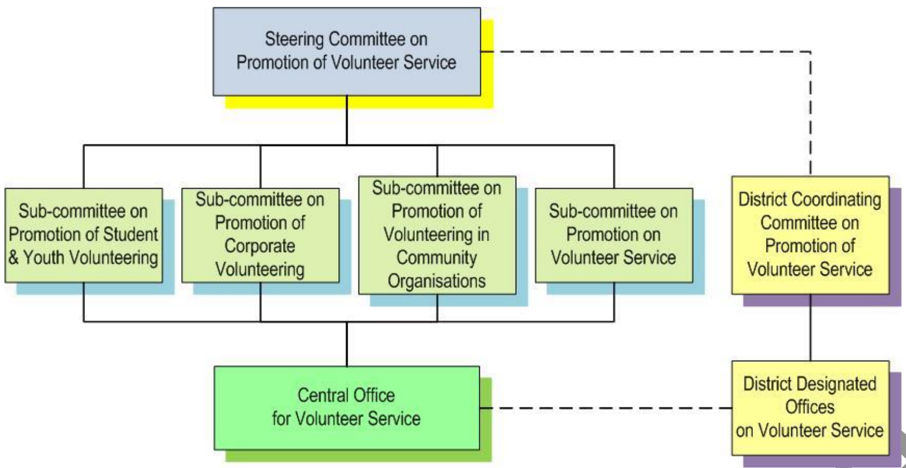
4. COMMITTEE ORGANIZATION

Committee can be defined as a group of organisational members who discuss and develop solutions to problems. It can be either line or staff and can be established on a standing (permanent) or an ad hoc basis. In business enterprises, the board of directors constitutes the committee at the highest level. The purpose of such committees is to discuss various problems and recommend solutions to the management. It is generally found to co-exist with line and staff type of organisation. The Board of Directors of a company is an example of a committee organisation. This form of organisation is suitable for taking decisions on policy matters or laying down broad objective for the enterprise.

Committees are commonly found in nonprofit organizations as governing boards or project-based volunteer committees. Some for-profit companies use committees to help the board or to manage non-essential functions of the business, such as handling monthly birthday parties or planning a holiday celebration. Whether you're wanting to participate in a committee with a nonprofit group to help you network or create committees among your employees, you must know how committees are typically organized.

A few authors like **R.C. Davis** considered committee as a distinct type of staff organization. But majority are of the opinion that committee can act in a staff function or with line authority. Sometimes, the committee is neither line nor staff.

Committee means a body of persons entrusted with discharging some assigned functions as a group and in a corporate capacity. In the words of H. Koonts, "Committee is a group of individuals to whom some matters are assigned as a group. It is this characteristic of group action that sets the committee, apart from other organization devices". This definition is not comprehensive and so we shall turn our attention to some-other definitions formulated by other authorities.



Features or Characteristics of a Committee

1. A **committee is a gathering of people representing different functions** or spheres of knowledge, who come together to promote a common purpose or fulfill a common task or solve a problem, by interchanging of views.
2. The character and composition of a committee is often **spelled out in the bylaws or administrative procedures** of the company.
3. A committee **usually has a fixed membership**. In most cases, members are appointed, although sometimes, as with the board of directors, they may be elected.
4. In its deliberations, a committee usually **follows certain definite written rules and procedures**. Some committees can function if a quorum is complete; others only if all the members are present.
5. A committee **may be granted authority to make or recommend decisions**, or it may serve merely in an advisory capacity.
6. Committees **maybe set up for different functions** to be performed, such as
   - for acting only rather than for advice (i.e., Control Committee);
   - to help line executives in laying down plans, policies and objectives (such as Legislative Committee);
   - to gather facts relating to a problem (such as Fact Finding Committee);
   - to settle grievances or disputes and to determine the validity of the past and present courses of action (such as the Grievance or Judicial Committee);
   - to bring coordination among the activities of the organization members through interchange of views, opinions, and information (such as Coordination Committee);
   - to decide other personnel matters like wages, promotions, merit pay, compensation, leave etc. (such as Wage Committee).

Advantages of Committee Organization

In all types of social institutions whether business or non-business, committees are found to exist in different areas and at different fields of the organization:

1. **Group Deliberation and Judgement:** It is the general rule that "*two heads are better than one*". Since the committees comprise of various people with wide experience and diverse training, they can think the impact of the problems from various angles and can find out appropriate solutions. Such decisions are bound to be more appropriate than individual decisions. Committee form of decision making is, of course, a democratic process.
2. **Fear of Authority:** If too much functional authority is delegated to a single person, there is always a fear that the authority may be misused. Committees avoid undue concentration of authority in the hands of an individual or a few.
3. **Representation of interested Group:** A policy decision may affect the interests of different sections. The committees provide an opportunity to represent their interest to the top management for consideration. This will facilitate the management to make a balanced decision.

4. **Coordination of Functions:** They are highly useful in bringing co-ordination between different managerial functions. It is extremely useful in coordinating plans as well as in facilitating their execution. It is extremely useful in coordinating plans as well as in facilitating their execution.
5. **Transmission of Information:** Committees serve as a best medium to transmit information since they generally comprise of the representatives of various sections. Misinterpretation is almost avoided.
6. **Consolidation of Authority:** Many special problems arising in individual departments cannot be solved by the departmental managers. The committees, on the other hand, permits the management to consolidate authority which is spread over several departments.
7. **Motivation through Participation:** Managerial decisions cannot be put into action without the co-operation of the operating personnel. It is able to serve as a mechanism of participative decision making. By participating in discussions or decision, a member feels motivated in accepting a situation or implementing a decision.
8. **Avoidance of Action:** The committee system also helps the manager who wants to postpone or avoid action. By referring the complicated matters to the committees, the managers can delay the action.
9. **Educational Value:** Participation in committee meetings provides a beautiful ground for development of young executives. Through observation, exchange of information and cross examination, the young executives can broaden their knowledge and sharpen their understanding.

Disadvantages of Committees

1. **High Cost in Time and Money:** Generally speaking, committees are constituted only to avoid or postpone decisions. Hence, delay in decision has become an inherent feature of committees. It is an expensive device both in terms of time and cost.
2. **Indecisive Action:** In many cases, committees are unable to take any constructive decision because of the differences of opinions among their members.
3. **Compromising Attitude:** In reality, many decisions taken by a committee are not the result of joint thinking and collective judgements. But they are only compromises reached between the various members Hence, the decisions of the committees are not real decisions in the strict sense.
4. **Dominance of a Few:** The decisions of the committees are generally the decisions of the chairman or any strong dominant members.
5. **Suppression of Ideas:** Many smart members who can contribute new ideas, deliberately keep their mouth shut in order to avoid hard feelings.
6. **Splitting of Responsibilities:** The greatest disadvantage of this system is the splitting of authority among the committee members. When authority is split up, no one in particular can be held responsible for the outcome of the committee. Nobody is accountable for committee decisions.
7. **Political Decisions:** Since the committee decisions are influenced by the dominant members, the decisions of the committee cannot be taken as meritorious one with broader outlook.
8. **Conflicts:** Often committees result into more conflict than problem solving.

5. MATRIX ORGANIZATION

A matrix organizational structure is one of the most complicated reporting structures a company can implement. Read on to learn why a company might implement a matrix structure and the advantages and disadvantages for both company and staff.

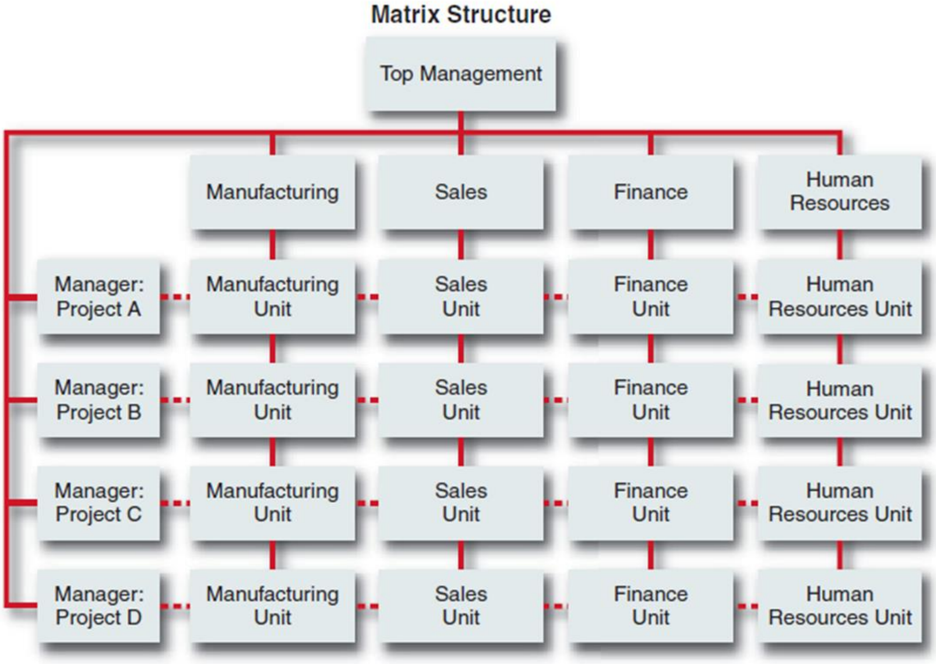
A **matrix organizational structure** is a company structure in which the reporting relationships are set up as a grid, or matrix, rather than in the traditional hierarchy. In other words, employees have dual reporting relationships - generally to both a functional manager and a product manager.

Definition: A matrix organisation is a structure in which there is more than one line of reporting managers. Effectively, it means that the employees of the organisation have more than one boss!

When different people from diverse departments work together, it helps solve problems in a more efficient way. It does lead to overall development of employees as each one is exposed to different functions apart from their core job.

Here employees are assigned a job or a project outside their own department for a relatively temporary period. These teams are made up of people with diverse expertise who have come together and formed a team to attain a specific goal.

A matrix organization is defined as an organization where people have to report to more than one boss. The matrix organization structure is a blend of the projectized organization and the functional organization, and takes the best of both worlds. In a projectized organization, the project manager has all authority and power while in a functional organization, the functional manager has the authority. In a matrix organization, they both hold the power, and this power sharing changes according to the type of matrix structure of the organization. This type of structure is suited to those big organizations who work in a dynamic environment and need a quick response to market demand.



Types of Matrix Organization Structure

The matrix organization structure can be classified into three categories depending on the level of power of the project manager. These categories are as follows:

1. *Strong Matrix Organization Structure*

In strong matrix organizations, most of the power and authority lie with the project manager. The project manager has a full time role, has a full time project management administrative staff under him, and he controls the project budget. The strong matrix structure has a lot of the characteristics of a projectized organization. Here, the functional manager will have a very limited role.

2. *Balanced Matrix Organization Structure*

In balanced matrix organizations, power and authority are shared between the functional manager and the project managers. Although, the project manager has a full time role, he will have a part time project management administrative staff under him. In this type of structure, both managers control the project budget.

3. *Weak Matrix Organization Structure*

In weak matrix organizations, the project manager will have a limited power and authority. He will have a part time role and no administrative staff will report to him. His role will be more like a coordinator or an expediter. Here, the functional manager controls the project budget. A weak matrix organization structure resembles the characteristics of a functional organization structure.

The matrix organizational structure is a typical because it brings together employees and managers from different departments to work toward accomplishing a goal. The matrix structure is a combination of the functional and divisional structures. The former divides departments within a company by the functions performed, while the latter divides them by products, customers or geographical location.

Advantages of a Matrix Organization Structure

1. Efficient Information Exchange: One of the advantages of implementing the matrix organizational structure in a business is that it can lead to an efficient exchange of information. Departments work closely together and communicate with each other frequently to solve issues. Efficient lines of communication enhance productivity and allow for quick decision-making.
2. Highly skilled and capable resources can be shared between the functional units and projects, allowing more open communication lines which help in sharing the valuable knowledge within the organization.
3. The matrix structure is more dynamic than the functional structure because it allows employees to communicate more readily across the boundaries, creating a good working and cooperative environment which helps in integrating the organization.
4. Employees can learn and widen their skills and knowledge areas by participating in different kind of projects.
5. In functional departments employees are very skilled, and project teams can get these highly skilled employees whenever their services are needed.
6. Since there is a sense of job security, employees tend to be loyal to the organization and perform well, and hence the efficiency of a matrix organization is higher.
7. Increased Motivation: This style incorporates the input of team members before managers make decisions. The ability to contribute valuable information before decisions are made leads to employee satisfaction and increased motivation.

Disadvantages of a Matrix Organization Structure

1. Internal Complexity: A disadvantage of the matrix structure is that it can result in internal complexity. Some employees may become confused as to who their direct supervisor is. For example, an employee may receive different directions concerning the same thing from supervisors in different departments. The dual authority and communication problems may cause division among employees and managers. Miscommunication and ineffective managing can result in employee dissatisfaction and low morale.
2. A conflict may arise between the project manager and the functional manager regarding the authority and power.
3. If the priorities are not defined clearly, employees may be confused about their role and responsibility, especially when they are assigned a task which is different from what they were doing.
4. If any resource is scarce there might be competition to use it, which may cause hostility within the workplace and could affect the operation.
5. It is generally seen that matrix organizations have more managers than required, which make overhead cost high.
6. In a matrix organization, workload tends to be high. Employees have to do their regular work along with the additional project related work, which exhausts them. It is also possible that the employee may ignore either his functional responsibilities or project management responsibilities.
7. Another disadvantage of the matrix organizational structure is that it is expensive to maintain. A company's overhead cost typically increases because of the need for double management. The extra salaries an organization must pay can put a strain on its resources. The sharing of employees may cause unhealthy competition between managers within a company.

6. VIRTUAL ORGANISATION

A **virtual organization** is an organization involving detached and disseminated entities (from employees to entire enterprises) and requiring information technology to support their work and communication. Virtual organizations do not represent a firm's attribute but can be considered as a different organizational form.

The term virtual organization ensued from the phrase "virtual reality", whose purpose is to look like reality by using electronic sounds and images. The term virtual organization implies the novel and innovative relationships between organizations and individuals. Technology and globalization both support this particular type of organization.

Virtual can be defined as "not physically existing as such but made by software to appear to do so", in other words "unreal but looking real". This definition precisely outlines the leading principle of this unconventional organization, which holds the form of a real (conventional) corporation from the outside but does not actually exist physically and implicates an entirely digital process relying on independents web associates. Thus, virtual organizations are centred on technology and position physical presence in the background. Virtual organizations possess limited physical resources as value is added through (mobile) knowledge rather than (immovable) equipment.

This new form of organisation, i.e., 'virtual organisation' emerged in 1990 and is also known as digital organisation, network organisation or modular organisation. Simply speaking, a virtual organisation is a network of cooperation made possible by, what is called ICT, i.e. Information and Communication Technology, which is flexible and comes to meet the dynamics of the market.

While considering the issue of flexibility, organisations may have several options like flexi-time, part-time work, job-sharing, and home-based working. Here, one of the most important issues involved is attaining flexibility to respond to changes – both internal and external – is determining the extent of control or the amount of autonomy the virtual organisations will impose on their members.

This is because of the paradox of flexibility itself. That is: while an organisation must possess some procedures that enhance its flexibility to avoid the state of rigidity, on the one hand, and simultaneously also have some stability to avoid chaos, on the other.

Types of virtual organisations:
Depending on the degree or spectrum of virtuality, virtual organisations can be classified into three broad types as follows:

o *Telecommuters:*

These companies have employees who work from their homes. They interact with the workplace via personal computers connected with a modem to the phone lines. Examples of companies using some form of telecommuting are Dow Chemicals, Xerox, Coherent Technologies Inc., etc.

o *Outsourcing Employees/Competencies:*

These companies are characterised by the outsourcing of all/most core competencies. Areas for outsourcing include marketing and sales, human resources, finance, research and development, engineering, manufacturing, information system, etc. In such case, virtual organisation does its own on one or two core areas of competence but with excellence. For example, Nike performs in product design and marketing very well and relies on outsources for information technology as a means for maintaining inter-organisational coordination.

o *Completely Virtual:*

These companies metaphorically described as companies without walls that are tightly linked to a large network of suppliers, distributors, retailers and customers as well as to strategic and joint venture partners. Atlanta Committee for the Olympic Games (ACOG) in 1996 and the development efforts of the PC by the IBM are the examples of completely virtual organisations. Now, these above types of virtual organisations are summarized in the following Table 34.1.

Characteristics:
1. Flat organisation
2. Dynamic
3. Informal communication
4. Power flexibility
5. Multi-disciplinary (virtual) teams
6. Vague organisational boundaries
7. Goal orientation
8. Customer orientation
9. Home-work
10. Absence of apparent structure
11. Sharing of information
12. Staffed by knowledge workers.

Issues and Challenges Encountered

Virtual organizations can be very complex and problematic; they fail as often as they succeed. Among the many challenges of the virtual organization are:

- **Communication**

Communication is a crucial factor in a virtual organization as it is responsible of its efficiency and even to its survival. Virtual organizations imply various autonomous and international workers, which also involve challenges such as different time zones and language barriers. The collaboration between associates might also get quite complicated as this type of organization denotes only a slight amount of face-to-face interaction. Thus, a lack of multiple communication approaches can be observed in virtual organizations.

- **Cultural**

Culture constitutes an essential element in any organization of any type. Yet, virtual organizations have to be even more vigilant about this notion as they imply a shared leadership between the team, which is composed of self-reliant workers from all around the world. Virtual organizations must find a way to overcome cultural differences, which involve dissimilar approaches of working (such as time and deadlines) and living (punctuality for instance), in other words, distinctive philosophies. Thus, virtual organization must exegete respect for differences among the team.

- **Interpersonal**

Managing virtually successfully requires a valuable communication and cooperation among the team. Perceptions between partners might be quite dissimilar and could lead to conflicts concerning the management of the virtual organization. Thus, it is more than necessary that associates build a solid relationship despite the distance obstacle. Trust is also a crucial matter as a shared leadership among co-workers consequently implies the loss of control on certain functions entrusted to other associates.

- **Technological**

Virtual organizations are completely dependent to technology as they are entirely internet-based. It is more than necessary for the individuals involved in a partnership to possess similar technological tools from its associates. Compatibility matters resulting from the hardware and software such as the operating system as well as certain computer's software might disturb the efficiency of the virtual organization. For instance, the occurrence of incompatibility issues (difficulty in integrating information generated with dissimilar tools) concerning the hardware or software, would dramatically affect virtual organizations' process and performance as they depend on these tools. Institute, uphold and spread a definite common knowledge between partners is one of the ultimate issue to virtual organizations' management. Security and data protection also constitute a significant challenge as all the information regarding virtual organizations are transmitted and gathered digitally. A continuous control and evaluation of the technology utilized should be done by virtual organizations in order to prevent being outdated and losing opportunities.

- **Economical**

Virtual organization involves considerable costs. Between the setup and equipment costs and the maintenance costs, the bill can become quite steep quickly. It also constitutes a challenge to measure, evaluate and track the work done within the different departments of the virtual infrastructure. This might lead to partners missing deadlines, the necessity to rework and, thus, a loss of efficiency and profit.

- **Common Vision**

Common vision among partners is quintessential to cooperating firms. Focused on a common goal, firms develop close interdependencies that may make it difficult to determine where one company ends and another begins.

- **Coordination**

The boundary-blurring demands that these boundaries be managed effectively. Coordinating mechanisms are critical elements for supporting these loose collections of firms.

- **Control Over Operations**

Virtual structures create a loss of control over some operations. This loss of control requires communication, coordination, and trust among the various partners, as well as a new set of managerial skills. Employees are exposed to increased ambiguity about organizational membership, job roles and responsibilities, career paths, and superior-subordinate relationships. This ambiguity requires management to rethink rewards, benefits, employee development, staffing and other employee-related issues. Developing leaders who are able to create and sustain these organizational forms is critical.

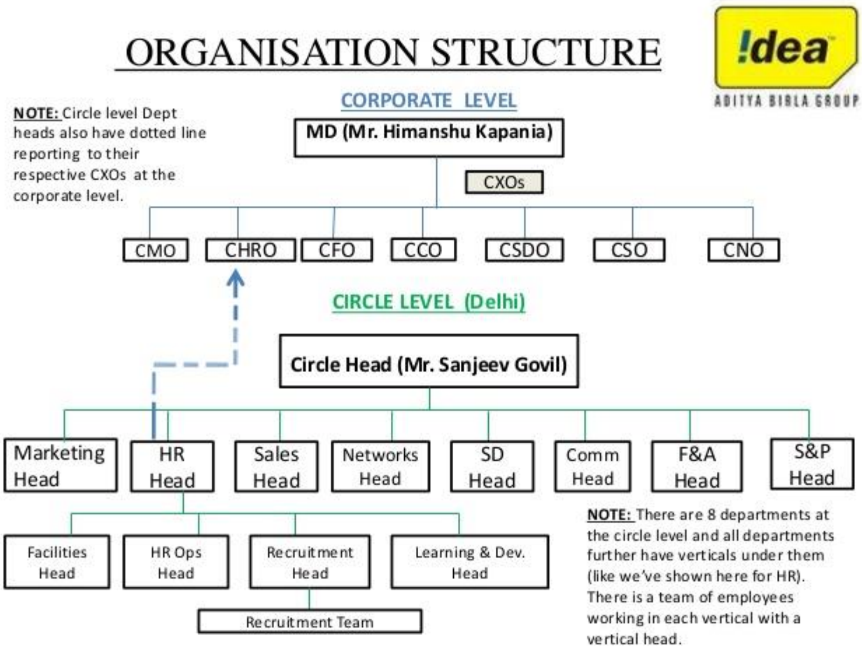
- **Others**

Like strategic planning dilemmas, boundary blurring, a loss of control, and a need for new managerial skills. Strategic planning poses new challenges as virtual firms determine effective combinations of core competencies.

7. CELLULAR ORGANIZATIONAL STRUCTURE

A non-biological entity with a **cellular organizational structure** (also known as a **cellular organization**, **cellular system**, **nodal organization**, **nodal structure**, et cetera) is set up in such a way that it mimics how natural systems within biology work, with individual 'cells' or 'nodes' working somewhat independently to establish goals and tasks, administer those things, and troubleshoot difficulties. These cells exist in a broader network in which they frequently communicate with each other, exchanging information, in a more of less even organizational playing field. Numerous examples have existed both in economic terms as well as for groups working towards other pursuits.

This structure, as applied in areas such as business management, exists in direct contrast to traditional hierarchical leadership that is seen in institutions such as United States federal government agencies, where one type of supervisor gives specific orders to another supervisor and so on down the line.



8. ORGANIZATIONAL TEAM STRUCTURE (TEAM BASED STRUCTURE)

As an organization grows, its structure becomes increasingly important. A large organization can't be managed properly unless it has an strong internal structure. There are several ways to structure an organization, including by function or by department. One of the most common is a team structure. A team is composed of employees who work together on a specific project; it's a pragmatic way to group employees.

Cross-functional

A team structure is cross-functional. It combines workers with various skills, like management, administrative assistants and sales.

Interdepartmental

Cross-functional teams are also interdepartmental; this means that people from various departments are included. For example, staff from marketing may work with staff from accounting on a specific project.

Advantages

1. **Capitalizes on Employees' Strengths:** Using a team-based approach to solving business problems enables you capitalize on your employees' strengths and minimize their weaknesses. A team-based organizational structure groups employees who perform specific duties into project teams that perform specific functions.
2. **Less Management:** By eliminating layers of management, employees get to make decisions without getting multiple approvals. This streamlines processes and lowers administrative costs. Additionally, employees feel empowered and morale increases. Because people on the team work toward the same goal, they focus on the task at hand rather than petty interdepartmental conflicts requiring management intervention.
3. **Improved Relationships:** When people work on teams, they share the responsibility for completing work on schedule. If one employee can't complete the task, another team member can fulfill the obligation. This ensures the work gets done no matter what happens. By creating a comprehensive roles and responsibility matrix, accountability gets clearly defined so misunderstandings and conflict don't arise.
4. **Increased Productivity:** When people work in teams, creativity and innovation increase through brainstorming and process improvement discussions. Instead of focusing on individual achievement, teams strive for a common goal, such as product or service development and delivery. Working together, they collaborate to solve problems using their collective knowledge and experience. People working closest to problems typically have the best ideas for solving them.

5. **Balance:** Adopting a team-based structure enables you to staff your projects with resources that complement each other. According to management expert Meredith Belbin, successful teams require action-oriented members, people-oriented members and thought-oriented members. Action-oriented team members challenge the team to improve processes, encourage other team members to get things done and ensure work get done on time. People-oriented roles guide the team, provide support and get resources for the project.

Disadvantages

The disadvantages to a team structure are that it increases the time spent in meetings, and that time management is more challenging. What's more, staff may feel that their work with the team conflicts with their work in their department.

9. BOUNDARYLESS ORGANIZATION

An association where management has largely succeeded in breaking down barriers between internal levels, job functions and departments, as well as reducing external barriers between the association and those with whom it does business. Developing a business into a boundaryless organization might include creating a more horizontal management structure, encouraging interdepartmental projects, and empowering staff members.

While traditional organizational structures have defined vertical and horizontal borders and hierarchies, boundaryless organisations are defined specifically by a lack of structures and an approach to business that is based on the free flow of information and ideas to drive innovation, efficiency and growth in a world that's constantly changing. The concept was pioneered by well-known management thinker and former General Electric chairman Jack Welch, who wanted to break down existing barriers between different parts. Adaptability and flexibility are important criteria of boundaryless organisations.

Boundaryless organizations will often make use of the latest technology and tools to facilitate the breaking down of traditional borders, such as virtual collaboration and flexible working. With regard to employees, they may have more responsibility for their own projects and targets and be more able to achieve results in a way that's appropriate for the project at hand. Because many boundaryless organizations are dispersed across geographic borders, employees may be from different cultures and countries but must work together. Because of this, boundaryless organizations require a strong set of core values and a strong vision.

Vertical Boundaries

One type of barrier that the structure of an organization can create is a **vertical boundary**. Vertical boundaries create barriers between the different levels of management that are part of the structure of an organization. These boundaries are called vertical boundaries since they impede communication and interaction between organizational members who operate at different levels within the organization.

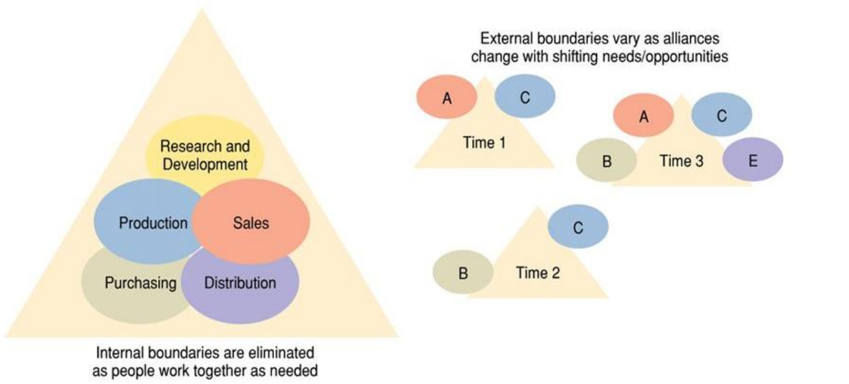
In order to reduce or eliminate these boundaries, management must flatten the hierarchy, minimize the importance of status and rank in the organization and use participative decision-making practices, so that organizational members do not feel constrained by these vertical boundaries that are imposed by the organizational structure.

Horizontal Boundaries

The structure of an organization can also create boundaries between the different functional departments that are part of the organizational structure. These boundaries are called **horizontal boundaries** since they impede communication and interaction between organizational members who work at different functional departments within the organization. Horizontal boundaries can cause organizational members to focus on achieving the goals of their department while losing sight of the overall goals of the organization.

In order to reduce or eliminate these boundaries, departments should be replaced with cross-functional teams, and organizational members should be structured around the processes that the organization performs. Organizational members can be rotated in and out of different functional areas so that they become generalists instead of remaining specialists in their department.

Figure 11.7 The boundaryless organization eliminates internal and external barriers



Company Characteristics

1. **Efficient Functioning:** Boundaryless organizations communicate mainly through email, phone and other virtual methods rather than more traditional face-to-face communication. The freedom to telecommute with international employees removes geographical barriers to productivity and allows for schedule flexibility.
2. **Employee Role:** “Employees no longer work in isolation but work as part of a team on broad, company-wide projects, quality management, just-in-time methods, lean production, and supply-chain management,” reports US Legal. To be successful, you should feel comfortable in a chaotic free-form workplace and have an ease of working with people to orchestrate the incredible amount of networking required.
3. **Examples:** The four main types of boundaryless organizations are modular organization, strategic alliance, network organization, and virtual organization. Modular and virtual organizations outsource all non-essential functions. When two companies collaborate to form a partnership that is beneficial to all parties, they are a strategic alliance. “A network organization is one in which companies outsource their major business functions in order to focus more on what they are in business to do,” reports Flat World Knowledge.
4. **Considerations:** Sometimes boundary organizations still require boundary-spanning activities. These help to focus groups and keep everyone on task. These boundary-spanning activities need to be as flexible as the groups they support because they restructure as often as the company does.

10. INVERTED PYRAMID STRUCTURE (TOP-DOWN HIERARCHY/REVERSE HIERARCHY)

A **reverse hierarchy** (or **inverted pyramid**) is a conceptual organizational structure that attempts to "invert" or otherwise "reverse" the classical pyramid of hierarchical organizations.

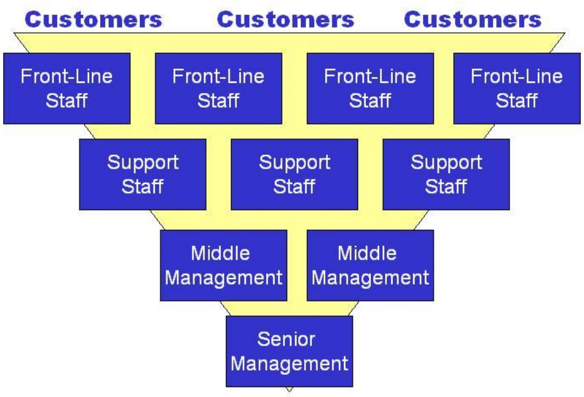
In the proposed structure, key decisions are made by the employees in direct contact with customers, while progressively senior management positions provide support and help to the customer-facing employees.

Traditional management models are hierarchies. Authority and decision-making power are concentrated at the top of an organizational pyramid. Orders are issued and carried out by subordinates. The inverted pyramid in an organization challenges the traditional model. Advocates argue that the 21st-century business environment is characterized by rapid change and requires greater flexibility than traditional organizational approaches provide.

Organizational structure dictates how work is divided in a company. Small organizations may have a relatively flat structure, especially newly formed companies. However, a company's organizational structure will become pyramidal in shape as more employees are hired. While most company structures are pyramidal, companies still use different types of organizational structures. The type of organizational structure a company uses is often contingent on the type of customer it serves.

Concept

The inverted pyramid is a metaphor for a reversal of traditional management practices. Employees who are closest to clients or production processes are placed at the top and managers at the bottom. The employee is empowered with greater decision-making authority and freedom of action. The manager becomes a facilitator spearheading a team effort. In theory, overall organizational performance becomes faster, more adaptable and more effective.



Inverted Pyramid Organizational Structure

Benefits

An advantage of a functional organization structure is that workers are divided by specific professions, according to hrmguide.com. For example, advertising professionals work together in the same department, as do finance employees. Work can be easily coordinated in a functional organizational structure. The advantage of a product organizational structure is that all efforts emphasize ensuring product quality. For example, a vice president of women's clothing in a department store can focus all efforts on building sales for one product line. Matrix structures combine the benefits of both functional and product organizational structures, especially for short-term or ad hoc projects.

Disadvantages

- **Coordination:** A major disadvantage of a functional organizational structure is that coordination between different functional areas can be difficult. For example, marketing may have difficulty knowing what the finance department is working on.
- **Overuse of Resource:** A drawback of the product organizational structure is an overuse of resources. For example, five marketing managers may work for five different product departments. In a matrix organizational structure, employees may experience dual reporting. For example, a marketing coordinator may need to report to both a marketing and a product development manager.
- **Lack of Agility:** Digital transformation is disrupting every industry. But it’s not just business that’s being disrupted. Technology is also driving changes in how we work and our expectations in the workplace. New collaboration technologies break down geographic, functional and hierarchical silos. Expectations about where and when work happens are changing. Employees expect a compelling and flexible workplace and a sense of mission and purpose at work. Contingent, contract, and part-time workers make up almost one-third of the workforce. Organizations must also be agiler in how they respond to shifts in human capital strategy.
- **Ignorance:** In his acclaimed study “The Iceberg of Ignorance”, consultant Sidney Yoshida concluded: “Only 4% of an organization’s front-line problems are known by top management, 9% are known by middle management, 74% by supervisors and 100% by employees…” Sydney

identified the phenomenon when he asked a cross-section of workers in a large factory to note all the significant problems they were aware of and subsequently asked other levels of management to do the same.

- **Demotivating:** Ensuring employees are engaged and empowered to act on issues and opportunities translates to value for customers. Studies have also shown that employees become more motivated when they have some control over their work and environment and feel that leadership is actively listening. The inverse is also true. When employees are simply told what to do, it decreases the motivation they bring to their job.

11. LEAN AND FLAT ORGANIZATION

Flat Organizational Structure

A flat organization (also known as horizontal organization or delayering) has an organizational structure with few or no levels of middle management between staff and executives. An organization's structure refers to the nature of the distribution of the units and positions within it, also to the nature of the relationships among those units and positions. Tall and flat organizations differ based on how many levels of management are present in the organization, and how much control managers are endowed with.

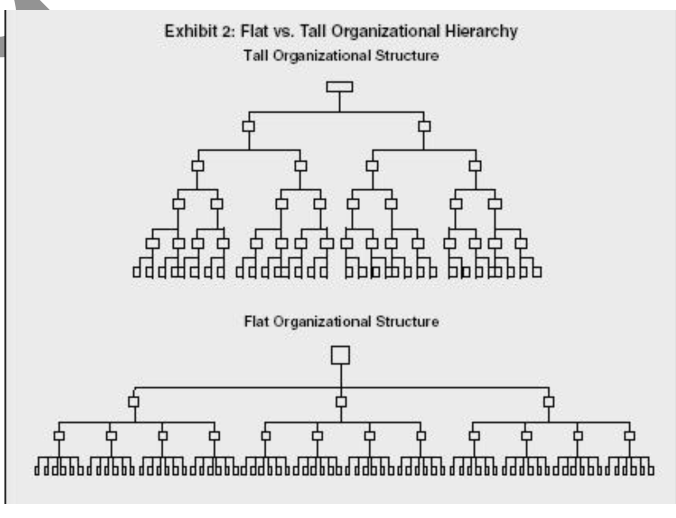
In flat organizations, the number of people directly supervised by each manager is large, and the number of people in the chain of command above one is small. A manager in a flat organization possesses more responsibility than a manager in a tall organization because there is a greater number of individuals immediately below who are dependent on direction, help, and support. Moreover, managers in a flat organization rely less on guidance from superiors because the number of superiors above the manager is limited.

Lean Organizational Structure

A **lean organizational structure** is a structure that is designed to create more customer value using fewer resources than a traditional organizational structure. The goal for all members of an organization that utilizes a lean structure is to constantly find ways to improve the processes of the organization and to make the organization more efficient.

Flat and Lean Organisations

The latest Trends in Strategy Execution were discussed at the recent Executive Briefing hosted by TwentyEighty Strategy Execution in London. The third trend, “The State of Organisation Is Moving Toward Flat and Lean” highlighted how important the organisation’s own culture and structure is in enabling successful project management.



Benefits

"Market leaders win by building an adaptive, innovation-friendly organization, establishing an inspiring culture and empowering employees," according to Learn Management 2. Flat organizations meet many of those goals. Flat organization is something of a misnomer, since they are not really flat--just flatter than tall organizations. Instead of "shifting the responsibility" up the management ladder, flat structures empower employees to take charge, help make decisions and feel responsible for the company's success.

1. **Independence:** Empirical evidence from Ghiselli and Johnson suggests that the amount of independence managers in flat organizations possess as a result of the flat organizational structure satisfies many of their needs in terms of autonomy and self-realization. The idea behind flat organizations is that well-trained workers will be more productive when they are more directly involved in the decision making process, rather than closely supervised by many layers of management.
2. **Cost Effective/Cost Savings:** This structure is generally possible only in smaller organizations or individual units within larger organizations. Since flat organizational structures feature fewer layers of management, flat organizations can incur smaller expenses on salaries. In addition, flat organizations often avoid granting salary raises and promotions for length of service, instead focusing their career development efforts on top performers. Granting promotions based on performance makes more sense cost-wise, since the higher-salary expense will be directly tied to greater productivity. Companies with flat organizational structures can outsource non-vital business functions to further reduce expenses.
3. **Decentralized Decision-making:** The flat organization model promotes employee involvement through a decentralized decision-making process. By elevating the level of responsibility of baseline employees and eliminating layers of middle management, comments and feedback reach all personnel involved in decisions more quickly. Expected response to customer feedback becomes more rapid.
4. **Self-managing Teams:** A "strong form" of flat organization is an organization with no middle management at all. Very small businesses may lack middle managers because there are too few staff to justify hiring middle managers; in this type of organization, the business owner or the CEO may perform some of the functions performed by middle managers in larger organizations.
   However, some organizations do not take on middle managers even as they become larger, and remain extremely flat.
5. **Adaptability:** Employees and work groups in flat organizations tend to be more adaptable in changing or unique circumstances, due to their smaller hierarchies and lack of bureaucracy. When front-line employees are empowered to handle customer complaints without management approval, for example, complaint resolution can progress more efficiently, boosting customer satisfaction. Work groups assigned to unique projects, for example, can often craft their own unique operational processes in flat organizations, without seeking the approval of upper management.
6. **Collaboration:** Open communication and collaboration are encouraged in companies with flat organizational structures. Since more employees are on a level playing field, more responsibility is placed upon each individual, creating a situation where innovative, collaborative self-starters excel and passive followers lag behind.
7. **Innovation and Creativity:** Ideas come from a wider range of sources in a flat organizational structure than in companies with many layers of management. By giving everyone in a company an equal voice in submitting new ideas and feedback on operational processes, products, services, business models and company policies, companies can discover new ideas that may lead to competitive success.
8. **Lesser Layers of Management:** Organizational structure is a formal outline of the managerial reporting relationships inside a company. Tall organizational structures feature numerous layers of management, cascading from the executive level all the way down to front-line management. Flat organizational structures feature less layers of management.
9. **Communication:** Flat structure facilitates a greater level of communication between employees and management. They tend to be more democratic and offer a greater level of innovation. Communication is usually faster, more reliable and more effective than in tall structures. Direct

staff input leads to more support for decisions and fewer behind-the-scenes power struggles and disagreements.

10. **Decision Making:** In a flat organization, staff members have more power and can make some decisions immediately. Organizational structures with fewer layers of reporting often contain less bureaucracy. Decisions are therefore quicker, giving the company greater agility and mobility.
11. **Performance, Production and Profitability:** The flat structure revolves around qualified and competent staff. Fully engaged, skilled work groups leads to happier workers and lower turnover. When employees are more responsible for operations, they take more pride in the company's success.

Disadvantages

1. **More than One Boss:** One problem with the flat structure is that workers could have more than one boss. Limiting the height of a structure can also hinder its growth. Successful flat structures are sometimes limited to smaller companies like partnerships and co-operatives. Because the structure is somewhat "groupthink" based, the function of each department may overlap and blur into the role of another, causing some confusion.
2. **Small vs. Large Companies:** Flat structure works best for small organizations or for small units inside a larger organization. Large structures lose flat structure benefits when there is too much variation between offices or locations. Of this, The Business Plan says, “There have been instances where customers were given a discount on an item in one store, but not the same store in a different location. This does not promote good customer relations.”

LEADERSHIP AND CONTROLLING

LEADERSHIP - HUMAN FACTORS IN MANAGING

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 behaviour 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.

1. **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.
2. **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.
3. **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.
4. **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.
5. **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.
6. **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.
7. **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.

MOTIVATION MODELS/APPROACHES

Theories of Motivation:

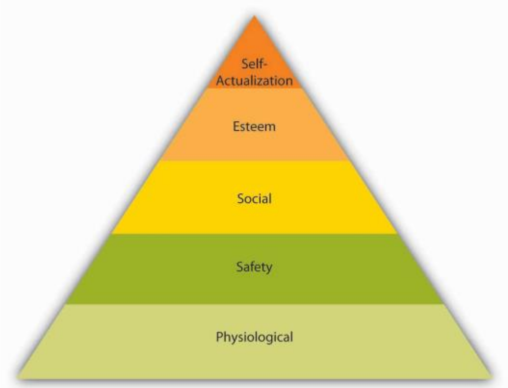
- **Maslow's Hierarchy of Needs**

Abraham Maslow is among the most prominent psychologists of the twentieth century. His hierarchy of needs is an image familiar to most business students and managers. The theory is based on a simple premise: Human beings have needs that are hierarchically ranked.Maslow, A. H. (1943). A theory of human motivation. There are some needs that are basic to all human beings, and in their absence nothing else matters. As we satisfy these basic needs, we start looking to satisfy higher order needs. In other words, once a lower level need is satisfied, it no longer serves as a motivator.

The Hierarchy of Needs theory was coined by psychologist Abraham Maslow in his 1943 paper "A Theory of Human Motivation".
The crux of the theory is that individuals' most basic needs must be met before they become motivated to achieve higher level needs.
The hierarchy is made up of 5 levels:

1. **Physiological** – these needs must be met in order for a person to survive, such as food, water and shelter.
2. **Safety** – including personal and financial security and health and wellbeing.
3. **Love/belonging** – the need for friendships, relationships and family.
4. **Esteem** – the need to feel confident and be respected by others.
5. **Self-actualisation** – the desire to achieve everything you possibly can and become the most that you can be.

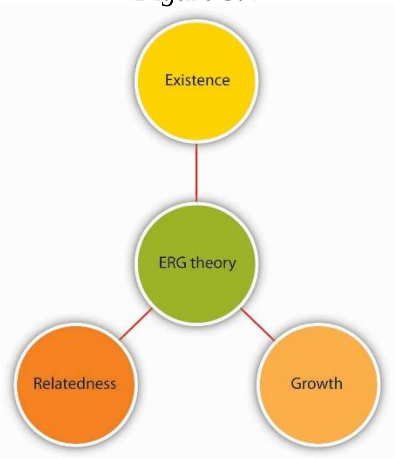
Figure 5.3 Maslow's Hierarchy of Needs



The most basic of Maslow's needs are physiological needs. Physiological needs refer to the need for food, water, and other biological needs. These needs are basic because when they are lacking, the search for them may overpower all other urges. Imagine being very hungry. At that point, all your behavior may be directed at finding food. Once you eat, though, the search for food ceases and the promise of food no longer serves as a motivator. Once physiological needs are satisfied, people tend to become concerned about safety needs. Are they free from the threat of danger, pain, or an uncertain future? On the next level up, social needs refer to the need to bond with other human beings, be loved, and form lasting attachments with others. In fact, attachments, or lack of them, are associated with our health and well-being.Baumeister, R. F., & Leary, M. R. (1995). The need to belong: Desire for interpersonal attachments as a fundamental human motivation. *Psychological Bulletin*, *117*, 497–529. The satisfaction of social needs makes esteem needs more salient. Esteem need refers to the desire to be respected by one's peers, feel important, and be appreciated. Finally, at the highest level of the hierarchy, the need for self-actualization refers to "becoming all you are capable of becoming." This need manifests itself by the desire to acquire new skills, take on new challenges, and behave in a way that will lead to the attainment of one's life goals.

- **ERG Theory**

Figure 5.4



ERG theory includes existence, relatedness, and growth.

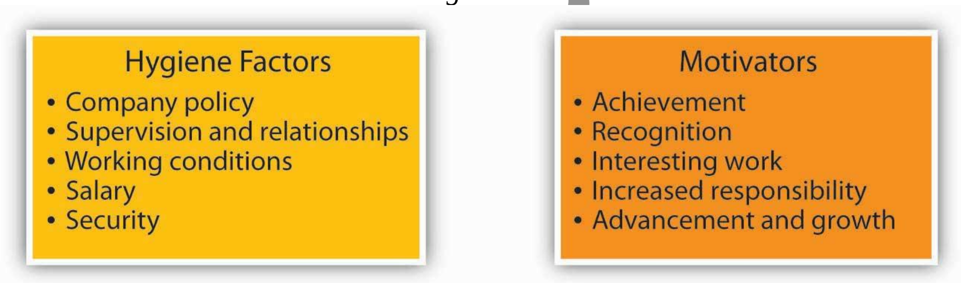
ERG theory, developed by Clayton Alderfer, is a modification of Maslow's hierarchy of needs.Alderfer, C. P. (1969). An empirical test of a new theory of human needs. *Organizational Behavior and Human Performance, 4,* 142–175. Instead of the five needs that are hierarchically organized, Alderfer proposed that basic human needs may be grouped under three categories, namely, existence, relatedness, and growth. Existence corresponds to Maslow's physiological and safety needs, relatedness corresponds to social needs, and growth refers to Maslow's esteem and self-actualization.

ERG theory's main contribution to the literature is its relaxation of Maslow's assumptions. For example, ERG theory does not rank needs in any particular order and explicitly recognizes that more than one need may operate at a given time. Moreover, the theory has a "frustration-regression" hypothesis suggesting that individuals who are frustrated in their attempts to satisfy one need may regress to another. For example, someone who is frustrated by the growth opportunities in his job and progress toward career goals may regress to relatedness need and start spending more time socializing with coworkers. The implication of this theory is that we need to recognize the multiple needs that may be driving individuals at a given point to understand their behavior and properly motivate them.

3. Two-Factor Theory (Motivation-Hygiene Theory)

Frederick Herzberg approached the question of motivation in a different way. By asking individuals what satisfies them on the job and what dissatisfies them, Herzberg came to the conclusion that aspects of the work environment that satisfy employees are very different from aspects that dissatisfy them. Herzberg labeled factors causing dissatisfaction of workers as "hygiene" factors because these factors were part of the context in which the job was performed, as opposed to the job itself. Hygiene factors included company policies, supervision, working conditions, salary, safety, and security on the job. In contrast, motivators are factors that are intrinsic to the job, such as achievement, recognition, interesting work, increased responsibilities, advancement, and growth opportunities. According to Herzberg's research, motivators are the conditions that truly encourage employees to try harder.

Figure 5.5



The two-factor theory of motivation includes hygiene factors and motivators.

The Two-Factor Theory of motivation (otherwise known as dual-factor theory or motivation-hygiene theory) was developed by psychologist Frederick Herzberg in the 1950s. Analysing the responses of 200 accountants and engineers who were asked about their positive and negative feelings about their work, Herzberg found 2 factors that influence employee motivation and satisfaction…

1. **Motivator factors** – Simply put, these are factors that lead to satisfaction and motivate employees to work harder. Examples might include enjoying your work, feeling recognised and career progression.

2. **Hygiene factors** – These factors can lead to dissatisfaction and a lack of motivation if they are absent. Examples include salary, company policies, benefits, relationships with managers and co-workers.

According to Herzberg's findings, while motivator and hygiene factors both influenced motivation, they appeared to work completely independently of each other…

While motivator factors increased employee satisfaction and motivation, the absence of these factors didn't necessarily cause dissatisfaction. Likewise, the presence of hygiene factors didn't appear to increase satisfaction and motivation but their absence caused an increase in dissatisfaction.

- **Acquired-Needs Theory**

Among the need-based approaches to motivation, David McClelland's acquired-needs theory is the one that has received the greatest amount of support. According to this theory, individuals acquire three types of needs as a result of their life experiences. These needs are the need for achievement, the need for affiliation, and the need for power. All individuals possess a combination of these needs, and the dominant needs are thought to drive employee behavior.

McClelland's theory of acquired needs has important implications for the motivation of employees. Managers need to understand the dominant needs of their employees to be able to motivate them. While people who have a high need for achievement may respond to goals, those with a high need for power may attempt to gain influence over those they work with, and individuals high in their need for affiliation may be motivated to gain the approval of their peers and supervisors. Finally, those who have a high drive for success may experience difficulties in managerial positions, and making them aware of common pitfalls may increase their effectiveness.

- **Hawthorne Effect**

The Hawthorne Effect was first described by Henry A. Landsberger in 1950 who noticed a tendency for some people to work harder and perform better when they were being observed by researchers.

The Hawthorne Effect is named after a series of social experiments on the influence of physical conditions on productivity at Western Electric's factory at Hawthorne, Chicago in the 1920s and 30s.

The researchers changed a number of physical conditions over the course of the experiments including lighting, working hours and breaks. In all cases, employee productivity increased when a change was made. The researchers concluded that employees became motivated to work harder as a response to the attention being paid to them, rather than the actual physical changes themselves.

- **Expectancy Theory**

Expectancy Theory proposes that people will choose how to behave depending on the outcomes they expect as a result of their behaviour. In other words, we decide what to do based on what we expect the outcome to be. At work, it might be that we work longer hours because we expect a pay rise.
However, Expectancy Theory also suggests that the process by which we decide our behaviours is also influenced by how likely we perceive those rewards to be. In this instance, workers may be more likely to work harder if they had been promised a pay rise (and thus perceived that outcome as very likely) than if they had only assumed they might get one (and perceived the outcome as possible but not likely)
Expectancy Theory is based on three elements:
1. **Expectancy** – the belief that your effort will result in your desired goal. This is based on your past experience, your self confidence and how difficult you think the goal is to achieve.
2. **Instrumentality** – the belief that you will receive a reward if you meet performance expectations.
3. **Valence** – the value you place on the reward.

Therefore, according to Expectancy Theory, people are most motivated if they believe that they will receive a desired reward if they hit an achievable target. They are least motivated if they don't want the reward or they don't believe that their efforts will result in the reward.

- **Three-Dimensional Theory of Attribution**

Attribution Theory explains how we attach meaning to our own, and other people's, behaviour. There are a number of theories about attribution.
Bernard Weiner's Three-Dimensional theory of attribution assumes that people try to determine why we do what we do. According to Weiner, the reasons we attribute to our behaviour can influence how we behave in the future.
For example, a student who fails an exam could attribute their failure to a number of factors and it's this attribution that will affect their motivation in the future.
Weiner theorised that specific attributions (e.g. bad luck, not studying hard enough) were less important than the characteristics of that attribution. According to Weiner, there are three main characteristics of attributions that can affect future motivation.

1. **Stability** – how stable is the attribution? For example, if the student believes they failed the exam because they weren't smart enough, this is a stable factor. An unstable factor is less permanent, such as being ill.

According to Weiner, stable attributions for successful achievements, such as passing exams, can lead to positive expectations, and thus higher motivation, for success in the future.
However, in negative situations, such as failing the exam, stable attributions can lead to lower expectations in the future.

2. **Locus of control** – was the event caused by an internal or an external factor?
   For example, if the student believes it's their own fault they failed the exam, because they are innately not smart enough (an internal cause), they may be less motivated in the future. If they believed an external factor was to blame, such as poor teaching, they may not experience such a drop in motivation.
3. **Controllability** – how controllable was the situation? If an individual believes they could have performed better, they may be less motivated to try again in the future than someone who believes they failed because of factors outside of their control.

How to apply it to the workplace

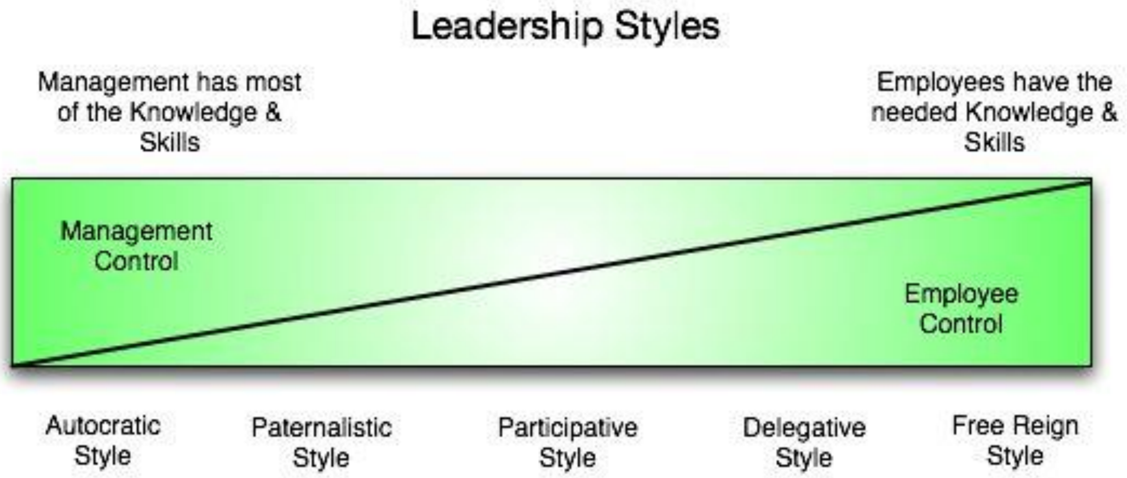
Weiner's Three-Dimensional theory of attribution has implications for employee feedback.
Make sure you give your employees specific feedback, letting them know that you know they can improve and how they can about it. This, in theory, will help prevent them from attributing their failure to an innate lack of skill and see that success is controllable if they work harder or use different strategies.
You could also praise your employees for showing an improvement, even if the outcome was still not correct. For example, you might praise someone for using the correct methodology even though the results weren't what you wanted. This way, you are encouraging employees to attribute the failure to controllable factors, which again, can be improved upon in the future.

- **Carrot and Stick**

This traditional motivational theory, attributed to philosopher Jeremy Bentham, dates back to around 1800 during the Industrial Revolution. It breaks down motivation into two basic components: incentives and fear. Some workers are motivated by the desire to attain additional compensation, a yearning to achieve status and power by "moving up the ladder," or the need for praise. But some workers act out of fear: the fear of losing a job, being reprimanded by a supervisor or not being able to adequately perform an assignment.

LEADERSHIP STYLES/BEHAVIORS

There is a time and place for all leadership styles. No style is good or bad. It's how leaders use them that determines success or failure.



1. Authoritarian or Autocratic Leadership

This style is used when leaders tell their employees what they want done and how they want it accomplished, without getting the advice of their followers. Some of the appropriate conditions to use this style is when you have all the information to solve the problem, you are short on time, and/or your employees are well motivated.

Some people tend to think of this style as a vehicle for yelling, using demeaning language, and leading by threats. This is not the authoritarian style, rather it is an abusive, unprofessional style called “bossing people around.” It has absolutely no place in a leader's repertoire.

2. Participative or Democratic Leadership

This style involves the leader including one or more employees in the decision making process (determining what to do and how to do it). However, the leader maintains the final decision making authority. Using this style is not a sign of weakness, rather it is a sign of strength that your employees will respect.

3 . Delegative or Laissez-faire Leadership

In this style, the leader allows the employees to make the decisions. However, the leader is still responsible for the decisions that are made. This is used when employees are able to analyze the situation and determine what needs to be done and how to do it. You cannot do everything! You must set priorities and delegate certain tasks. This is not a style to use so that you can blame others when things go wrong, rather this is a style to be used when you fully trust and have confidence in the people below you. Do not be afraid to use it, however, use it wisely!

4 . Paternalism

P*aternalism* is defined as (Webster Dictionary): A system under which an authority undertakes to supply needs or regulate conduct of those under its control in matters affecting them as individuals as well as in their relationships to authority and to each other.

Thus, paternalism supplies needs for those under its protection or control, while leadership gets things done. The first is directed inwards, while the latter is directed outwards.

PERSONAL CHARACTERISTICS OF EFFECTIVE LEADERS

An effective leader has certain, basic, visionary, characteristics. The aim of a strong leader is to translate their “vision” into reality. So, how is this done? Here are the characteristics of an effective leader to consider.

1. An Effective Leader is a Risk-Taker

An effective leader attempts to bring about great changes. These changes are not without risks. Facing changes and challenges, as we get older is a part of life. How we deal with changes and challenges reflects on who we are and how we will grow as a leader.

2. An Effective Leader has Self-control

Strong leaders know that their ability to stay calm, even in the worst of conflicts, is a character trait that must be nurtured and grown. The effective leader’s mantra is, “When you lose your temper, you lose.” Stephen Covey pointed out that there is a well-defined character of those who express self-control.

3. An Effective Leader is a Caring Individual

Strong leadership can never take place if those we lead think we do not care. Leaders should show a caring attitude about the mission of their organization. However, their concern for each individual team member must take priority over everything else.

4. An Effective Leader is Modest

Self-evaluation is a strong characteristic of an effective leader. A good leader does not have a problem in being evaluated or receiving criticism. No one enjoys being corrected but an effective leader sees it for what it is: an opportunity for personal growth.

5. An Effective Leader is Balanced

A good leader does not ignore any area of their personal life. They understand that to do well they must keep up good health, physically, spiritually, emotionally and mentally.

6. An Effective Leader is Resolute

A strong leader must make wise decisions. They must also be willing to listen to wise counsel. A strong leader is determined and admirably purposeful. There is a strong character of unwavering determination.

7. An Effective Leader is Motivational

A motivational leader enjoys their task. They are optimistic about their purpose. Change requires taking risks, personal growth and challenges. A motivational leader does not back down from a challenge but is willing to lead the way as an inspirational leader.

8. An Effective Leader is a Clear Communicator

It is important to understand that communication is not solely conversation. A good communicator aims to make sure that their message is understood. The skill of communication is grown upon the skill of listening. Listening is as important as talking. An effective leader listens more than they talk.

9. An Effective Leader is a Visionary

A leader must be a dreamer. A productive leader is someone who can see into the future. The challenge for every visionary leader is not to get so far ahead of the team in what they see that they leave them behind. This behavior causes a team to feel lost and wondering about the future direction. A visionary is a dreamer but they are also a strong communicator of their dream.

10. An Effective Leader has a Sense of Humor

Good leaders take their work seriously. However, they do not mind laughing at themselves. A healthy leader does not have a problem in finding humor in their mistakes or blunders. A productive leader knows that laughteris good for the soul. A humorous person can lead a team even through the most challenging times.

11. An Effective Leader is Ethical - Integrity

A strong leader has a strong moral base. There is no question about their character. What you see is what you get. There is nothing more defeatist than a dishonest or lying leader. A strong leader has strong convictions.

12. An Effective Leader is Dedicated to the "Cause"

Being an effective leader is not easy. However, it is necessary for the success of any organization or team. Dedication is key. Being able to convey commitment to a clear purpose and cause is essential. The strong leader will communicate the "cause" as often as possible.

13. Influence

Effective leaders are able to influence others to get things accomplished. They help others see what needs to be done and shows them the path forward. That means that person influences your thoughts and behaviors – positive influence is what we're going for. Leaders can influence us in ways that we sometimes are not even aware of.

14. Help Others See the BIG Picture

Leaders are big picture thinkers and can rise above the urgency of the day-to-day and understand things from a broad perspective. They see all the pieces to the puzzle and have the ability to share the importance of each piece with employees. When leaders communicate the BIG picture they get people excited about where they're going and the process of getting there.

15. Gives Others the Benefit of the Doubt

Effective leaders always give others the benefit of the doubt and believe the best in people. A true leader first gathers all the facts before drawing final conclusions.

16. Credibility

Leaders have credibility with those they lead. What this means is a leader says what they mean and does what they say. They are the same no matter who they are around and are honest with their communications and interactions with others. Their personal integrity is the same whether they are at work or on the little league baseball field. They are credible (**worthy of belief, trustworthy**) people.

17. Teacher

Leaders are gifted teachers and master the art of coaching others in personal and professional development. They teach leadership principles and help others develop their own credibility. They help others identify areas that can be improved and coach them on how to make those improvements.

18. Master Delegator

Leaders develop skills in others by delegating responsibilities. This includes allowing others to make mistakes and helping employees learn through the process. Making mistakes is the best way to learn and allowing others to learn from their own errors is an invaluable lesson.

19. Empower Others
Leaders are gifted at empowering (to enable or permit) others to take responsibility and risks. Taking chances is part of the development and learning process and people need to be comfortable taking risks and learning from mistakes.
20. Trust and Respect
Leaders are able to gain trust and respect from others. Their behaviors are predictable and consistent. People trust them because they have earned the trust by their consistency in professional behaviors.
21. Team Players
Leaders are team players and work with others to get things done. They operate out of a win-win philosophy and help others come to agreement and encourage collaboration in tasks.
22. Celebrates Successes
Effective leaders are able to recognize success and help their team celebrate those successes. This is a critical component in team function and development.
23. Have Right Priorities
Leaders have a good understanding of their personal priorities and are able to keep all aspects of their lives balanced. Leaders understand the importance of setting personal boundaries and giving family as much focus and attention as their professional lives.
24. Problem solving
Problem solving is very much about managing group politics, and understanding why people act the way they do.
25. Have Exemplary Character
It is of utmost importance that a leader is trustworthy to lead others. A leader needs to be trusted and be known to live their life with honesty and integrity. A good leader walks the talk and in doing so earns the right to have responsibility for others. True authority is born from respect for the good character and trustworthiness of the person who leads.
26. Enthusiastic about his/her Work or Cause and also about his/her Role as a Leader
People will respond more openly to a person of passion and dedication. Leaders need to be able to be a source of inspiration, and be a motivator towards the required action or cause. Although the responsibilities and roles of a leader may be different, the leader needs to be seen as part of the team working towards the goal. This kind of leader will not be afraid to roll up his/her sleeves and get dirty.
27. Confident
In order to lead and set direction, a leader needs to appear confident as a person and in the leadership role. Such a person inspires confidence in others and draws out the trust and best efforts of the team to complete the task well. A leader who conveys confidence towards the proposed objective inspires the best effort from team members.
28. Function in an Orderly and Purposeful Manner in situations of uncertainty
People look to the leader during times of uncertainty and unfamiliarity and find reassurance and security when the leader portrays confidence and a positive demeanor.

LEADERSHIP DEVELOPMENT

Leadership development expands the capacity of individuals to perform in **leadership** roles within organizations. **Leadership** roles are those that facilitate execution of a company's strategy through building alignment, winning mindshare and growing the capabilities of others.

Leadership development expands the capacity of individuals to perform in leadership roles within organizations. Leadership roles are those that facilitate execution of a company's strategy through building alignment, winning mindshare and growing the capabilities of others. Leadership roles may be formal, with the corresponding authority to make decisions and take responsibility, or they may be informal roles with little official authority (e.g., a member of a team who influences team engagement, purpose and direction; a lateral peer who must listen and negotiate through influence).

Leadership development refers to activities that improve the skills, abilities and confidence of leaders. Programmes vary massively in complexity, cost and style of teaching. Coaching and mentoring are two forms of development often used to guide and develop leaders.

According to Baldwin and Ford (1988), the success of leadership development is influenced heavily by the quality of the programme, level of support and acceptance from superiors, and the characteristics/learning style of the person being developed.

Developing Individual Leaders

Traditionally, leadership development has focused on developing the leadership abilities and attitudes of individuals. Different personal traits and characteristics can help or hinder a person's leadership effectiveness and require formalized programs for developing leadership competencies.

Classroom-style training and associated reading for leadership development may ail from the possible divergence between knowing what to do and doing what one knows; management expert Henry Mintzberg is one person to highlight this dilemma. It is estimated that as little as 15% of learning from traditional classroom-style training results in sustained behavioral change within workplaces.

The success of leadership development efforts has been linked to three variables:

1. Individual learner characteristics
2. Quality and nature of the leadership development program
3. Support for behavioral change from the leader's supervisor.

Among key concepts in leadership development one may find:

- Experiential learning: Positioning the individual in the focus of the learning process, going through the four stages of experiential learning as formulated by David A. Kolb:
    1. Concrete experience.
    2. Observation and reflection.
    3. Forming abstract concepts.
    4. Testing in new situations.
- Self efficacy: The right training and coaching should bring about 'self efficacy' in the trainee, as Albert Bandura formulated: a person's belief about his capabilities to produce effects.
- Visioning: Developing the ability to formulate a clear image of the aspired future of an organization unit.
- Attitude: Attitude plays a major role in being a leader.

Developing leadership at a Collective Level

Leadership can also be developed by strengthening the connection between, and alignment of, the efforts of individual leaders and the systems through which they influence organizational operations. This has led to a differentiation between leader development and leadership development.

Leadership development can build on the development of individuals (including followers) to become leaders. In addition, it also needs to focus on the interpersonal linkages in the team.

Following the credo of people as an organization's most valuable resource , some organizations address the development of these resources (including leadership).

In contrast, the concept of "employeeship" recognizes that what it takes to be a good leader is not too dissimilar to what it takes to be a good employee. Therefore, bringing the notional leader together with the team to explore these similarities (rather than focusing on the differences) brings positive results. This approach has been particularly successful in Sweden where the power distance between manager and team is small.

LEADERSHIP FOR LEARNING ORGANIZATIONS

Learning organizations can and do exist and can and do thrive. And when they do exist, they make the questions the reader posed that started this post almost irrelevant. Every person in the organization is both a leader and a learner at various times and everyone is fully expected to coach and mentor each other.

Any organization that lasts more than a few years is learning something. Perhaps not efficiently or effectively and perhaps not as profitably as it could; but it is learning.

As a **leader** one can embed many of the **learning organization principals** (systems thinking, personal mastery, mental models, shared vision and team learning) in your team. It is not about how much time one spends with his team members but about the nature of the conversations and interactions one has with them and they have with each other. And about the expectations one has of them and allow them to have of himself.

There are a number of definitions available for **learning organizations** but here are two that cover the core concept:

1. "An organization that facilitates the learning of all its members and continuously transforms itself". (Pedler et al in The Learning Company: A strategy for sustainable development.)
2. "Organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to learn together." (Senge in The Fifth Discipline)

The leaders' role in a true learning organization:

- Leaders coach every team member to achieve self-mastery, to actively look for ways to improve the organization, to take accountability for making changes, to help other team members learn.
- Leaders encourage experimentation, challenge teams to take on reasonable risk and accept that mistakes will happen; but insist on learning from them and even more importantly in taking the time to learn from successes.
- Leaders encourage open discussion of directions needed, ideas and possibilities.
- Leaders recognize that true change comes from team members involvement in, commitment to and accountability for improvement initiatives.
- Leaders become learners as well, giving up the traditional view of driving from top.

In fact, in true learning organizations there is a far flatter hierarchy and far greater a sense of running the organization together. Leadership is a role taken more than a position held.

Creating a Learning Organization: 10 Actions For a Leader

Jack Welch said, ***"An organizations ability to learn, and translate that learning into action rapidly, is the greatest competitive advantage."***

Continuous learning and its respective implementation to generate desired business outcomes is at the core of successful organizations.

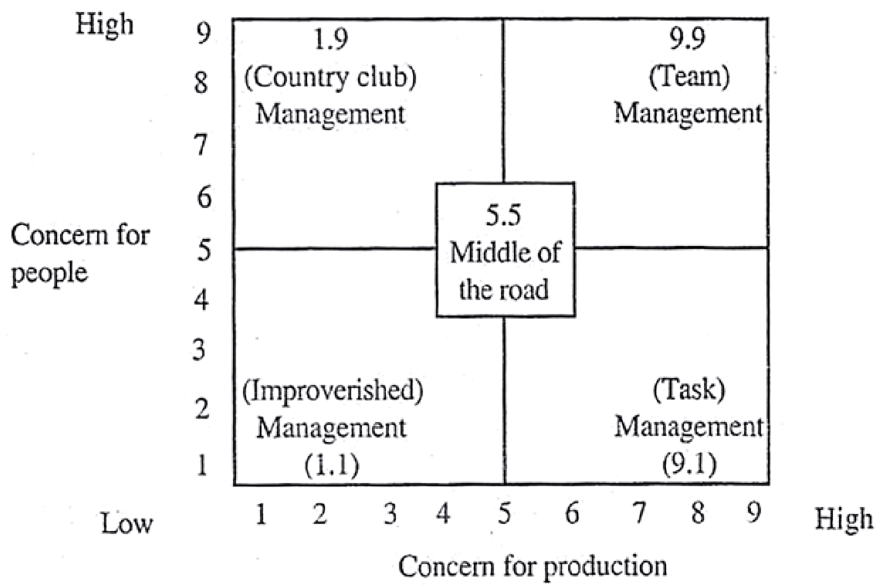
Peter Senge defined a learning organization as the one *"where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole together."*
Here are top 10 actions for a leader to create a culture of continuous learning for individuals, teams and hence an organization:

- **Drive people to learn by doing**. People learn the most when they implement their knowledge to generate meaningful business results.
- **Realize that training is just a tool to impart knowledge**. Learning is also about sharing lessons, telling stories, doing, making mistakes and improving constantly.
- **Align middle managers** to create a learning culture, because they are the ones who drive learning, not just the HR team.
- **Incorporate learning into your processes**. Establish rituals like periodic review meetings and retrospectives to track what went well / what could have gone well.

- **Expose your teams to diverse learning resources** like books, social media, online videos, working with cross cultural teams/geographies and so on.
- **Use technology to accelerate learning** and ensure accessibility of knowledge. Great thing is a lot of useful tools like blogs, wikis and forums are free.
- **Involve people in important change initiatives** to ensure that they learn about managing change (one of the most important learning) and working with diverse set of people.
- **Promote the abilities of people to generate alternative ideas** and open up to different view points. (Related reading: On Leadership, Opening Up and Being Prepared)
- **Move beyond metrics** to realize that learning is a long term thing which cannot be measured in numbers. Learning is tacit and visible only through results delivered by team.
- **Allow people to make mistakes** (and learn from them). People never experiment if they have to pay a price for trying new things out.

MANAGERIAL GRID

A graphical representation of the Managerial Grid Model of Leadership



MANAGERIAL GRID

The managerial grid model (1964) is a style leadership model developed by Robert R. Blake and Jane Mouton. Developed by R. R. Blake and J. S. Mouton, the Managerial Grid Model helps Managers to analyze their own leadership styles through a technique known as grid training. This model originally identified five different leadership styles based on the concern for people and the concern for production.

In 1999, the grid managerial seminar began using a new text, The Power to Change. Also, Managers can identify how they with respect to their concern for production and people with Managerial Grid Model.

The two dimensions of leadership, viz. concern for people on 'vertical' axis and concern for production on 'horizontal' axis have been demonstrated by R. R. Blake and J. S. Mouton in the form of Managerial Grid Model.

Blake Mouton Managerial Grid is a popular framework for thinking about a leader's "task versus person" orientation. Also known as the Managerial Grid, or Leadership Grid, it was developed in the early 1960s by management theorists Robert Blake and Jane Mouton. It plots a manager's or leader's degree of task-centeredness versus her person-centeredness, and identifies five different combinations of the two and the leadership styles they produce.

They identified five basic leadership styles of practicing managers representing various combinations of the aforesaid two dimensions as shown in the following figure;
Managerial Grid Model is based on two behavioral dimensions:

1. **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.
2. **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.

The model is represented as a grid with concern for production as the x-axis and concern for people as the y-axis; each axis ranges from 1 (Low) to 9 (High). The 5 resulting leadership styles are as follows:

1. (1,9) Country Club Style Leadership High People and Low Production

(1,9) Country Club Style Leadership style of leader is most concerned about the needs and the feelings of members of his or her team. In. this environment, the relationship-oriented manager has a high concern for people but a low concern for production.
He pays much attention to the security and comfort of the employees. He hopes that this will increase performance.
He is almost incapable of employing the more punitive, coercive and legitimate powers. The organization will end up to be a friendly atmosphere but not necessarily very productive.
The (1,9) boss mainly uses reward power to preserve discipline and to support his subordinates in accomplishing their goals.
Conversely, this manager is virtually incapable of employing the more disciplinary coercive and legitimate powers. This inability results from his fear that using such powers could jeopardize his relationships.
This inability results from his fear that using such powers could jeopardize his relationships.
Thus, the supervisor seldom attempts to impose his will onto other people, preferring to accept the ideas of others instead of forcing his own.

2. (9,1) Produce or Perish Leadership- High Production and Low People

(9,l) Produce or Perish Leadership management style is characterized by a concern for production as the only goal. Employees are viewed as obstacles to performance results unless obedience to the manager's wishes is explicitly granted.
In this style, manager is authoritarian or compliance. A task-oriented manager, he has a high concern for production and a low concern for people.
He finds employee needs unimportant and simply a means to an end. He provides his employees with money and expects performance back.
There is little or no allowance for cooperation or collaboration. He pressures his employees through rules and punishments to achieve the company goals.
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.

3. (1,1) Impoverished Leadership-Low Production and Low People:

(1,1) Impoverished Leadership is a delegate-and-disappear management style and basically a lazy approach. The manager shows a low concern for both people and production.
He or she avoids getting into trouble. His main concern is not to be held responsible for any mistakes.
Managers use this style to preserve job and job seniority, protecting themselves by avoiding getting into trouble.
This leader is mostly ineffective. He or 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. A result is a place of disorganization, dissatisfaction, and disharmony.
The indifferent (previously called impoverished) style (1,1): evade and elude. In this style, managers have low concern for both people and production. Managers use this style to preserve job and job

seniority, protecting themselves by avoiding getting into trouble. The main concern for the manager is not to be held responsible for any mistakes, which results in less innovation decisions.

4. (5,5) Middle-Of-The-Road Leadership-Medium Production and Medium People

(5,5) Middle-Of-The-Road Leadership is a kind of realistic medium without ambition. It is a balanced and compromised style. The manager tries to balance between the competing goals of the company and the needs of the workers.

The manager gives some concern to both people and production, hoping to achieve acceptable performance. He believes this is the most anyone can do. Consequently, compromises occur where neither the production nor the people needs are fully met.

The supervisor views it as the most practical management technique. It is also an outcome when production and people issues are seen as in conflict.

The defining characteristic of this style "is not to seek the best position for both production and people… but to find the position that is in between both, about halfway."

When dealing with subordinates, the (5,5) manager prefers relaxed and shared conversations – these allow' him to slay popularly. Group membership is also enjoyed as committees allow' the supervisor to spread the responsibility for decision-making.

5. (9,9) Team Leadership-High Production and High People

At (9,9) Team Leadership, the manager pays high concern to both people and production. Motivation is high. This soft style is based on the propositions of Theory Y of Douglas McGregor. The manager encourages teamwork and commitment among employees.

This style emphasizes making employees feel part of the company-family and involving them in understanding the organizational purpose and determining production needs. This method relies heavily on making employees feel they are constructive parts of the company.

And this will result in a team environment organization based on trust and respect, which leads to high satisfaction and motivation and, as a result, high production.

In a (9,9) system the manager strives for sound and imaginative opinions, letting others partake in the decision making process.

He is not afraid to use ideas that are divergent from his own, but rather focuses on the value of the ideas. Emotions and thoughts are used to solve .problems through teamwork because this supervisor is concerned with arriving only at the best possible solutions.

Note:

Blake and his colleagues added two more leadership styles after Mouton's death in 1987, although neither appears on the grid itself, for the reasons explained below.

- **Paternalistic Management:** A Paternalistic manager will jump between the Country Club and Produce-or-Perish styles. This type of leader can be supportive and encouraging, but will also guard his own position – he won't appreciate anyone questioning the way he thinks. The paternalistic style: prescribe and guide. This style was added to the grid theory before 1999. In The Power to Change, it was redefined to alternate between the (1,9) and (9,1) locations on the grid. Managers using this style praise and support, but discourage challenges to their thinking.
- **Opportunistic Management:** This doesn't appear on the grid because this style can show up anywhere within it. An Opportunistic manager places her own needs first, shifting around the grid to adopt whichever style will benefit her. She will manipulate and take advantage of others to get what she wants. The opportunistic style: exploit and manipulate. Individuals using this style, which was added to the grid theory before 1999, do not have a fixed location on the grid. They adopt whichever behaviour offers the greatest personal benefit.

Advantages of Managerial Grid Model

- Managers help to analyze their own leadership styles through a technique known as grid training.
- Managers identify how they with respect to their concern for production and people.

Limitations of Managerial Grid Model

- The model ignores the importance of internal and external limits, matter and scenario.
- There is some more aspect of leadership that can be covered but are not.

COMMUNICATION – PROCESS, TYPES AND BARRIER

COMMUNICATION

Aristotle tells us a very simple truth that he who is unable to live in the society or he how is sufficient to himself may be either beast or God. What do the mass media do in society? They give us baseball scores and tell us about the Middle East; they explain inflation, and they interpret current events. The media sells goods, services, candidates, and opinions. They make us laugh, they create drama, and they bring music into our lives, In short, they communicate.

Communication is a process in which Information, Ideas, Thoughts and Feeling exchanges within two or more person.

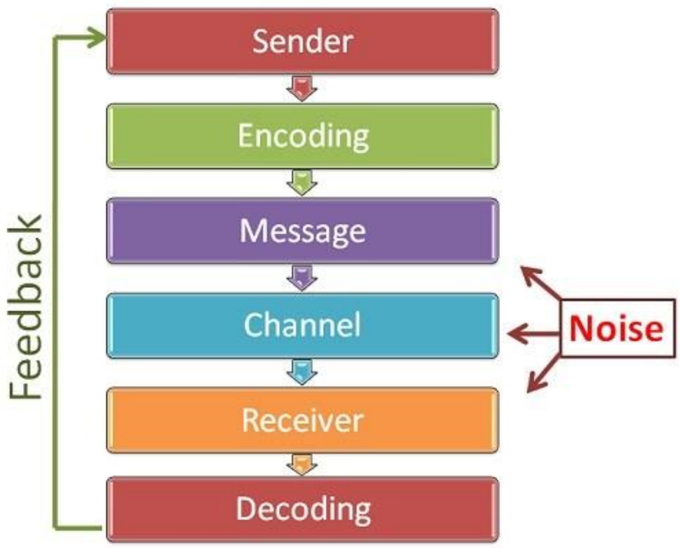
It is a process of sending and receiving information between two or more people. The person who is sending message referred to as the sender, while person who is receiving information is known as receiver.

Definition

1. It is the process of transmitting meaning between individuals;
2. It is the process by which an individual (the communicator) transmits stimuli (usually verbal symbols) to modify the behavior of other individuals.
3. It occurs whenever information is passed from one place to another;
4. It is not simply the verbal, explicit, and intentional transmission of messages; it includes all those processes by which people influence one another;

Although scholars debate whether it occurs between other species or even inanimate entities, we will limit our discussion to the idiosyncrasies of human communication in general and its complex subcategory, mass communication.

PROCESS OF COMMUNICATION



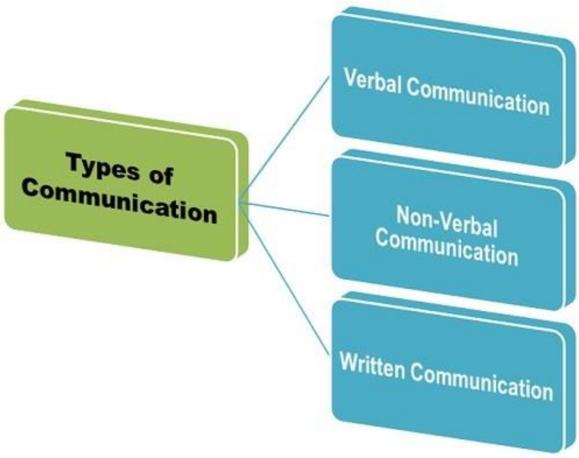
Communication is a process of exchanging verbal and non verbal messages. It is a continuous process. Pre-requisite of communication is a message. This message must be conveyed through some medium to the recipient. It is essential that this message must be understood by the recipient in same terms as intended by the sender. He must respond within a time frame. Thus, communication is a two way process and is incomplete without a feedback from the recipient to the sender on how well the message is understood by him.

The main components of communication process are as follows:

1. **Context –**Communication is affected by the context in which it takes place. This context may be physical, social, chronological or cultural. Every communication proceeds with context. The sender chooses the message to communicate within a context.
2. **Sender / Encoder –** Sender / Encoder is a person who sends the message. A sender makes use of symbols (words or graphic or visual aids) to convey the message and produce the required response. For instance – a training manager conducting training for new batch of employees. Sender may be an individual or a group or an organization. The views, background, approach, skills, competencies, and knowledge of the sender have a great impact on the message. The verbal and non verbal symbols chosen are essential in ascertaining interpretation of the message by the recipient in the same terms as intended by the sender.
3. **Message –**Message is a key idea that the sender wants to communicate. It is a sign that elicits the response of recipient. Communication process begins with deciding about the message to be conveyed. It must be ensured that the main objective of the message is clear.
4. **Medium –** Medium is a means used to exchange / transmit the message. The sender must choose an appropriate medium for transmitting the message else the message might not be conveyed to the desired recipients. The choice of appropriate medium of communication is essential for making the message effective and correctly interpreted by the recipient. This choice of communication medium varies depending upon the features of communication. For instance – Written medium is chosen when a message has to be conveyed to a small group of people, while an oral medium is chosen when spontaneous feedback is required from the recipient as misunderstandings are cleared then and there.
5. **Recipient / Decoder –** Recipient / Decoder is a person for whom the message is intended / aimed / targeted. The degree to which the decoder understands the message is dependent upon various factors such as knowledge of recipient, their responsiveness to the message, and the reliance of encoder on decoder.
6. **Feedback –** Feedback is the main component of communication process as it permits the sender to analyze the efficacy of the message. It helps the sender in confirming the correct interpretation of message by the decoder. Feedback may be verbal (through words) or non-verbal (in form of smiles, sighs, etc.). It may take written form also in form of memos, reports, etc.

TYPES OF COMMUNICATION

People communicate with each other in different ways that depends on the message. There are two types of communication are:



1. Verbal Communication

Verbal communication refers to that communication in which message is transmitted verbally. It can be done by the words of mouth and a piece of writing.

When we talk to others, we assume that others understand what we are saying because we know what we are saying. But this is not the case. Usually people bring their own attitude, perception, emotions and thoughts about the topic and hence creates barrier in delivering the right meaning.

It can be divided into two forms:
a) Oral Communication
b) Written Communication

a) Oral Communication
Oral Communication is that communication which formed orally like spoken of words. It includes face-to-face conversation, speech, telephonic conversation, videos, radio, television. It can be influenced by pitch, volume, speed and clarity of speaking.
Advantages of Oral Communication
- Transparency in oral communication as it is interpersonal
- Rigidity
- Oral communication is an essential for teamwork and group energy.

Disadvantages/Limitations of Oral Communication
- Relying only on oral communication may not be sufficient as business communication is formal and very organized.
- Oral communication is less authentic than written communication as they are informal and not as organized as written communication.
- It is time-saving as far as daily interactions are concerned, but in case of meetings, long speeches consume lot of time and are unproductive at times.
- It communications are not easy to maintain and thus they are unsteady.
- There may be misunderstandings as the information is not complete and may lack essentials.

b) Written Communication
Written communication has great significance in today's business world. It is an innovative activity of the mind. Effective written communication is essential for preparing worthy promotional materials for business development. Speech came before writing. But writing is more unique and formal than speech. Effective writing involves careful choice of words, their organization in correct order in sentences formation as well as cohesive composition of sentences. Also, writing is more valid and reliable than speech.
Advantages of Written Communication
- It helps in laying down apparent principles, policies and rules for running of an organization.
- It is a permanent means of communication.
- Precise and explicit.
- It develops and enhances an organization's image.
- It provides ready records and references.

Disadvantages of Written Communication
- It requires great skills
- Too much paper work involved

2. Non-verbal Communication
Nonverbal communication is the sending or receiving of wordless messages. We can say that communication other than oral and written, such as gesture, body language, posture, tone of voice or facial expressions, is called nonverbal communication. Nonverbal communication is all about the body language of speaker.

Nonverbal communication helps receiver in interpreting the message received. Often, nonverbal signals reflect the situation more accurately than verbal messages. Sometimes nonverbal response contradicts verbal communication and hence affects the effectiveness of message.

It involves appearance, body language, and Sound. There are two types of communication are:
a) Formal Communication
b) Informal Communication

a) Formal Communication
In formal communication, certain rules, conventions and principles are followed while communicating message. Formal communication occurs in formal and official style. Usually professional settings, corporate meetings, conferences undergoes in formal pattern.

In formal communication, use of slang and foul language is avoided and correct pronunciation is required. Authority lines are needed to be followed in formal communication.

b) Informal Communication
Informal communication is done using channels that are in contrast with formal communication channels. It's just a casual talk. It is established for societal affiliations of members in an organization and face-to-face discussions. It happens among friends and family. In informal communication use of slang words, foul language is not restricted. Usually. informal communication is done orally and using gestures.

Informal communication, Unlike formal communication, doesn't follow authority lines. In an organization, it helps in finding out staff grievances as people express more when talking informally. Informal communication helps in building relationships.

BARRIERS TO EFFECTIVE COMMUNICATION
There are many reasons why interpersonal communications may fail. In many communications, the message (what is said) may not be received exactly the way the sender intended. Effective communication involves overcoming these barriers and conveying a clear and concise message.

1. **Physical Barriers:** Physical disabilities such as hearing problems or speech difficulties. Physical barriers to non-verbal communication. Not being able to see the non-verbal cues, gestures, posture and general body language can make communication less effective. Phone calls, text messages and other communication methods that rely on technology are often less effective than face-to-face communication. This has also to do with poor or outdated equipment used during communications, background noise, poor lighting, temperatures that are too hot or too cold.
2. **Psychological Barriers:** Emotional barriers and taboos. Some people may find it difficult to express their emotions and some topics may be completely 'off-limits' or taboo. Taboo or difficult topics may include, but are not limited to, politics, religion, disabilities (mental and physical), sexuality and sex, racism and any opinion that may be seen as unpopular. Physiological barriers to communication may result from the receiver's physical state. For example, a receiver with reduced hearing may not fully grasp the content of a spoken conversation especially if there is significant background noise.
3. **Language and Semantic Barriers:** Language differences and the difficulty in understanding unfamiliar accents. Language and linguistic ability may act as a barrier to communication. However, even when communicating in the same language, the terminology used in a message may act as a barrier if it is not fully understood by the receiver(s). For example, a message that includes a lot of specialist jargon and abbreviations will not be understood by a receiver who is not familiar with the terminology used. Regional colloquialisms and expressions may be misinterpreted or even considered offensive. Slang, professional jargon and regional colloquialisms can even hurt communicators with the best intentions.
4. **Cultural Barriers/Cultural differences:** The norms of social interaction vary greatly in different cultures, as do the way in which emotions are expressed. For example, the concept of personal space varies between cultures and between different social settings.
5. **Blind Imitation or Stereotypes Thinking:** People sometimes make stereotypical assumptions about others based on their cultural background.

6. **Restricted and Limited Experience/Lack of Common Experience:** It's a great idea to use examples or stories to explain a point that is being discussed. However, if the speaker and the audience cannot relate to these examples because they do not have the same knowledge or have not shared the same experiences then this tool will be ineffective.
7. **Assumptions and Jumping to Conclusions:** This can make someone reach a decision about something before listening to all the facts. Expectations and prejudices which may lead to false assumptions or stereotyping. People often hear what they expect to hear rather than what is actually said and jump to incorrect conclusions.
8. **Systematic Barriers:** Systematic barriers to communication may exist in structures and organisations where there are inefficient or inappropriate information systems and communication channels, or where there is a lack of understanding of the roles and responsibilities for communication. In such organisations, people may be unclear of their role in the communication process and therefore not know what is expected of them.
9. **Attitudinal Barriers:** Attitudinal barriers are behaviours or perceptions that prevent people from communicating effectively. Attitudinal barriers to communication may result from personality conflicts, poor management, resistance to change or a lack of motivation. To be an effective receiver of messages you should attempt to overcome your own attitudinal barriers to help ensure more effective communication. Emotions like anger or sadness can taint objectivity. Also, being extremely nervous, having a personal agenda or "needing to be right no matter what" can make communications less than effective. This is also known as "Emotional Noise".
10. **Ambiguity and Abstractions Overuse:** leaving things half-said, using too many generalizations, proverbs or sayings, can all lead to communications that are not clear and that can lend themselves to misinterpretations.
11. **Information Overload:** It takes time to process a lot of information and too many details can overwhelm and distract the audience from the important topics. Keep it Simple, Sweetie.
12. **Problems with Structure Design:** Companies or institutions can have organization structures that are not clear, which can make communications difficult. Also, to blame for faulty communications are bad information systems, and lack of supervision or training of the people involved.

CONTROLLING

Meaning

Controlling is one of the managerial functions and it is an important element of the management process. After the planning, organising, staffing and directing have been carried out, the final managerial function of controlling assures that the activities planned are being accomplished or not.

So the function of controlling helps to achieve the desired goals by planning. Management must, therefore, compare actual results with pre-determined standards and take corrective action of necessary. Control can be defined as the process of analysing whether actions are being taken as planned and taking corrective actions to make these to confirm to planning.

According to E.F.L. Brech

"controlling is checking performance against predetermined standards contained in the plans with a view to ensuring adequate progress and satisfactory performance."

Ernest. Dale defines as "the modern concept of control envisages system that not only provides a historical record of what has happened and provides data that enable the chief executive or the departmental head to take corrective steps if he finds he is on the wrong track."

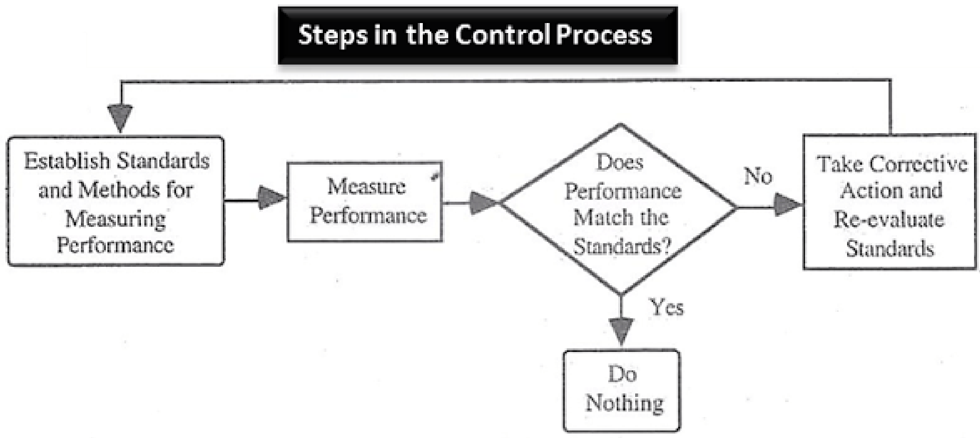
Management control is the process by which managers assure that resources are obtained and used effectively and efficiently in the accomplishment of the organisation's objectives. Further, it is defined as the process by which managers in the organisation assure that activities and efforts are producing the desired objectives in the organisation. These definitions imply three main points about management control.

CONTROL PROCESS
The control process is the system that allows setting, measure, match and tweak any business activities such as production, packaging, delivery and more. Controlling is an essential part of management process.

In fact; without control process entire management is obsolete. Because you will not be able to know the how your plan is working, is it fully implemented. Also without control, you will not be able to actionable lead the workforce.

The control process is the functional process for organizational control that arises from the goals and strategic plans of the organization.

The control process involves carefully collecting information about a system, process, person, or group of people in order to make necessary decisions about each. Managers set up control systems that consist of four key steps:



1. **Establish standards to measure performance:** Within an organization's overall strategic plan, managers define goals for organizational departments in specific, operational terms that include standards of performance to compare with organizational activities.
2. **Measure actual performance:** Most organizations prepare formal reports of performance measurements that managers review regularly. These measurements should be related to the standards set in the first step of the control process. For example, if sales growth is a target, the organization should have a means of gathering and reporting sales data.
3. **Compare performance with the standards:** This step compares actual activities to performance standards. When managers read computer reports or walk through their plants, they identify whether actual performance meets, exceeds, or falls short of standards. Typically, performance reports simplify such comparison by placing the performance standards for the reporting period alongside the actual performance for the same period and by computing the variance—that is, the difference between each actual amount and the associated standard.
4. **Take corrective actions:** When performance deviates from standards, managers must determine what changes, if any, are necessary and how to apply them. In the productivity and quality-centered environment, workers and managers are often empowered to evaluate their own work. After the evaluator determines the cause or causes of deviation, he or she can take the fourth step—corrective action. The most effective course may be prescribed by policies or may be best left up to employees' judgment and initiative.
   This step becomes essential if performance falls short of standards and the analysis indicates that corrective action is required. The corrective action could involve a change in one or more activities of the organization's operations.

The emphasis should always be on devising constructive ways to bring performance up to a standard rather than on merely identifying past failure.

TYPES AND PROBLEMS OF CONTROLLING

Types of Control

Organizations are built with the goal of profitability through processes in mind. The organizational control approach incorporates goals and the strategy used to reach them. These strategies and tactics are developed with the foresight of specific operational objectives, such as market share, return on investments, earnings, and cash flow. As a result, organizational control consists primarily of reviewing and evaluating overall performance against the strategies, tactics, and operations used to define the organization itself. Tactics for organizational control are developed based on existing goals and strategies to establish specific objectives in the context of an overall strategic plan. Organizational control is essentially a benchmark, moving the company toward optimal levels of operation.

1. Strategic, Tactical, and Operational Control

Organizational control involves using strategy, tactics, and operational oversight to monitor and improve company processes.

- **Strategic Control**

Organizations are built with the goal of profitability through processes in mind. The organizational control approach incorporates goals and the strategy used to reach them. Strategic management is a level of managerial activity below setting goals and above tactics. Strategic management provides overall direction to an enterprise. The environmental situation and the firm's internal situation are developing and evolving. The economy could be booming or perhaps falling into recession. Strategic controls are necessary to steer the firm through these events. They must provide some means of correcting direction on the basis of intermediate performance and new information.

Strategic management provides overall direction to the enterprise. Strategy formulation requires examining where the company is now, deciding where it should go, and determining how to get it there. Strategic assessment involves situation analysis, self-evaluation, and competitor analysis, both internal and external, micro-environmental and macro-environmental.

Objectives are determined by the results of the strategic assessment. These objectives should run parallel on a timeline, some short-term and others long-term. This involves crafting vision statements (long-term projections for the future), mission statements (describing the organization's role in society), overall corporate objectives (both financial and strategic), strategic business unit objectives (both financial and strategic), and tactical objectives. These objectives should suggest a strategic plan that provides details (tactics) for achieving these objectives.

- **Tactics**

Strategy involves the future vision of the business; tactics involve the actual steps needed to achieve that vision. For example, a marketing strategy for a motel might be to develop a business package targeting travel agents that includes an e-commerce solution. Tactics are practical steps for implementing strategy. Other tactics for the travel-agent strategy might include:

  - building a list of local travel agents
  - preparing a business incentive scheme
  - outlining how they can use the motel website to make reservations and keep up-to-date
  - personally visiting the agents to follow up
  - monitoring the response to determine if the sales target is met

One can see from this that strategy always comes first, followed by tactics. For example, a value-based commitment to environmentally responsible hospitality could be reflected strategically by working toward Green Globe certification and tactically by incorporating energy efficient appliances in the motel retrofit. A tactic is a method intended to fulfill a specific objective in the context of an overall plan. Good managers have a broad vision of the process, a series of embedded tactics for efficiency and/or differentiation, and a careful operational control for cost control.

- **Operational Control**

Operational control, in contrast to strategic control, is concerned with executing the strategy. Where operational controls are imposed, they function within the framework established by the strategy. Operational control regulates day-to-day output relative to schedules, specifications, and costs.

Operational control regulates the day-to-day output relative to schedules, specifications, and costs. Are product and service output high-quality and delivered on time? Are inventories of raw materials, goods-in-process, and finished products being purchased and produced in the desired quantities? Are the costs associated with the transformation process in line with cost estimates? Is the information needed in the transformation process available in the right form and at the right time? Is the energy resource being used efficiently?

Operational control can be a very big job, requiring substantial overhead for management, data collection, and operational improvement. The idea behind operational control is streamlining the process to minimize costs and work as quickly and efficiently as possible.

2. Bureaucratic Control

Bureaucratic control is the use of formal systems of rules, roles, records, and rewards to influence, monitor, and assess employee performance.

- Rules set the requirements for behavior and define work methods.
- Roles assign responsibilities and establish levels of authority.
- Records document activities and verify outcomes.
- Rewards provide incentives for achievement and recognize performance relative to goals or standards.

Organizations use these systems when their size and complexity make more informal practices based solely on interpersonal communication and relationships impractical, unreliable, and ineffective. Bureaucratic controls are intended to help an organization achieve its goals by shaping how employees perform, creating accountability for outcomes, tracking actual performance, and correcting behavior when necessary.

Advantage of Bureaucratic Control

The biggest advantage of bureaucratic control is that it creates a command and control cycle for the business leadership. Decision-making is streamlined when fewer individuals are involved. Since standards and best practices are usually highlighted during decision-making, bureaucratic control makes an entire organization more efficient.

Disadvantages of Bureaucratic Control

One disadvantage of bureaucratic control is that it may discourage creativity and innovation by making an organization more standardized and less flexible. Business leadership may be versatile in some organizations, but it is not possible for a few individuals to generate all possible ideas or plans. This means that bureaucratic control can narrow the scope of possible ideas and plans. Another disadvantage is that the front- line employees may feel unappreciated and dissatisfied because they are not allowed to present their ideas; this can lead to heavy employee turnover. Often organizations with strict bureaucratic control find themselves less able to adapt to changes in the marketplace, their industry, or the legal environment.

Bureaucratic control: An example of a bureaucratic feedback system is the military, with its strict hierarchy and clear chain of command.

Conclusion

Though bureaucratic organizational structures may seem less desirable than flatter structures, they are necessary at times. While software development may benefit from a more autonomous structure, for example, other industries benefit from the tight controls and tall hierarchies of bureaucratic control.

3. Feedback, Concurrent Control, and Feedforward

Control uses information from the past and present and projections for the future to create effective control processes.

Control Proactivity	Behavioral Control	Outcome Control
Feedforward control	Organizational culture	Market demand or economic forecasts
Concurrent control	Hands-on management supervision during a project	The real-time speed of a production line

Control Proactivity	Behavioral Control	Outcome Control
Feedback control	Qualitative measures of customer satisfaction	Financial measures such as profitability, sales growth

- **Feedback Controls**

Finally, feedback controls involve gathering information about a completed activity, evaluating that information, and taking steps to improve the similar activities in the future. This is the least proactive of controls and is generally a basis for reactions. Feedback controls permit managers to use information on past performance to bring future performance in line with planned objectives.

Feedback (Critical assessment on information produced) is a process in which information about the past or the present is used to influence the present or future.

Feedback is a process in which information about the past or the present is used to influence the present or future. As part of a chain of cause-and-effect that forms a circuit or loop, actions are said to “feed back” into themselves.

Feedback: ‘Feedback’ exists between two parts when each affects the other. (W.R. Ashby, “An introduction to cybernetics”, 1956)

Feedback helps an organization seeking to improve its performance make the necessary adjustments. Feedback serves as motivation for many people in the workplace. When employees receive negative or positive feedback, they decide how to apply it in their daily work. Feedback for the system as a whole also provides common points of discussion for management and allows for a holistic appraisal of how processes can be improved.

- **Concurrent Control:**

The process of monitoring and adjusting ongoing activities and processes is known as concurrent control. Such controls are not necessarily proactive, but they can prevent problems from becoming worse. For this reason, we often describe concurrent control as real-time control because it deals with the present. An example of concurrent control might be adjusting the water temperature of the water while taking a shower.

Concurrent (Happening at the same time; simultaneous) control is active engagement in a current process where observations are made in real time. Concurrent control is active engagement in a current process where observations are made in real time. A set of processes are implemented to monitor project execution to discover and solve problems or potential problems in a timely manner. Picture a floor manager actively measuring each component of the operation with a checklist to identify issues as they occur.

- **Feedforward Control [Proactivity (Feedforward control)]**

Feedforward (To respond in advance) refers to giving a control impact to a subordinate or an organization from which you are expecting an output. It is predictive because it is given before any deliberate change in output occurs.

Feedforward is a management and communication term that refers to giving a control impact to an employee or an organization from which you are expecting an output. Feedforward is not just pre-feedback, because feedback is always based on measuring an output and sending feedback on that output. Pre-feedback given without measuring output may be understood as a confirmation or just an acknowledgment of control command. Feedforward is predictive in nature. Picture an analyst statistically measuring the quality and quantity of a given output based on information gathering.

Proactivity can be defined as the monitoring of problems in a way that provides their timely prevention, rather than after the fact reaction. In management, this is known as feedforward control; it addresses what can we do ahead of time to help our plan succeed. The essence of feedforward control is to see the problems coming in time to do something about them. For instance, feedforward controls include preventive maintenance on machinery and equipment and due diligence on investments.

4. Financial and Nonfinancial Controls

Finally, across the different types of controls in terms of level of proactivity and outcome versus behavioral, it is important to recognize that controls can take on one of two predominant forms: financial and nonfinancial controls. Financial control involves the management of a firm's costs and expenses to control them in relation to budgeted amounts. Thus, management determines which aspects of its financial condition, such as assets, sales, or profitability, are most important, tries to forecast them through budgets, and then compares actual performance to budgeted performance. At a strategic level, total sales and indicators of profitability would be relevant strategic controls.

Increasing numbers of organizations have been measuring customer loyalty, referrals, employee satisfaction, and other such performance areas that are not financial. In contrast to financial controls, nonfinancial controls track aspects of the organization that aren't immediately financial in nature but are expected to lead to positive performance outcomes. The theory behind such nonfinancial controls is that they should provide managers with a glimpse of the organization's progress well before financial outcomes can be measured. And this theory does have some practical support. For instance, GE has found that highly satisfied customers are the best predictor of future sales in many of its businesses, so it regularly tracks customer satisfaction.

5. Internal and External Control

The control process can be hindered by internal and external constraints that require contingency thinking. All processes are susceptible to constraints; the theory of constraints (TOC) postulates that "the chain is only as strong as its weakest link."

Theory of Constraints

All processes are susceptible to constraints; the theory of constraints (TOC) postulates that "the chain is only as strong as its weakest link." Because systems are interdependent, it makes sense that an entire set of processes within an operational paradigm can be made vulnerable to failure by a single process that is struggling.

TOC assumes that throughput, operational expense, and inventory are the three central inputs in a given system. TOC relies on the assumption that there is always room for improvement in these inputs–after all, if there was nothing preventing the system from achieving higher throughput, throughput would be infinite.

This means that any time organizations encounter substantial internal or external constraints, it is the role of management to create a strategy to circumvent them. Since throughput is never infinite, this is an ongoing process.

- **Internal Constraints**

Internal constraints include people, policy, and equipment issues, which can actively reduce the efficiency of specific process flows.

At the organizational level, internal control objectives concern the reliability of financial reporting, timely feedback on the achievement of operational or strategic goals, and compliance with laws and regulations. With this in mind, we can summarize internal constraints as any one or any combination of the following:

- *Equipment:* The way equipment is used limits the ability of the system to produce more salable goods/services.
- *People:* Lack of skilled people limits the system; mental models also cause negative behaviors that become constraints.

- *Policy:* A written or unwritten policy prevents the system from making more goods/services.

The list of potential internal constraints is long: employees may not have the proper skills to use specific types of equipment, policy may organize the processes in an imperfect manner, equipment may depreciate faster than expected, employees may be absent or inefficient, policy may limit resource allocation to inventory and warehousing, etc. Internal constraints are a constant concern for the managers who must try to minimize them by continually optimizing the system. For example, if employees lack specific skills, management may want to refine its hiring policies.

Internal control system: This flowchart illustrates how an internal control system can be integrated into the production process: mid-level managers of one department can monitor and QA other departments' output.

- **External Constraints**

External constraints include resource scarcity, contracts (i.e., suppliers or employees), and legalities. In their attempts to maximize existing profits, business managers must consider both the short- and long-term implications of decisions made within the firm and the various external constraints that could limit the firm's ability to achieve its organizational goals. These constraints can be organized into three categories:

- Scarcity
- Contracts
- Legalities

The first external constraint, resource scarcity, refers to the limited availability of essential inputs (including skilled labor), key raw materials, energy, specialized machinery and equipment, warehouse space, and other resources. Moreover, managers often face constraints on plant capacity that are exacerbated by limited investment funds available for expansion or modernization.

Contractual obligations also constrain managerial decisions. Labor contracts, for example, may constrain managers' flexibility in worker scheduling and work assignments. Labor contracts may also restrict the number of workers employed at any time, thereby establishing a floor for minimum labor costs.

Finally, laws and regulations have to be observed. Legal restrictions can constrain production and marketing decisions. Examples of laws and regulations that limit managerial flexibility include: minimum wage, health and safety standards, fuel efficiency requirements, anti-pollution regulations, and fair pricing and marketing practices.

PROBLEMS IN CONTROLLING (LIMITATIONS OF CONTROLLING)

1. Difficulty in setting quantitative standards:

Control system loses its effectiveness when standard of performance cannot be defined in quantitative terms and it is very difficult to set quantitative standard for human behaviour, efficiency level, job satisfaction, employee's morale, etc. In such cases judgment depends upon the discretion of manager.

2. No control on external factors:

An enterprise cannot control the external factors such as government policy, technological changes, change in fashion, change in competitor's policy, etc.

3. Resistance from employees:

Employees often resist control and as a result effectiveness of control reduces. Employees feel control reduces or curtails their freedom. Employees may resist and go against the use of cameras, to observe them minutely.

4. Costly affair:

Control is an expensive process it involves lot of time and effort as sufficient attention has to be paid to observe the performance of the employees. To install an expensive control system organisations have to spend large amount. Management must compare the benefits of controlling system with the cost involved in installing them. The benefits must be more than the cost involved then only controlling will be effective otherwise it will lead to inefficiency.

REQUISITES OF GOOD CONTROL SYSTEM

The requirements of an effective control system are:

1. **Speed/Promptness/Timely/Quick Action:**
   The control system's response should be swift. This is necessary to ensure that the process variables do not stray away from the set point which can affect the process.
   The control system should be prompt. That is, it should find out the deviations quickly. This will help the management to correct the deviations quickly.
2. **Damping:**
   The number of oscillations should be as low as possible. Oscillations can cause disturbances in the system. The damping of the system should be optimum.
3. **Accuracy:**
   Accuracy refers to the ability of the system to detect even the smallest deviation and initiate a corrective response. The sensors and the error sensing algorithms should have a high resolution. Measurement has to be congruent with the events measured.
4. **Noise:**
   Noise refers to undesirable interferences in the signal of the transducer. There are many reasons for noise. Electromagnetic Interference (EMI) is one of the reasons. A good Control system should be able to filter the noise and process only the principal signal.
5. **Stability:**
   Any control system should be stable about the set point. It should maintain the process variable at the set point. It should not react to changes in the surroundings, temperature or any other external parameter. It should react only to the principal input signal.
6. **Bandwidth:**
   Bandwidth is dependent on the frequency of operation. The Bandwidth should be as large as possible for a good frequency response of the system.
7. **Appropriate to the character and a nature of the phenomena measured:**
   This may well be the most important specification; yet it is least observed in the actual design of controls: Because controls have such an impact it is not only important that we select the right ones. To enable controls to give right vision and to become the ground effective action, the measurement must also be true form. Formal validity is not enough.
8. **Simple:**
   Complicated controls do not work. They confuse. They misdirect from what is to be controlled toward attention on the mechanics and methodology of the control. But if the user has to know how the control works before he can apply it. He has no control at all. And if he has to sit down and figure out what a measurement means, he has no control either. The control system should not be complicated. It should be easy to understand and simple to use. Those who are going to use the control system should understand it clearly and completely.
9. **Operational:**
   They must be focused on action. Action rather than information is their purpose. The action may be only study and analysis. In other words, a measurement may say, 'what goes on we don't understand; but something goes on that needs to be understood. But it should never just say, here is something you might find interesting.
10. **Economical:**
    The less effort needed to gain control, the better the control design. The fewer controls needed the more effective they will be. Indeed, adding more controls does not- give better control. All it does it create confusion. The control system should be economical. This means the cost of the control system should not be more than its benefits.
11. **Meaningful:**
    That means that the events to be measured must be significant either in themselves e.g. market standing, or they must be symptoms of at least potentially significant developments, e.g. a sudden sharp rise in labour turnover or absenteeism.
12. **Focus on Objectives:**
    The control system should always focus on objectives. It should aim to achieve the objectives of the organisation. A system of control can work more effectively when it is based on the main objectives or goals of the organisation. It should be related to the persons. It becomes essential that

the standards, which are set by the management, should not be too high or too low. These should be told to the workers in time so that the standards can be judged with the actual performance.

13. **Flexibility:**
    The control system should be flexible. It should change according to the changes in plans, situations, environments, etc. A rigid control system will always fail. Hence flexibility is necessary for a control system. The system of control should be such that it accommodates all changes or failures in plans.
14. **Proper Standards:**
    The control system should have proper standards. The standards should be very clear. They should be definite, verifiable, specific and measurable. They should not be too high or too low.
15. **Suitability:**
    The control system should be suitable to the needs of the organisation. A business organisation should adopt such a system of control which suits its requirement.-There is no hard and fast rule and readymade system of control which give the correct and most favourbale, results in all type of organisations and in all circumstances.
16. **Motivating:**
    The control system should be motivating. That is, it should give more importance to preventing the mistakes and less importance to punishing the employees. So, it should encourage, not discourage the employees.
17. **Suggestive:**
    The control system should be suggestive and it should give complete answers for the following questions :- (i) What is the Problem? (ii) Where is the Problem? (iii) How to solve the Problem? The control system should also be suggestive. A system which detects deviations only should not be held good, but should also tell the accurate and correct alternative.
18. **Regular Revision:**
    The system of control should be based art objective results, after proper technical and analytical studies. They must be revised regularly and kept to meet the objectives of the organisation.
19. **Active Participation:**
    All members in the organisation should participate in the effective implementation of the control system. This is only possible when each and every worker in the organisation is asked to take active part in the discussions and exchange views while selecting the system of control.
20. **Feedback:**
    The success of a business depends on a system of control and for a systematic control advance planning is needed. This advance planning should be based on actual accurate post information collected through investigation. The control system should be such that it is based on past information and. which would also adjust if necessary to future actions.
21. **Competent and Talented Staff:**
    Controlling A system of control can work more effectively if it has talented and competent people to work in the organisation.
22. **Directness:**
    In order to make the system of control more effective, it is necessary that the relation between the workers and management should be direct. It is quite obvious that if the number of line supervisors is less in the organisation then workers would work effectively and objectives may be achieved in time because they will not take much time in getting the correct information.

MANAGEMENT CONTROL AND QUALITY CONTROL

MANAGERIAL ETHICS

The word ethics is derived from the Greek word 'Ethos' means custom or guiding beliefs. Ethics is the science relating to set of moral principles and rules determining what is right, wrong and valuable for every individuals. Code of ethics are always on the right directions because each and every individual employees having ethical standards, and expectations, a unified code of ethics can be a guidelines which is adopted by the organizations.

Managerial ethics is a set of principles and rules dictated by upper **management** that define what is right and what is wrong in an organization. It is the guideline that helps direct a lower manager's decisions in the scope of his or her job when a conflict of values is presented. Managerial ethics is the set of standard behavior, social norms and values, self-recognized moral standard generally accepted that business should be conducted by the managers in the decision making process. Making ethical choices can be often be difficult for the managers as it is compulsory to obey the rules and regulations of the law but acting ethically which goes beyond mere compliance with the law. Business ethics is the moral behavior of a businessman to promote goodwill and reputation in the society, gain profit in the long run.

SOCIAL RESPONSIBILITY

Social responsibility is the idea that businesses should balance profit-making activities with activities that benefit society; it involves developing businesses with a positive relationship to the society in which they operate.

Social responsibility is the idea that businesses should balance profit-making activities with activities that benefit society; it involves developing businesses with a positive relationship to the society in which they operate. The International Organization for Standardization (ISO), emphasizes that the relationship to the society and environment in which businesses operate is "a critical factor in their ability to continue to operate effectively. It is also increasingly being used as a measure of their overall performance."

Social responsibility means that individuals and companies have a duty to act in the best interests of their environments and society as a whole. Social responsibility, as it applies to business, is known as corporate social responsibility (CSR). Many companies, such as those with "green" policies, have made social responsibility an integral part of their business models.

Social Responsibility of Business

The social responsibility of business means various obligations or responsibilities or duties that a business-organization has towards the society within which it exists and operates from.
Generally, the social responsibility of business comprises of certain duties towards entities, which are depicted and listed below.

Figure No. 1 Social Responsibility of Business Towards Society.

1. **Shareholders or investors**

A business must give a proper dividend to its shareholders or investors. If a business satisfies its funders, they are likely to invest more money in a project. As a result, more funds will flow in and the same can be utilized to modernize, expand and diversify the existing activities on a larger scale. Happy financiers can fulfill the rising demand of funds needed for its growth and expansion.

2. **Personnel**

Social responsibility of business towards its personnel is important because they are the wheels of an organization. Without their support, the commercial institution simply can't function or operate. It must provide fair wages and salaries with good working conditions. If a business takes care of the needs of its human resource (for e.g. of office staff, employees, workers, etc.) wisely, it will boost the motivation and working spirit within an organization. A happy employee usually gives his best to the organization in terms of quality labor and timely output than an unsatisfied one. A pleasant working environment helps in improving the efficiency and productivity of working people. A good remuneration policy attracts new talented professionals who can further contribute in its growth and expansion.

3. **Consumers or customers**

It must provide a regular supply of good quality goods and/or services to its consumers/customers at reasonable prices. Social responsibility of business towards its consumers or customers matters a lot from sales and profit point of view. Its success is directly dependents on their level of satisfaction. Higher their rate of satisfaction greater are the chances to succeed.

4. **Government** (and local administrative bodies that regulate its commercial activities in their jurisdictions)

It must abide by all government rules and regulations, supports its business-related policies and should pay fair taxes without keeping any delays or dues.

Social responsibility of business towards government's regulatory bodies or agencies is quite sensitive from the license's point of view. If permission is not granted or revoked abruptly, it can result in huge losses to an organization. Therefore, compliance in this regard is necessary. Furthermore, a business must also function within the demarcation of rules and policies as formulated from time to time by the government of state or nation. It should respect laws and abide by all established regulations while performing within the jurisdiction of state.

5. **Local community**

It must also contribute in betterment of a local community by doing generous activities like building schools, colleges, hospitals, etc.

Social responsibility of business towards the local community of its established area is significant. This is essential for smooth functioning of its activities without any agitations or hindrances.

A business has a responsibility towards the local community besides which it is established and operates from. Industrial activities carried out in a local-area affect the lives of many people who reside in and around it. So, as a compensation for their hardship, an organization must do something or other to alleviate the intensity of suffering.

As a service to the local community, a business can build:

- A trust-run hospital or health center for local patients,
- A primary and secondary school for local children,
- A diploma and degree college for local students,
- An employment center for recruiting skilled local people, etc.

6. **Environment**

It must take immense care to see that its activities neither directly nor indirectly create a havoc on the vitality of its surrounding environment. It should maintain a stringent policy to curb or control pollution in regard to contamination of air, water, land, sound and radiation leakages. Here, to do so, it must hire experienced professional individuals who are experts in their respective fields.

Social responsibility of business with respect to its surrounding environment can't be sidelined at any cost. It must show a keen interest to safeguard and not harm the vitality of the nature.

7. **Public** (that makes up a big part of society)

Finally, it should also offer social-welfare services to the general public.

Social responsibility of business in general can also contribute to make the lives of people a little better. Some examples of services towards public include:

- Building and maintaining devotional or spiritual places and gardens for people,

- Sponsoring the education of poor meritorious students,
- Organizing events for a social cause, etc.

Such philanthropic actions create a goodwill or fame for the business-organization in the psyche of general public, which though slowly but ultimately pay off in a due course of time.
The world is recognizing the importance of social responsibility of business.

MANAGEMENT CONTROL–CONCEPT AND PROCESS
See earlier chapter

OVERVIEW OF CONTROL TECHNIQUES
Organizational Control Techniques
Control techniques provide managers with the type and amount of information they need to measure and monitor performance. The information from various controls must be tailored to a specific management level, department, unit, or operation.

To enable managers effectively control the organizational activities, a large number of controlling techniques are available. A manager should know these techniques and in which situation it should be applied. There are three types of techniques of controlling:
I. Traditional Techniques
II. Modern Techniques
III. Other Control Techniques

I. Traditional Techniques
1. Personal observation
This is the most traditional method of control. It helps managers to collect first hand information. It also creates a psychological pressure on the employees to perform well as they are aware that they are being observed personally on their job. However, it is very time consuming & not suitable for all kinds of jobs.

2. Budgeting and Budgetary Control
A budget is a statement which reflects future incomes ,expenditures & profits of the firm. Benefit of budgeting- 1. Standards of performance 2. Planning 3. Predicting the future 4. Financial planning. A budget depicts how much an organization expects to spend (expenses) and earn (revenues) over a time period. Amounts are categorized according to the type of business activity or account, such as telephone costs or sales of catalogs. Budgets not only help managers plan their finances, but also help them keep track of their overall spending.

3. Break-even analysis
It deals with the study of the relationship between costs, volume, & profit. It determines the probable profit and losses at different levels of activity. The sales volume at which there is no profit, no loss is known as breakeven point. It can be calculated as, Breakeven point=fixed cost/selling price per unit – variable cost per unit.

4. Financial statements
Financial statements shows financial position of a firm over a period of time, generally one year. These are prepared along with last year statements, so that firm can compare its present performance with last year's performance & improve its future performance. It offers information on (i) Liquidity (ii) Financial strength (iii) Profitability.

Financial statements provide management with information to monitor financial resources and activities. The **income statement** shows the results of the organization's operations over a period of time, such as revenues, expenses, and profit or loss. The *balance sheet* shows what the organization is worth (assets) at a single point in time, and the extent to which those assets were financed through debt (liabilities) or owner's investment (equity).

Financial ratio analysis examines the relationship between specific figures on the financial statements and helps explain the significance of those figures:

- **Liquidity ratios** measure an organization's ability to generate cash.
- **Profitability ratios** measure an organization's ability to generate profits.
- **Debt ratios** measure an organization's ability to pay its debts.
- **Activity ratios** measure an organization's efficiency in operations and use of assets.

5. Statistical data & report

Statistical analysis in the form of averages, percentages, ratios, etc. Data can be used for diagramatic representations like histograms, pie chart, bar graphs, etc. A Report is a statement that represents data in the form of information for carrying out the controlling function.

6. Setting examples

It is old saying that "example is better than precepts". Some managers follow this and put good examples of performance before subordinates and expect the same from them. Behaviour and actions of subordinates can be controlled through exemplary behaviour of the manager.

7. Standard costing

It is a technique of cost control. Under this technique, standard costs of material, labour, overheads etc. are determined. Actual cost are recorded and compared with the standard costs and variances are found out. Then measures are taken to prevent variances in future.

8. Written instructions

These instructions are issued time to time to the organization members. These provide latest information and instructions in the light of changing rules and conditions. These are supplementary control technique.

II. Modern Techniques

1. Return on Investment

Investment consists of fixed asset and working capital used in business. Profit on the investment is a reward for risk taking. If the ROI is high then the financial performance of a business is good and vice-versa. It also shows the areas where corrective actions are needed.

2. Management Audit

Management Audit is an evaluation of the management as a whole. It critically examines the full management process. It finds out the efficiency of the management. Management auditing is conducted by a team of experts. The data is analyzed and conclusions are drawn about managerial performance and efficiency.

3. Management Information System

In order to control the organisation properly the management needs accurate information. Information is collected continuously to identify problems and find out solutions. They need information about the internal working of the organisation and also about the external environment. MIS collects data, processes it and provides it to the managers.

4. PERT/CPM

Programme Evaluation and Review Technique (PERT) and Critical Path Method (CPM) techniques were developed in USA in the late 50s. Any programme consists of various activities and sub- activities. Importance is given to identifying the critical activities by controlling the time of the critical activities, the total time and cost of the job are minimized.

III. Other Control Techniques

1. Marketing Controls

Marketing controls help monitor progress toward goals for customer satisfaction with products and services, prices, and delivery. The following are examples of controls used to evaluate an organization's marketing functions:

- **Market research** gathers data to assess customer needs—information critical to an organization's success. Ongoing market research reflects how well an organization is meeting customers' expectations and helps anticipate customer needs. It also helps identify competitors.
- **Test marketing** is small-scale product marketing to assess customer acceptance. Using surveys and focus groups, test marketing goes beyond identifying general requirements and looks at what (or who) actually influences buying decisions.
- **Marketing statistics** measure performance by compiling data and analyzing results. In most cases, competency with a computer spreadsheet program is all a manager needs. Managers look at *marketing ratios*, which measure profitability, activity, and market shares, as well as *sales quotas,* which measure progress toward sales goals and assist with inventory controls.

Unfortunately, scheduling a regular evaluation of an organization's marketing program is easier to recommend than to execute. Usually, only a crisis, such as increased competition or a sales drop, forces a company to take a closer look at its marketing program. However, more regular evaluations help minimize the number of marketing problems.

2. Human Resource Controls

Human resource controls help managers regulate the quality of newly hired personnel, as well as monitor current employees' developments and daily performances.

On a daily basis, managers can go a long way in helping to control workers' behaviors in organizations. They can help direct workers' performances toward goals by making sure that goals are clearly set and understood. Managers can also institute policies and procedures to help guide workers' actions. Finally, they can consider past experiences when developing future strategies, objectives, policies, and procedures.

Common control types include performance appraisals, disciplinary programs, observations, and training and development assessments. Because the quality of a firm's personnel, to a large degree, determines the firm's overall effectiveness, controlling this area is very crucial.

2. Computers and Information Controls

Almost all organizations have confidential and sensitive information that they don't want to become general knowledge. Controlling access to computer databases is the key to this area.
Increasingly, computers are being used to collect and store information for control purposes. Many organizations privately monitor each employee's computer usage to measure employee performance, among other things. Some people question the appropriateness of computer monitoring. Managers must carefully weigh the benefits against the costs—both human and financial—before investing in and implementing computerized control techniques.
Although computers and information systems provide enormous benefits, such as improved productivity and information management, organizations should remember the following limitations of the use of information technology:

EFFECTIVE CONTROL SYSTEM

Effective Organizational Control Systems

The management of any organization must develop a control system tailored to its organization's goals and resources. Effective control systems share several common characteristics.

Controls at every level focus on inputs, processes and outputs. It is very important to have effective controls at each of these three stages. Effective control systems tend to have certain common characteristics. The importance of these characteristics varies with the situation, but in general effective control systems have following characteristics.

1. **Focus on strategic critical points/activities:** For example, controls are applied where failure cannot be tolerated or where costs cannot exceed a certain amount. The critical points include all the areas of an organization's operations that directly affect the success of its key operations.

The control system should be focused on those areas where deviations from the standards are most likely to take place or where deviations would lead to the greatest harm.

2. **Integration into established processes/ Coordinated with the Organization's Work Flow:** Controls must function harmoniously within these processes and should not bottleneck operations. When the controls are consistent with corporate values and culture, they work in harmony with organizational policies and hence are easier to enforce. These controls become an integrated part of the organizational environment and thus become effective.
3. **Acceptability or Acceptance by employees/members of the organization:** Employee involvement in the design of controls can increase acceptance. Controls should be such that all people who are affected by it are able to understand them fully and accept them. A control system that is difficult to understand can cause unnecessary mistakes and frustration and may be resented by workers.
4. **Availability of information when needed:** Deadlines, time needed to complete the project, costs associated with the project, and priority needs are apparent in these criteria. Costs are frequently attributed to time shortcomings or failures.
5. **Economic feasibility:** Effective control systems answer questions such as, “How much does it cost?” “What will it save?” or “What are the returns on the investment?” In short, comparison of the costs to the benefits ensures that the benefits of controls outweigh the costs. The cost of a control system must be balanced against its benefits. The system must be economically feasible and reasonable to operate. For example, a high security system to safeguard nuclear secrets may be justified but the same system to safeguard office supplies in a store would not be economically justified. Accordingly the benefits received must outweigh the cost of implementing a control system.
6. **Accuracy:** Information on performance must be accurate. Evaluating the accuracy of the information they receive is one of the most important control tasks that managers face. Effective control systems provide factual information that's useful, reliable, valid, and consistent. Effective controls generate accurate data and information. Accurate information is essential for effective managerial decisions. Inaccurate controls would divert management efforts and energies on problems that do not exist or have a low priority and would fail to alert managers to serious problems that do require attention.
7. **Objective and Comprehensibility or Ease of Understanding:** The control process should be simple so that it can be easily understood and applied. Complexity often means lack of understanding. Controls often become complex because various persons are responsible for creating, implementing and interpreting them.
   The information in a control system should be understandable and be seen as objective by the individuals who use it. A difficult-to understand control system will cause unnecessary mistakes and confusion or frustration among employees.
8. **Flexibility:** This means that the control system itself must be flexible enough to accommodate change. The business and economic environment is highly dynamic in nature. Technological changes occur very fast. A rigid control system would not be suitable for a changing environment. These changes highlight the need for flexibility in planning as well as in control.
9. **Timeliness:** Information must be collected, routed, and evaluated quickly if action is to be taken in time to produce improvements. There are many problems that require immediate attention. If information about such problems does not reach management in a timely manner, then such information may become useless and damage may occur. Accordingly controls must ensure that information reaches the decision makers when they need it so that a meaningful response can follow.
10. **Strategic placement:** Effective controls should be placed and emphasized at such critical and strategic control points where failures cannot be tolerated and where time and money costs of failures are greatest. The objective is to apply controls to the essential aspect of a business where a deviation from the expected standards will do the greatest harm. These control areas include production, sales, finance and customer service.
11. **Corrective action:** An effective control system not only checks for and identifies deviation but also is programmed to suggest solutions to correct such a deviation. For example, a computer keeping a record of inventories can be programmed to establish “if-then” guidelines. For example,

if inventory of a particular item drops below five percent of maximum inventory at hand, then the computer will signal for replenishment for such items.

12. **Emphasis on exception:** A good system of control should work on the exception principle, so that only important deviations are brought to the attention of management, In other words, management does not have to bother with activities that are running smoothly. This will ensure that managerial attention is directed towards error and not towards conformity. This would eliminate unnecessary and uneconomic supervision, marginally beneficial reporting and a waste of managerial time.
13. **Integration with Planning:** First, to be effective, control systems should be integrated with planning.
    The first step in planning is establishing goals and developing strategy. This leads to the second step in planning (developing action plans and functional strategies). The standards set for control purposes also play a role in determining action plans and functional strategies.
    The action plans and functional strategy assume significance in performance and measurement. Existing action plans, functional strategies, measured performance and comparisons of performance with standards then affect the updating and modification of future plans.
    Finally, decisions about whether to maintain or change goals and strategy are affected by previous modifications and updates, by comparisons between standards and performance, and by evaluations and actions taken within the control system.
    At the start of the process, planning plays a major role in shaping the control system. By the end of the process, however, the later stages of control exert a primary influence of planning. And, as P.F. Drucker has pointed out a careful integration of planning and control can improve the effectiveness of both sets of activities.

TYPES OF CONTROL METHOD :
PRE-CONTROL - CONCURRENT CONTROL - POST CONTROL, AN INTEGRATED CONTROL SYSTEM

Control can focus on events before, during, or after a process. For example, a local automobile dealer can focus on activities before, during, or after sales of new cars. Careful inspection of new cars and cautious selection of sales employees are ways to ensure high quality or profitable sales even before those sales take place. Monitoring how salespeople act with customers is a control during the sales task. Counting the number of new cars sold during the month and telephoning buyers about their satisfaction with sales transactions are controls after sales have occurred.

1. **PRE-CONTROL/ FEEDFORWARD CONTROLS**
2. **CONCURRENT CONTROL**
3. **POST-CONTROL**

See Earlier Chapters

INTEGRATED CONTROL SYSTEMS
Integrated control systems enable large organizations to effectively monitor and manage technologies that are essential for core operations and business activities. While emerging technologies create new opportunities, they also present new challenges that threaten the security and integrity of critical systems. Integrated control systems mitigate this risk and ensure that all technologies and devices are functioning appropriately, regardless of the scope or sophistication of the system.

CONCEPT OF QUALITY
Quality is a much more complicated term than it appears. Dictionary definitions are usually inadequate in helping a quality professional understand the concept. It seems that every quality expert defines quality is a somewhat different way. There are a variety of perspectives that can be taken in defining quality (e.g. customer's perspective, specification-based perspective).

A modern definition of quality derives from Juran's "fitness for intended use." This definition basically says that quality is "meeting or exceeding customer expectations." Deming states that the customer's definition of quality is the only one that matters.

The word quality is often used indiscriminately for many different meanings. Quality can be defined as "fitness for use," "customer satisfaction," "doing things right the first time," or "zero defects." These definitions are acceptable because quality can refer to degrees of excellence. Webster's dictionary defines quality as "an inherent characteristic, property or attribute." Quality as a characteristic of a product or process that can be measured. Quality control is the science of keeping these characteristics or qualities within certain bounds.

In a manufacturing or service environment, there are two major categories of quality: quality of design and quality of conformance. A poorly designed product will not function properly regardless of how well it meets its specifications. Conversely, a product that does not conform to excellent design specifications will not properly perform its intended function.

The quality engineer will determine what product or process characteristics are to be checked. The quality engineer will also determine the type of data to be collected, the corrective actions required, and the statistical tools or other techniques to be used.

Quality Systems

A quality system is a mechanism that coordinates and maintains the activities needed to ensure that the characteristics of products, processes or services are within certain bounds. A quality system involves every part of an organization that directly or indirectly affects these activities. Typically, the quality system is documented in a quality manual and in the associated documents that specify procedures and standards.

Basic Elements in a Quality System

There are three basic elements in a quality system: Quality Management, Quality Control, and Quality Assurance.

- ***Quality Management:*** **Quality management** is the totality of functions involved in the determination and achievement of quality (includes quality assurance and quality control). Quality management is the means of implementing and carrying out quality policy. They perform goal planning and manage quality control and quality assurance activities. Quality management is responsible for seeing that all quality goals and objectives are implemented and that corrective actions have been achieved. They periodically review the quality system to ensure effectiveness and to identify and review any deficiencies.
- ***Quality Control:*** **Quality control** (QC) has a narrower focus than quality assurance. Quality control focuses on the process of producing the product or service with the intent of eliminating problems that might result in defects. According to ASQ, QC includes the operational techniques and the activities which sustain a quality of product or service that will satisfy given needs; also the use of such techniques and activities. The term quality control describes a variety of activities. It encompasses all techniques and activities of an organization that continuously monitor and improve the conformance of products, processes or services to specifications. Quality control may also include the review of processes and specifications and make recommendations for their improvement. Quality control aims to eliminate causes of unsatisfactory performance by identifying and helping to eliminate or at least narrow the sources of variation. Quality control has the same meaning as variation control of product characteristics.
- ***Quality Assurance:*** The term quality assurance describes all the planned and systematic actions necessary to assure that a product or service will satisfy the specified requirements. Usually this takes the form of an independent final inspection. The distinction between quality control and quality assurance is stated in an ANSI/ASQ standard: "Quality control has to do with making quality what it should be, and quality assurance has to do with making sure quality is what it should be." The quality assurance function should represent the customer and be independent of the quality control function, which is an integral part of the manufacturing operation.
- **Quality Assurance and Quality Control in general**

  The concepts and methods which are the basis of quality procedures were developed, mainly in the United States and Japan in industrial environments during and after the Second World War. The aim was to make production processes more efficient by reducing faults and errors - one of the watchwords was “zero tolerance of error” - and to produce goods of consistently high, and standardised quality. In order to achieve this, a number of procedures and principles were developed:

- a need to analyse the function of the finished product and of the constituent parts
- careful design of the components to do what they were intended to do – in other words, establishing functional criteria
- clear standards for the performance of the finished products.

It was realised that improved quality was not to be achieved through technical progress alone. Especially in Japan it was emphasised that the responsibility for the quality of the product should lie with those producing it, not with outside inspectors, and that people worked best if they formed teams able to organise their own work flexibly and intelligently. “Quality circles”, small teams who were encouraged to provide suggestions and to take quality initiatives were devised as a way of promoting the desired approach and attitude. It was stressed that correcting mistakes was expensive and time-consuming and that therefore the aim was to “get it right the first time, every time”.

FACTORS AFFECTING QUALITY

Quality is always affected by variables and attributes. The quality of products or services are also affected by factors that you’ll need to consider when looking to increase your profits and ensure your goods meet at least the minimum expected level of quality to benefit your business and your customers. There are nine fundamental factors (9 M’s) to be aware of when working on quality within your organisation which are:

1. **Market:** Because of technology advancement, we could see many new products to satisfy customer wants. Customers change a lot, all the time in fact and it is necessary to identify what the current needs of the customers are in order to keep them satisfied.
2. **Money:** The increased global competition necessitates huge outlays for new equipment's and process. Equipment and processes require a huge financial investment which has been increased by global competition. The investment is made worthwhile by the improvements they make to productivity.
3. **Management:** Because of the increased complex structure of business organization, the quality related responsibilities lie with persons at different levels in the organization. Management is a factor is businesses have more complex organisation.
4. **Men:** The rapid growth in technical knowledge leads to development of human resource with different specialization.
5. **Motivation:** If we fix the responsibility of achieving quality with each individual in the organization with proper motivation techniques, there will not be any problem in producing the designed quality products.
6. **Materials:** Selection of proper materials to meet the desired tolerance limit is also an important consideration. Materials play a big role in quality.
7. **Machines and mechanization:** In order to have quality products which will lead to higher productivity of any organization, we need to use advanced machines and mechanize various operations.
8. **Modern information methods:** The modern information methods help in storing and retrieving needed data for manufacturing, marketing and servicing.
9. **Mounting product requirements:** Product diversification to meet customers taste leads to intricacy in design, manufacturing and quality standards. Hence, companies should plan adequate system to tackle all these requirements. Mounting product requirements are required to meet the tastes of the customers. Products need to be diversified and systems must be in place to meet these requirements.

DEVELOPING A QUALITY CONTROL SYSTEM - PRE-CONTROL OF INPUTS, CONCURRENT CONTROL OF OPERATIONS, POST CONTROL OF OUTPUTS

See in earlier chapter and this chapter

FACTORS AFFECTING ETHICAL CHOICES

Ethical or unethical business practices usually reflect the values, attitudes, beliefs, and behavior patterns of the organizational culture. Ethics is as much an organizational issue as a personal issue.

I. The Manager

1. The manager brings specific personality and behavioral traits to the job. Personal needs, family influence, and religious background all shape a manager's value system.
2. Personality characteristics, such as ego strength, self-confidence, and a strong sense of independence may enable managers to make ethical decisions. The manager's level or stage of moral development is an important personal trait in making ethical decisions.
   a. *Preconventional level*. At this level a manager is concerned with external rewards and punishment and obeys authority to avoid detrimental personal consequences. These managers are likely to be autocratic or coercive.
   b. *Conventional level*. At this level managers learn to conform to expectations of good behavior as defined by colleagues, friends, family, and society. These managers are interested in interpersonal relationships and cooperation.
   c. *Postconventional level* (also called *principled level*). At this level individuals develop an internal set of standards and values and will disobey rules or laws that violate these principles. Internal values are more important than expectations of significant others. These managers typically use a transformative or servant leadership style.
3. The great majority of managers operate at the conventional level. A few managers have not advanced beyond the preconventional level. Only about 20 percent of American adults reach the principled level of moral development.
4. Women may, in general, make moral decisions based not on a set of absolute rights and wrongs but on principles of not causing harm to others.

When managers are accused of lying, cheating or stealing blame is usually placed on the individual or on the company situation. Most people believe that individuals make ethical choices because of individual integrity which is true, but it is not the whole story. Ethical or unethical business practices usually reflect the values, attitudes, beliefs, and behavior patterns of the organizational culture, thus, ethics help in shaping an organization.

II. The Organization

1. Values adopted within the organization are very important considering that most managers operate at the conventional level of moral development. Most believe their duty is to fulfill the obligations and expectations of others.
2. Social networks in organizations play an important role in guiding people's actions. The norms and values of the team, department, or organization have a profound influence on ethical behavior.
3. Other aspects of the organization that impact on ethical values and manager decision making include: (i) explicit rules and policies; (ii) the reward system; (iii) the extent to which the company cares about its employees; (iv) the selection system; (v) emphasis on legal and professional standards; and (vi) leadership and decision processes.

ETHICAL DILEMMA

An **ethical dilemma** or **ethical paradox** is a decision-making problem between two possible moral imperatives, neither of which is unambiguously acceptable or preferable. The complexity arises out of the situational conflict in which obeying one would result in transgressing another. Sometimes called ethical paradoxes in moral philosophy, ethical dilemmas may be invoked to refute an ethical system or moral code, or to improve it so as to resolve the paradox.

An **ethical dilemma** is a decision making problem between two possible moral imperatives, neither of which is unambiguously acceptable or preferable. It is sometimes called ethical paradoxes in moral philosophy.

CRITERIA FOR ETHICAL DECISION MAKING

Managers faced with tough ethical choices often benefit from a normative strategy based on norms and values to guide their decision making. Normative ethics is based on norms and values. Four normative approaches describe values for guiding ethical decision making.

1. **Utilitarian Approach**

The utilitarian approach holds that moral behavior produces the greatest good for the greatest number. The decision maker is expected to consider the effect of each decision alternative on all parties and select the one that will optimize satisfaction for the greatest number of people.

2. **Individualism Approach**

The individualism approach contends that acts are moral when they promote the individual's best long-term interests. Individualism is believed to lead to honesty and integrity because that works best in the long run. Because individualism is easily misinterpreted to support immediate self-gain, it is not popular in the highly organized and group-oriented society of today.

3. **Moral-Rights Approach**

The moral-rights approach asserts that human beings have fundamental rights that cannot be taken away by an individual's decision. An ethically correct decision is one that best maintains the rights of those people affected by it. Six moral rights should be considered during decision making.

a. *The right of free consent*. Individuals are to be treated only as they knowingly and freely consent to be treated.
b. *The right to privacy*. Individuals can choose to do as they please away from work and have control of information about their private life.
c. *The right of freedom of conscience*. Individuals may refrain from carrying out any order that violates their moral or religious norms.
d. *The right of free speech*. Individuals may criticize truthfully the ethics or legality of actions of others.
e. *The right to due process*. Individuals have a right to an impartial hearing and fair treatment.
f. *The right to life and safety*. Individuals have a right to live without endangerment or violation of their health and safety.

3. **Justice Approach**

The justice approach holds that moral decisions must be based on standards of equity, fairness, and impartiality. Three types of justice are of concern to managers:

a. Distributive justice requires that different treatment of people not be based on arbitrary characteristics. Men and women should not receive different salaries if they are performing the same job; however, people who differ in a substantive way can be treated differently.
b. Procedural justice requires that rules be administered fairly. Rules should be clearly stated and be consistently and impartially enforced.
c. Compensatory justice argues that the party responsible should compensate individuals for the cost of their injuries. Individuals should not be held responsible for matters over which they have no control.

EVALUATING CORPORATE SOCIAL PERFORMANCE

A. Economic Responsibilities

1. The first criterion of social responsibility is *economic responsibility*. The business institution is the basic economic unit of society. Its responsibility is to produce the goods and services that society wants and to maximize profits for its owners and shareholders.

2. Economic responsibility carried to extreme is called the *profit-maximizing view*, advocated by Nobel economist Milton Friedman. This view argues that the corporation's sole mission is to increase its profits so long as it stays within the rules. This approach means that economic benefit is the only social responsibility and can lead companies into trouble.

B. Legal Responsibilities

Legal responsibility defines what society deems important with respect to appropriate corporate behavior. Businesses are expected to fulfill their economic goals within the law. Legal requirements are imposed by local governments, state legislators, and federal regulatory agencies.

C. Ethical Responsibilities

Ethical responsibility includes behaviors that are not necessarily codified into law and may not serve the firm's direct economic interests. To be ethical, decision makers should act with equity, fairness, and impartiality, respect the rights of individuals, and treat individuals differently only when relevant to the organization's goals. *Unethical* behavior occurs when decisions enable an individual or company to gain at the expense of society.

D. Discretionary Responsibilities

Discretionary responsibility is voluntary and guided by a company's desire to make social contributions not mandated by economics, law, or ethics. Discretionary activities include philanthropic contributions that offer no direct financial payback to the company and are not expected. Discretionary responsibility is the highest criterion of social responsibility.

MANAGING COMPANY ETHICS

1. Ethical Individuals

Managers who are essentially ethical individuals make up the first of three pillars of ethics that support an ethical organization. These individuals possess honesty and integrity, which is reflected in their behavior and decisions. People inside and outside the organization trust them because they can be relied upon to be ethical in their dealings with others.

Ethical managers also encourage the moral development of others. They find ways to focus the entire organization's attention on ethical values and create an organizational environment that encourages, guides, and supports ethical behavior.

2. Ethical Leadership

If people don't hear continuously about ethical values from top managers, they get the idea that ethics is not important in their organization. Employees are aware of their boss's ethical lapses, and the company grapevine communicates situations in which top managers choose an expedient action over an ethical one. Managers can strongly influence the ethical climate in the organization by adhering to high ethical standards in their own behavior and decisions.

3. Organizational Structures and Systems

Code of Ethics

A **code of ethics** is a formal statement of the company's values concerning ethics and social issues. It communicates to employees what the company stands for. Codes of ethics tend to exist in two types.

- *Principle-based statements* are designed to affect corporate culture. They define fundamental values, company responsibilities, quality of products, and treatment of employees.
- *Policy-based statements* outline the procedures to be used in specific ethical situations such as marketing, conflicts of interest, observance of laws, proprietary information, political gifts, and equal opportunities.

4. Ethical Structures

Ethical structures represent the various systems, positions, and programs a company can undertake to implement ethical behavior.

- An **ethics committee** is a group of executives appointed to oversee the organization's ethics by ruling on questionable issues and disciplining violators.
- A **chief ethics officer** is a company executive who oversees all aspects of ethics and legal compliance.
- **Ethics training** programs help employees deal with ethical questions and translate the values stated in a code of ethics into everyday behavior.

4. Whistle-blowing

Whistle-blowing is the disclosure by an employee of illegal, immoral, or illegitimate practices by the organization. Some firms have instituted innovative programs and confidential hotlines to encourage and support internal whistle-blowing. Companies must view whistle-blowing as a benefit to the company and make dedicated efforts to protect whistle-blowers for this practice to be an effective ethical safeguard.

MANAGEMENT OF CHANGING ENVIRONMENT AND MANAGEMENT STYLES

CHANGES THAT ARE LIKELY TO INFLUENCE MANAGEMENT

With the economy teetering close to flat growth, there is increased pressure to **influence change** in your business and **change management** to not only maintain but also improve margins and profits sustainably.

As part of any change management process the ability to influence a "step change" in how things are done is critical; particularly when implementing new processes and behaviours in large organisations. This step change can only occur with the buy-in and support of employees and teams who are stakeholders in the business.

1. Culture

An organization is a social construct that operates beyond the project itself and has multiple characteristics that influence the success of projects regardless of how well the change or behavioral component of the project is handled. As stated earlier, organizational factors are reflexive. They interact with one another and with the change initiative. In this respect, organizational culture can be seen as a mega factor as it influences and is influenced by all other factors, which in turn are often used as attributes contributing to the understanding of organizational culture. Morrison et al. (2008), for instance, used 12 different factors to define what they describe as the organizational culture construct.

2. Change Resistance

Change resistance can be seen as directly associated with culture, as suggested by Morrison et al. (2006). When the cultural aspects of the project are not dealt with, there is greater resistance to the changes being implemented. Researchers of culture tend to view cultures as stabilizing forces within organizations and use the concept of culture to explain resistance to change. Resistance to change can be seen as arising from threats to traditional norms and ways of doing things. In the three cases studied in this paper, there were various mentions of staff resistance to change throughout the interviews. Consistent with the indication of a supportive culture at the Telco, reference to staff resistance was mainly apparent in the bank and the university projects. For both of these projects, every interviewee discussed issues that affected the project and were caused by people's resistance to the project changes.

3. Working as a Team

The type of team dynamics within an organization is also a symptom of its culture and its ability to achieve project goals. Throughout the case studies, there were very clear distinctions between organizations that had healthy team dynamics and knew how to work in teams to achieve the project goals and those that did not. This is best illustrated by the differences between the Telco and the university.

4. Leadership

According to some of the interviews, leadership also played a part in the overall culture that influenced the way the project was accepted and implemented. Schimmoeller (2007) found that if the organizational leaders are supportive of the project, the project has a greater chance of being accepted by the affected staff. His PhD research also determined that specific types of organizational culture favor particular styles of leadership. Therefore, although leadership is an individual characteristic, it is also consistent throughout a particular culture. Longman and Guttman (2006) conducted a study in which they rated project leaders and found that very few senior leaders understood the importance of their involvement in supporting the project and modeling the behaviors required by the project. Certain types of leadership behaviors, specifically leaders with greater self-awareness, are more useful in implementing changes. Change fatigue or readiness to accept changes can be improved by choosing the right leadership style.

5. Organizational Communications

Organizational communication can be seen as a tool to engage people or as a mechanism to transfer a certain message. Organizational communications are also part of the organization's culture and both influence and are influenced by the projects' activities. Morrison et al. (2006) included communications in their 12 cultural dimensions. The project may develop certain communication channels that are specific to its' requirements, however, it relies on the organization's acceptance of communication to implement these channels and disseminate the project information.

5. Systems and Processes

Similar to communications, organizational processes and systems are often developed by the project, particularly in organizational change projects, for the project to achieve its goals. However, they may require the support of the organization to be implemented and/or changed. This is a case of two-way influence. These factors tend to go together as they directly impact each other—when systems change so do processes and vice versa.

7. Structure

If the organizational structure does not support the requirements of the project, it can negatively influence the project. In these cases, the change projects may need to take action to influence the organizational structure. If a side effect of the project implementation is to change people's jobs and the structure of the organization, there is likely to be opposition to the project by staff and resistance to its implementation. The following provides insights into the limitations that the organizational structure had for achieving the project goals:

CHALLENGES BEFORE MANAGEMENT AS A RESULT OF CHANGING CIRCUMSTANCES

There are a number of challenges that can prove to be an obstacle to effective performance management.

1. Terminating an Employee

There really is no sleep aid for this one. No matter what you've done (see number one), it's always going to be gut-wrenching. No manager should ever get too comfortable with this responsibility. In addition to the tips in number one, manager must make sure that he has clear polices and training for severe conduct violations. For layoffs, manager must use a fair and consistent process, get training on how to conduct the discussion in a respectful way, and provide a fair severance and outplacement package.

2. Making the Right Hiring Decision

Choosing between final candidates can be agonizing. If he chooses wrong, he is going to end up dealing with a few of the other problems on this list. The cure? Use a good selection process — *do not* "wing it" (most managers actually do). Get trained in selection interviewing; consider using validated selection assessments; get multiple inputs, offer realistic job previews or shadowing, and work with a good HR pro or recruiter.

3. Doing Something Unethical or Wrong

If the manager makes mistake, the best thing is to come clean and own up to it. Cover-ups are usually worse than the mistake. Live with the consequences, learn from your mistake, and get on with it. If one of the employees crossover the line of ethical behavior and do something unethical, confront the issue immediately and get help from HR pro or compliance team.

4. Confronting Your Boss

Manager must try putting himself in his boss's shoes, and offer his own idea as an alternative that will help them achieve their objectives. Also, listen and keep an open mind. Who knows, boss may have information that would lead the manager to re-consider his idea. Most importantly, work on establishing a foundation of trust and mutual respect with your boss. That way, manager will be able to have disagreements in a safe and productive environment.

5. Team Conflicts

Managers want employees to collaborate, work as a team, and play nice in the sandbox. When one employee comes to you with complaints about another employee, it puts the manager in a difficult position of having to arbitrate the dispute. It is important to distinguish between task or personal conflict when alerted to a situation between team members. Task conflict is proven to be healthy and lead to the consideration and development of alternative ideas. Personal conflict however, is toxic on teams and must be eliminated immediately.

6. Peer Conflicts

Confrontations — those messy people issues — are probably the single aspect of work that keep managers up at night the most. That's why many managers tend to avoid them. In some cases, that's not a bad strategy (i.e., develop more tolerance, acceptance, etc…). However, when the stakes are high, avoidance is a terrible strategy. Also, not all confrontations are bad — a little constructive conflict is healthy for a team. Managing Workplace Conflict is a must skill for any manager.

7. Having to Learn Something New

When one is in a new role or doing something new, put a development plan in place to ensure his success. There are usually two to three "subject matter experts" that one can learn from, as well as books, courses, and online resources. Nowadays, with social networking, one can easily find someone that's willing to help by sharing their expertise in whatever you need to learn. Great leaders are always learning, and are not afraid to admit it.

8. Losing a High Potential Employee

Managers should not wait until his star employee shows up with an offer letter. By then, it's too late. Make sure high potential employees are paid what they are worth, are challenged, supported, and are learning. Let them know manager cares and how much he appreciates them. Keep in mind, star performers will eventually get promoted or leave for better opportunities. That's okay, that's the rewarding part of being a great leader (as long as they are leaving for the right reasons, not because they're dissatisfied).

9. Burnout

Take care of health and always keep a perspective on the things in life that really matter. Managers that don't take vacations are not benefiting from the opportunity to recharge their batteries. They also set terrible examples for their employees, which can lead to burning them out as well. A primary cause of burnout is job satisfaction, not hard work. If one is doing something he truly hates, then make a plan to transition to something else. Life is too short. We don't need to settle for a job we hate.

10. Leading in the Learning Organization

An organization that encourages learning among its people is referred to as a **learning organization.** In a learning organization, employees are engaged in identifying and solving problems, enabling the organization to continuously experiment, change, and improve. Thus, the organization can increase its capacity to grow, learn, and achieve its purpose. Leadership in learning organizations requires something more than the traditional approach of setting goals, making decisions, and directing the troops. In learning organizations, managers learn to think in terms of "control with" rather than "control over" employees. They "control with" employees by building relationships based on shared visions and shaping the cultures of their organizations so that all can help achieve the same visions. A leader in this learning environment can help facilitate teamwork, initiate change, and expand the capacity of employees to shape their organization's future. Leaders who understand how the learning organization operates can help other leaders adapt to this organizational style.

MANAGEMENT STYLES-TYPE OF MANAGEMENT STYLES

Crafting an effective management style involves balance.

Smart leaders know they have something to learn from everyone – and all ways of doing business.

1. Autocratic Management Style

Though it is the best choice in certain extreme environments, this leadership method does little to leverage worker creativity and facilitate growth. It also carries with it substantial planning, communication, and oversight costs.

Autocratic leader is any leader with a "Because I told you so…" mentality. Authoritative leadership means a manager takes complete control of (and responsibility for) a situation.

This directive leadership style can suit your team when members have little or no experience. Of course, it also becomes necessary in high-risk fields. For example, firefighters parachuting out of airplanes into wildfires need to follow orders without question or delay.

Suitability
This traditional (and often uncomfortable) leadership style does have its place. Subordinates need to obey instructions without question in many life-or-death environments:

- Military Deployments
- Search and Rescue Operations
- Heavy Industry
- Sensitive Laboratory Experiments
- First Responder Situations
- Emergency Rooms/Surgical Settings

Sometimes, complying without thinking or questioning authority figures creates the best outcomes for all stakeholders.

2. Affiliative Management Style
Affiliative managers promote connection and harmony between team members. They solve personality conflicts between team members, praise good work, and maintain healthy morale. Management researchers associate the affiliative approach to leadership with the creation of trusting relationships. Imagine the faltering but talented team in the first act of your favorite sports movie. The coach comes in, helps everyone work together, and makes something great out of an impossible situation.

Suitability
Some managers believe poor performance goes unnoticed (or, at least, unchallenged) by affiliative managers. Use this style of leadership sparingly, just as you would the authoritative leadership style. In many ways, these two methods represent the two ends of the management spectrum.

Use extreme patience and tolerance to heal your team and get them back on track. Employ affiliative management techniques when team members need to identify their strengths and weaknesses, sort out their roles and responsibilities, and put aside their ego battles.

3. Coaching Management Style
Leaders and managers act as coaches to inspire, encourage, and guide their teams to greater outputs and efficiencies. Coaching leaders balance authoritative and affiliative management styles. They make decisions themselves, but with feedback from the group. They facilitate positive interactions between team members but also let people know where they stand.

Suitability
Coaching works best with employees who have demonstrated competency and earned their coworkers' trust. Use this hybrid model to guide teams toward higher performance after using an extremely strict or lenient management style to accommodate new employees and difficult environments.

4. Democratic/Participative Management Style
Democratic leaders value *listening, collaboration, and investment*. They allow people time and space to create the best possible products and services. Simply put, democratic leadership involves getting everyone's consensus on decisions.

Suitability
Democratic leaders work best in situations where time and resources don't limit brainstorming and debate. However, even teams in rigid and dangerous environments can benefit from occasional democratic decisions. A leader of a surgical team could encourage the group to choose the location of their next training retreat by vote – or just the location of an after-hours hangout.

5. Pacesetting Management Style
Pacesetting leaders use their experience in a certain market/niche to get the most they can from highly-motivated workers. Often high achievers themselves, pacesetters lead by example and ask a lot from their followers. They set high standards, though they lead best by setting both short and long-term goals.

Suitability

In fast-paced environments such as sales, certain production facilities, and food service/retail, serving a large number of customers (or creating a great number of widgets) matters. Smart managers balance the need for high performance while fostering healthy competition – not an unhealthy obsession with short-term results.

6. Visionary Management Style

When managers need teams to invest heavily, but situations don't allow for democratic leadership, visionaries rise to the occasion. Visionary leaders help people see the impossible as possible. They facilitate engagement and inspire trust in high-risk, high-reward settings.

Suitability

Smart visionaries know **when to inspire – and when to empower.**
They can create impressive movements, but must use the trust they gain wisely.
By identifying and promoting strong leaders (including those who use the othermethods I've described here), they can create long-lasting organizations that maintain momentum well after they achieve their first big successes.

6. Directive Management Style

The DIRECTIVE leader orders the team around, sets high standards and disciplines those who don't meet the standard. He briefs the leader beforehand to change his / her mind several times during the activity and also to take a phone call and leave the room. When the leader is out of the room, the team usually stops work – concerned about the consequences of continuing without the micromanagement. After the activity the team reports that they are frustrated, angry and disengaged. It is interesting how quickly the team loses enthusiasm and initiative under the directive leader. The leader reports that the style is "high maintenance – he hasto be everywhere, watching everyone, it is exhausting"!

7. Paternalistic Style of Working

Paternalism has at times been equated with leadership styles. Most definitions of leadership normally state or imply that one of the actions within leadership is that of *influencing*. For example, the U.S. Army (1983) uses the following definition:

Leadership is influencing people by providing purpose, direction, and motivation while operating to accomplish the mission and improving the organization.

P*aternalism* is defined as (Webster Dictionary):
A system under which an authority undertakes to supply needs or regulate conduct of those under its control in matters affecting them as individuals as well as in their relationships to authority and to each other.

Thus, paternalism supplies needs for those under its protection or control, while leadership gets things done. The first is directed inwards, while the latter is directed outwards.

- In paternalistic style of working, the leaders decide what is best for the employees as well as the organization.
- Policies are devised to benefit the employees and the organization.
- The suggestions and feedback of the subordinates are taken into consideration before deciding something.
- In such a style of working, employees feel attached and loyal towards their organization.
- Employees stay motivated and enjoy their work rather than treating it as a burden.

8. Delegative/Laissez-Faire Style of Working

In this style, the leader allows the employees to make the decisions. However, the leader is still responsible for the decisions that are made. This is used when employees are able to analyze the situation and determine what needs to be done and how to do it. You cannot do everything! You must set priorities and delegate certain tasks.

This is not a style to use so that you can blame others when things go wrong, rather this is a style to be used when you fully trust and have confidence in the people below you. Do not be afraid to use it, however, use it wisely!

NOTE: Laissez-faire (or lais·ser faire) is the noninterference in the affairs of others. [French : laissez, second person pl. imperative of laisser, to let, allow + faire, to do.]

9. Management by Walking Around Style of Working

- In the above style of working, managers treat themselves as an essential part of the team and are efficient listeners.
- The **superiors interact with the employees more often** to find out their concerns and suggestions.
- In such a style of working, the **leader is more of a mentor to its employees** and guides them whenever needed.
- The managers don't lock themselves in cabins; instead walk around to find out what is happening around them.

FACTORS INFLUENCING MANAGERIAL STYLE

Business owners are faced with plenty of decisions. How you choose to lead affects the way your workers perform and, therefore, the way your goods and services earn money and satisfy your clients. Leadership, while often steeped in personal style, should not be arbitrary. Understanding factors that influence how you lead your staff can help you manage your personnel more effectively.

1. **Personality/Personality Traits:** One factor determining leadership style that cannot be ignored is the personality of the individual who is in charge of a group of employees. Aligning an individual's basic nature with a particular method of management is most often successful, because the leader will be comfortable with it. For example, if the manager possesses a charming demeanor that draws people to her, she likely will adopt a charismatic style that develops a faithful staff desiring to please their leader. On the other hand, a person who is most comfortable following set protocols is likely to adopt a more traditional authoritative style in which she trains employees to carry out their duties in strict accordance with company policy.
2. **Belief System:** A manager's professional ethics is often a factor that influences his method of leadership. For example, the person who believes strongly in teamwork as the most successful approach to work often adopts a democratic leadership style. This style requires the manager to participate with employees in solving problems together. Other people who wish to instill the importance of employees learning self-management work well as transformational leaders. This type of management involves ascertaining what employees need to work on, guiding them in how to accomplish these changes and persuading their followers to commit to the process of transforming themselves as workers and the organization in general.
3. **Company Culture:** The nature of a company's culture will influence the style of leadership used in the establishment. If there is a strong culture of motivated and well-trained employees, the managers can adopt a laissez faire style. This leadership method is basically hands-off, as the manager believes her staff is capable of handling their work without an abundance of guidance. The leader is there to inspire but not to micromanage or even to spend much time overseeing projects. Other companies are dedicated to creativity as a significant factor in their success. This culture requires a creative leader who challenges employees to think in innovative ways, express their opinions and experiment with different work methods.
4. **Employee Diversity:** Small businesses are hiring a more diverse workforce than in the past. A company is likely to employ people of different races, gender, ages and cultures. Leaders must respond to this diversity with a vision for their staff and by developing a multi-cultural approach to their work. The styles of management most compatible with a diverse set of workers include a participatory method, in which the leader works closely with employees to help them assimilate and succeed. Another successful style that works with individuals of different backgrounds is

servant leadership, where the manager dedicates his efforts to providing the employees with everything they need so that, in principle, these workers mature and pass along the servant attitude to other employees and to their customers.

5. **Level of Control:** The level to which a leader wishes to maintain control also influences leadership style. Some leaders want to be involved in all aspects of day-to-day operations and decision-making processes, which requires the need for micromanaging. Others may be more trusting of their subordinates or may not want the heavy burden of making all decisions, so they tend to take a more hands-off approach by delegating responsibility. Leaders who choose to delegate may need to create an additional layer of management.
6. **Organizational Structure:** An organization's structure and operating methods may dictate the type of leadership style that managers must adopt. Some organizations place heavy emphasis on encouraging contributions or ideas from their members, requiring an open style of leadership where members have a large say in determining their own roles and functions. Other organizations operate with more of a "my way or the highway" mentality, where leaders dictate direction and deviation or innovation is frowned upon.
7. **Experience:** A leader's level of experience, both as a leader and with a particular organization can have an impact on his style. Someone who is new to a leadership role may be more inclined to lead "by the book" to avoid potential mistakes, while a more experienced leader will often feel more confident in following his own interpretation of rules and regulations. A leader who has been part of an organization for many years will likely have a better understanding of the organization's nuances than a new member, so she may be more comfortable when making decisions.
8. **Style and Expectations of the boss:** One important factor which will determine one's leadership is the style and expectations of the boss. If your boss is a very directive manager and expects you to be the same, it may be difficult or impossible for you to engage in a coaching or supportive leadership style without getting yourself into hot water.
9. **Associates:** Leaders associates are another moderating influence which can potentially change your leadership style. In some organizations, it's expected that all managers on a given level will operate in pretty much the same manner. If you should get out of step with your peers, they will become upset. You would be a threat to the security of the organization. Hence you will get pressure to return to the group norms.
10. **Time:** Time also influences management style. If time is available, a good manager will use it to help subordinates develop skills and commitment. However, when things get wild and hairy around the office, a manager may not have the necessary time it takes to employ the "coaching" style of management which demands considerable time for the one-on-one involvement.
11. **Type of Business:** Your company`s type of work influences how you can integrate leadership. A business in crisis, or one that must respond quickly to changing markets, requires you to be decisive and able to communicate decisions effectively in a top-down way. If your company practices continuous improvement methods such as lean and Kaizen, decisions and communications are more lateral. In practice, businesses experience a combination of these conditions, so you may move between styles as situations change.
12. **Communication:** Flow of information is at the core of effective leadership. While the conditions and styles of communication change, the need to express yourself clearly in all situations remains. Regular meetings may be difficult to implement in high-productivity manufacturing situations, and they may be essential in collaborative workplaces. Likewise, written and verbal communications have appropriate places. Avoid at all costs situations in which your employees feel that they have no information. This appears as abandonment of leadership.

When deciding upon a management style, first and foremost, always consider the people you are responsible for managing. Then, think about the environmental factors which might influence your management style.