



NEHRU COLLEGE OF ENGINEERING AND RESEARCH CENTRE
(NAAC Accredited)
(Approved by AICTE, Affiliated to APJ Abdul Kalam Technological University, Kerala)



DEPARTMENT OF ELECTRICAL AND ELECTRONICS ENGINEERING

COURSE MATERIALS



HS300 PRINCIPLES OF MANAGEMENT

VISION OF THE INSTITUTION

To mould true citizens who are millennium leaders and catalysts of change through excellence in education.

MISSION OF THE INSTITUTION

NCERC is committed to transform itself into a center of excellence in Learning and Research in Engineering and Frontier Technology and to impart quality education to mould technically competent citizens with moral integrity, social commitment and ethical values.

We intend to facilitate our students to assimilate the latest technological know-how and to imbibe discipline, culture and spiritually, and to mould them in to technological giants, dedicated research scientists and intellectual leaders of the country who can spread the beams of light and happiness among the poor and the underprivileged.

COURSE OBJECTIVES

Course Name: HS300 PRINCIPLES OF MANAGEMENT YEAR of Study: THIRD YEAR

C300.1	To develop ability to critically analyse and evaluate a variety of management practices in the contemporary context
C300.2	To understand and apply a variety of management and organizational theories in practice
C300.3	To be able to mirror existing practices or to generate their own innovative management competencies, required for today's complex and global workplace
C300.4	To be able to critically reflect on ethical theories and social responsibility ideologies to create sustainable organizations.
C300.5	To identify common organizational structure and its advantages and disadvantages
C300.6	To explain group and team dynamics within organizations and recognize good and poor leadership and its varieties.

PROGRAM OUTCOMES (POs)

Engineering Graduates will be able to:

1. **Engineering knowledge:** Apply the knowledge of mathematics, science, engineering fundamentals, and an engineering specialization to the solution of complex engineering problems.
2. **Problem analysis:** Identify, formulate, review research literature, and analyze complex engineering problems reaching substantiated conclusions using first principles of mathematics, natural sciences, and engineering sciences.
3. **Design/development of solutions:** Design solutions for complex engineering problems and design system components or processes that meet the specified needs with appropriate consideration for the

- public health and safety, and the cultural, societal, and environmental considerations.
4. **Conduct investigations of complex problems:** Use research-based knowledge and research methods including design of experiments, analysis and interpretation of data, and synthesis of the information to provide valid conclusions.
 5. **Modern tool usage:** Create, select, and apply appropriate techniques, resources, and modern engineering and IT tools including prediction and modeling to complex engineering activities with an understanding of the limitations.
 6. **The engineer and society:** Apply reasoning informed by the contextual knowledge to assess societal, health, safety, legal and cultural issues and the consequent responsibilities relevant to the professional engineering practice.
 7. **Environment and sustainability:** Understand the impact of the professional engineering solutions in societal and environmental contexts, and demonstrate the knowledge of, and need for sustainable development.
 8. **Ethics:** Apply ethical principles and commit to professional ethics and responsibilities and norms of the engineering practice.
 9. **Individual and team work:** Function effectively as an individual, and as a member or leader in diverse teams, and in multidisciplinary settings.
 10. **Communication:** Communicate effectively on complex engineering activities with the engineering community and with society at large, such as, being able to comprehend and write effective reports and design documentation, make effective presentations, and give and receive clear instructions.
 11. **Project management and finance:** Demonstrate knowledge and understanding of the engineering and management principles and apply these to one's own work, as a member and

leader in a team, to manage projects and in multidisciplinary environments.

12. **Life-long learning:** Recognize the need for, and have the preparation and ability to engage in independent and life-long learning in the broadest context of technological change.

CO-PO matrices of courses

CO	PO1	PO2	PO3	PO4	PO5	PO6	PO7	PO8	PO9	PO10	PO11	PO12
C300.1	2	1	2	1	3	2	1	2	1	2	2	2
C300.2	2	1	2	1	3	2	1	2	1	2	2	2
C300.3	2	1	2	1	3	2	1	2	1	2	2	2
C300.4	2	1	2	1	3	2	1	2	1	2	2	2
C300.5	2	1	2	1	3	2	1	2	1	2	2	2
C300.6	2	1	2	1	3	2	1	2	1	2	2	2
C300	2	1	2	1	3	2	1	2	1	2	2	2

CO AND PSO MAPING

PSO

1. Apply Science, Engineering, Mathematics through differential and Integral Calculus, Complex Variables to solve Electrical Engineering Problems.
2. Demonstrate proficiency in the use of software and hardware to be required to practice electrical engineering profession.
3. Able to apply the knowledge of Ethical and Management principles required to work in

CO/PSO	PSO1	PSO2	PSO3
C300.1	2	2	3
C300.2	2	2	3
C300.3	2	2	3
C300.4	2	2	3
C300.5	2	2	3
C300.6	2	2	3
C300	2	2	3

Course code	Course Name	L-T-P - Credits	Year of Introduction	
HS300	Principles of Management	3-0-0-3	2016	
Prerequisite : Nil				
Course Objectives				
<input type="checkbox"/> To develop ability to critically analyse and evaluate a variety of management practices in the contemporary context; <input type="checkbox"/> To understand and apply a variety of management and organisational theories in practice; <input type="checkbox"/> To be able to mirror existing practices or to generate their own innovative management competencies, required for today's complex and global workplace; <input type="checkbox"/> To be able to critically reflect on ethical theories and social responsibility ideologies to create sustainable organisations.				
Syllabus				
Definition, roles and functions of a manager, management and its science and art perspectives, management challenges and the concepts like, competitive advantage, entrepreneurship and innovation. Early contributors and their contributions to the field of management. Corporate Social Responsibility. Planning, Organizing, Staffing and HRD functions, Leading and Controlling. Decision making under certainty, uncertainty and risk, creative process and innovation involved in decision making.				
Expected outcome.				
A student who has undergone this course would be able to i. manage people and organisations ii. critically analyse and evaluate management theories and practices iii. plan and make decisions for organisations iv. do staffing and related HRD functions				
Text Book:				
Harold Koontz and Heinz Wehrich, <i>Essentials of Management</i> , McGraw Hill Companies, 10th Edition.				
References:				
1. Daft, <i>New era Management</i> , 11th Edition, Cengage Learning 2. Griffin, <i>Management Principles and Applications</i> , 10th Edition, Cengage Learning 3. Heinz Weirich, Mark V Cannice and Harold Koontz, <i>Management: a Global, Innovative and Entrepreneurial Perspective</i> , McGraw Hill Education, 14th Edition 4. Peter F Drucker, <i>The Practice of Management</i> , McGraw Hill, New York 5. Robbins and Coulter, <i>Management</i> , 13th Edition, 2016, Pearson Education				
Course Plan				
Module	Sub Module	Contents	Hours	Sem. Exam Marks
I	1(a)	Introduction to Management: definitions, managerial roles and functions	6	15%
	1(b)	Science or Art perspectives- External environment-global, innovative and entrepreneurial perspectives of Management		

	1(c)	Managing people and organizations in the context of New Era		
	1(d)	Managing for competitive advantage - the Challenges of Management		
II	2(a)	Early Contributions and Ethics in Management: Scientific Management	6	15%
	2(b)	contributions of Taylor, Gilbreths, Human Relations approach		
	2(c)	contributions of Mayo, McGregor's Theory		
	2(d)	Ouchi's Theory Z		
	2(e)	Systems Approach, the Contingency Approach		
	2(f)	the Mckinsey 7-S Framework Corporate Social responsibility		
	2(g)	Managerial Ethics		
FIRST INTERNAL EXAMINATION				
III	3(a)	Planning: Nature and importance of planning, -types of plans	6	15%
	3(b)	Steps in planning, Levels of planning		
	3(c)	The Planning Process		
	3(d)	MBO		
IV	4(a)	Organising for decision making: Nature of organizing	6	15%
	4(b)	organization levels and span of control in management Organisational design and structure		
	4(c)	departmentation, line and staff concepts		
	4(d)	Limitations of decision making-Evaluation and selecting from alternatives		
	4(e)	programmed and non programmed decisions		
	4(f)	decision under certainty, uncertainty and risk-creative process and innovation		
SECOND INTERNAL EXAMINATION				
V	5(a)	Staffing and related HRD Functions: definition, Empowerment, staff – delegation, decentralization and recentralisation of authority	9	20%
	5(b)	Effective Organizing and culture-responsive organizations		
	5(c)	Global and entrepreneurial organizing		
	5(d)	Manager inventory chart		
	5(e)	matching person with the job		
	5(f)	system approach to selection		
	5(g)	Job design-skills and personal characteristics needed in managers		
	5(h)	selection process, techniques and instruments		
VI	6(a)	Leading and Controlling: Leading Vs Managing	9	20%
	6(b)	Trait approach and Contingency approaches to leadership		
	6(c)	Dimensions of Leadership		
	6(d)	Leadership Behavior and styles		
	6(e)	Transactional and Transformational Leadership		
	6(f)	Basic control process- control as a feedback system		

	6(g)	Feed Forward Control		
	6(h)	Requirements for effective control – control techniques		
	6(i)	Overall controls and preventive controls		
	6(j)	Global controlling		
END SEMESTER EXAM				

Question Paper Pattern

Max. marks: 100, Time: 3 hours .

The question paper shall consist of three parts

Part A: 4 questions uniformly covering modules I and II. Each question carries 10 marks
Students will have to answer any three questions out of 4 (3X10 marks =30 marks)

Part B : 4 questions uniformly covering modules III and IV. Each question carries 10 marks
Students will have to answer any three questions out of 4 (3X10 marks =30 marks)

Part C: 6 questions uniformly covering modules V and VI. Each question carries 10 marks
Students will have to answer any four questions out of 6 (4X10 marks =40 marks)

Note: In all parts, each question can have a maximum of four sub questions, if needed.

FIFTH SEMESTER B.TECH DEGREE EXAMINATION, MODEL QUESTION PAPER

Course code: HS300

Course name: Principles of Management

Max.Mark:100

Duration: 3 Hours

PART A

(Answer any 3 questions)

1. Explain various roles a manager needs to perform in an organization?
2. Describe the various challenges management faces in the modern era?
3. Explain the contributions of Taylor towards scientific management?
4. Explain Mckinsey 7S framework?

PART B

(Answer any 3 questions)

5. Explain the various types of plans in detail?
6. Explain MBO process and its various steps involved?
7. Explain line and staff concept in organization?
8. Explain the two types of organizational design ?

PART C

(Answer any 4 questions)

9. Explain the process of centralization and decentralization?
10. Explain manager inventory chart?
11. Explain the process of job design?
12. Explain the Trait approach to leadership?
13. What are the various requirements of effective control?
14. Explain the various steps in basic control process?

ANSWER KEY

FIFTH SEMESTER B.TECH DEGREE EXAMINATION, MODEL QUESTION PAPER

Course code: HS300

Course name: Principles of Management

PART A

1. A) Task priority

- Conservative Role- manager avoids conflicts and has a conservative attitude
- Creative Role- Manager takes this role to make company dynamic

B) Market behaviour

- Strategic role- Devises strategies to achieve organizational goals
- Organizing Role – organizes resources to ensure smooth function

C) Fulfilling the supporting roles

a) Interpersonal Role

Figurehead – As a manager, you have social, ceremonial and legal responsibilities. You're expected to be a source of inspiration. People look up to you as a person with authority, and as a figurehead.

Leader – This is where you provide leadership for your team, your department or perhaps your entire organization; and it's where you manage the performance and responsibilities of everyone in the group.

Liaison – Managers must communicate with internal and external contacts. You need to be able to network effectively on behalf of your organization.

b) Information Role

Monitor – In this role, you regularly seek out information related to your organization and industry, looking for relevant changes in the environment. You also monitor your team, in terms of both their productivity, and their well-being.

Disseminator – This is where you communicate potentially useful information to your colleagues and your team.

Spokesperson – Managers represent and speak for their organization. In this role you're responsible for transmitting information about your organization and its goals to the people outside it.

c) Decision Roles

Entrepreneur – As a manager, you create and control change within the organization. This means solving problems, generating new ideas, and implementing them.

Disturbance Handler – When an organization or team hits an unexpected roadblock, it's the manager who must take charge. You also need to help mediate disputes within it.

Resource Allocator – You'll also need to determine where organizational resources are best applied. This involves allocating funding, as well as assigning staff and other organizational resources.

Negotiator – You may be needed to take part in, and direct, important negotiations within your team, department, or organization.

2. a) Social forces – It represents the challenges in dealing with the people outside the organization and the employees inside the organization
- b) Political Forces – It represents the challenges faced by the organizations from political and legal institutions and their influence on people and employees
- c) Economic forces – It represents the challenges faced by the organizations in the matter of availability and distribution of resources and raw materials
- d) Globalization
- e) Innovation- one of the challenges of management is to promote and encourage creativity and innovation
- f) Cyber crime

- g) Environmental disasters
 - h) Social Responsibility
 - i) War, terrorism
 - j) Customer Satisfaction
- 3.**
- a) Time study
 - b) Scientific selection,placement and training of workers
 - c) Division of Labour
 - d) Standardization of methods,procedures,tools and equipments
 - e) Principle of exception
 - f) Differential Wage system
 - g) Concept of functional Organisation
 - h) Unity of command
 - i) Preparation of organization chart

4.



The 7-S model can be used in a wide variety of situations where an alignment perspective is useful, for example, to help you:

- Improve the performance of a company.
- Examine the likely effects of future changes within a company.
- Align departments and processes during a merger or acquisition.
- Determine how best to implement a proposed strategy.

The McKinsey 7-S model can be applied to elements of a team or a project as well. The alignment issues apply, regardless of how you decide to define the scope of the areas you study.

The Seven Elements

The McKinsey 7-S model involves seven interdependent factors which are categorized as either "hard" or "soft" elements:

Hard Elements	Soft Elements
	Shared Values
Strategy	Skills
Structure	Style
Systems	Staff

"Hard" elements are easier to define or identify and management can directly influence them: These are strategy statements; organization charts and reporting lines; and formal processes and IT systems.

"Soft" elements, on the other hand, can be more difficult to describe, and are less tangible and more influenced by culture. However, these soft elements are as important as the hard elements if the organization is going to be successful.

- **Strategy:** the plan devised to maintain and build competitive advantage over the competition.
- **Structure:** the way the organization is structured and who reports to whom.
- **Systems:** the daily activities and procedures that staff members engage in to get the job done.
- **Shared Values:** called "superordinate goals" when the model was first developed, these are the core values of the company that are evidenced in the corporate culture and the general work ethic.
- **Style:** the style of leadership adopted.
- **Staff:** the employees and their general capabilities.
- **Skills:** the actual skills and competencies of the employees working for the company.

Next step is to ask a checklist of questions corresponding to each S. Once the questions are answered, data is examined and the following analysis will reveal the conflicts, gaps, strength and weakness of the existing organizational design and give us an insight of how to rechange it when required.

PART B

5. a) Classification based on Scope

Strategic Plans

Strategic plans define the framework of the organization's vision and how the organization intends to make its vision a reality.

- It is the determination of the long-term objectives of an enterprise, the action plan to be adopted and the resources to be mobilized to achieve these goals.
- Since it is planning the direction of the company's progress, it is done by the top management of an organization.
- It essentially focuses on planning for the coming years to take the organization from where it stands today to where it intends to be.
- The strategic plan must be forward looking, effective and flexible, with a focus on accommodating future growth.
- These plans provide the framework and direction for lower level planning.

Tactical Plans

Tactical plans describe the tactics that the managers plan to adopt to achieve the objectives set in the strategic plan.

- Tactical plans span a short time frame (usually less than 3 years) and are usually developed by middle level managers.
- It details specific means or action plans to implement the strategic plan by units within each division.
- Tactical plans entail detailing resource and work allocation among the subunits within each division.

Operational Plans

Operational plans are short-term (less than a year) plans developed to create specific action steps that support the strategic and tactical plans.

- They are usually developed by the manager to fulfill his or her job responsibilities.
- They are developed by supervisors, team leaders, and facilitators to support tactical plans.
- They govern the day-to-day operations of an organization..

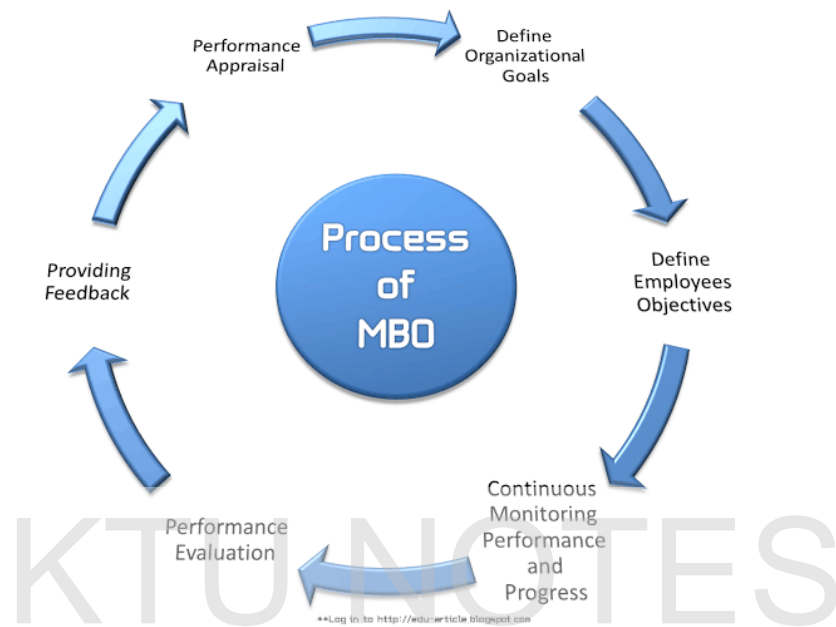
b) Classification based on Frequency of use

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.

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

C) 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.

6.



The process of setting objectives in the organization to give a sense of direction to the employees is called as Management by Objectives.

It refers to the process of setting goals for the employees so that they know what they are

Management by Objectives defines roles and responsibilities for the employees and help them chalk out their future course of action in the organization.

Management by objectives guides the employees to deliver their level best and achieve the targets within the stipulated time frame.

Steps in MBO

1. Define organizational goals
2. Define employees objectives
3. Continuous monitoring performance and progress
4. Performance evaluation

5. Providing feedback
6. Performance appraisal

Define Organizational Goals

Goals are critical issues to organizational effectiveness, and they serve a number of purposes. Organizations can also have several different kinds of goals, all of which must be appropriately managed.

And a number of different kinds of managers must be involved in setting goals. The goals set by the superiors are preliminary, based on an analysis and judgment as to what can and what should be accomplished by the organization within a certain period.

Define Employees Objectives

After making sure that employees' managers have informed of pertinent general objectives, strategies and planning premises, the manager can then proceed to work with employees in setting their objectives.

The manager asks what goals the employees believe they can accomplish in what time period, and with what resources. They will then discuss some preliminary thoughts about what goals seem feasible for the company or department.

Continuous Monitoring Performance and Progress

MBO process is not only essential for making line managers in business organizations more effective but also equally important for monitoring the performance and progress of employees.

For monitoring performance and progress the followings are required;

- Identifying ineffective programs by comparing performance with pre-established objectives,
- Using zero based budgeting
- Applying MBO concepts for measuring individual and plans,
- Preparing long and short range objectives and plans,
- Installing effective controls
- Designing sound organizational structure with clear, responsibilities and decision-making authority at the appropriate level.

Performance Evaluation

Under this MBO process performance review are made by the participation of the concerned managers.

Providing Feedback

The filial ingredients in an MBO program are continuous feedback on performance and goals that allow individuals to monitor and correct their own actions.

This continuous feedback is supplemented by periodic formal appraisal meetings which superiors and subordinates can review progress toward goals, which lead to further feedback.

Performance Appraisal

Performance appraisal are a regular review of employee performance within organizations. It is done at the last stage of MBO process.

7.

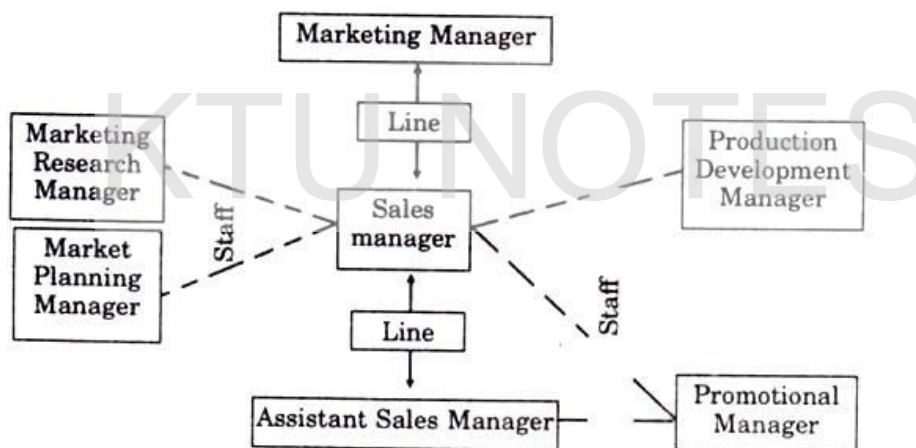


Fig. 6.15. Line & staff relationship.

There are a variety of organizational structures that companies use when developing an operational model. One of the most common is the line and staff organizational structure. This consists of a line, which is managers who make business decisions for their respective departments, and a staff, whose members perform tasks in support of the directives issued by the line.

The Line

The line comprises professionals whose day-to-day tasks directly work toward accomplishing the organization's mission and goals. Alternative names for the line

are the business groups or, in the financial services industry, the front office. These employees produce and sell the goods and services of the firm. For example, the research and development team creates the products, while the supply chain manufactures them. The marketing department works to raise consumer awareness of the products and services, while the sales group initiates customer transactions. The actions of the line generate the organization's revenue. As a result, this group makes most decisions regarding the company's operational policies and procedures.

The Staff

The staff is composed of every non-revenue generating department. Though these groups do not directly contribute to the firm's bottom line, their actions make those of the line possible. The human resources department, for instance, ensures that the line is staffed with top-tier talent, content in their jobs. Legal makes sure that the actions of the line and its employees are within the scope of the law. Likewise, the finance group secures capital resources for the organization, while the accounting department balances the books. Alternative names for the staff include the support groups and, in the financial services industry, the back office

Merits of Line and Staff Organisation:

1. There is a planned specialization.
2. There is a well defined authority and responsibility. The line of command is maintained.
3. There is bifurcation of conceptual and executive function.
4. The staff with its expert knowledge provides opportunities to the line officers for adopting a rational multidimensional view towards a problem.
5. This type of organization nourishes organization growth as each man grows in his own specialty. It also helps co-ordination through co-operation and leadership.

Demerits of Line and Staff Organisation:

1. There are bound to be occasions when line and staff may differ in opinion. This may result conflict of interest & prevents a harmonies relationship.
 2. There is a misinterpretation of expert advice by incompetent line executives.
 3. The staff people feel themselves status-less without authority.
 4. Staff becomes ineffective in absence of authority
8. Organizational designs fall into two categories, traditional and contemporary. Traditional designs include simple structure, functional structure, and divisional structure. Contemporary designs would include team structure, matrix structure, project structure, boundaryless organization, and the learning organization. I am going to define and discuss each design in order to give an understanding of the organizational design concept.

Traditional Designs

1. Simple Structure

A simple structure is defined as a design with low departmentalization, wide spans of control, centralized authority, and little formalization. This type of design is very common in small start up businesses. For example in a business with few employees the owner tends to be the manager and controls all of the functions of the business. Often employees work in all parts of the business and don't just focus on one job creating little if any departmentalization. In this type of design there are usually no standardized policies and procedures. When the company begins to expand then the structure tends to become more complex and grows out of the simple structure.

2. Functional Structure

A functional structure is defined as a design that groups similar or related occupational specialties together. It is the functional approach to departmentalization applied to the entire organization.

3. Divisional Structure

A divisional structure is made up of separate, semi-autonomous units or divisions. Within one corporation there may be many different divisions and each division has its own goals to accomplish. A manager oversees their division and is completely responsible for the success or failure of the division. This gets managers to focus more on results knowing that they will be held accountable for them.

Contemporary Designs

1. Team Structure

A team structure is a design in which an organization is made up of teams, and each team works towards a common goal. Since the organization is made up of groups to perform the functions of the company, teams must perform well because they are held accountable for their performance. In a team structured organization there is no hierarchy or chain of command. Therefore, teams can work the way they want to, and figure out the most effective and efficient way to perform their tasks. Teams are given the power to be as innovative as they want. Some teams may have a group leader who is in charge of the group

2. Matrix Structure

A matrix structure is one that assigns specialists from different functional departments to work on one or more projects. In an organization there may be different projects going on at once. Each specific project is assigned a project

manager and he has the duty of allocating all the resources needed to accomplish the project. In a matrix structure those resources include the different functions of the company such as operations, accounting, sales, marketing, engineering, and human resources. Basically the project manager has to gather specialists from each function in order to work on a project, and complete it successfully. In this structure there are two managers, the project manager and the department or functional manager.

3. Project Structure

A project structure is an organizational structure in which employees continuously work on projects. This is like the matrix structure; however when the project ends the employees don't go back their departments. They continuously work on projects in a team like structure. Each team has the necessary employees to successfully complete the project. Each employee brings his or her specialized skill to the team. Once the project is finished then the team moves on to the next project.

4. Autonomous Internal Units

Some large organizations have adopted this type of structure. That is, the organization is comprised of many independent decentralized business units, each with its own products, clients, competitors, and profit goals. There is no centralized control or resource allocation.

5. Boundaryless Organization

A boundaryless organization is one in which its design is not defined by, or limited to, the horizontal, vertical, or external boundaries imposed by a predefined structure. In other words it is an unstructured design. This structure is much more flexible because there is no boundaries to deal with such as chain of command, departmentalization, and organizational hierarchy. Instead of having departments, companies have used the team approach. In order to eliminate boundaries managers may use virtual, modular, or network organizational structures. In a virtual organization work is outsourced when necessary. There are a small number of permanent employees, however specialists are hired when a situation arises. Examples of this would be subcontractors or freelancers. A modular organization

is one in which manufacturing is the business. This type of organization has work done outside of the company from different suppliers. Each supplier produces a specific piece of the final product. When all the pieces are done, the organization then assembles the final product. 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.

PART C

9). Meaning of Centralization

Centralization means the authority is centralized at the top level of management. Decisions are made by the higher level managers. It is opposite of decentralization. Top managers make all the decisions. Subordinates simply carry them out. According to Ricky Griffin, "Centralization is the process of systematically retaining power and authority in the hands of higher level managers".

ADVANTAGES OF CENTRALIZATION

1. Specialization management: The higher the specialization of jobs, the greater the need for centralization. Tall hierarchical organizations with functional departments are best managed through centralization.
2. Complexity management: Specialization of jobs creates complexity. Narrow spans of management also create complexity. Centralization provides advantage to manage complexity. Uniform policies and practices are fostered. Specialists can be used.
3. Significant decision making: Non-programmed significant decisions require centralized decision making by top management. Decentralization is not suitable for making such decisions. Moreover, management philosophy may also favor centralization in such decision.
4. Environmental stability: Centralization is the most suitable model for making decisions in stable environment.
5. Improved capacity at lower levels: Subordinates may lack capacity or be unwilling and inexperienced to exercise decentralized authority. Such situations give advantage to centralization.

6. Crisis management: When organizations face crisis or risk of failure, centralized decision making by top management has advantage.
7. Cost effective: High cost of decentralization makes centralization advantageous. Duplication of efforts is minimized.

DISADVANTAGES OF CENTRALIZATION

1. Poor environmental adaptation: Organizational environment tends to be dynamic, complex and uncertain. Centralization cannot quickly adapt to the changing environment.
2. Poor diversification management: Modern organizations tend to be highly diversified. They are also geographically dispersed. Centralization is not suitable to manage diversified and dispersed organizations.
3. Unsuitable for programmed decisions: Programmed decisions are routine-type decisions. They are relatively minor decisions. Such decisions are not suitable for centralization. They burden top managers.
4. Poor management development: Centralization blocks the management development of subordinates. Their skills and talents remain unutilized because of lack of participation and involvement in decision making.
5. Delayed decisions: Centralization creates multiple layers for decision making purposes. The files move through the hierarchy from subordinates to bosses. This delays decision making.

MEANING OF DECENTRALIZATION

Decentralization is the result of delegation of authority. It is devolution of decision making authority downward.

According to Koontz and Weihrich, "Decentralization is the tendency to disperse decision-making authority in an organized structure".

ADVANTAGES OF DECENTRALIZATION

1. Quicker and better decisions: it disperses decision making authority close to unit managers who execute decisions. It reduces problems of communication and red tape. This leads to quicker and better decision making
2. Diversification: decentralization facilitates diversification of products, activities and markets. Profit centers can be established with independence in decision making.
3. Competitive organizational climate: Decentralization promotes competitive climate for improving performance among divisions and profit centers.
4. Management development: decentralization encourages managers to exercise freedom and independence in decision making. They learn to make decisions and exercise judgment. This develops managerial competency.
5. Environmental adaptation: Decentralization helps organizations to adapt to fast-changing environment.

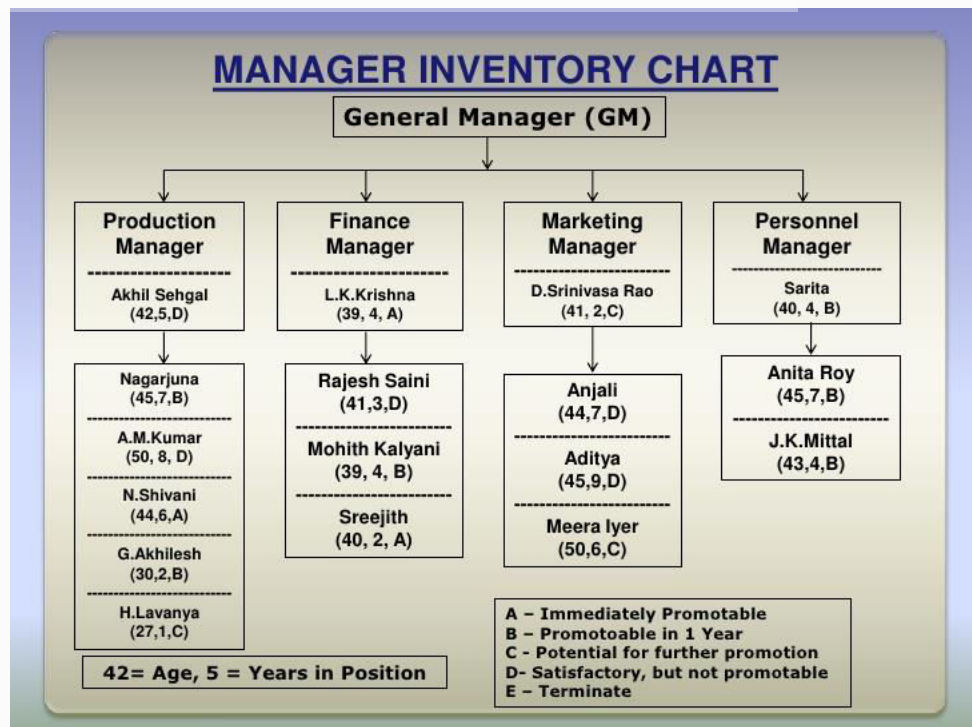
6. Relieves burden of top management: Top managers are relieved from making routine decisions. They can concentrate on important issues of strategic relevance.
7. Higher motivation and morale: Decentralization provides power, prestige and status to subordinates. This increases motivation and morale of subordinates.

DISADVANTAGES OF DECENTRALIZATION

1. Problem of coordination and control: Decentralization provides freedom and independence in decision making. This can lead to inconsistencies in policies, programs and procedures. This can create the problem of poor coordination and control.
2. High cost: Decentralization can result in duplication of efforts and waste of resources. Human resources need to be trained. This results in increased costs. It is also time consuming.
3. Unsuitable for specialized services: Decentralization is not suitable in tackling emergency situations. Adjustment to fast changing situation may be difficult.
4. Handicap in emergency: Decentralization can become a handicap in tackling emergency situations. Adjustment to fast changing situation may be difficult.
5. Lack of managerial capacity: Decentralization requires competent and skilled subordinates. It may be difficult to find them.
6. Managerial desires and fears.

10)

KTU NOTES



Management Inventory Card or Chart:

Manager inventory chart gives an overview of the human resource situation of an organization. It shows the future internal supply of managers by indicating who is likely to be promoted in a year. It shows the position to which a manager may be promoted. Managers who are ready for promotion can be easily identified. Managers who do not perform satisfactorily can be identified, and they can be trained or replaced.

It includes both an organizational history of the employee and cues on how she might be used in the future. It can include details like :

- Age,
- Year of Employment,
- Present Position,
- Duration of current Posting,
- Performance Ratings,
- Strengths and Weaknesses,
- Positions to which the employee can be moved,
- By when would she be able to take the new role,
- What new training and development required for the same.

Advantages of Manager Inventory Chart

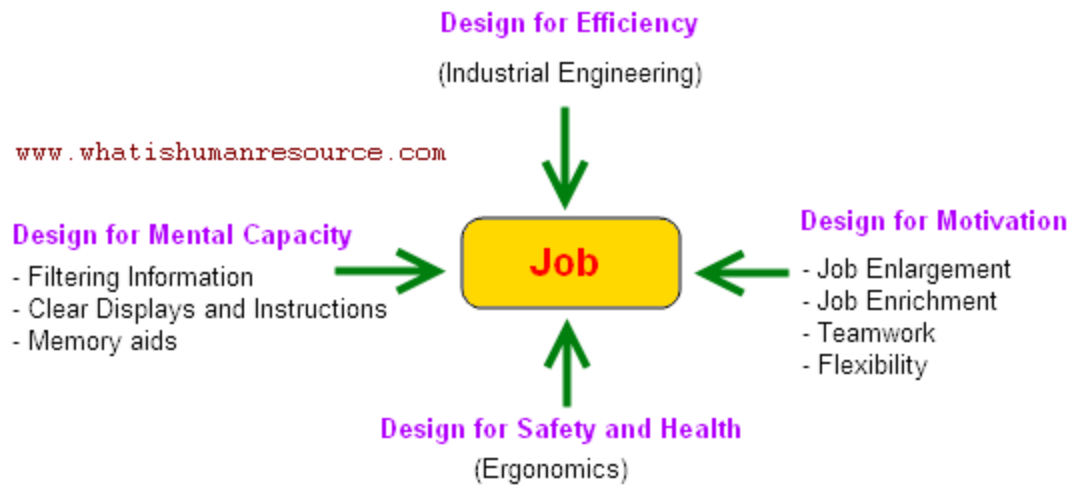
1. **Clear Idea** about staffing situation.
2. **Clear indication** on future supply of managers
3. **Reduces migration** or resignations.
4. **Identifies not performing employees** and to be trained or replacement.
5. **Managers can be transferred** from one dept. to another department and helps weak dept.'s.

DISADVANTAGES OF MANAGER INVENTORY CHART

1. **Doesn't show position** to which one can be promoted. Not necessarily fit for other dept.(E.g. - Sales to Purchase Dept.)
2. **Data insufficient** for Fair Assessment of an individual
3. Updating chart **Time Consuming** and requires a lot of effort.
4. Top Level Managers **fear losing to competent subordinates** to other organisational units.

11. Job design (also referred to as **work design** or **task design**) is a core function of human resource management and it is related to the specification of contents, methods and relationship of jobs in order to satisfy technological and organizational requirements as well as the social and personal requirements of the job holder.^[1] Its principles are geared towards how the nature of a person's job affects their attitudes and behavior at work, particularly relating to characteristics such as skill variety and autonomy.^[2] The aim of a job design is to improve job satisfaction, to improve through-put, to improve quality and to reduce employee problems (e.g., grievances, absenteeism).

JOB DESIGN



Designing Efficient Jobs

If workers perform tasks as efficiently as possible, not only does the organization benefit from lower costs and greater output per worker, but workers should be less fatigued. This point of view has for years formed the basis of classical industrial engineering, which looks for the simplest way to structure work in order to maximize efficiency. Typically, applying industrial engineering to a job reduces the complexity of the work, making it so simple that almost anyone can be trained quickly and easily to perform the job. Such jobs tend to be highly specialized and repetitive.

In practice, the scientific method traditionally seeks the "one best way" to perform a job by performing time-and-motion studies to identify the most efficient movements for workers to make. Once the engineers have identified the most efficient sequence of motions, the organization should select workers based on their ability to do the job, then train them in the details of the "one best way" to perform that job. The company also should offer pay structured to motivate workers to do their best.

Designing jobs that motivate

Especially when organizations have to compete for employees, depend on skilled knowledge workers, or need a workforce that cares about customer satisfaction, a pure focus on efficiency will not achieve human resource objectives. These organizations need jobs that employees find interesting and satisfying, and job design should take into account factors that make jobs motivating to employees.

A model that shows how to make jobs more motivating is the Job Characteristics Model, developed by Richard Hackman and Greg Oldham. This model describes jobs in terms of five characteristics:

1. **Skill variety.** The extent to which a job requires a variety of skills to carry out the tasks involved.
2. **Task identity.** The degree to which a job requires completing a "whole" piece of work from beginning to end (e.g., building an entire component or resolving a customer's complaint).
3. **Task significance.** The extent to which the job has an important impact on the lives of other people.
4. **Autonomy.** The degree to which the job allows an individual to make decisions about the way the work will be carried out.
5. **Feedback.** The extent to which a person receives clear information about performance effectiveness from the work itself.

The more of each of these characteristics a job has, the more motivating the job will be, according to the Job Characteristics Model. The model predicts that a person with such a job will be more satisfied and will produce more and better work. This approach to designing jobs includes such techniques as job enlargement, job enrichment, self-managing work teams, flexible work schedules, and telework.

Techniques used in job Design

Job Rotation

Job rotation implies systematic movement of employees from one job to the other. Job remains unchanged but employees performing them shift from one job to the other. With job rotation, an employee is given an opportunity to perform different jobs, which enriches his skills, experience and ability to perform different jobs

Job enrichment

is an attempt to motivate employees by giving them the opportunity to use the range of their abilities.

An enriched job should ideally contain:

- A range of tasks and challenges of varying difficulties (Physical or Mental)
- A complete unit of work - a meaningful task
- Feedback, encouragement and communication

Job enrichment is a way to motivate employees by giving them increased responsibility and variety in their jobs

Job Enlargement

Job enlargement is another method of job design when any organization wishes to adopt proper job design it can opt for job enlargement. Job enlargement involves combining various activities at the same level in the organization and adding them to the existing job. It increases the scope of the job. It is also called the horizontal expansion of job activities.

Job Enlargement is the horizontal expansion of a job. It involves the addition of tasks at the same level of skill and responsibility. It is done to keep workers from getting bored. It is different than job enrichment.

12. The trait model of leadership is based on the characteristics of many leaders - both successful and unsuccessful - and is used to predict leadership effectiveness. The resulting lists of traits are then compared to those of potential leaders to assess their likelihood of success or failure.

Scholars taking the trait approach attempted to identify physiological (appearance, height, and weight), demographic (age, education and socioeconomic background), personality, self-confidence, and aggressiveness), intellective (intelligence, decisiveness, judgment, and knowledge), task-related (achievement drive, initiative, and persistence), and social characteristics (sociability and cooperativeness) with leader emergence and leader effectiveness.

Successful leaders definitely have interests, abilities, and personality traits that are different from those of the less effective leaders. Through many researches conducted in the last three decades of the 20th century, a set of core traits of

successful leaders have been identified. These traits are not responsible solely to identify whether a person will be a successful leader or not, but they are essentially seen as preconditions that endow people with leadership potential.

Among the core traits identified are:

- *Achievement drive*: High level of effort, high levels of ambition, energy and initiative
- *Leadership motivation*: an intense desire to lead others to reach shared goals
- *Honesty and integrity*: trustworthy, reliable, and open
- *Self-confidence*: Belief in one's self, ideas, and ability
- *Cognitive ability*: Capable of exercising good judgment, strong analytical abilities, and conceptually skilled
- *Knowledge of business*: Knowledge of industry and other technical matters
- *Emotional Maturity*: well adjusted, does not suffer from severe psychological disorders.
- *Others*: charisma, creativity and flexibility

Strengths/Advantages of Trait Theory

- It is naturally pleasing theory.
- It is valid as lot of research has validated the foundation and basis of the theory.
- It serves as a yardstick against which the leadership traits of an individual can be assessed.
- It gives a detailed knowledge and understanding of the leader element in the leadership process.

Limitations of The Trait Theory

- There is bound to be some subjective judgment in determining who is regarded as a 'good' or 'successful' leader
- The list of possible traits tends to be very long. More than 100 different traits of successful leaders in various leadership positions have been identified. These descriptions are simply generalities.
- There is also a disagreement over which traits are the most important for an effective leader
- The model attempts to relate physical traits such as, height and weight, to effective leadership. Most of these factors relate to situational factors. For example, a minimum weight and height might be necessary to perform the

tasks efficiently in a military leadership position. In business organizations, these are not the requirements to be an effective leader.

- The theory is very complex

Implications of Trait Theory

The trait theory gives constructive information about leadership. It can be applied by people at all levels in all types of organizations. Managers can utilize the information from the theory to evaluate their position in the organization and to assess how their position can be made stronger in the organization. They can get an in-depth understanding of their identity and the way they will affect others in the organization. This theory makes the manager aware of their strengths and weaknesses and thus they get an understanding of how they can develop their leadership qualities.

13. The following are the essential or basic **requirements of an effective management control system:**

Suitable: The control system must be suitable for the kind of activity intended to serve. Apart from differences in the systems of control in different business, they also vary from department to department and from one level in the organization to the other. A system of control useful at a higher level of management will be different in scope and nature from that in use at the operative level. Several techniques are available for control purposes such as budgets, break-even points, financial ratios and so on. The manager must be sure that he is using the technique appropriate for control of the specific activity involved. The tool appropriate are not necessarily the same as between different departments or between two different organizations. For example, the sales department and production department may use different tools of control. Again, a small business will not have as elaborate a control system as a large organization.

Understandable: The system must be understandable, i.e., the control information supplied should be capable of being understood by those who use it. A control system that a manager cannot understand is bound to remain ineffective. The control information supplied should be such as will be used by the managers concerned. What may be considered valuable and understandable to one manager may not be so to another. It is, therefore, the duty of the manager concerned to make sure that the control information supplied to him is of a nature that will serve his purpose. As an illustration, it is quite possible that

top managers may understand a complicated system of control based on statistical break-even charts and mathematical formula whilst to the lower level manager such information would be of very doubtful utility, being beyond their powers of comprehension. In this sense, the data supplied as information must be understandable and helpful.

Economical: The system must be economical in operation, i.e., the cost of a control system should not exceed the possible savings from its use. The extent of control necessary should be decided by the standard of accuracy or quality required. A very high degree or standard of accuracy or quality may not really be-necessary. Undue complexity of the control system should be avoided to keep a check on the costs of control. It, therefore, becomes necessary to concentrate the control system on factors, which are strategic to keep the costs down and the system economical.

Flexible: The system of control must be flexible, i.e. workable even if the plans have to be changed. In case the control systems can work only on the basis of one specific plan, it becomes useless if the plan breaks down and another has to be substituted. However thoroughly the plans may have been formed or the planning premises established, unforeseen circumstances can upset the best-laid plans. A good control system would be sufficiently flexible to permit the changes so necessitated. It was possible that some particulars within the managerial plan might fail. The control system should report such failures and should contain sufficient elements of flexibility to maintain managerial control of operations in spite of such failures.

Expeditious: Nothing can be done to correct deviations, which have already occurred. It is, therefore, important that the control system should report deviations from plans expeditious. No useful purpose can be served by a deviation detected months after its occurrence. The objective of the control system should be to correct deviations in the immediate future. This requires that the lime-lag between the occurrence of a deviation and its reporting be kept at the minimum possible.

Forward Looking: The control system must, therefore, be forward looking, as the manager cannot¹ control the past. In fact, the control system can at times be so devised as to anticipate possible deviations, or problems. Thus deviations can be forecast so that corrections can be incorporated even before the problem occurs. Cash forecasts and cash control is an example in point where a financial manager can forecast the future cash requirements and provide for them in advance.

Organizational Conformity: Since people carry on activities, and events must be controlled through people, it is necessary that the control data and system must conform to the organizational pattern. The control data must be so prepared that it is possible to fix responsibility for the deviations within the areas of accountability. For example, where factory costs are accumulated in a manner other than on the basis of areas of responsibility, they may lose much of their values as an instrument of control. In this case, the actual costs in a department may be out of line with the standards set without the department knowing whether the deviation has been caused by something within its control. In this sense, organization and control are difficult to separate, being dependent on one another for effective management.

Indicative of Exceptions at Critical Points: The management principle of exception should be used to show up not only deviations but the critical areas must also be fixed for most effective control.

Objectivity: As far as possible, the measurements used must have objectivity. While appraising a subordinate's performance, the subjective element cannot be entirely removed. Here the personality of both the manager as well as his subordinate would be reflected in the final judgment. The use of indefinite terms can frustrate the subordinate like being told that he is not doing a good job.

Suggestive of Corrective Action: Finally, an adequate control system should not only detect failures must also disclose where they are occurring, is responsible for them and what should be done to correct them. Overall summary information can cover up certain fault areas. For instance, it is insufficient to show merely a decline in the profits. The reason for such decline or which also be indicated, such drop in the sales volume or an increase in the costs. Even this is insufficient. The information should also disclose in which market areas the sales decline which specific costs had increased. Where a system merely detects deviations but does not indicate corrective action, the control system becomes an exercise in futility.

14. Some of the essential steps of controlling process as studied under Business Management are :

1. Setting Performance Standards 2. Measurement of Actual Performance 3. Comparing Actual Performance with Standards 4. Analyzing Deviations 5. Taking Corrective Action.

Controlling Process consists of following systematic steps:

1. Setting Performance Standards:

The first step in the process of controlling is concerned with setting performance standards. These standards are the basis for measuring the actual performance.

Thus, standards act as a lighthouse that warns & guides the ships at sea. Standards are the benchmarks towards which efforts of entire organisation are directed. These standards can be expressed both in quantitative and qualitative terms.

Examples of Quantitative Standards:

- (a) Revenue to be earned.
- (b) Units to be produced and sold.
- (c) Cost to be incurred.
- (d) Time to be spent in performing a task.
- (e) Amount of inventories to be maintained etc.

Examples of Qualitative Standards:

- (a) Improving motivation level of employees.
- (b) Improving labour relations.
- (c) Improving quality of products.
- (d) Improving goodwill etc.

In order to facilitate easy comparison of actual performance with the standards, a manager should try to set these standards in quantitative terms as far as possible. However, in case of qualitative standards, effort should be made to define these standards in such a way that comparison becomes easily understandable.

For example, for improving customer satisfaction in a restaurant having self service, standard can be set in terms of time taken to get a table, place the order

and collect the order. Moreover, the standards set should be flexible enough so that necessary changes can be made according to varying situations.

2. Measurement of Actual Performance:

Once the standards have been determined, the next step is to measure the actual performance. The various techniques for measuring are sample checking, performance reports, personal observation etc. However, in order to facilitate easy comparison, the performance should be measured on same basis that the standards have.

Following are some of the ways for measuring performance:

- (a) Superior prepares a report regarding the performance of an employee.
- (b) Various ratios like gross profit ratio, debtor turnover ratio, return on investment, current ratio etc. are calculated at periodic intervals to measure company's performance.
- (c) Progress made in areas like marketing can be measured by considering the number of units, increase in market share etc.
- (d) In small organisations, each unit produced can be checked personally to ensure the quality standards.
- (e) In large organisation, the technique of sample checking is used. Under this technique, some pieces are checked at random for quality specifications.

3. Comparing Actual Performance with Standards:

This step involves comparing the actual performance with standards laid down in order to find the deviations. For example, performance of a salesman in terms of unit sold in a week can be easily measured against the standard output for the week.

4. Analysing Deviations:

Some deviations are possible in all the activities. However, the deviation in the important areas of business needs to be corrected more urgently as compared to

deviation in insignificant areas. Management should use critical point control and management by exception in such areas.

(a) Critical Point Control:

Since it is neither easy nor economical to check each and every activity in an organisation, the control should focus on Key Result Areas (KRAs) which act as the critical points. The KRAs are very essential for the success of an organisation. Therefore, the entire organisation has to suffer if anything goes wrong at these points. For example, in a manufacturing organisation, an increase of 7% in labour cost is more troublesome than an 18% increase in stationary expenses.

(b) Management by Exception:

Management by exception or control by exception is an important principle of management control. According to this principle, an attempt to control everything results in controlling nothing. Thus only the important deviations which exceed the prescribed limit should be brought to the notice of management. Thus, if plans provide for 3% increase in labour cost, deviations beyond 3% alone should be brought to the notice of the management.

Advantages of Critical Point Control and Management by Exception are as follows:

- (i) Since managers deal only with important deviations, it results in saving time and efforts.
- (ii) It helps in identifying important deviations which need timely action to keep the organisation at the correct path.
- (iii) By handing over the routine problems to the subordinates, management by exception facilitates delegation of authority and helps in increasing morale of employees.
- (iv) It ensures better utilization of managerial expertise by focusing managerial attention only on important areas.

After identifying the deviations, various causes for these deviations are analyzed. The main causes can be structural drawbacks, shortage of resources, environmental

factors beyond organisational control, unrealistic standards, defective process etc. Exact cause or causes of deviation must be identified correctly in order to take effective corrective measures.

5. Taking Corrective Action:

The last step in the process of controlling involves taking corrective action. If the deviations are within acceptable limits, no corrective measure is required.

However, if the deviations exceed acceptable limits, they should be immediately brought to the notice of the management for taking corrective measures, especially in the important areas.

KTU NOTES

Principles of Management-HS300

BY-RAJKUMAR.G, ASST.PROFESSOR-EEE DEPT.

Definitions

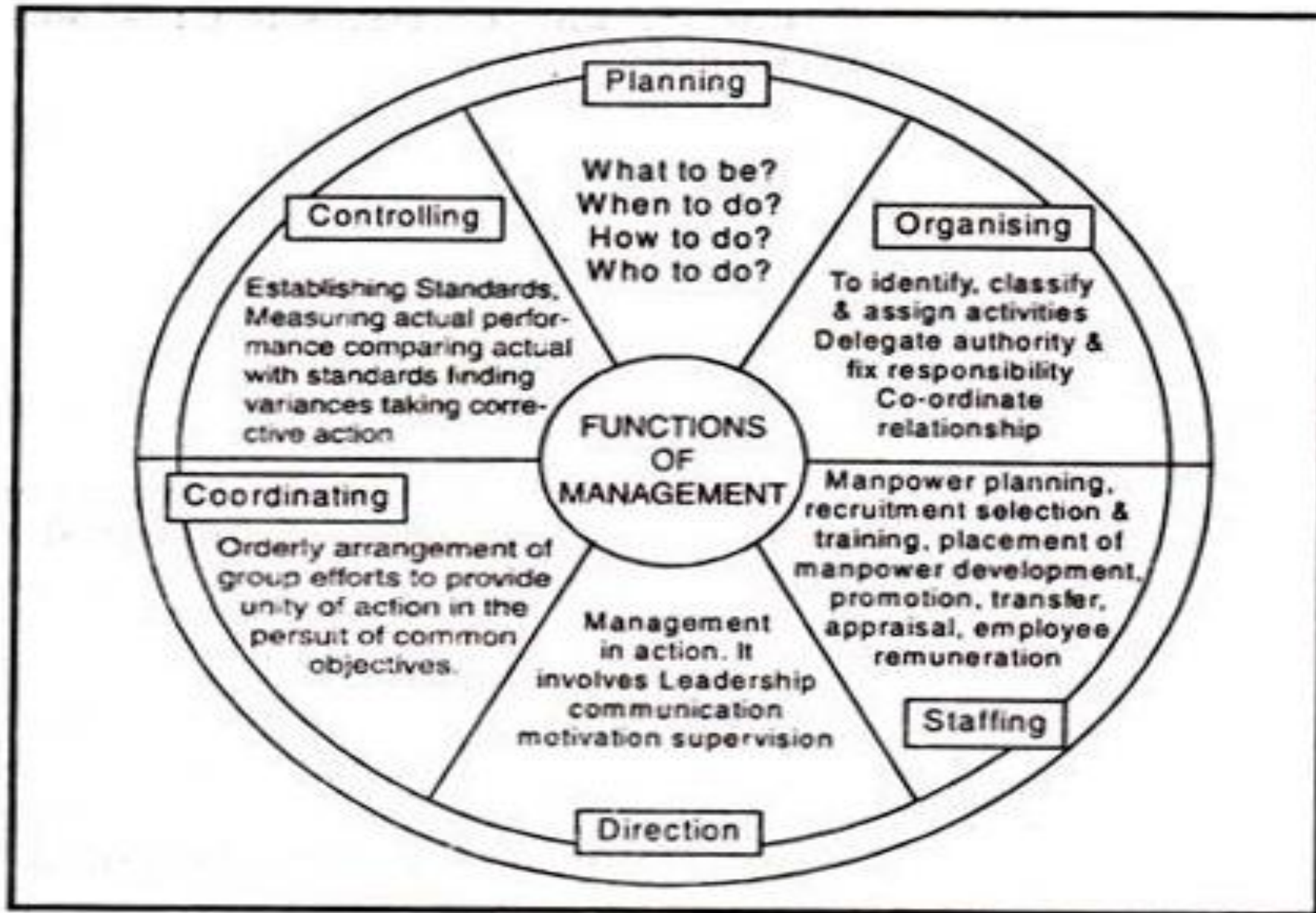
- ▶ “Management is the process of designing and maintaining of an environment in which individuals working together in groups efficiently accomplish selected aims” –Koontz and Weihrich.
- ▶ “Management is the art of knowing what do you want to do and then seeing it is done in the best and cheapest way” – F.W. Taylor.

Role of Manager

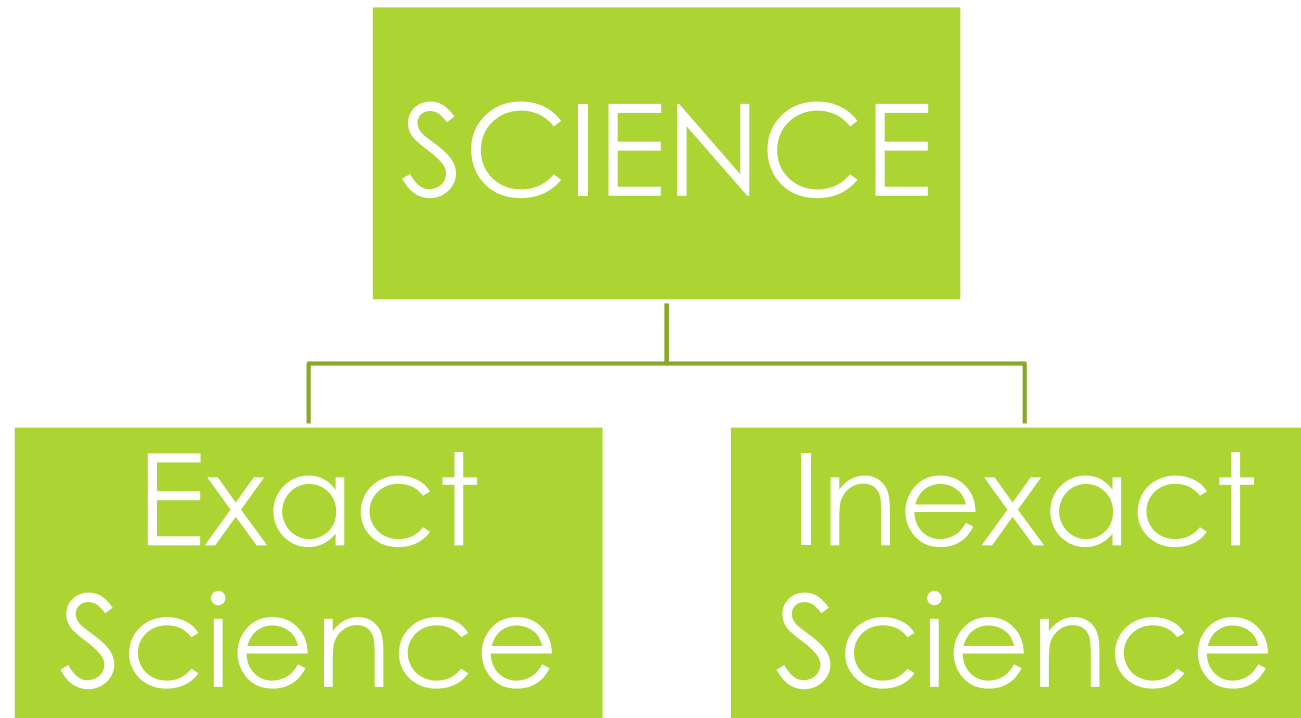
ROLE	DESCRIPTION
Interpersonal Figurehead Leader Liaison	Performs symbolic duties of a legal and social nature Builds relationships, communicates with, motivates and teaches subordinates Maintains networks outside workplace who provide help and information
Informational Monitor Disseminator Spokesperson	Seeks internal and external information about issues affecting the organization Transmits information obtained internally or externally Transmits information about the organization to outsiders
Decisional Entrepreneur Disturbance handler Resource allocator Negotiator	Acts as initiator, designer and encourager of change and innovation Takes corrective action when organization faces important unexpected difficulties Distributes resources of all types Represents the organization in major negotiations affecting the manager's area of responsibility

Functions of Manager





Management as a Science or an Art?



Management as Exact Science

- ▶ The existence of a systematic body of knowledge with array of principles.
- ▶ Based on Scientific enquiry.
- ▶ Principle should be verifiable.
- ▶ Reliable basis for predicting future events.

Management is Inexact science

- ▶ Every Organisations human resources are different attitudes, aspirations and perceptions. So stranded results may not be obtained.
- ▶ Readymade and Standard solutions cannot be obtained.
- ▶ Management is complex and unpredictable.
- ▶ Every organisation decisions are influenced by the environment, The environment is complexes and unexpected changes.

What is an Art?

- ▶ Art means applications of skill in finding a desired Result
- ▶ Art is the way of doing things skilfully.

Management as an Art

- ▶ Management process uses practical knowledge and personal skill.
- ▶ Management is creative.
- ▶ Application of practical knowledge and certain skill helps to achieve concrete results.

Management is both- Science and an Art

- ▶ Management is a science because it contains general principles.
- ▶ Management is an Art because it require certain skills to achieve desired results.

Management and Environment

Demographic Segment	<ul style="list-style-type: none"> ◆ Population size ◆ Age structure ◆ Geographic distribution 	<ul style="list-style-type: none"> ◆ Ethnic mix ◆ Income distribution
Economic Segment	<ul style="list-style-type: none"> ◆ Inflation rates ◆ Interest rates ◆ Trade deficits or surpluses ◆ Budget deficits or surpluses 	<ul style="list-style-type: none"> ◆ Personal savings rate ◆ Business savings rates ◆ Gross domestic product
Political/Legal Segment	<ul style="list-style-type: none"> ◆ Antitrust laws ◆ Taxation laws ◆ Deregulation philosophies 	<ul style="list-style-type: none"> ◆ Labor training laws ◆ Educational philosophies and policies
Sociocultural Segment	<ul style="list-style-type: none"> ◆ Women in the workforce ◆ Workforce diversity ◆ Attitudes about work life quality 	<ul style="list-style-type: none"> ◆ Concerns about the environment ◆ Shifts in work and career preferences ◆ Shifts in preferences regarding product and service characteristics
Technological Segment	<ul style="list-style-type: none"> ◆ Product innovations ◆ Applications of knowledge 	<ul style="list-style-type: none"> ◆ Focus of private and government-supported R&D expenditures ◆ New communication technologies
Global Segment	<ul style="list-style-type: none"> ◆ Important political events ◆ Critical global markets 	<ul style="list-style-type: none"> ◆ Newly industrialized countries ◆ Different cultural and institutional attributes

Managing for competitive advantage

Inner negotiator	Focus of attention	Power source	Sweet spot
Inspirational Dreamer (CEO)	<ul style="list-style-type: none"> • What I want • What I don't want 	Intuition	<ul style="list-style-type: none"> • Generate your vision • Dare to pursue your dream • Sense a path forward
Analytical Thinker (CFO)	<ul style="list-style-type: none"> • My opinion • My ideas 	Reason	<ul style="list-style-type: none"> • Apply facts and logic • Consider consequences • Look from all sides
Emotional Lover (CPO, or chief people officer)	<ul style="list-style-type: none"> • How we both feel • Our level of trust 	Emotion	<ul style="list-style-type: none"> • Connect with emotions • Build and maintain trust • Collaborate with others
Practical Warrior (COO)	<ul style="list-style-type: none"> • What task to do • What line to draw 	Willpower	<ul style="list-style-type: none"> • Speak hard truths • Hold your ground • Take action

Emerging Management Challenges

- Globalization
- Development of Environment
- Quality and Productivity
- Ethics and Social Responsibility
- Innovation and Change
- Technological Development
- Knowledge Management
- Work Force Diversity
- Multicultural Effects
- Empowerment of Employees

Challenges For Management



Source: Taylor H. Cox and Stacy Blake, "Managing Cultural Diversity: Implications For Organizational Competitiveness," *Academy of Management Executive* 5, no. 3 (1991), 45-56.



Early Contribution and ethics in Management

MODULE-II

By RAJKUMAR G

Scientific Management

- **Scientific management** is a theory of **management** that analyzes and synthesizes workflows. Its main objective is improving economic efficiency, especially labour productivity. It was one of the earliest attempts to apply **science** to the engineering of processes and to **management**

- ▶ **According to Taylor**, “scientific management means knowing exactly what you want men to do and seeing that they do it in the best and cheapest way.”

Objective of Scientific Management

- Scientific utilization of various resources like human power, material etc.
- To provide trained and efficient work force.
- To provide standardize methods of work.
- To provide a scientific base for selecting material, and equipment.
- To provide extra wages to the worker for higher production.
- Replace old rule of thumbs to new scientific methods.
- To develop a good rapport between management and workers.
- To achieve higher production, with reduce costs and maximum efficiency.
- Less wastage.

Contributions of F.W Taylor

- ▶ While working in Midvale Company as a manager Taylor observed that employees were not performing as per their capacity of productivity. And he considered that this condition was occurring because of no care towards the waste. Taylor worked towards the experiments at his work place to increase the worker's efficiency so that maximum output could be achieved by utilizing effort at maximum level.

- 1. **Scientific task setting:-** Taylor observed that the management does not know exactly the works – pieces of work- volume of works- which are to be performed by the workers during a fixed period of time- which is called working day. In a working day how much work is to be done by a worker but be fixed by a manager and the task should be set everyday. The process of task setting requires scientific technique. To make a worker do a quantity of work in a working day is called scientific task setting
- 2. **Differential payment system:-** under this system, a worker received the piece rate benefit which will attract the workers to work more for more amount of wages and more incentives would be created to raise the standardization of output to promote the workers to produce more and perform more task than before and utilize waste time to earn more wages.

- 3. **Reorganization of supervision:-** concepts of separation of planning and doing and functional foremanship were developed. Taylor opines that the workers should only emphasize in planning or in doing. There should be 8 foreman in which 4 are for planning and 4 for doing. For planning they were route clerk, instruction card clerk, time and cost clerk and disciplinarian. And for doing they were speed boss, gang boss, repair boss and inspector.
- 4. **Scientific recruiting and training:-** staffs and workers should be selected and employed on scientific basis. Management should develop and train every workers by providing proper knowledge and training to increase their skills and make them effective
- 5. **Economy:-** efficient cost accounting system should be followed to control cost which can minimize the wastages and thoroughly reduced and thus eliminated.
- 6. **Mental revolution:-** Taylor argued that both management and workers should try to understand each other instead of quarreling for profits and benefits which would increase production, profit and benefits.

FRANK & LILLIAN GILBRETH: TIME AND MOTION

- ▶ They conducted a Motion study to identify the best way of doing a job by eliminating unwanted and unnecessary movements.

MAYO's Contribution to Management

i). Illumination experiment:

- Work process under bright light will increase output.

ii). Relay assembly test room experiment:

- While freedom to the worker is increased under supervision will increase production.

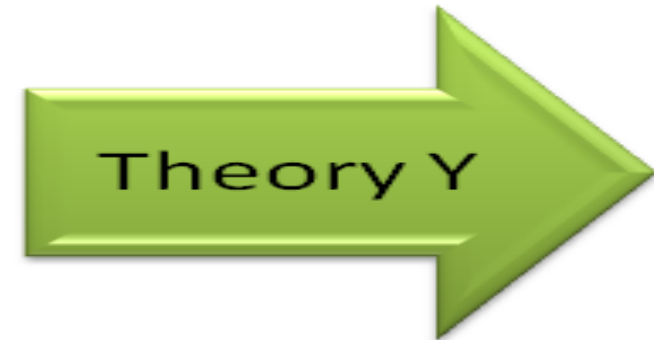
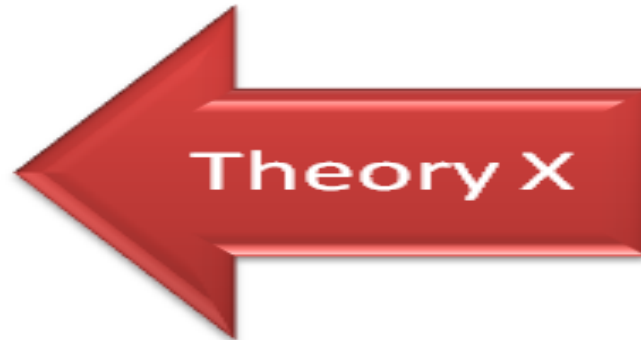
iii). Bank writing test room experiment:

- In closed room with supervision output will be more.

iv). Mass Interview Programme:

- Appreciation of involvement will increase interest in workers.

McGREGOR's Theory



Attitude

We dislike work, find it boring, and will avoid it if we can.

We need to work and want to take an interest in it. Under the right conditions, we can enjoy it

Direction

We must be forced or coerced to make the right effort.

We will direct ourselves towards a target that we accept.

Responsibility

We would rather be directed than accept responsibility, which we avoid.

We will seek and accept responsibility, under the right conditions

Motivation

We are motivated mainly by money and fears about their job security.

Under the right conditions, we are motivated by the desire to realize our own potential.

Creativity

Most of us have little creativity – except when it comes to getting around rules.

We are highly creative creatures – but are rarely recognized as such or given the opportunity to be.

OUCHI's Theory

- ▶ Management professor **William Ouchi** argued that Western organizations could learn from their Japanese counterparts. Although born and educated in America, Ouchi was of Japanese descent and spent a lot of time in Japan studying the country's approach to workplace teamwork and participative management.

Assumptions

- ▶ **A strong company philosophy and culture:** The company philosophy and culture need to be understood and embodied by all employees, and employees need to believe in the work they're doing.
- ▶ **Long-term staff development and employment:** The organization and management team need to have measures and programs in place to develop employees. Employment is usually long-term, and promotion is steady and measured. This leads to loyalty from team members.
- ▶ **Consensus in decisions:** Employees are encouraged and expected to take part in organizational decisions.
- ▶ **Generalist employees:** Because employees have a greater responsibility in making decisions and understand all aspects of the organization, they ought to be generalists. However, employees are still expected to have specialized career responsibilities.

- **Concern for the happiness and well-being of workers:** The organization shows sincere concern for the health and happiness of its employees and their families. It takes measures and creates programs to help foster this happiness and well-being.
- **Informal control with formalized measures:** Employees are empowered to perform tasks the way they see fit, and management is quite hands-off. However, there should be formalized measures in place to assess work quality and performance.
- **Individual responsibility:** The organization recognizes the individual contributions but always within the context of the team as a whole.

1. Mutual Trust:

According to Ouchi, trust, integrity and openness are essential ingredients of an effective organisation. When trust and openness exist between employees, work groups, union and management, conflict is reduced to the minimum and employees cooperate fully to achieve the organisation's objectives.

2. Strong Bond between Organisation and Employees:

Several methods can be used to establish a strong bond between the enterprise and its employees. Employees may be granted lifetime employment which leads to loyalty towards the enterprise. During adverse business conditions shareholders may forgo dividends to avoid retrenchment of workers. Promotions may be slowed down.

As against vertical movement of employees greater emphasis should be placed on horizontal movement which reduces stagnation. A career planning for employees should be done so that every employee is properly placed. This would result in a more stable and conducive work environment.

3. Employee Involvement:

Theory Z suggests that involvement of employees in related matters improves their commitment and performance. Involvement implies meaningful participation of employees in the decision-making process, particularly in matters directly affecting them. Such participation generates a sense of responsibility and increases enthusiasm in the implementation of decisions, Top managers serve as facilitators rather than decision-makers.

4. Integrated Organisation:

Under Theory Z, focus is on sharing of information and 'resources rather than on chart, divisions or any formal structure. An integrated organisation puts emphasis on job rotation which improves understanding about interdependence of tasks. Such understanding leads to group spirit.

5. Coordination:

The leader's role should be to coordinate the efforts of human beings. In order to develop common culture and class feeling in the organisation, the leader must use the processes of communication, debate and analysis.

6. Informal Control System:

Organisational control system should be made informal. For this purpose emphasis should be on mutual trust and cooperation rather than on superior-subordinate relationships.

7. Human Resource Development:

Managers should develop new skills among employees. Under Theory 'Z', potential of every person is recognized and attempts are made to develop and utilise it through job enlargement, career planning, training, etc.

Limitations of Theory Z:

(i) Provision of lifetime employment to employees to develop a strong bond between organisation and employees may fail to motivate employees with higher level needs. It merely provides job security and may fail to develop loyalty among employees.

An employee may leave the organisation when better employments are offered to him by some other enterprise. Moreover, complete security of job may create lethargy among many employees. Employers also do not like to retain inefficient employees permanently.

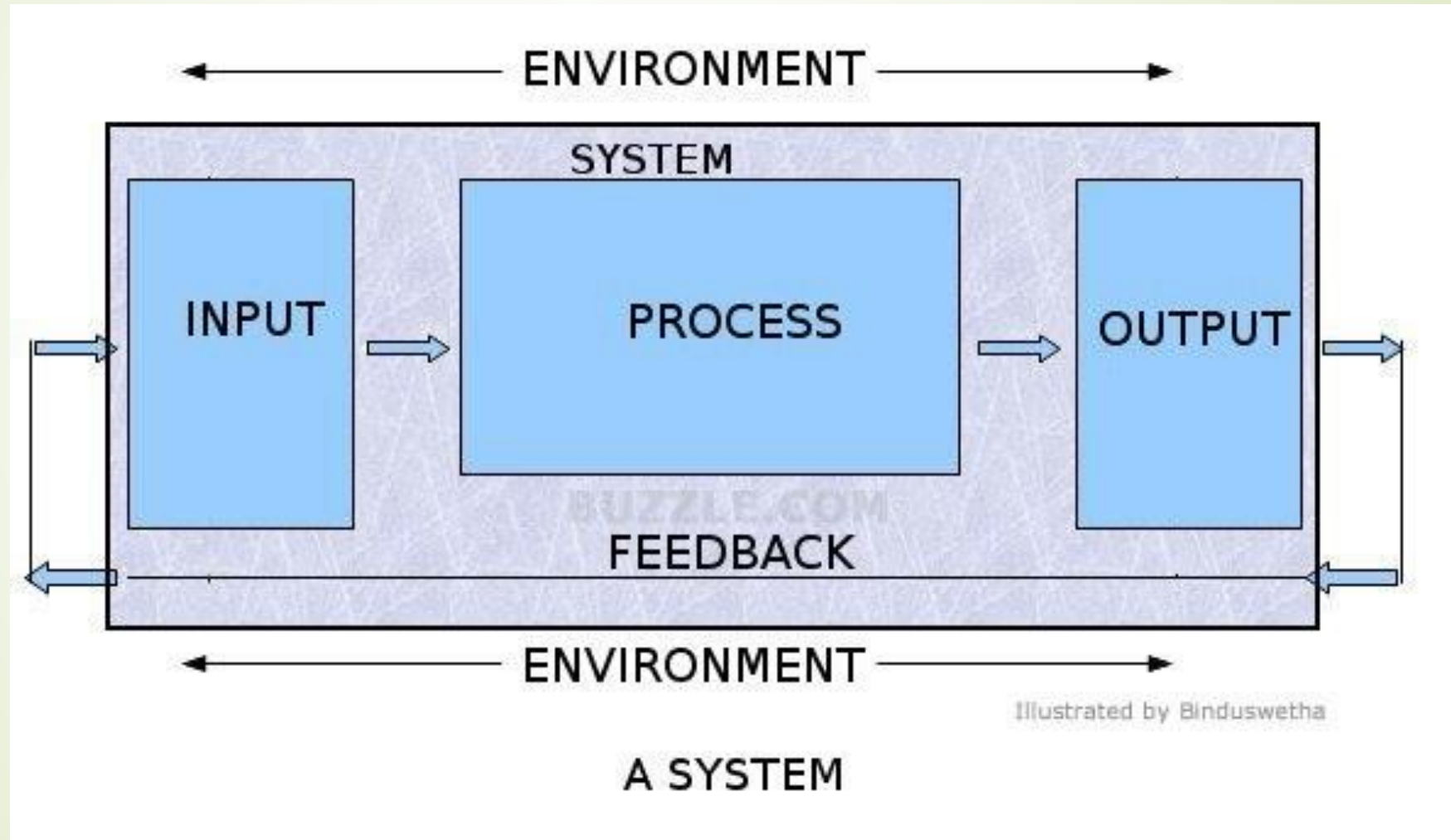
(ii) Participation of employees in the decision-making process is very difficult. Managers may dislike participation as it may hurt their ego and freedom. Employees may be reluctant to participate due to fear of criticism and lack of motivation. Even if they sit along with management they may contribute little unless they understand the issues and take initiative. Involvement of all employees may also slow down the decision-making process.

(iii) Theory Z suggests organisation without any structure. But without structure there may be chaos in the organisation as nobody will know who is responsible to whom.

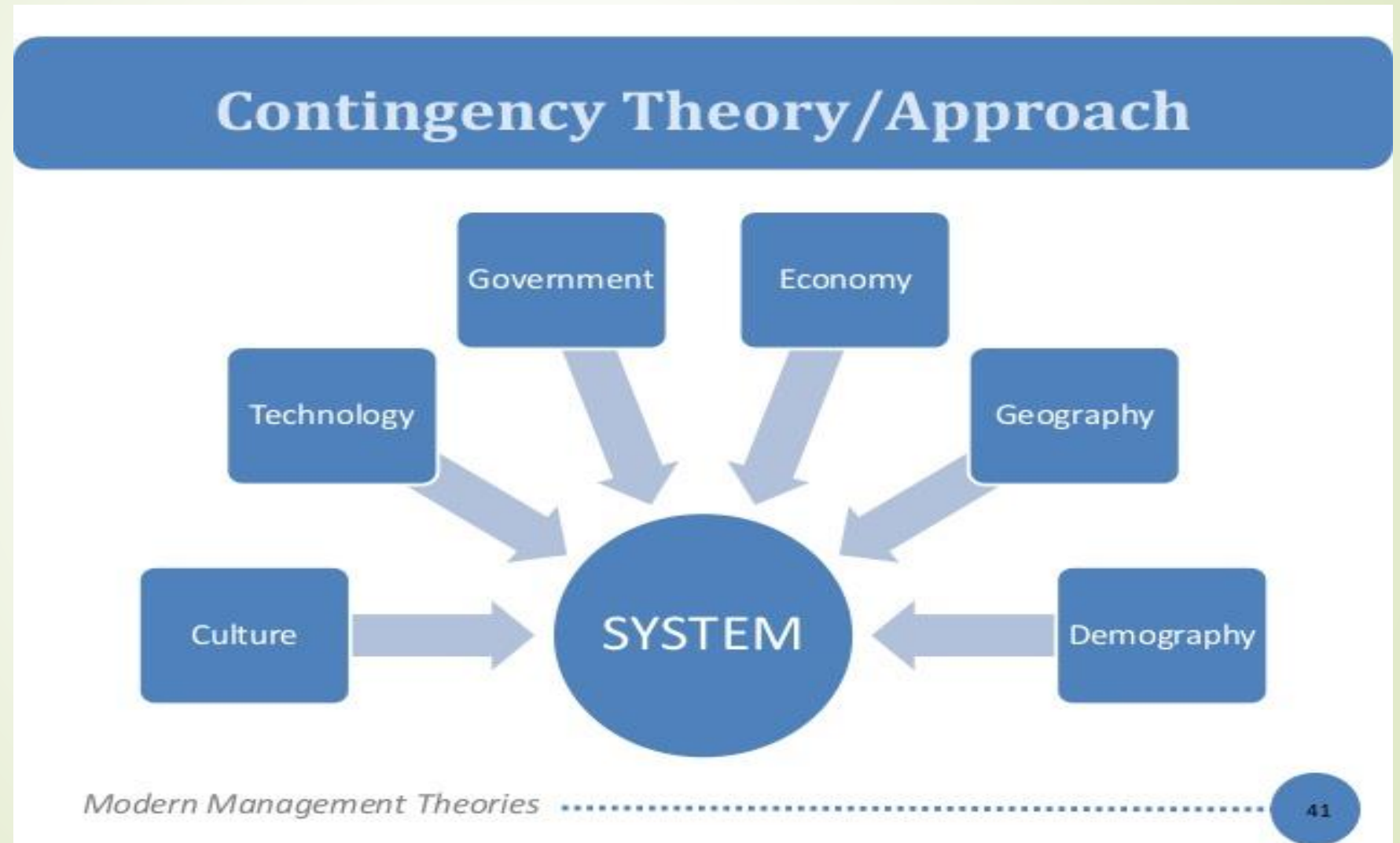
(iv) It may not be possible to develop a common culture in the organisation because people differ in their attitudes, habits, languages, religions, customs, etc.

(v) Theory Z is based on Japanese management practices. These practices have been evolved from Japan's unique culture. Therefore, the theory may not be applicable in different cultures.

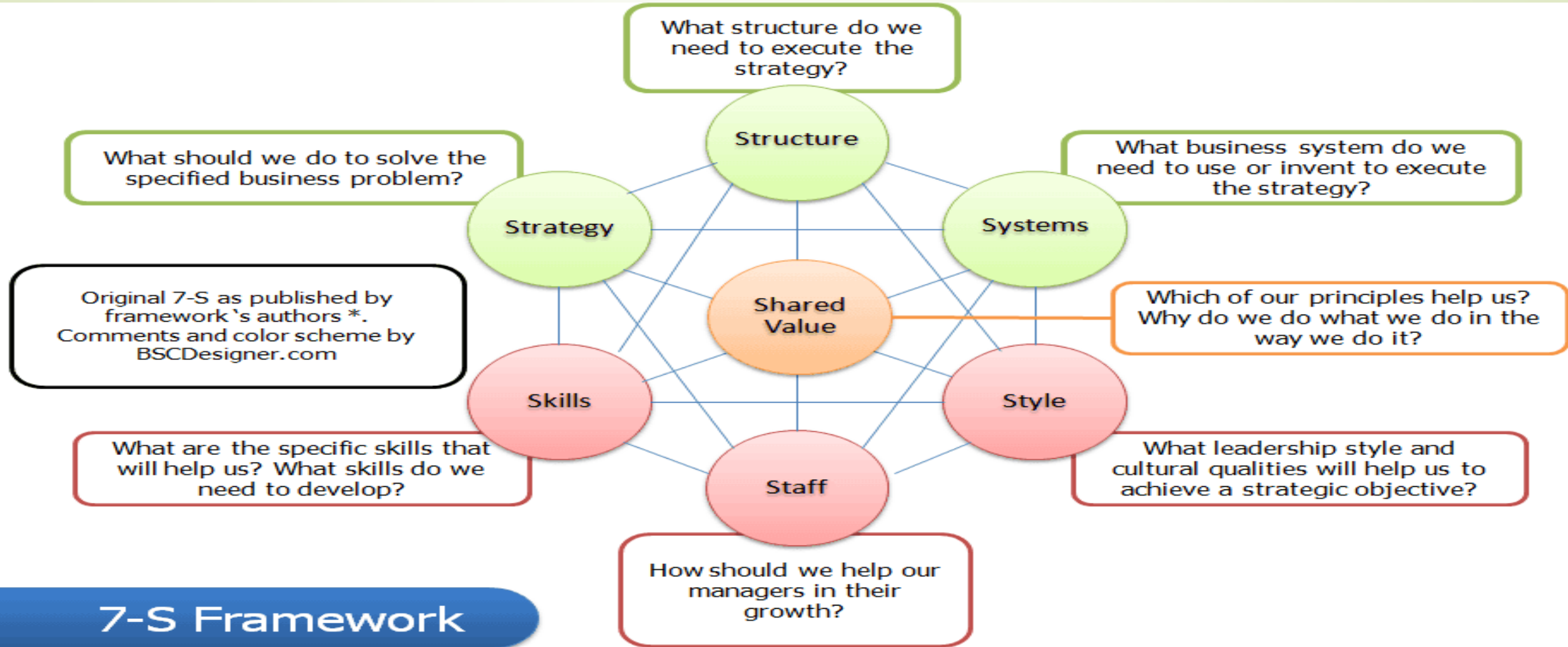
Systems Approach



Contingency Approach



Mckinsey 7-S Framework



7-S Framework

* Original 7-S framework was introduced by Robert H. Waterman, JR., Thomas J. Peters, and Julien R. Phillips. in "Structure is not organization", Business Horizons (1980, June). Comments and color scheme by BSC Designer.com

Legend:



Hard Ss



Soft Ss

Corporate Social responsibility

"While the tenants of social responsibility will continue to be grounded in tangible, operational elements – such as ethical workplace practices or energy efficiency – companies are now demanded to share more intangible values – such as what they stand for and what they are willing to stand up for," Stacy Anderson.

Ways to practice CSR

Recognizing how important social responsibility is to their customers, many companies now focus on and practice a few broad categories of CSR:

1. Environmental efforts: One primary focus of corporate social responsibility is the environment. Businesses regardless of size have a large carbon footprint. Any steps they can take to reduce those footprints are considered both good for the company and society as a whole.

2. Philanthropy: Businesses can also practice social responsibility by donating money, products or services to social causes. Larger companies tend to have a lot of resources that can benefit charities and local community programs.

3. Ethical labor practices: By treating employees fairly and ethically, companies can also demonstrate their corporate social responsibility. This is especially true of businesses that operate in international locations with labor laws that differ from those in the United States.

4. Volunteering: Attending volunteer events says a lot about a company's sincerity. By doing good deeds without expecting anything in return, companies are able to express their concern for specific issues and support for certain organizations.

Stevens said

"the policies, practices and initiatives a company commits to in order to govern themselves with honesty and transparency, and have a positive impact on social and environmental wellbeing."

Cooney said

"If decisions [about social responsibility] are made behind closed doors, people will wonder if there are strings attached, and if the donations are really going where they say," Cooney said. "Engage your employees [and consumers] in giving back. Let them feel like they have a voice."

Management Ethics

'Management Ethics' is related to social responsiveness of a firm. It is "the discipline dealing with what is good and bad, or right and wrong, or with moral duty and obligation. It is a standard of behaviour that guides individual managers in their works".

"It is the set of moral principles that governs the actions of an individual or a group."

Ethical Activities

Amongst a host of ethical activities that managers can perform, a study conducted by Barry Posner and Warren Schmidt highlights the following ethical activities observed by managers:

1. The foremost goal of managers is to make their organizations effective.
2. Profit maximisation and stakeholders' interests were not the central goals of the managers studied.
3. Attending to customers was seen as important.
4. Integrity was the characteristic most highly rated by managers at all levels.

5. Pressure to conform to organisational standards was seen as high.
6. Spouses are important in helping their mates grapple with ethical dilemmas.
7. Most managers seek the advice of others in handling ethical dilemmas.

Types of Management Ethics:

Three types of management ethics or standards of conduct are identified by Archie B. Carroll:

1. Immoral management:

It implies lack of ethical practices followed by managers. Managers want to maximise profits even if it is at the cost of legal standards or concern for employees.

2. Moral management:

According to moral management ethics, managers aim to maximise profits within the confines of ethical values and principles. They conform to professional and legal standards of conduct. The guiding principle in moral management ethics is “Is this action, decision, or behaviour fair to us and all parties involved?”

3. Amoral management:

This type of management ethics lies between moral and immoral management ethics. Managers respond to personal and legal ethics only if they are required to do so; otherwise there is lack of ethical perception and awareness.

There are two types of amoral management:

(a) Intentional:

Managers deliberately avoid ethical practices in business decisions because they think ethics should be followed in non-business activities.

(b) Unintentional:

Managers do not deliberately avoid ethical practices but unintentionally they make decisions whose moral implications are not taken into consideration.

Guidelines for Ethical Behaviour:

Though every individual and group has a set of ethical values, the following guidelines are prescribed by James O'Toole in this regard:

1. Obey the law:

Obeying legal practices of the country is conforming to ethical values.

2. Tell the truth:

Disclosing fair accounting results to concerned parties and telling the truth is ethical behaviour of managers.

3. Respect for people:

Ethics requires managers to respect people who contact them.

4. The golden rule:

The golden business principle is 'Treat others as you would want to be treated'. This will always result in ethical behaviour.

5. Above all, do no harm:

Even if law does not prohibit use of chemicals in producing certain products, managers should avoid them if they are environment pollutants.

6. Practice participation – not paternalism:

Managers should not decide on their own what is good or bad for the stakeholders. They should assess their needs, analyse them in the light of business needs and integrate the two by allowing the stakeholders to participate in the decision-making processes.

7. Act when you have responsibility:

Actions which cannot be delegated and have to be taken by managers only (given their competence and skill) must be responsibly taken by them for the benefit of the organisation and the stakeholders.



MODULE-3 PLANNING

Prepared by
Rajkumar G

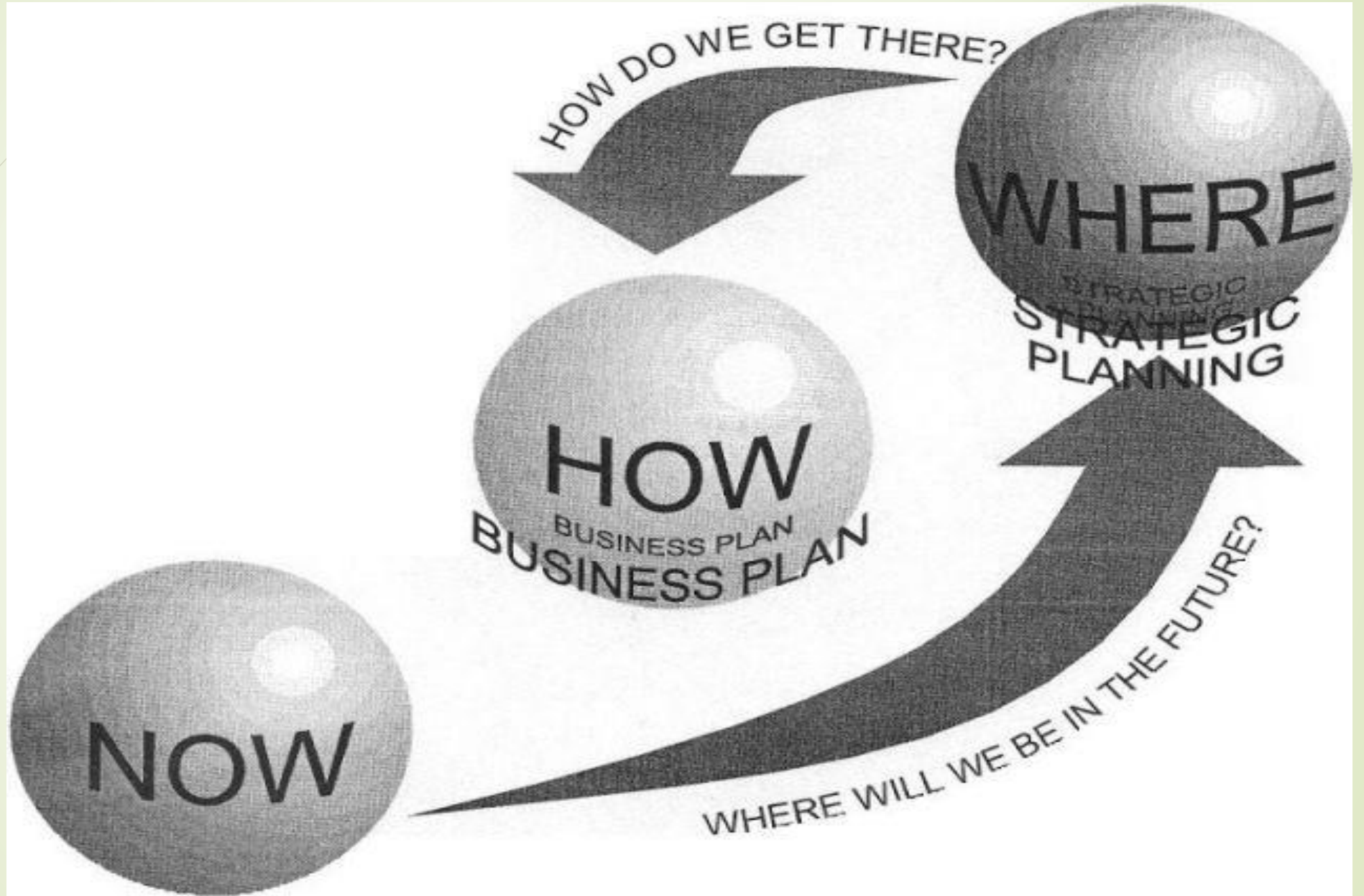


1

What is Planning and its Nature, Importance, and Types

Planning is the most basic of all managerial functions. It is the process by which managers establish goals and define the methods by which these goals are to be attained.

Planning involves selecting missions and objectives and the actions to achieve them; it requires decision making, which is choosing from among alternative future courses of action. – Wehrich and Koontz



Nature of Planning

The nature of planning can be understood by examining its four major aspects. They are;

- It is contribution to objectives,
- It is primacy among the manager's tasks.
- It is pervasiveness, and
- The efficiency of resulting plans.

Contribution of Planning to the Attainment of Objectives

- ▶ Since plans are made to attain goals or objectives, every plan and all its support should contribute to the achievement of the organization's purpose and objectives.
- ▶ An organized enterprise exists to accomplish group objectives through willing and purposeful co-operation.

Primacy of Planning

- ▶ That planning is the prime managerial function is proved by the fact that all other functions such as organizing, staffing, leading and controlling are designed to support the accomplishment of the enterprise's objectives.
- ▶ Planning quite logically, therefore, comes first before execution of all other managerial functions as it involves establishing the objectives necessary for all group efforts. Also, all the other managerial functions must be planned if they are to be effective.

Pervasiveness of Planning

- ▶ Planning is a unique and universal function of all managers. The character and scope of planning may vary with each manager's authority and with the nature of the policies and plans outlined by superiors, but all managers must have some function of planning.
- ▶ Because of one's authority or position in the managerial hierarchy, one may do more or less planning, but some kind or amount of planning a manager must do.

The Efficiency of Plans

- ▶ Plans should not only be effective, but also efficient. The effectiveness of a plan relates to the extent to which it accomplishes the objectives.
- ▶ The efficiency of the plan, however, means its contribution to the purpose and objectives, offset by the costs and other factors required to formulate and operate it.
- ▶ Plans are efficient if they achieve their objective at a reasonable cost when such a cost is the measure not only in terms of time, money or production but also in terms of satisfaction of the individual or group.

Meeting the Challenge of Resource Scarcity

- ▶ Resource scarcity is a very important consideration for any organization today. There would be no need for planning if material, financial and human resources were unlimited and cheap.

Facing Environmental Uncertainty

- (1) to offset uncertainty and change;
- (2) to focus organizational activity on a set of consciously created objectives;
- (3) to provide a co-ordinated, systematic roadmap for future activities;
- (4) to increase, economic efficiency via efficient operation; and
- (5) to facilitate control by establishing a standard for subsequent activities.

The Role of Goals and Plans in Planning

- ▶ Planning is often called the primary management function because it establishes the basis for all other functions.
- ▶ Planning involves two important elements: goals and plans. Goals (often called objectives) are desired outcomes for individuals, groups, or entire organizations.

Types of Plans

1. Hierarchical Plans:

These plans are drawn at three major hierarchical levels, namely, the institutional, the managerial and the technical core. The plans in these three levels are

- Strategic plan
- Administrative or Intermediate plan
- Operational plan-Plans can also be categorized according to frequency or repetitiveness of use.

2. Standing Plans:

Standing plans are drawn to cover issues that managers face repeatedly. Such a standing plan may be called standard operating procedure (SOP). Generally, five types of standing plans are used; Mission or purpose

- Strategy
- Policies
- Rules
- Procedures

3. Single-use Plans:

Single-use plans are prepared for single or unique situations or problems and are normally discarded or replaced after one use. Generally, four types of single-use plans are used. These are; Objectives or Goals

- Programs
- Projects
- Budgets

4. **Contingency Plans:**

Contingency plans are made to deal with situations that might crop up if these assumptions turn out to be wrong. Thus contingency planning is the development of alternative courses of action to be taken if events disrupt a planned course of action.

Steps in Planning



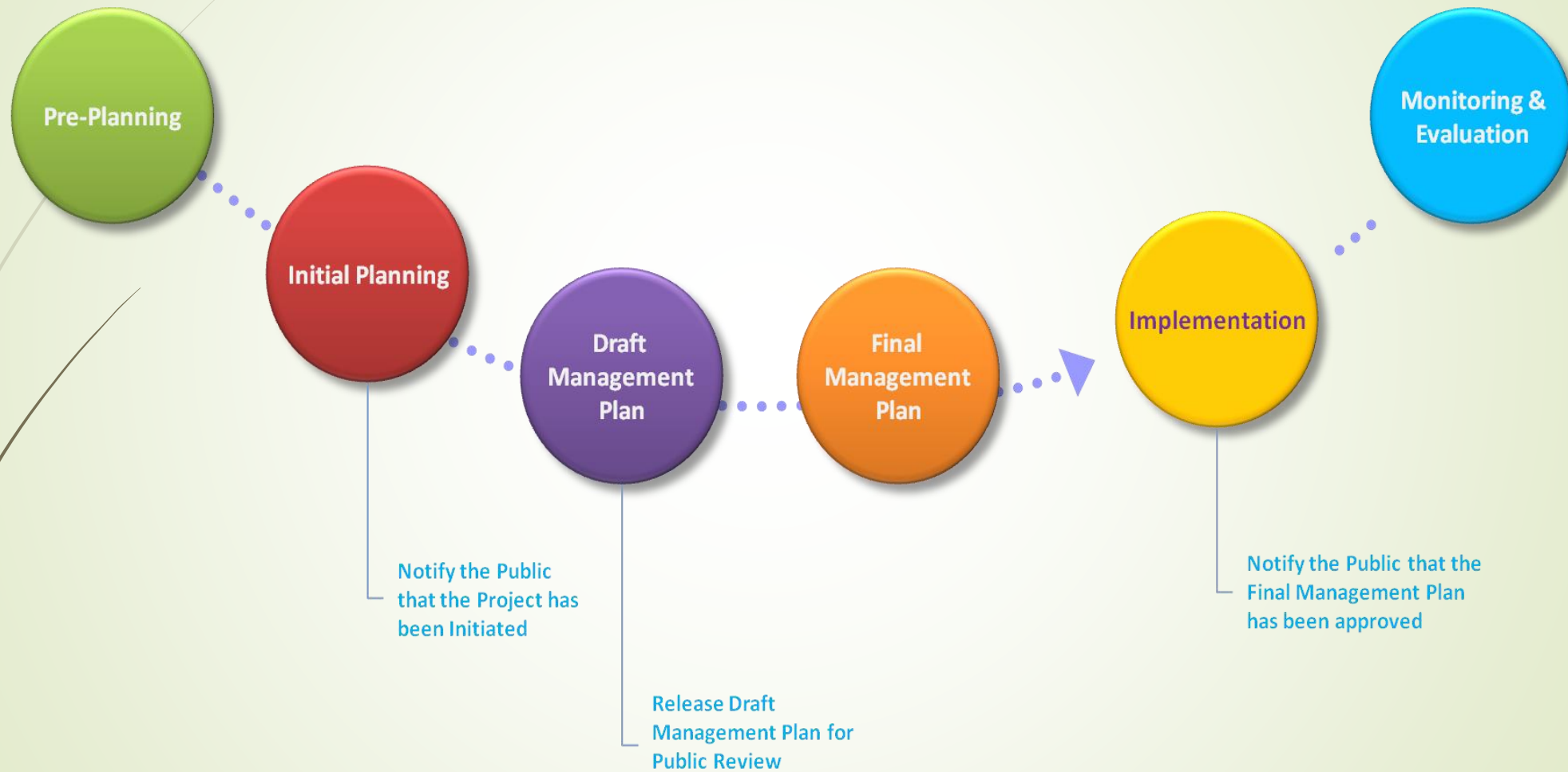
Levels of Planning

Corporate level: Planning at this level should provide overall strategic direction for an organization, sometimes referred to as the “grand strategy.” This is a concise statement of the general direction which senior leadership intends to undertake to accomplish their stated mission or vision. Corporate level strategy is usually decided by the CEO and the Board of Directors although other senior leaders will often contribute to the strategy formulation. Strategic options at the corporate level will likely require a commitment of a significant portion of the firm’s resources over an extended period, and the results will have a significant impact on the future health of the organization.

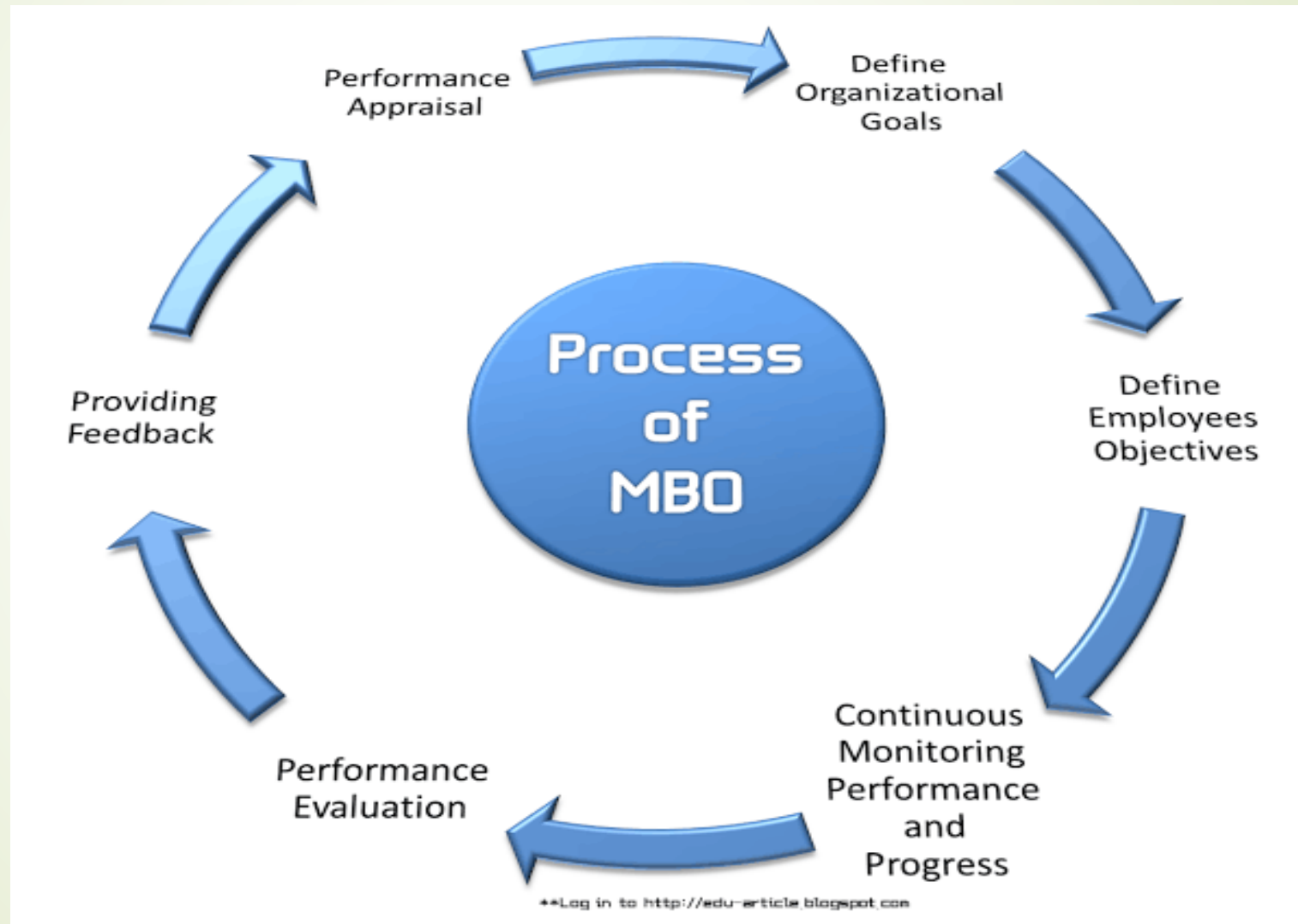
Business level: Each business within an organization will develop a strategy to support the overall business within its specific industry. Business level strategy is reflects the current position of the firm within its industry, and identifies how the available resources can be applied to improve the position of the firm in relation to its competitors. There are a variety of ways that businesses will compete, but more often than not it is based on the USP (unique selling proposition) of the firm which distinguishes the company and its products from other competitors.

Functional level: Functional level describes support functions of a business: Finance, Marketing, Manufacturing, and Human Resources are a few examples of the functional level. Strategies at this level should be defined to support the overall business and corporate level strategies. If the functional level leaders can describe their activities and goals in relation to the business or corporate levels, then everyone in the organization will be aligned and as such contribute to the overall goals and objectives for the organization

Planning Process



MBO



Management By Objectives(MBO)

1. Determining Organizational Goals

- The entire development of an organization depends on the set goals. A goal is the most critical and necessary factor behind the effectiveness and efficiency of an organization, so it is important to effectively manage set goals either single or many of different kinds.

2. Determining Employees' Objectives

- After determining the organizational goals, the next thing to do is to know the individual's goals or more clearly employees' goals. It is the responsibility of the manager to ask employees about what goals they can accomplish within a specific time period and what resources will they use to achieve the goal.

3. Constant Monitoring Progress and Performance

- Checking less-effective or ineffective programs by performing a comparison of performance with already prepared objectives.
- Using ZBB (Zero Based Budgeting)
- For measuring plans and individuals, implementing MBO concepts
- Defining short and long term plans and objectives
- Installing efficient and effective controls
- Eventually, composing completely sound structure of the organization with all things at appropriate places such as responsibilities, decision making and so on.

4. Performance Evaluation

- As per the basic concept of MBO, the performance evaluation comes under the responsibility of concerned managers and is made by their participation. Keep in the mind, performance evaluation is one the most important factors of the organization that can help operating certain objectives smoothly.

5. Providing Feedback

- The psychologically influential factor of MBO is constantly providing feedback to employees regarding their performance and individual goals, so that they can monitor, correct and extra improve their skills and mistakes.

6. The Performance Appraisal

Performance appraisals are the final step of the process of Management by Objectives. By definition, a day by day review of the employee's performance across the organization can be called as performance appraisal.

MODULE-4

ORGANISING FOR

DECISION MAKING

PREPARED BY

RAJKUMAR G

Organising

"Organizing" may be defined as such process which is made by any business firm for the purpose of achieving its own goals or objectives in smooth way. It is the process of ensuring healthy relationship among the departments by the proper channel of communication so that the personnel (employees) of every department can give their hundred percent contributions in the accomplishment of desired goals.

Concept or Nature of Organizing

Organization as a Process: The concept of organizing can be considered as a process, because a large number of events or activities are done under the process of organizing with-a-view to accomplish the preset goals in an appropriate way.

Organization as a Structure of Relationship: Organization refers to a structure of relationship due to involvement of a large number of groups.

Characteristics or Features of Organizing or Organization

Organization is a group of Individuals: Organization can consider as a group of individuals who comes together and make co-operative relationship with each-other and contributing their efforts with a view to attain preset goals.

Organization is a process: The feature of organization can put to be as a process, because a large number of events are done under organizing process towards the attainment of predetermined goals, such as determination of various activities

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

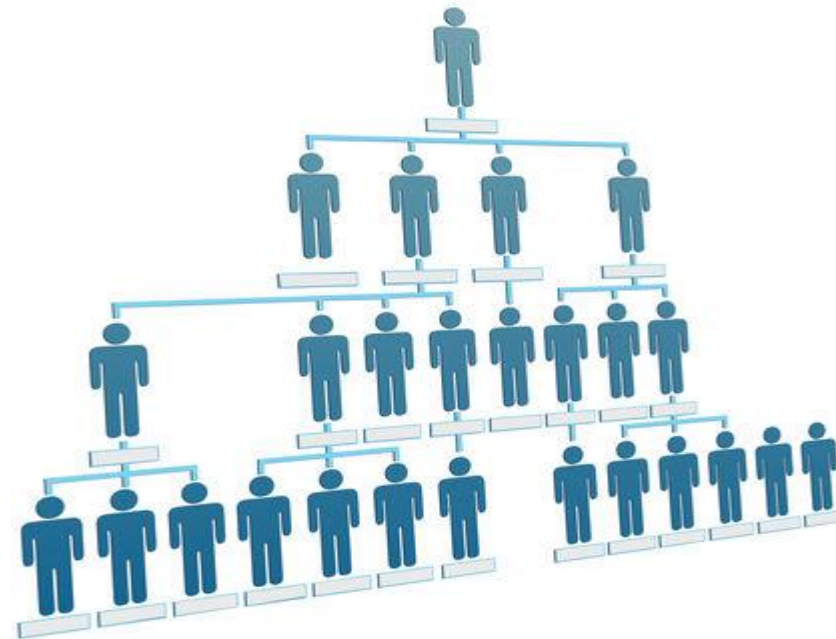
Organization is an important Function of Management: It is an essential feature of organisation. Organization refers to an important function of management because all other functions of management like staffing, directing, controlling etc.

Organization is related to its Objectives: Organization is directly concerned with the objectives of enterprise.

Communication is the life of organization: It is also an important feature of organization. Communication can be treated as a life of organization, because in the lack of proper network of communication there is no existence of organization.

Span of Control

Span of Control is a term that describes the number of subordinate workers / [organizational units](#) under a single [manager](#). Determination of span of control is one of the results of [organizing](#) and it is de-facto manifestation of [formal organizational structure](#).



Organisational structure

Organizational structure is a system that consists of explicit and implicit institutional rules and policies designed to outline how various work roles and responsibilities are delegated, controlled and coordinated.

Organisational Structure



Departmentation

Departmentation is the foundation of organisation structure, that is, organisation structure depends upon departmentation. Departmentation means division of work into smaller units and their re-grouping into bigger units (departments) on the basis of similarity of features.

Importance of Departmentation

- 1. Organisation structure**
- 2. Flexibility**
- 3. Specialisation**
- 4. Sharing of resources**
- 5. Co-ordination**
- 6. Control**
- 7. Efficiency**
- 8. Scope for growth and diversification**
- 9. Responsibility**
- 10. Development of managers**

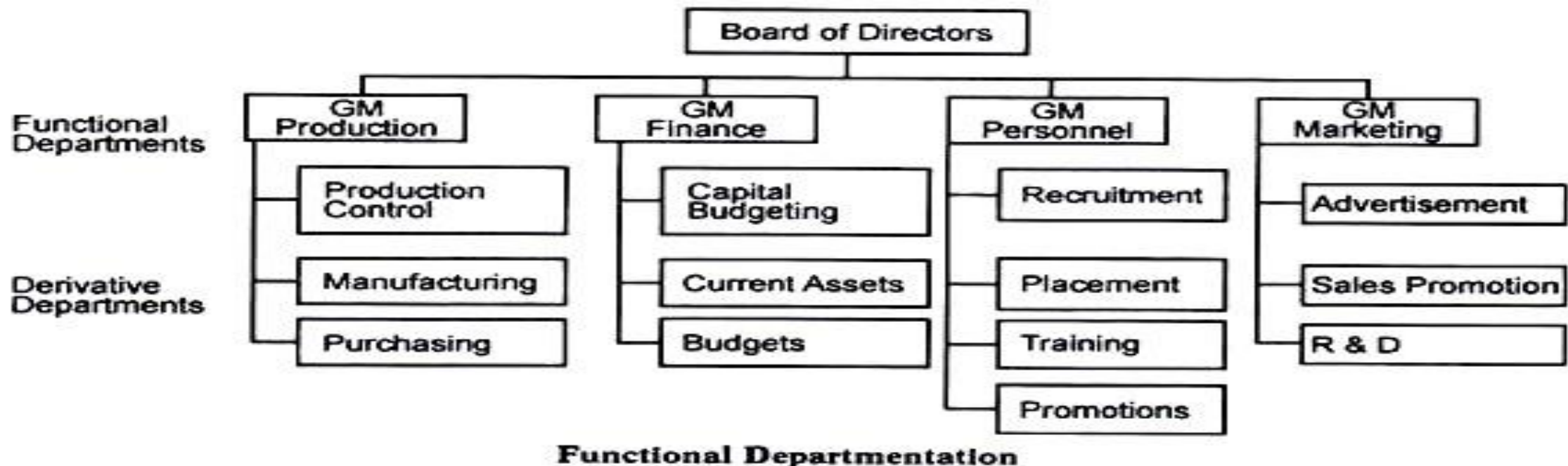
Basis of Departmentation

There are two broad forms of departmentation:

- a. Functional departmentation, and
- b. Divisional departmentation.

Functional Departmentation

Functional organisation creates departments along activities or functions of the undertaking (functions do not refer to managerial functions of planning, organising, staffing, directing and controlling). It is grouping of activities on the basis of similarities of functions.



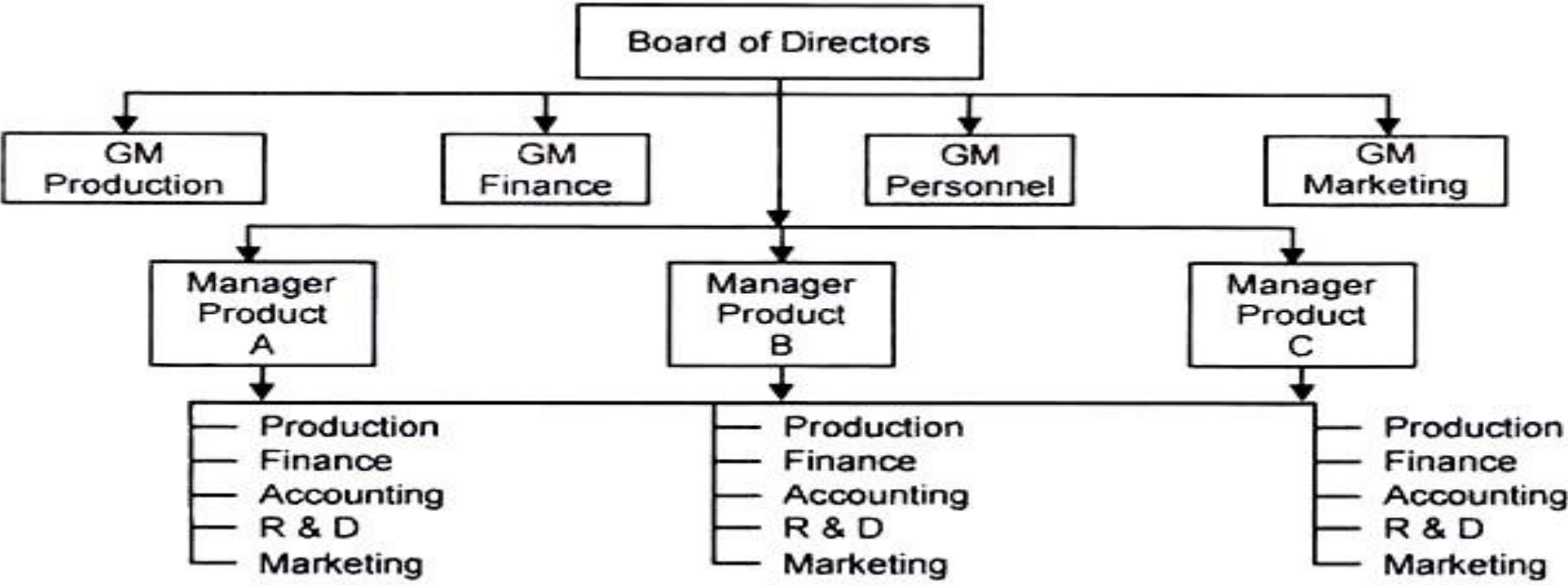
Merits of Functional Departmentation

- 1. Simple and logical basis of creating departments**
- 2. Specialisation**
- 3. Co-ordination**
- 4. Training and control**
- 5. Supervision**
- 6. Suitable for stable organisations**
- 7. Suitable for small organisations**

Limitations of Functional Departmentation

- 1. Overall organisational goals**
- 2. Delayed decisions**
- 3. Co-ordination**
- 4. Accountability**
- 5. Unsuitable for dynamic organisations**
- 6. Complexity**

Divisional Departmentation



Product Departmentation

This form of departmentation is suitable for companies that produce multiple products. Product departmentation is grouping of jobs and resources around the products or product lines that a company sells. With increase in operations of a company, it adds more products to its line of products which require various functional activities (production, marketing etc.). Product departmentation is suitable for product diversification where marketing characteristics of each product are different from others.

Merits of Product Departmentation

(i) Better performance

(ii) Flexibility

(iii) Fast decisions

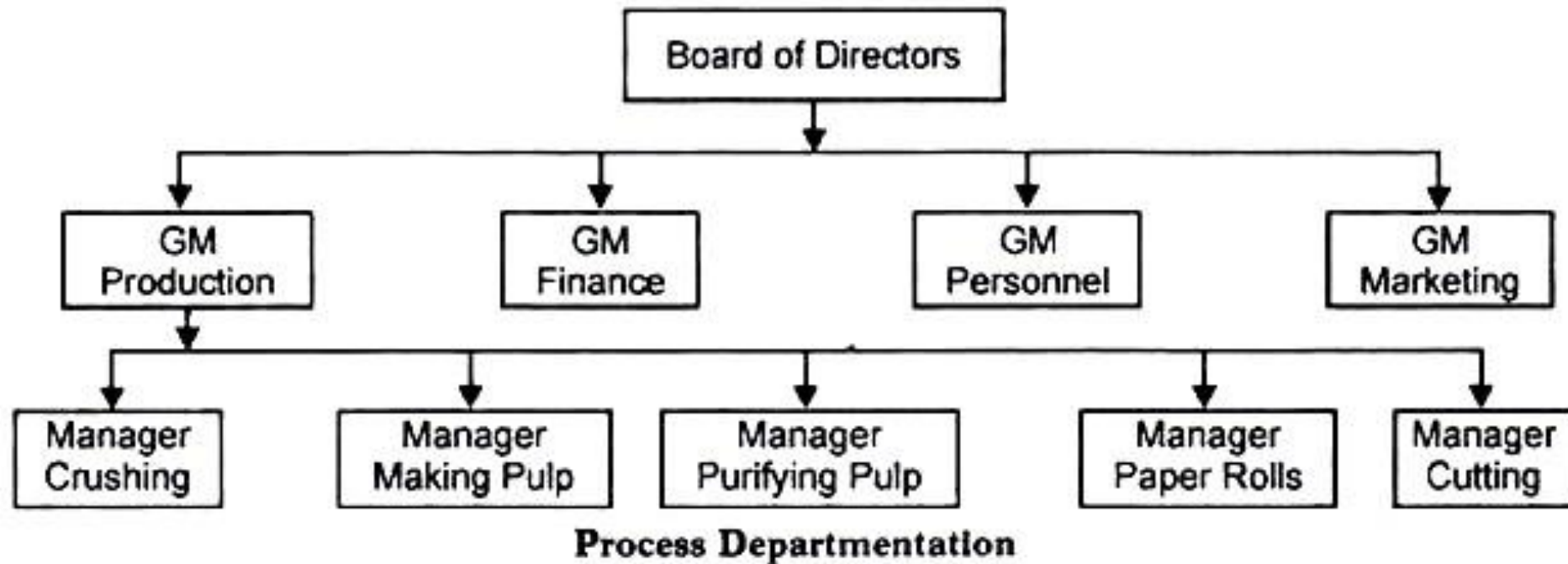
(iv) Co-ordination

(v) Control

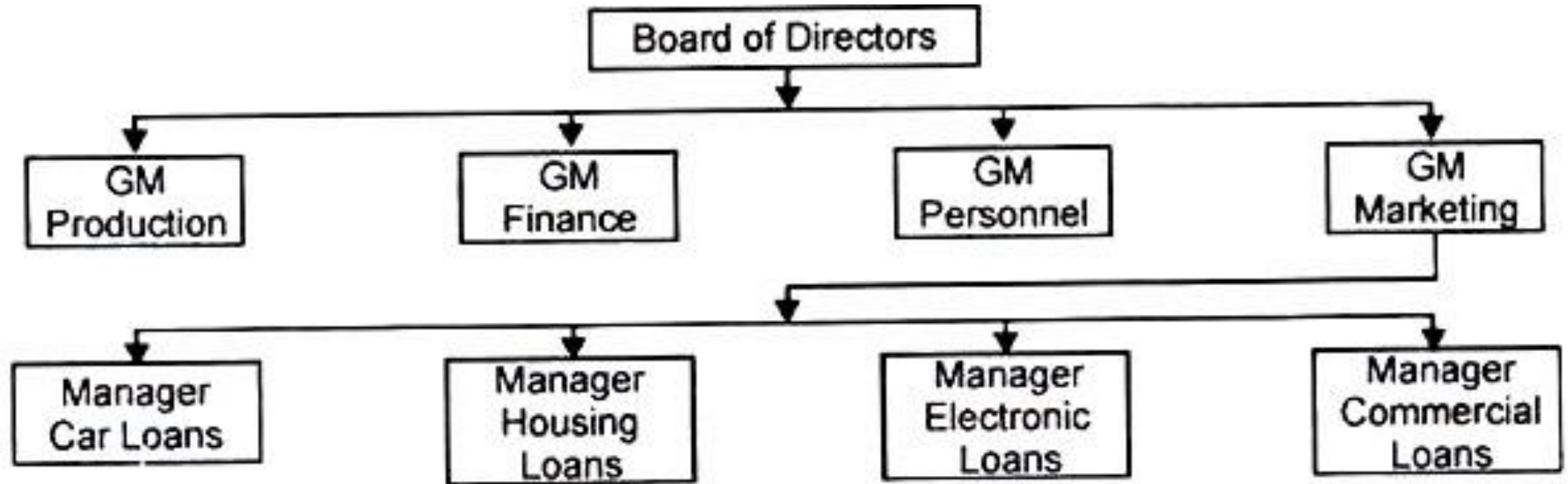
(vi) Responsibility

(vii) Efficiency

Organisation Chart Showing Process Departmentation

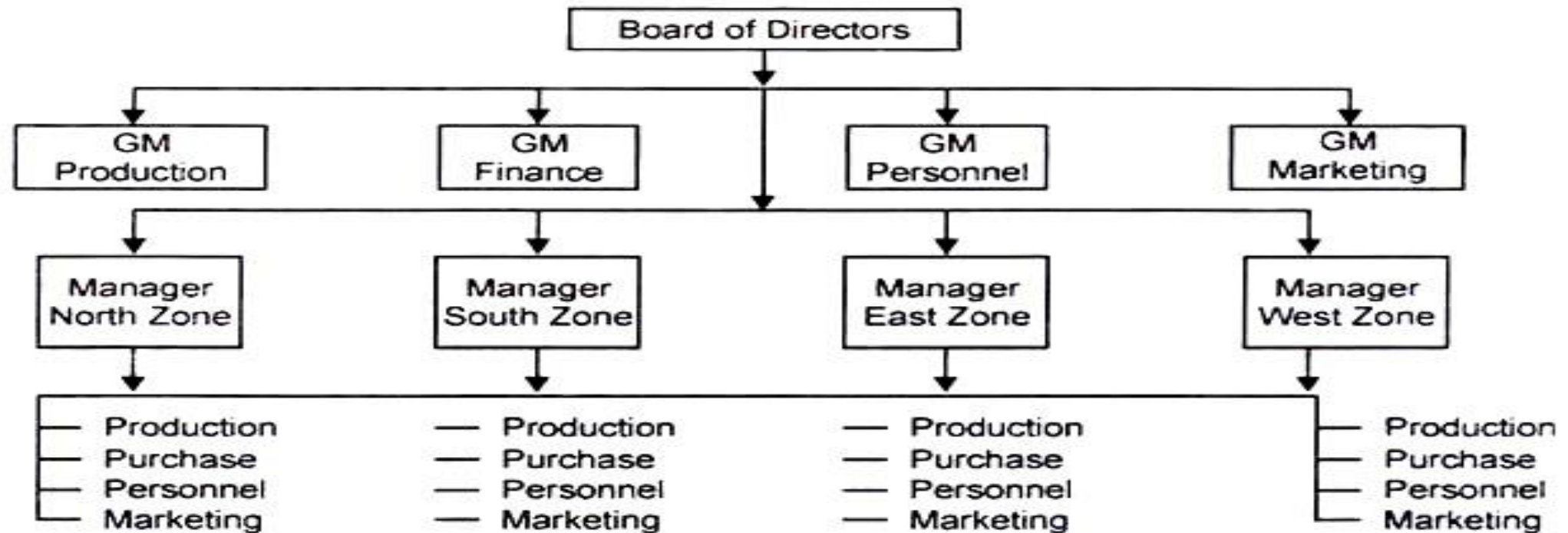


Organisation Chart Showing Customer Departmentation



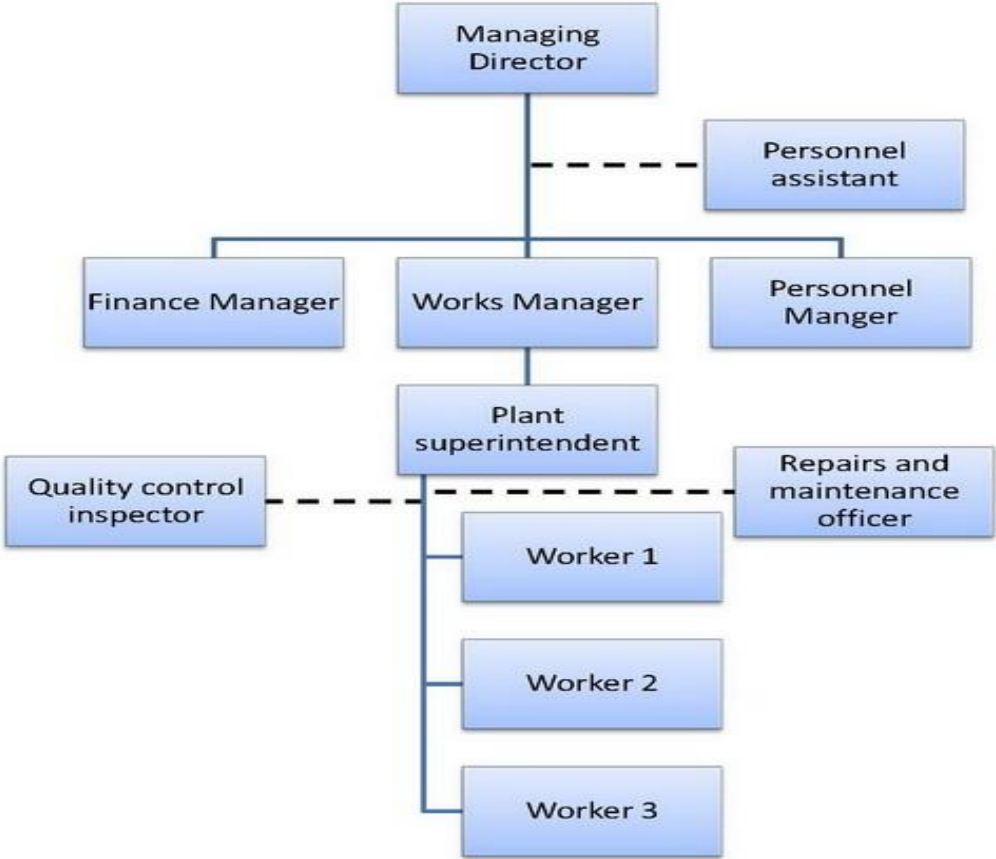
Customer Departmentation

Organisation Chart Showing Geographic Departmentation



Geographic Departmentation

Line and Staff Concepts



Decision-Making

Decision-making describes the process by which a course of action is selected as the way to deal with a specific problem. People at all levels in an organization are constantly making decisions and solving problems. For managers, the decision-making and problem-solving tasks are particularly important aspects of their jobs.

Significance of Decision-Making

- i. Managers who use a rational, intelligent, and systematic approach are more likely to come up with high quality solutions to the problems they face than the ones who do not use this approach.
- ii. Rational decision-makers have a clear understanding of alternative courses of action to accomplish a goal under a particular set of circumstances.
- iii. Rational decision-making is based on the information available with the decision-makers and their ability to evaluate alternatives.
- iv. Rational decision-making aims at deciding the best solution by selecting the alternative that most effectively facilitates goal achievement

Limitations of Decision-Making

- i. It is very difficult for managers to be completely rational in their decision-making since decisions are taken keeping the future in mind, and the future is very uncertain.
- ii. It is very difficult to determine all the alternative courses of action that might be followed to accomplish a goal.
- iii. Rational decision-making becomes almost an impossible task when one has to explore areas which have never been ventured into before.
- iv. In most cases, all possible alternatives generated cannot be thoroughly analyzed, even with sophisticated analytical techniques and computers.
- v. Even though the decision-maker strives to be completely rational, sometimes limitations of information, time and certainty, curb rationality.
- vi. Sometimes, managers allow their risk-avoiding tendency to disrupt their rational decision-making process.

Decision Making Process

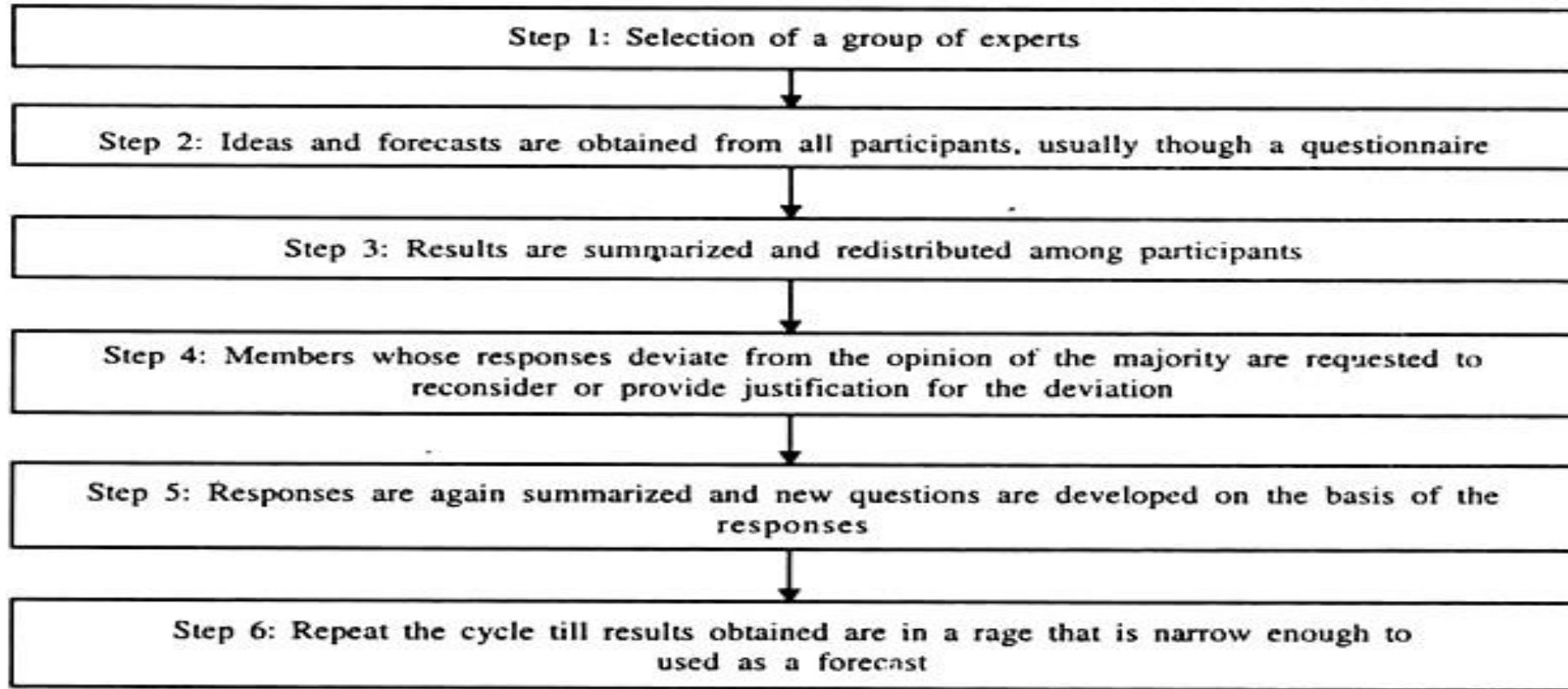


Figure 13.3: Steps in the Delphi Method

Selecting from Alternatives

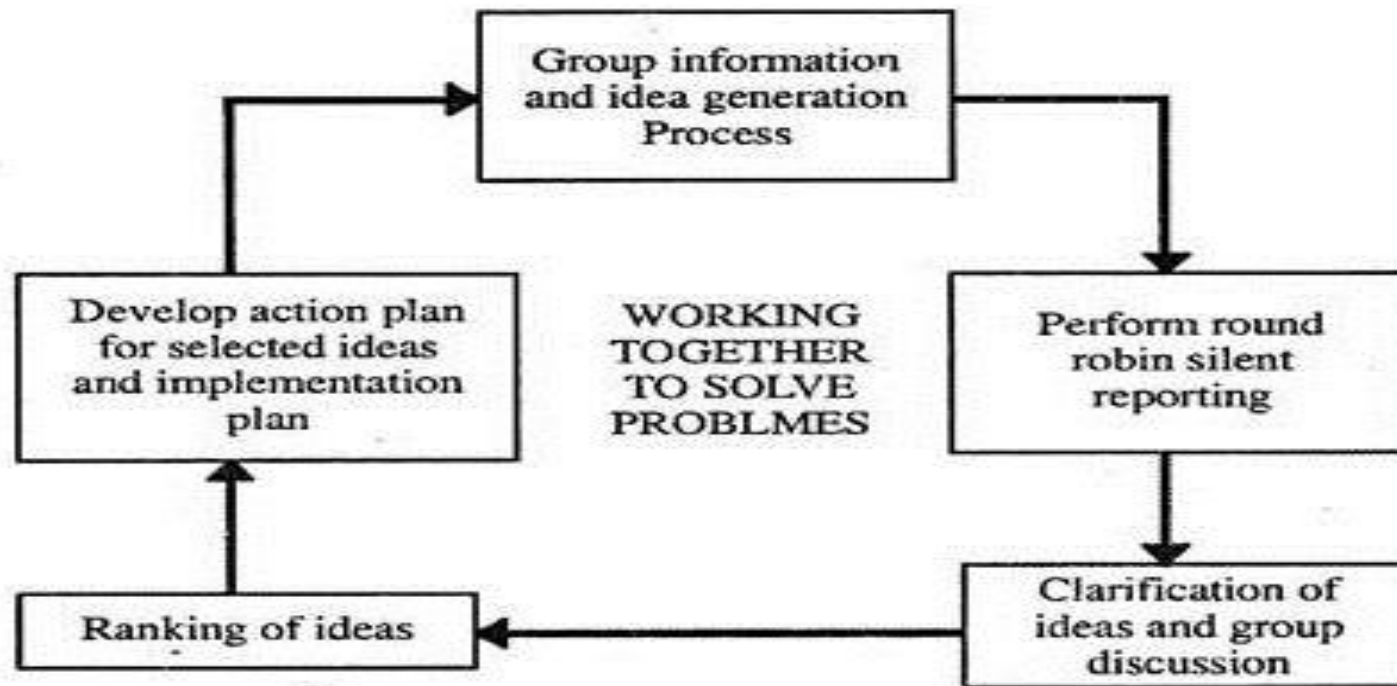
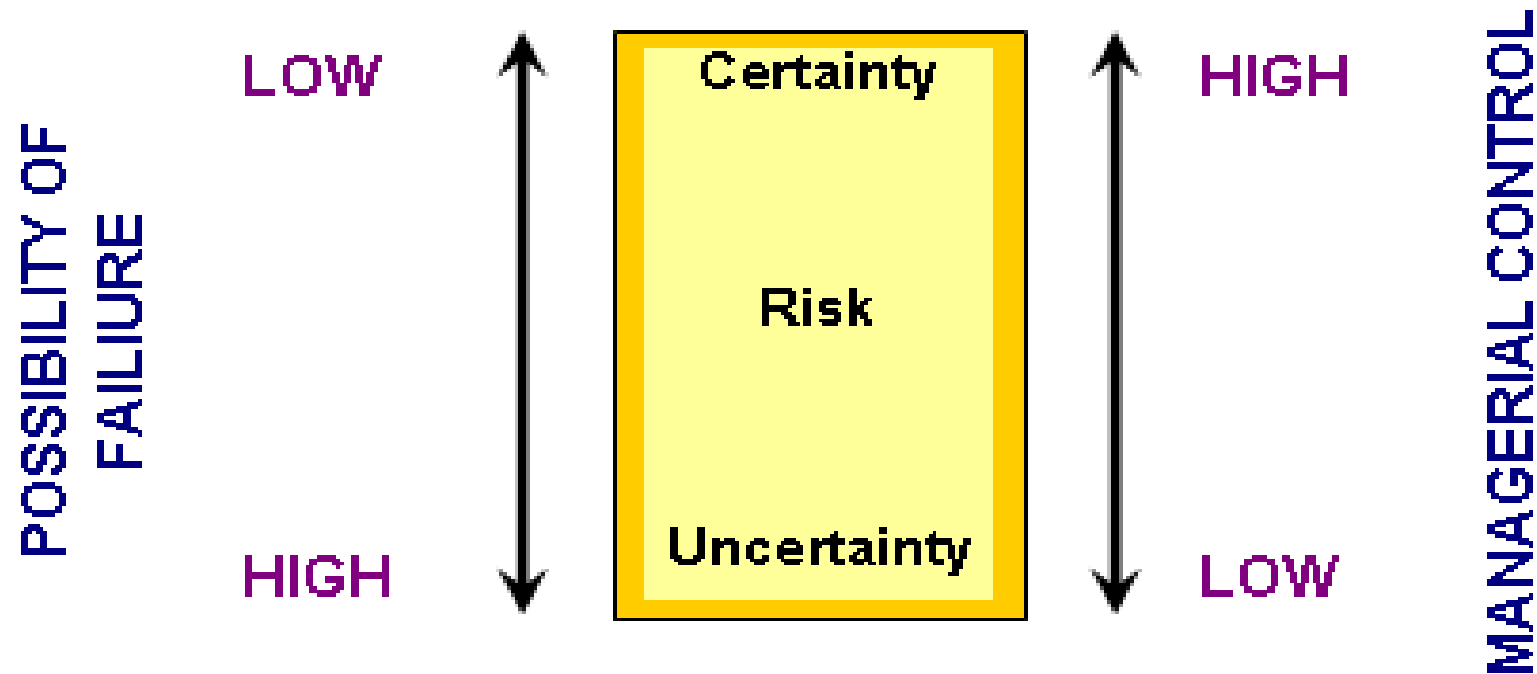


Figure 13.4: Steps for Conducting Nominal Group Technique

Programmed and Non Programmed Decisions

	Programmed Decisions	Non-programmed Decisions
1. Nature of Problem	Structured/Routine/Well-defined	Unstructured/Novel/Ill defined
2. Recurrence of Problem	Repetitive	Non-repetitive
3. Method of solving	Policies/Standards/Rules	Managerial Initiative
4. Judgment	Objective	Subjective
5. Probability of outcome	Some degree of certainty is involved	Uncertain
6. Level of management	Middle/Lower-level	Top-level
7. Types	Organisational/Operational/ Research/Opportunity	Personal/Strategic/Crisis Intuitive/Problem-solving

Decision Making



Decision Making Conditions

Decision Making under Certainty

- Exact and complete information of the consequence of every decision option.
- Decision maker knows alternatives and their outcomes well.

Decision Making under Risk

- Available alternatives and their consequences are known but risky.
- Alternatives are assessed by calculating the expected probability value of their outcomes. The outcome with the maximum payoff is selected.

Decision Making under Uncertainty

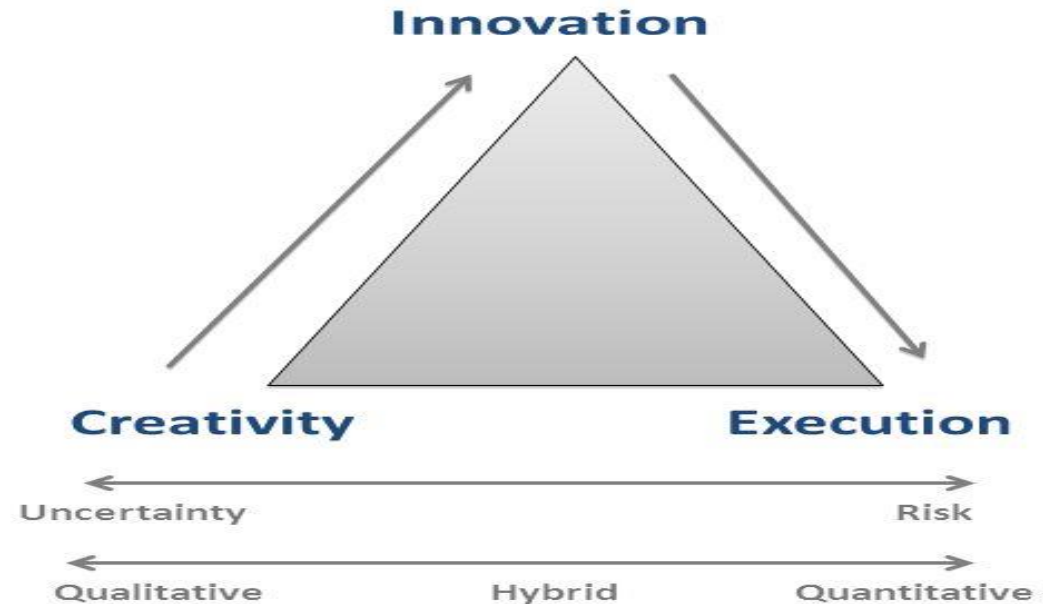
- Decision maker is not aware of the risks or outcomes of the decision alternatives.
- Decision makers can use MaxiMin or Max-Max criterion.

Risk-creative process and innovation

What's the Problem?

- Creativity
- Innovation
- Execution

- How does this on-going problem open up new research vistas?



Testing for **innovation**

Do you really innovate?

Aspire

Do you regard innovation-led growth as critical, and do you have cascaded targets that reflect this?

Choose

Do you invest in a coherent, time- and risk-balanced portfolio of initiatives with sufficient resources to win?

Discover

Do you have differentiated business, market, and technology insights that translate into winning value propositions?

Evolve

Do you create new business models that provide defensible and scalable profit sources?

Accelerate

Do you beat the competition by developing and launching innovations quickly and effectively?

Scale

Do you launch innovations at the right scale in the relevant markets and segments?

Extend

Do you win by creating and capitalizing on external networks?

Mobilize

Are your people motivated, rewarded, and organized to innovate repeatedly?

Source: McKinsey analysis



The background features abstract, overlapping green geometric shapes in various shades, creating a modern and professional look. The shapes are primarily triangles and polygons, some with gradients, set against a white background.

MODULE-5

Staffing and related HRD functions

Prepared By
G.Rajkumar

Staffing

- ▶ The selection and training of individuals for specific job functions, and charging them with the associated responsibilities.

Empowerment

A management practice of sharing information, rewards, and power with employees so that they can take initiative and make decisions to solve problems and improve service and performance. Empowerment is based on the idea that giving employees skills, resources, authority, opportunity, motivation, as well holding them responsible and accountable for outcomes of their actions, will contribute to their competence and satisfaction.

Delegation

- ▶ It is a process which enables a person to assign works to others and delegate them with adequate authorities to do it.

Types

1. Over Delegation- Giving work which makes employee to get stressed
2. Under Delegation- Less work to employee.

Process of Delegation

1. Determination of results expected
2. Assignment of duties
3. Delegation of Authorities
4. Creation of Obligation or Accountability

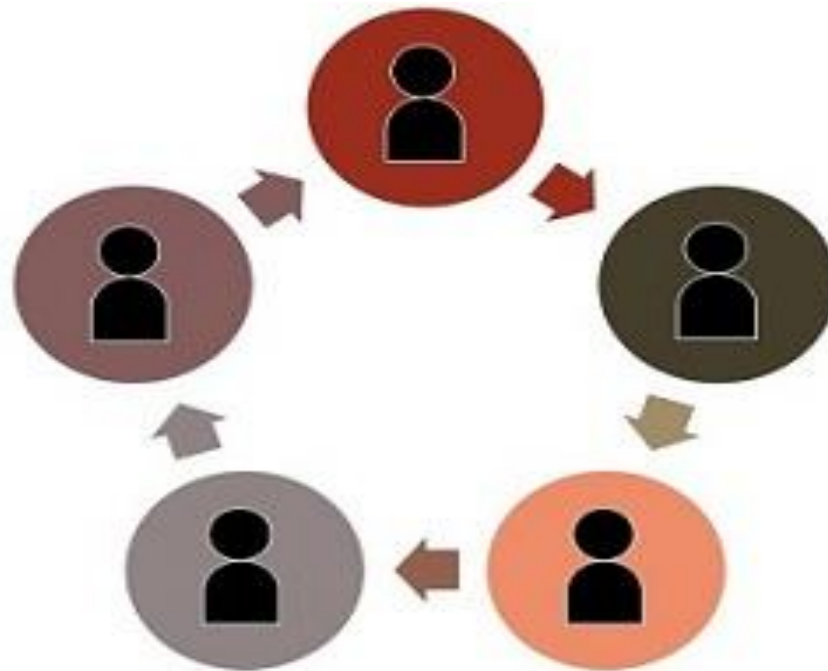
Art of Delegation

- ▶ Lack of Receptiveness
- ▶ Willingness to let go
- ▶ Willingness to let others make mistakes
- ▶ Willingness to trust subordinates
- ▶ Willingness to establish and use broad controls.

Making Delegation Effective

- ▶ Establishment of definite goals
- ▶ Right person for right job
- ▶ Establishment of definite responsibility
- ▶ Appropriate environment
- ▶ Motivate subordinates
- ▶ Free flow of information
- ▶ Proper training to subordinates.
- ▶ Establish adequate controls

Centralisation vs Decentralisation



CENTRALIZATION VS DECENTRALIZATION

Effective Decentralisation

- ▶ Centralised Top Policy
- ▶ Appreciation of concept of decentralisation
- ▶ Development of managers
- ▶ Competition among units
- ▶ Open communication
- ▶ Effective Co-Operation

Basis	Delegation	Decentralization
Nature	Delegation is a compulsory act.	Decentralization is an optional policy.
Freedom of action	There is less freedom to take own decisions as there is more control by superiors.	There is greater freedom of action as there is less control over executives.
Status	It is a process followed to share tasks.	It is the result of the policy decision of the top management.
Scope	It has narrow scope as it involves superior and his immediate subordinate only.	It has wide scope as it involves all the levels of management.
Purpose	The main purpose is to lessen the burden of the manager.	The main purpose in this case is to increase the role of the subordinates in the organization by giving them the authority to take decisions.

Effective Organising-Principles

- ▶ Principle of Specialisation
- ▶ Principle of functional definition
- ▶ Principle of Scalar chain
- ▶ Delegation of authority
- ▶ Principle of unity of command
- ▶ Principles of span of control
- ▶ Degree of centralisation

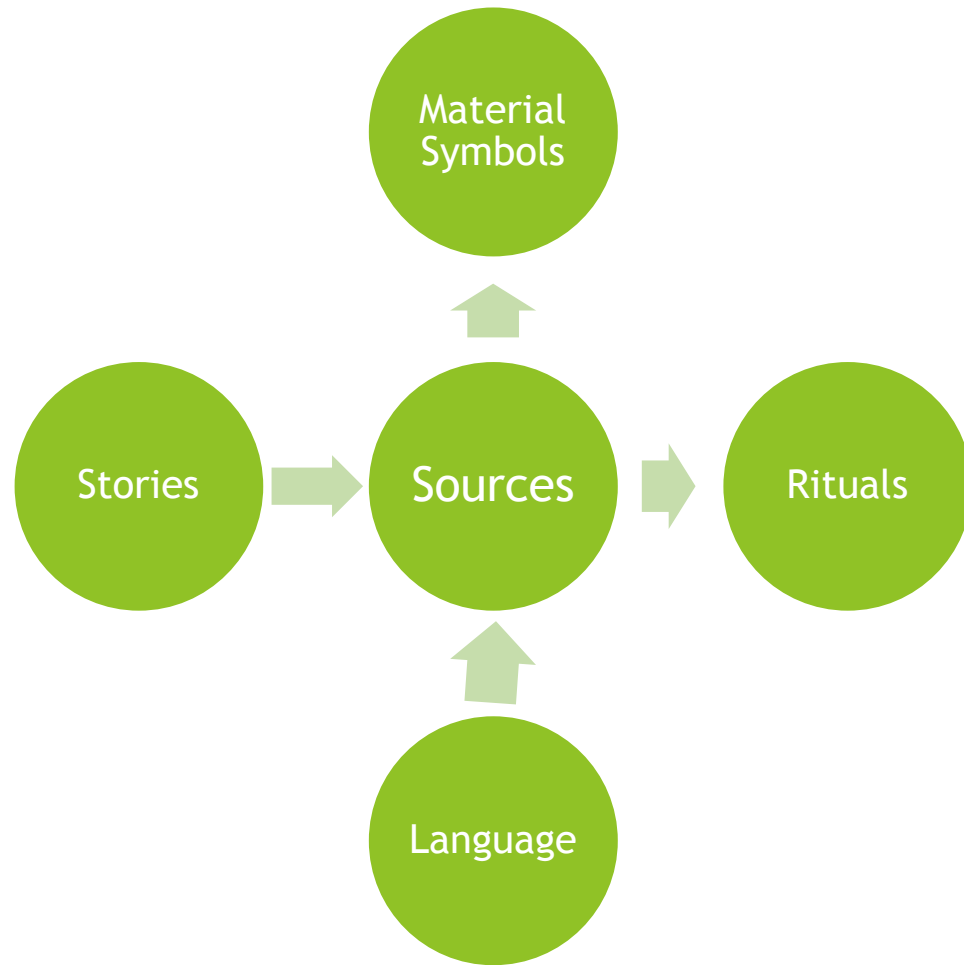
Organising Culture

- ▶ A system of informal rules that spell out how people have to behave most of the time-Deal and Kennedy

Characteristics

1. Risk tolerance
2. Direction
3. Unit integration
4. Management contract
5. Identity
6. Control
7. Reward System
8. Conflict tolerance
9. Communication pattern
10. Individual initiative

Sources of Culture



Components of Organisational Culture

1. Support Orientation
2. Rules Orientation
3. Innovation Orientation
4. Coordination Orientation

Types

1. Subculture
2. Dominant culture
3. Strong culture
4. Weak culture
5. Authoritarian culture
6. Participative culture
7. Normative culture
8. Academy culture
9. Pragmatic culture
10. Fortress culture

Managing Organisational Culture

1. Selection Process
2. Actions of top management
3. Socialization
 1. Pre-arrival stage
 2. Encounter stage
 3. Metamorphosis stage

Responsive Organisations

- ▶ From Efficiency to Responsiveness
- ▶ From Hierarchies to Networks
- ▶ From Controlling to Empowering(Routine to Non-routine work)
- ▶ From Extrinsic Rewards to Intrinsic Motivation
- ▶ From Office & Office Hours to Anywhere & anytime
- ▶ From Customers & Partners to community

PRINCIPLES OF MANAGEMENT

MODULE 6



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LEADING AND CONTROLLING

LEADING

The process of influencing people so that they will contribute to organizational and group goals



MANAGING **vs** LEADING

- **Managing and leading are often thought of as the same thing**
- **Leading is an essential function of managers, there is more to management just than leading**

-
- Managing involves doing careful planning, setting up an organization structure that will aid people in achieving goals and staffing the organization structure.

Managing requires the creation and maintenance of an environment in which individuals work together toward the accomplishment of common objectives

Leadership

- **Can exist in unorganized groups**
- **Leader is one gets others to follow him**
- **Leading is the process of influencing the activities of an individual or a group towards the achievement of a goal**
- **An effective leader motivates the subordinates for higher level of performance**
- **Leaders are important for keeping the organization moving forward**

Managing

- **Managers needs roles specified by organizational structure**
- **A manager is required to plan, organize, direct and control**
- **A manager is essential for meeting the existing goals and objectives effectively**

CHARACTERISTICS OF LEADERSHIP

Goal based activity- Leadership generally aims at influencing people towards the accomplishment of common goals

Power-based activity – The power of the leader's position has a definite influence on the employees. The greater the power, the greater the leaders influence on followers

Universality – Leadership is needed at all levels of an organization. It cannot be confined to the top levels or to certain positions in the organization

Influential process – Leadership involves the process of inducing individuals or groups to pursue organizational goals and objectives

Situational variables- Leadership is exercised at a given point of time and under a specific set of circumstances

GREAT MAN THEORY

- **Leaders are born, not made.**
- **This approach emphasized that a person is born with or without the necessary traits of leadership.**
- Early explanations of leadership studied the “traits” of great leaders
 - “Great man” theories (Gandhi, Lincoln, Napoleon)
 - Belief that people were born with these traits and only the great people possessed them

Great Man Theory

- **Great Man approach actually emphasis “charismatic” leadership. Charisma being the Greek word for gift.**
- **No matter what group such a natural leader finds himself in, he will always be recognized for what he is.**
- **According to the great man theory of leadership, leadership calls for certain qualities like commanding personality, charm, courage, intelligence, persuasiveness and aggressiveness.**

CHARACTERISTICS OF CHARISMATIC LEADERS

- Being self confident
- Having strong convictions
- Articulating a vision
- Being able to initiate change
- Communicating high expectation
- Having a need to influence followers and supporting them
- Being in touch with reality



TRAIT THEORY

- What characteristics or traits make a person a leader?
- Great Man Theory: Individuals are born either with or without the necessary traits for leadership
- Trait theories of leadership sought personality, social, physical or intellectual traits that differentiate leaders from non leaders
- Trait view has little analytical or predictive



According to Ralph M Stogdill specific traits related to leadership ability are

- 1. Physical traits** (energy, appearance, height)
- 2. Intelligence and ability traits**
- 3. Personality traits** (adaptability, aggressiveness, enthusiasm and self-confidence)
- 4. Task related traits** (achievement drive, persistence, initiative)
- 5. Social characteristics** (cooperativeness, interpersonal skills, administrative ability)

Additional traits found in recent studies

6. Drive (motivation, energy, ambition, initiative)

7. Leadership motivation (the aspiration to lead but not to seek power as such)

8. Honesty, integrity and self-confidence (emotional stability)

9. Cognitive ability and understanding of business

TABLE 10–1**Traits and Skills Differentiating Leaders from Nonleaders**

Traits	Skills
Adaptable to situations	Clever (intelligent)
Alert to social environment	Conceptually skilled
Ambitious, achievement oriented	Creative
Assertive	Diplomatic and tactful
Cooperative	Fluent in speaking
Decisive	Knowledgeable about the work
Dependable	Organized (administrative ability)
Dominant (power motivation)	Persuasive
Energetic (high activity level)	Socially skilled
Persistent	
Self-confident	
Tolerate of stress	
Willing to assume responsibility	

Source: Based on Ralph Stogdill *Handbook of Leadership: A Survey of the Literature* (New York: Free Press, 1974), p. 237.

CONTINGENCY APPROACH TO LEADERSHIP

- This approach to leadership recognizes that there exists an interaction between the group and the leader
- People tend to follow those whom they perceive as offering them a means of accomplishing their personal desires

- Leaders are product
of given
situations

FIEDLER'S CONTINGENCY APPROACH TO LEADERSHIP

CONTINGENCY THEORY OF LEADERSHIP

People become leaders not only because of their personality attributes but also because of various situational factors and the interactions between leaders and group members



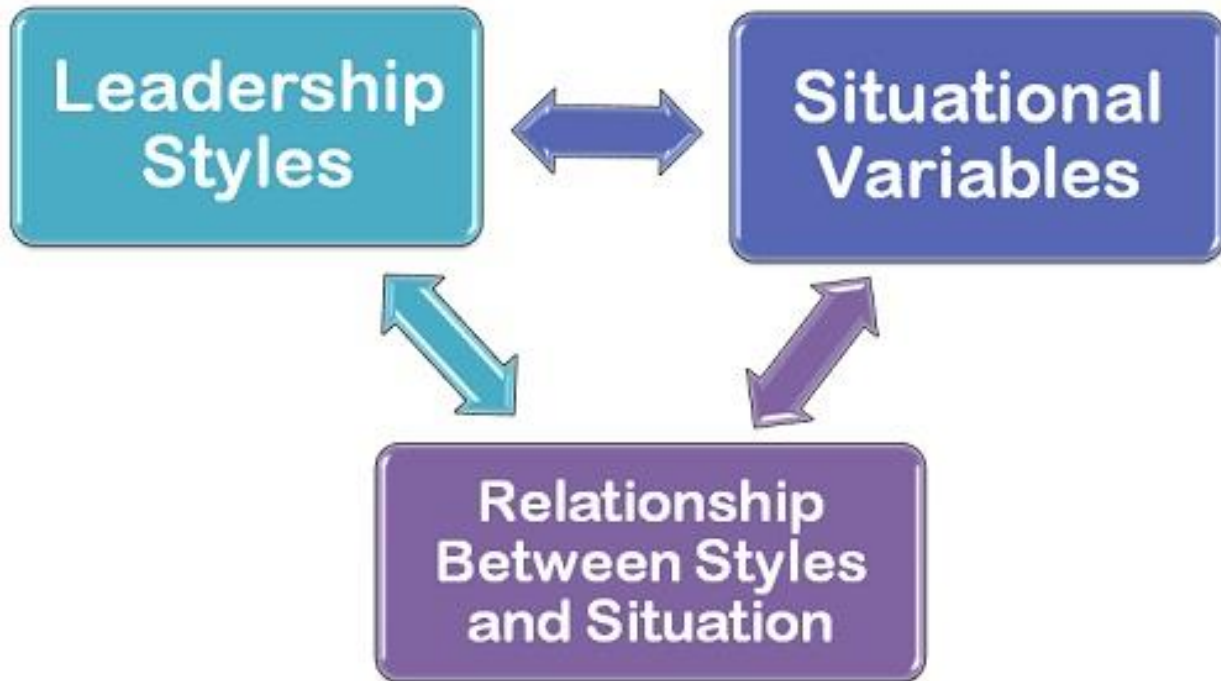
FIEDLER'S CONTINGENCY APPROACH TO LEADERSHIP

- There is no best way for managers to lead
- Fiedler distinguished two leadership styles

1. Task oriented - leaders attain satisfaction from seeing the tasks performed

2. Human relations oriented – leaders are oriented primarily towards achieving good interpersonal relationships

Fiedler's Contingency Model



People become efficient leaders not only because of the attributes of their personalities but also because of various **situational factors** and **interaction between leaders and group**

CRITICAL DIMENSIONS OF LEADERSHIP

Three critical dimensions of leadership situation

- 1. Position power**
- 2. Task structure**
- 3. Leader-member relations**

Position power

- This is the degree to which the power of a position, are distinguisheded from other sources of power, such as personality or expertise, enables a leader to get group members to comply with directions

Task structure

- This is the extent to which tasks are clearly stated and responsibility is assigned to the workers.
- If tasks are clear then, the quality of performance can be easily controlled and members can be held responsible for performance

Leader-member relations

- This is the extent to which the leader is accepted, trusted and followed by members of his work group

LEADERSHIP STYLES

Fiedler set two major styles of leadership for study

- 1. Task oriented** – with the leader gaining satisfaction from seeing tasks performed
- 2. Interpersonal relationships oriented** -

To measure leadership styles he used 2 sources

- A. Least Preferred Co-worker (LPC)** – *which are ratings made by people in a group of members with whom they would least like to work*
- B. Assumed Similarity between Opposites (ASO)** – *ratings are based on the degree to which leaders see group members as being like themselves*

Respondents described the person by rating 16 items on a scale of attributes

Findings

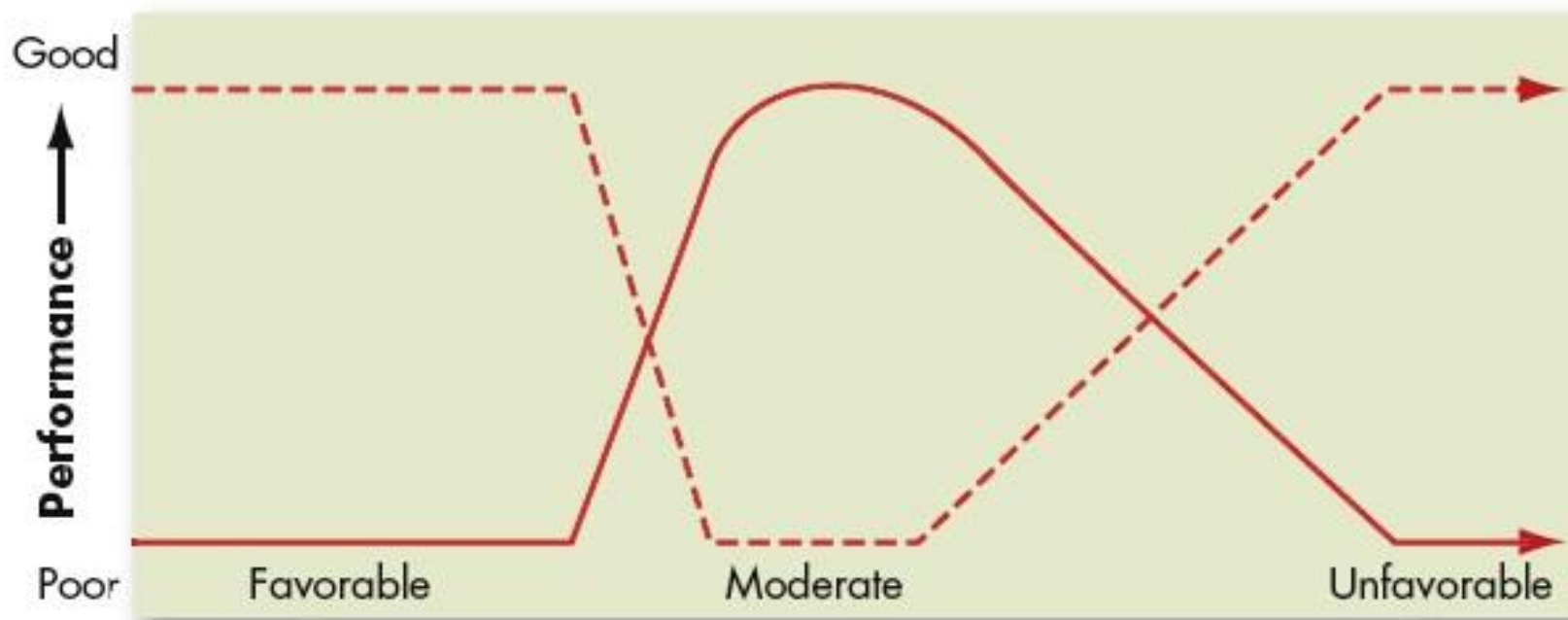
- **People who rated their coworkers high (ie. In favorable terms) were those who derived major satisfaction from successful interpersonal relationships**
- **People who rated their “lest preferred coworker” low were seen as deriving their major satisfaction from task performance**

Altogether by mixing the 3 dimension there are potentially 8 different situation in which leaders could find themselves.

LEADER MEMBER RELATION	GOOD				POOR			
TASK STRUCTURE	HIGH		LOW		HIGH		LOW	
POSITION POWER	STRONG	WEAK	STRONG	WEAK	STRONG	WEAK	STRONG	WEAK
CATEGORY	1	2	3	4	5	6	7	8

----- Task oriented

———— Relationship oriented



Category	I	II	III	IV	V	VI	VII	VIII
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Leader-member relations	Good	Good	Good	Good	Poor	Poor	Poor	Poor
Task structure	High	High	Low	Low	High	High	Low	Low
Position power	Strong	Weak	Strong	Weak	Strong	Weak	Strong	Weak

Findings of Fielder's research

- In unfavorable and favorable situations the task oriented leader would be the most effective

Favorableness of situation is defined as the situation enables a leader to exert influence over a group

Fiedler predict that when task oriented leader faced with category 1,2,3,7,8 situation perform better.

Relationship oriented leader however perform better in moderately favorable situation with category 4,5,6.

Leader position power is weak + task structure is unclear + leader-member relations are moderately poor

=

Task oriented

If condition is favorable or unfavorable the relationship oriented leader will be most effective

Implications of Fiedler's Model:

- ❑ No leadership style is appropriate for all situations. Thus manager can adopt the leadership style according to the requirements of the situation.
- ❑ There is a need for matching leaders and job situations to achieve organizational effectiveness. Fiedler says that “if we wish to increase organizational and group effectiveness, we must learn not only how to train leaders more effectively

LEADERSHIP BEHAVIOR

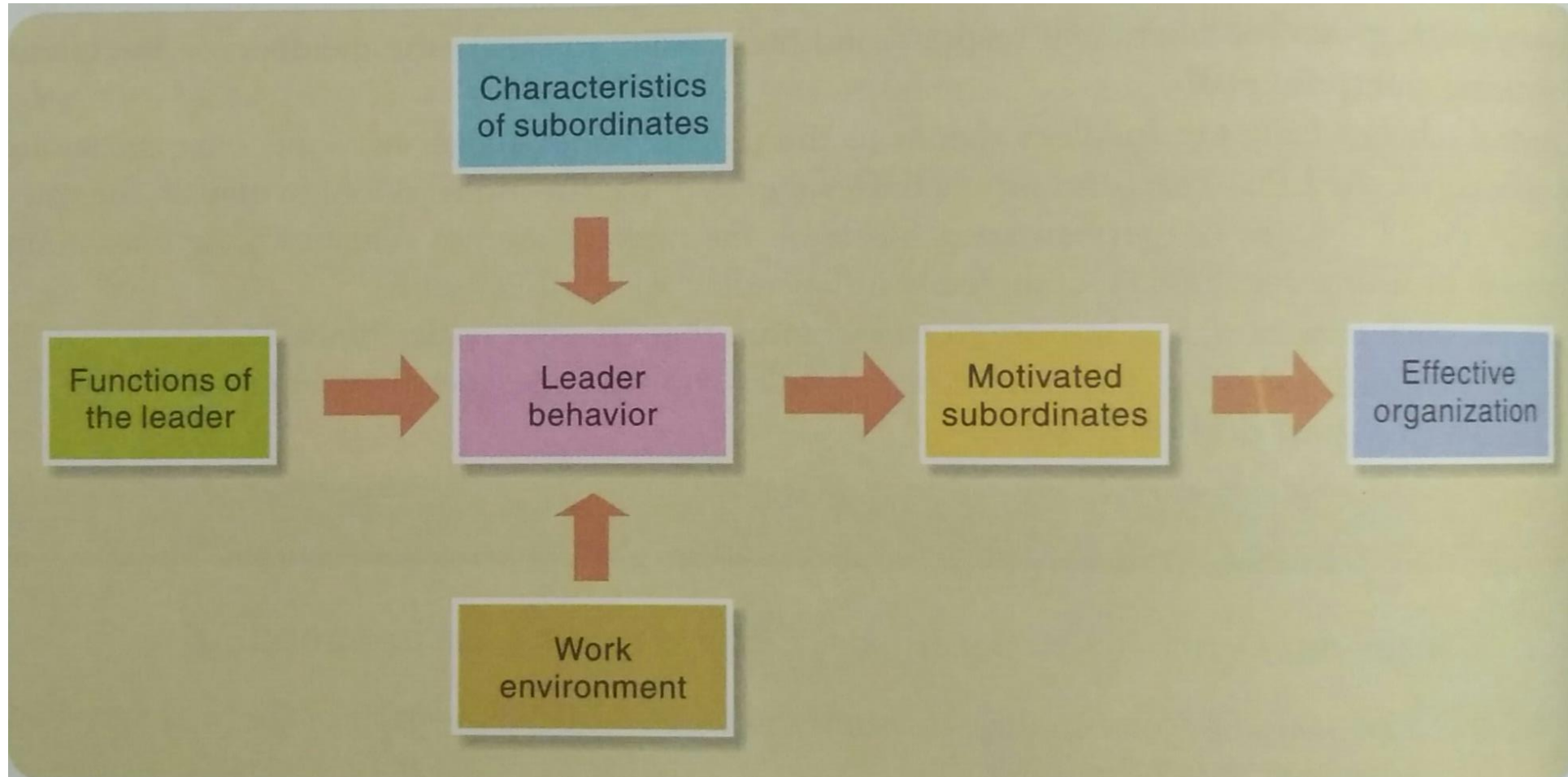
Path – goal theory

The main function of the leader is to clarify and set goals with subordinates, help them find the best path for achieving the goals and remove obstacles

Situational factors contributing to effective leadership should be considered are

1. The characteristics of subordinates (their needs, self-confidence and abilities)
2. The work environment (the task, rewards and relationship with coworkers)

Path-goal approach to leadership effectiveness



Four leadership behaviors

1. Supportive leadership behavior –

- Gives consideration to the needs of subordinates, shows concern for their well-being, and creates a pleasant organizational climate
- It has the greatest impact on subordinates' performance when they are frustrated and dissatisfied

2. Participative leadership

It allows subordinates to influence the decisions of their superiors, which may increase motivation

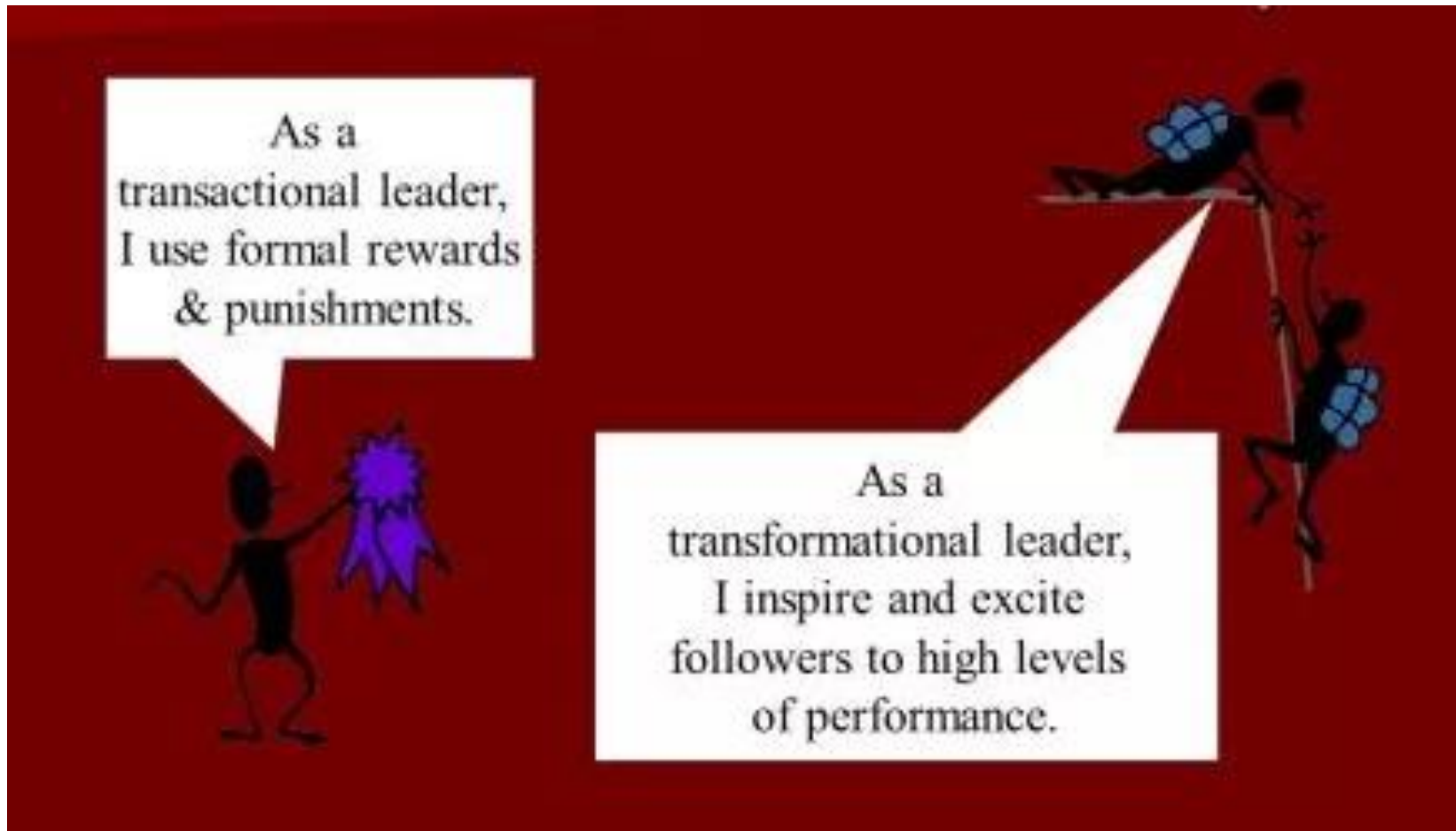
3. Instrumental leadership

- It gives subordinates rather specific guidance and clarifies what is expected of them
- It involves aspects of planning, organizing, coordinating and controlling by the leader

4. Achievement-Oriented leadership

- It involves setting challenging goals, seeking improvement of performance and having confidence that subordinates will achieve high goals

TRANSACTIONAL AND TRANSFORMATIONAL LEADERSHIP



TRANSACTIONAL LEADERS

Transactional leaders identify what needs to be done to achieve goals, including clarifying roles and tasks, rewarding performance and providing for the social needs of followers

TRANSFORMATIONAL LEADERS

Articulate a vision, inspire and motivate followers, and create a climate favorable for organizational change

CONTROLLING



CONTROLLING

The measurement and correction of performance in order to make sure that enterprise objectives and the plans devised to attain them are being accomplished

THE BASIC CONTROL PROCESS

1. Establishing standards
2. Measurement of performance
3. Correction of deviations

1. ESTABLISHMENT OF STANDARDS

- **Standards are simply criteria for performance**
- They are the selected points in an entire planning program at which measures of performance are made so that managers can receive signals about how things are going thus do not have to watch every step in the execution of plans

2. MEASUREMENT OF PERFORMANCE

- Performance is measured against standards so that deviations may be detected in advance of their occurrence and avoided by appropriate actions



3. CORRECTION OF DEVIATIONS

Managers can correct deviations by rewarding their plans or by modifying their goals

Managers may correct deviations by exercising their organizing function through reassignment or classification of duties

They may correct with additional staffing, by better selection and training of subordinates or by ultimate restaffing measures, firing

Better leading, fuller explanation of the job or more effective leadership techniques

CRITICAL CONTROL POINTS, STANDARDS AND BENCHMARKING

- **Standards are yardsticks against which actual or expected performance is measured.**

- **Managers set points for special attention due to heavy work load and watch them to be sure that the whole operation is proceeding as planned**

PRINCIPLE OF CRITICAL POINT CONTROL

Effective control requires attention to factors critical to evaluating performance against plans

Types of critical point standards

- 1. Physical standards**
- 2. Cost standards**
- 3. Capital standards**
- 4. Revenue standards**
- 5. Program standards**
- 6. Intangible standards**
- 7. Goals as standards**

BENCHMARKING

BECHMARKING

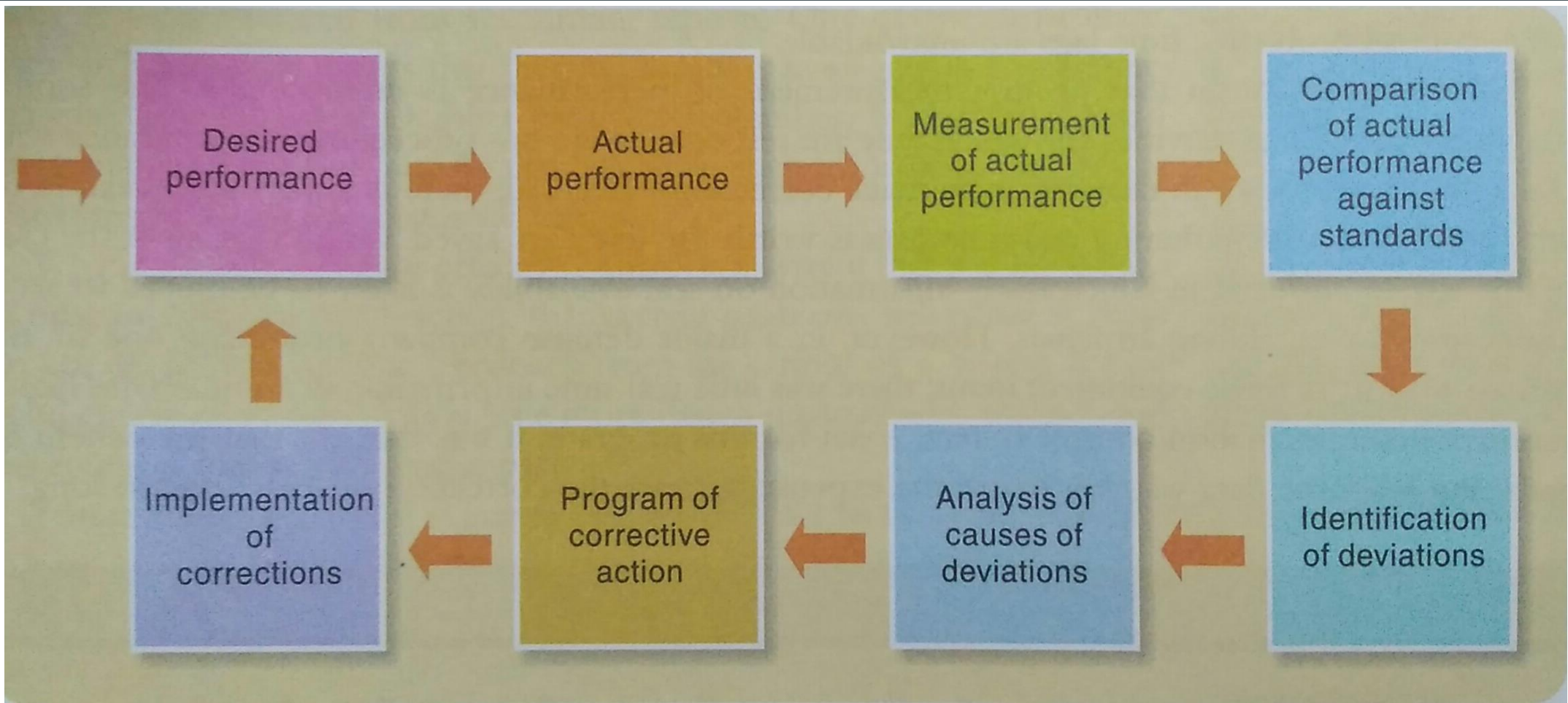
An approach for setting goals and productivity measures based on best industry practices



Benchmarking : 3 Types

- **Strategic benchmarking : compares various strategies and identifies the key element of success**
- **Operational benchmarking : Compares relative costs or possibilities for product differentiation**
- **Management benchmarking : focuses on support functions such as market planning and information systems, logistics, human resource management and so on**

CONTROL AS A FEEDBACK SYSTEM



FEED FORWARD OR PREVENTIVE CONTROL

The time lag in the management control process shows that control must be directed toward the future, if it is to be effective

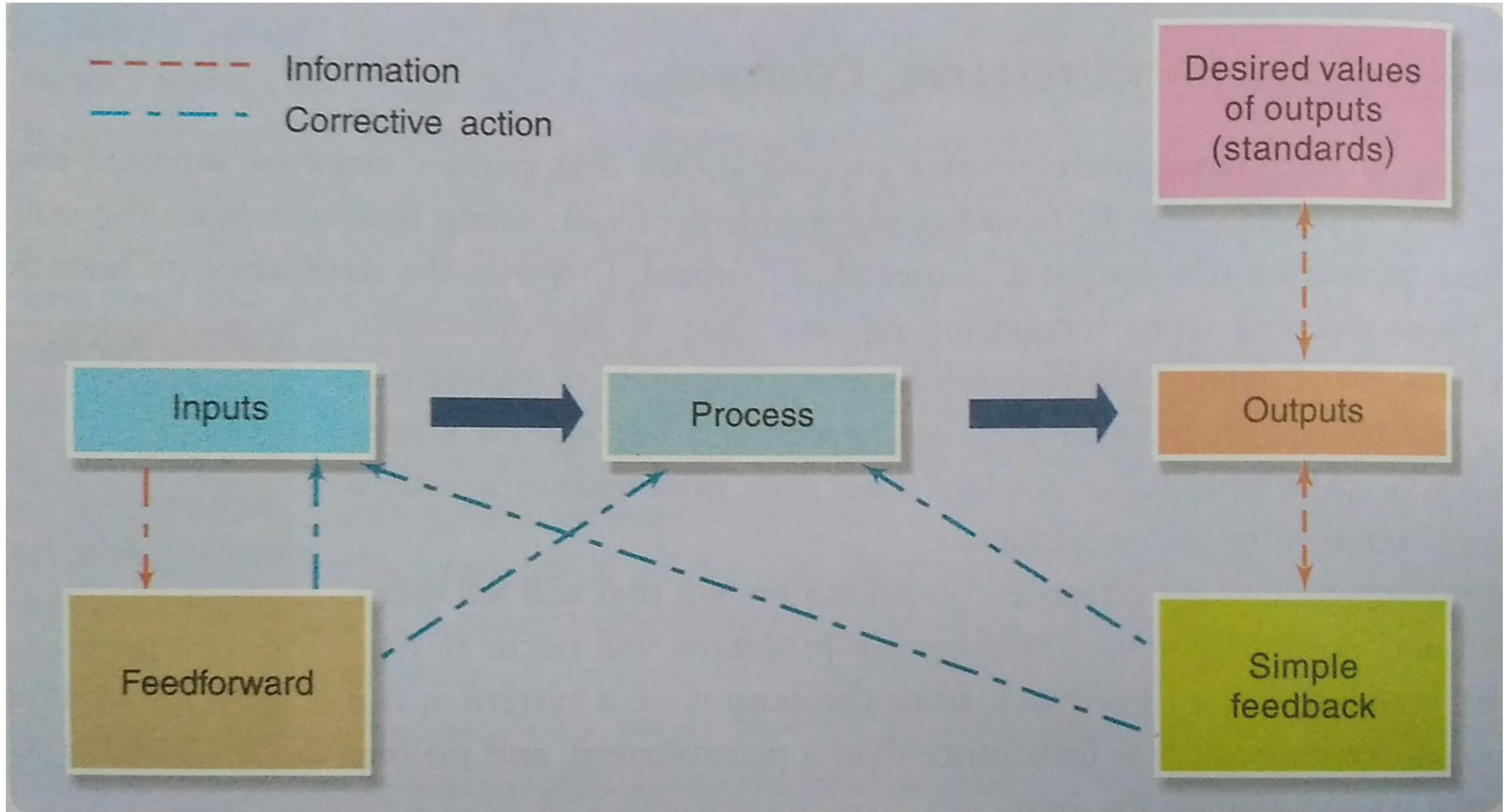
It illustrates the problem of only using feedback from the output of a system and measuring this output as a means of control

Managers need, for effective control, a system that will inform them of potential problems while giving them time to take corrective action before those problems occur

FEEDFORWARD SYSTEMS

It monitors inputs into a process to ascertain if the inputs are as planned; if they are not, the inputs or the process is changed in order to obtain the desired results

FEEDFORWARD VS FEEDBACK SYSTEMS



REQUIREMENTS OF FEED FOREWORD CONTROL

- **Make a through and careful analysis of the planning and control system and identify the more improvement input variables**
- **Develop a model of the system**
- **Keep the model up to date**
- **Collect data on input variables regularly and put them into the system**
- **Regularly assess variations of actual input data from planned for inputs and evaluate the impact on the expected end result**
- **Take action**

REQUIREMENTS FOR EFFECTIVE CONTROL

- 1. Tailoring controls to plans and positions**
- 2. Tailoring controls to individual managers**
- 3. Objectivity of control**
- 4. Economical of control**
- 5. Flexibility of control**
- 6. Fitting the system of control to the organizational culture**
- 7. Control should lead to corrective actions**

OVERALL CONTROL

Overall controls are designed to measure the success of organization as a whole, against organizational objectives

NEED FOR OVERALL CONTROL ARISE FROM THE FOLLOWING

- **Overall planning is applied to the enterprises or major division goals**
- **Decentralization creates semi-autonomous units which must be subjected to overall controls to avoid complete autonomy**
- **Overall control enables the measurement of integrated area managers' total effort**

GLOBAL CONTROLLING

Controlling is a challenge if a company engages in multinational business

Barriers to effective control

- 1. Distance**
- 2. Culture**
- 3. Language**
- 4. Practices**

CONTROL TECHNIQUES

- ❖ **Budgeting**
- ❖ **Gantt chart**
- ❖ **PERT**

BUDGETING

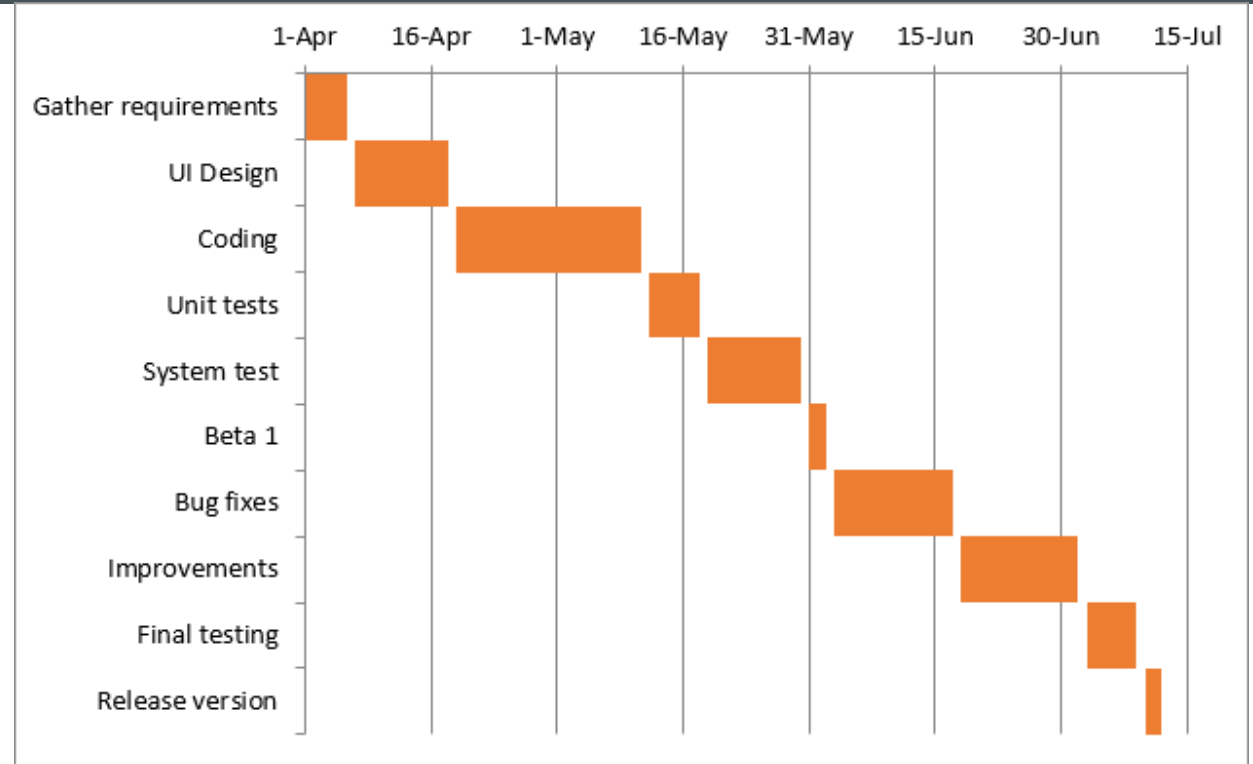
Budgeting

The formulation of plans for a given future period in numerical control

GANTT CHART

Gantt Chart

A bar chart that shows the time relationships between the “events” of a production program

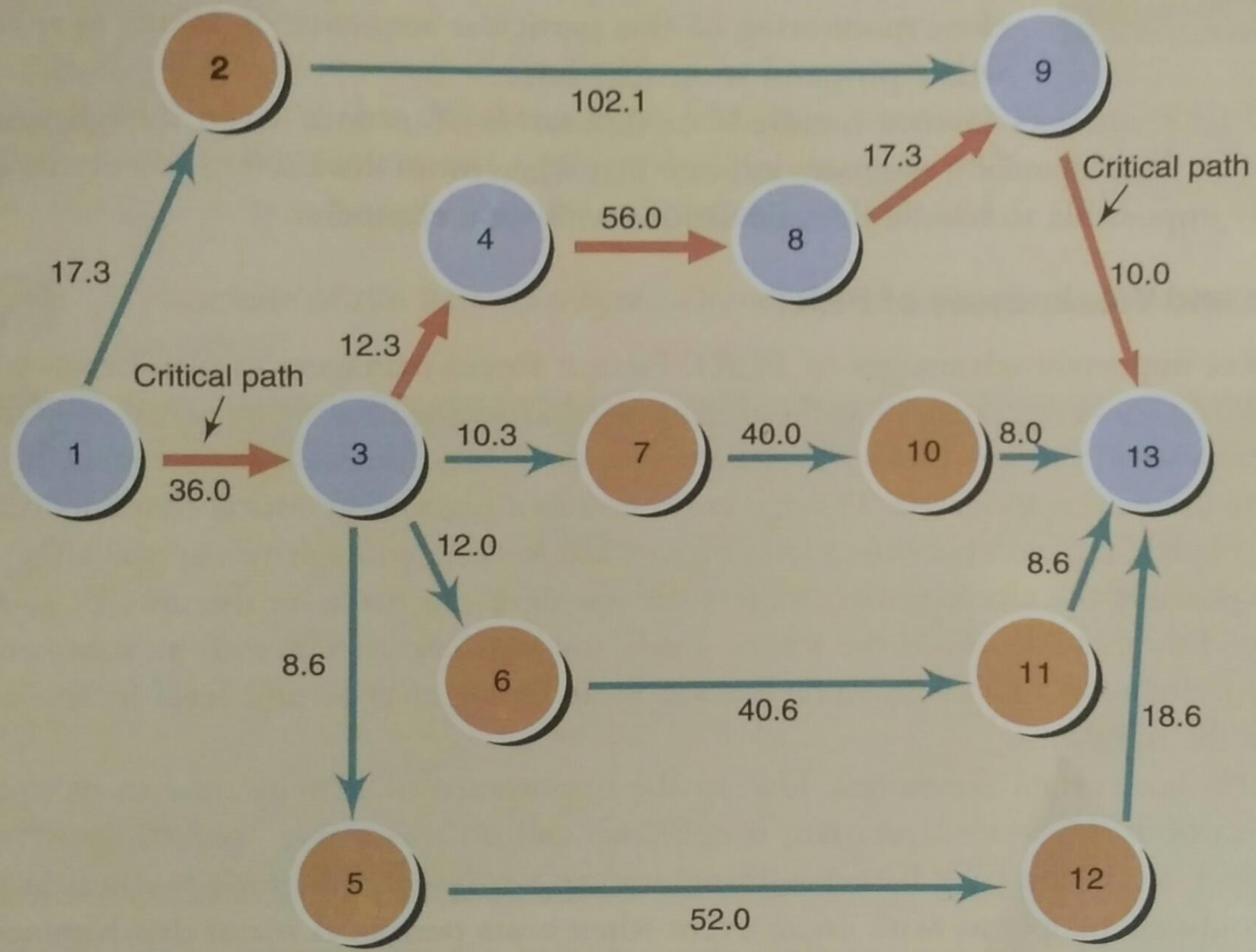


“A chart in which a series of horizontal lines shows the amount of work done or production completed in certain periods of time in relation to the amount planned for those periods.”

PERT AND CPM

PROGRAM **E**VALUATION AND **R**EVIEW **T**ECHNIQUE

- ✓ **PERT is a time-event network analysis system in which the various events in a program or project are identified, with a planned time established for each**



-
- Each circle represents an **Activity**
 - **Activity time** represented by the numbers beside the arrows, is the time required to accomplish an activity
 1. **Optimistic time** – An estimate of time required if everything goes exceptionally well
 2. **Most likely time** – an estimate based on the time project the project engineer really believes in necessary for the job
 3. **Pessimistic time** – A time estimate based on the assumption that some logically conceivable bad luck, other than a major disaster, will be encountered