DEPARTMENT OF MECHANICAL ENGINEERING

COURSE MATERIALS

HS 300 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.

DEPARTMENT VISION

Producing internationally competitive Mechanical Engineers with social responsibilities and sustainable employability through viable strategies as well as competent exposure oriented quality education

DEPARTMENT MISSION

- ☐ Imparting high impact education by providing conductive teaching learning environment .
- ☐ Fostering effective modes of continuous learning process with moral and ethical values
- ☐ Enhancing leadership qualities with social commitment, professional attitude, unity and harmony as e spirit- de corps, and communication skill
- ☐ Introducing present scenario in research and development through collaborative efforts blended with industry and institution

PROGRAMME EDUCATIONAL OBJECTIVES

PEO1: Graduates will have strong practical and technical exposures in the field of Mechanical Engineering and will contribute to the society throughInnovation and Enterprise.

PEO2: Graduates will have the demonstrated ability to analyze, formulate and solve design engineering/ thermal engineering/materials and manufacturing/design isuues and real life problems.

PEO3: Graduates will be capableof pursing Mechanical Engineering profession with good communication skills, leadership qualities, team spiritand professional ethics..

PEO4: Graduates will sustainan appetitefor continuous learningby pursing higher education and research in the allied areas of technology

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.

PROGRAM SPECIFIC OUTCOMES (PSO)

PSO1: Graduates able to apply principles of engineering, basic sciences and analytics including multi-variant calculus and higher order partial differential equations.

PSO2: 2. Graduates able to perform modelling, analysing, designing and simulating physical systems, components and processes.

PSO3: Graduates able to work professionally on mechanical systems, thermal systems and production systems.

COURSE OUTCOMES

CO1	Analyze the variety of management practices in the contemporary and modern industrial environment
CO2	Apply a variety of management and organizational theories in practice.
CO3	Classify the various planning strategies and the steps involved in each type.
CO4	Apply the decision making theories for making appropriate managerial decisions at various levels
CO5	Classify the various HRD functions and apply the same for job evaluation and employee competencies as per global requirements.
CO6	Analyze the leading and control functions to enhance the interpersonal skills.

MAPPING OF COURSE OUTCOMES WITH PROGRAM OUTCOMES

CO Vs PO'S Mapping

CO'S	PO1	PO2	PO3	PO4	PO5	PO6	PO7	PO8	PO9	PO10	PO11	PO12
CO1	2	-	-	-	-	2	-	-	-	-	3	3
CO2	2	-	-	-	-	3	-	-	-	-	3	3
CO3	2	-	-	-	-	3	-	-	3	2	3	3
CO4	2	-	-	2	-	2	-	-	3	2	3	3
CO5	2	-	-	-	-	2	-	3	3	2	3	3
CO6	2	-	-	-	-	2	-	3	3	2	3	3

CO PSO'S Mapping

CO'S	PSO1	PSO2	PSO3
CO1	2	2	-
CO2	2	2	-
CO3	2	2	-
CO4	2	2	-
CO5	2	2	-
CO6	2	2	-

Note: H-Highly correlated=3, M-Medium correlated=2, L-Less correlated=1

SYLLABUS

Course code	Course Name	L-T-P - Credits	Year of Introduction
HS300	Principles of Management	3-0-0-3	2016

Prerequisite : Nil

Course Objectives

- To develop ability to critically analyse and evaluate a variety of management practices in the contemporary context;
- To understand and apply a variety of management and organisational theories in practice;
- To be able to mirror existing practices or to generate their own innovative management competencies, required for today's complex and global workplace;
- 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 Weihrich, *Essentials of Management*, McGraw Hill Companies, 10th Edition.

References:

1. Daft, *New era Management*, 11th Edition, Cengage Learning
2. Griffin, *Management Principles and Applications*, 10th Edition, Cengage Learning
3. Heinz Weirich, Mark V Cannice and Harold Koontz, *Management: a Global, Innovative and Entrepreneurial Perspective*, McGraw Hill Education, 14th Edition
4. Peter F Drucker, *The Practice of Management*, McGraw Hill, New York
5. Robbins and Coulter, *Management*, 13th Edition, 2016, Pearson Education

	Course Plan		
Module	**Contents**	**Hours**	**Sem. Exam Marks**
I	Introduction to Management: definitions, managerial roles and functions; Science or Art perspectives- External environment-global, innovative and entrepreneurial perspectives of Management (3 Hrs.)– Managing people and organizations in the context of New Era- Managing for competitive advantage - the Challenges of Management (3 Hrs.)	6	15%

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

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.

QUESTION BANK

	MODULE 1		
Q:NO:	**QUESTIONS**	**CO**	**KL**
1	Define Management. What is meant by Management process? How do the required managerial skills differ in Organization Hierarchy?	CO1	K2
2	Explain various functions of Management with suitable examples	CO1	K5
3	Discuss in detail Management a Science or Art?	CO1	K2
4	Write short notes on managerial skills	CO1	K2
5	Describe the relative importance of each type of the skills to lower, middle and upper level managers	CO1	K1
6	Write briefly on "Managing people and Organization in the context of new era".	CO1	K5
7	Enumerate the trends and challenges of Management in globalized era.	CO1	K5
8	xplain the concept of managing for competitive advantage	CO1	K2
9	Discuss the scope and nature of management.	CO1	K2
10	Explain the environmental factors that affect business?	CO1	K2
	MODULE 2		
1	Write an essay about the contributions made by F.W.Taylor	CO2	K5
2	Discuss Gilbreth's contribution to Management	CO2	K2
3	Write short notes on Mayo's contribution to Management	CO2	K5
4	Explain the theories of McGregor's	CO2	K2
5	Discuss Ouchi's theory Z with its features and limitations	CO2	K2
6	Discuss the system approach	CO2	K2
7	Write short notes on contingency approach with suitable example	CO2	K3
8	Discuss McKinsey 7-S framework and its model and elements	CO2	K2
9	Enumerate managerial ethics in details	CO2	K2
	MODULE 3		
1	Define the management function planning?	CO3	K1
2	Explain the steps involved in planning	CO3	K2
3	With neat sketch explain MBO.	CO3	K2
4	Explain the benefits and weakness of MBO and ways to overcome them.	CO3	K5
5	Explain the principles of planning	CO3	K2

	6	List out the salient features of MBO	CO3	K4	
	1	Define span of control	CO4	K1	
	2	Classify the factors affecting span of control	CO4	K2	
	3	Explain the strategies adopted in Departmentation process with example.	CO4	K5	
	4	List merits and demerits of line organization structure	CO4	K4	
	5	List merits and demerits of organization structure	CO4	K4	
	6	Why decision making is a difficult task	CO4	K2	
	7	List any two methods to deal decision making under uncertainty	CO4	K4	
	8	Discuss in detail about narrow span of management	CO4	K2	
	9	Discuss in detail about wide span of management	CO4	K2	
	10	Explain the nature and purpose of organization	CO4	K2	
	11	Distinguish between line and staff function with the aid of an example	CO4	K4	
	12	Illustrate the difference between programmed and non-programmed decision	CO4	K4	
MODULE 4					
	1	Explain the importance of empowerment	CO5	K5	
	2	Explain organisation culture in detail	CO5	K2	
	3	Describe the elements of HR management	CO5	K2	
	4	Explain the process of job analysis in detail	CO5	K2	
	5	Briefly explain system approach to recruitment	CO5	K2	
	6	Explain fuctions of human resource management	CO5	K2	
	7	compare centralization and decentralization	CO5	K4	
	8	Explain Managerinventory chart in detail	CO5	K2	
	9	Distinguish Recruitment,Selection,Placement and Inducton	CO5	K4	
MODULE 5					
	1	Describe transactional and transformational leadership styles	CO6	K2	
	2	List any six qualities of effective leader	CO6	K4	
	3	Illustrate conventional feed back control mechanism	CO6	K4	
	4	Define Controlling	CO6	K1	
	5	Distinguish between trait approach and Contingency approach to leadership	CO6	K4	
MODULE 6					
	1	Explain feed forward control mechanism.	CO6	K2	
	2	Define Managerial grid.	CO6	K1	
	3	Describe the requirement of effective control	CO6	K2	
	4	Give an account on the leadership qualities	CO6	K2	

Explain global controlling	CO6	K2

MODULE NOTES

HS300 - PRINCIPLES OF MANAGEMENT

Module – I

Introduction to Management

Management has existed in every nook and corner of the world since the dawn of civilization. It has emerged when man started living in groups. Strong men organized the masses in to groups, according to their intelligence, physical and mental capabilities and became their leaders. Use of Principles of management was found in the organizations of public life in ancient Greece, the organizations of Roman Catholic Church and the organization of military force.

It was not in the business world for a long time, because earlier business organizations were too simple in structure.

Later in 1750 there was a radical change, following Industrial revolution and it made the structure of Industry extremely complex. At this juncture the development of formal theory of management for work and workers became absolutely necessary.

1. Egypt : Pyramids

2. China : Diverse & Complex civilization

3. India : Organization & Management of Trade

4. Greece : Documentation of Management Principles

5. Rome : Craft & Trading groups

Forecasting, Planned Layout, Production Planning, Standardization of Parts, Elaborate Statistical records, Welfare of workers.

MANAGEMENT

"Management as a discipline has attracted the attention of academicians and practitioners to a very great extent."

"Management as a discipline has drawn concepts and principles from Economics, Sociology, Psychology, Anthropology, History, Statistics and so on."

It is the process of designing and maintaining an environment in which individuals working together in groups efficiently accomplish selected aims. The aim of any manager is the same, to create surplus. It is concerned with productivity which implies effectiveness and efficiency.

Definitions

According to Harold Koontz Management is the art of getting things done through and with the people in formally organized groups.

According to Dalton E McFarland Management is defined for conceptual, theoretical, and analytical purposes as that process by which managers create, direct, maintain, and operate purposive organization through systematic, coordinated, co-operative human effort.

Need For Management

Society has large and complex institutions with many people working together. The relationship between managers and managed has changed as compared to the older master-servant relationship making it more complex. People have greater expectations from their jobs.

"In order to make all these things function properly, people have been trying to evolve some methods and techniques. Such attempts have given the birth of management as a separate discipline"

Managerial Roles:

Managerial roles refer to managerial activities. This can be grouped in to three.

A.   Interpersonal Role

1.   The figure head role : perform ceremonial and social duties

2.   The Leader Role

3.   The Liaison Role : with outsiders

B.   Informational Role

4.   The recipient Role : receiving information about the operation of an enterprise

5.   The disseminator Role : passing information to subordinates

6.   The spokesperson Role: transmitting information to outside

C. Decision Role

7.   The entrepreneurial Role

8.   The disturbance – handler Role

9.   The resource allocator Role

10.   The negotiator Role

Managing: Science or Art?

Managing when we practice systematically, it is an art and organized knowledge underlying the practice is a science. The science underlying managing is crude and inexact because many variables that managers deal with are extremely complex. Managers use

organized knowledge to do their activities efficiently and effectively. While practicingif, they adopt trial and error method that will contribute more towards organized knowledge.

FUNCTIONS OF MANAGEMENT

According to Henry Fayol, the father of principles of management described various functions of management as

    i.   Forecasting and planning

    ii.   Organising

    iii.   Commanding

    iv.   Co-ordinating

    v.   Controlling

Planning

Planning is the process of establishing goals. Planning helps to ensure the effective utilization of resources. It is the process of selecting mission and objectives and the actions the achieve them. It ends with decision making, which is choosing the best alternative from the available future course of action. It is the process of thinking before doing. It is performed by managers at all levels. As a part of planning, the manager has to ensure that everyone in his team understands the groups' purposes and objectives and also the method to achieve them. For this purpose, he has to design an environment for the effective performance of individuals, working together in groups.

If the group effect is to be effective, people must know what they are expected to accomplish. This is the function of planning.

Steps in Planning

Plans may be major or minor. Minor plans are simple and easily made. Making major plans require a detailed action plan. The steps are.

i.   Bring aware of Opportunities

It is not a part of planning; processes, it proceeds planning is identifying in light of type of market, competition, what customers want, our strengths and weaknesses. The manager should ensure that problem they wish to solve, why and know what they expert to gain.

ii.   Establishing Objectives:

The second step is to establish objectives for the enterprise and then for each subordinate works unit.

iii.   Developing Premises are assumptions about the environment in which the plan is to be premises is forecasting in terms of

    i.   What kinds of market will there be

    ii.   What volume of sales

    iii.   What products

    iv.   What prices

    v.   What costs

    vi.   What wage later

vii. What new plants

viii. What tax ratios and policies

What policies with respect to dividends.

What political or social environment.

What are the long term trends.

4. Determining alternative Courses

Search and examine alternative courses of action

5. Evaluating alternative courses:

After seeking out alternative courses and examining their strong and weeks points, the next step is to evaluate the alternatives by weighing them in the light of premises and goals.

6. Selecting a course

Planning ends with decision making.

7. Formulating derivative plans.

For supporting the base plan, the derivative plans are essential.

For eg:- Searching for good business location, fixing up the rent for a good building.

8. Numerating plans by budgeting.

After selecting the plan and decision, the final step in the express them interms of budgets.

Types of plans:

1. Repeated use plan:-

These plans are used again and again.

i. Purpose or mission:

It is the basic function of an enterprise

ii. Objectives: - These are the ends toward which and activity is aimed and they organisation strives hard to achieve them.

iii. Strategies: - These are general programmes of action and deployment of resources to attain comprehensive objectives. They are usually formulated by the top level management to meet the challenges of the competitions.

iv. Policies:- They are general statements or understandings that guide or channel thinking in decision making. It exists in all levels of the organisation.

v. Procedures:- They are plans that establish a required method of handling future activities. They detail the exact manner in which particular activities must be established.

vi. Rules: - They are usually the simplest type of plan. Rules are specific required actions, allowing no discretion. It may or may not be a part of procedure.

2. Single use plans:-

They are used to meet for a particular situation.

i. Programmes: - Programmes are instructions in a deal and logical manner to perform a particular task. It helps to explain how to carryout a particular operation. These programmes are not used again.

ii. Projects

iii. Budgets:- It is a statement expected results expressed in members ie., expressed in terms of labour hours, financial terms, units of product, machine hours etc. These may be sales budget, material budget, production budget, personnel budget and cash budget etc.

3. Kinds of enterprise plans:-

i. *Divisional plans*: These are the plans for individual division in an enterprise.

ii. *Functional Plans*: Separate plans are drawn for each of the functional departments. These should match with the organisation plan.

iii. *Regional plans*: These are concerned with the activities of each region

or zone.

iv. *Corporate plans*: These are plans prepared for the enterprise as a whole.

4. Time Plans

i. Short term plan: For one year

ii. Long term: For more than five years

Organizing: It is the process of ensuring that all tasks necessary to accomplish goals are assigned to the people who can do them best.

The process of organization involves: The division of the work into component activities i.e., divide the total work load logically and comfortably. The division of work simplifies the task, so it improves the productivity. Each person becomes expect in a certain job.

Staffing: It is the process of filling positions in the organization structure. It involves the following activities.

i. Forecasting the number of personal required

ii. Decide their qualification which is required.

iii. Recruitment and selection

iv. Training and development of employees

v. Performance evaluation of employees.

vi. Decision making in terms of the issues like promotion, demotion, transfer etc.

vii. Prepare compensation package plan.

viii. Maintaining personnel accounts.

Directing: Directing is the process by which actual performance of the subordinates is guided towards common goals of the enterprise.

The process of directing involves.

i.   Providing effective leadership

ii.   Giving instructions to subordinates. That is guiding them to do their works so that the work done by them is as per the plans established.

Directing process involves

1.   Leadership

2.   Communication

3.   Motivation

4.   Supervision

Leadership

It is the quality of the behaviour of the persons whereby, they inspire confidence and trust in them subordinates get maximum cooperation from them and guide their activities in organised effect.

The functions of a leader may be creating, organising, planning, motivating, communicating, controlling etc.

He has to do the following functions also.

arbitrating, suggesting, supplying objectives, catalyzing, providing security, representing, inspiring, praising.

Communications:-

Communication is the means by which people are linked together in an organisation to achieve a common purpose. Communication is essential for the actual functioning of enterprises. Although communication applies to all phases of managing, it is particularly important in the function of leading.

Communication is essential because.

i.   It helps to establish the goals of an enterprising

ii.   Develop plans

iii.   Organise human and other resources in the most effective and efficient way

iv.   Control performance.

Planning   Organising   Staffing   Leading   Controlling

Communication

External environment
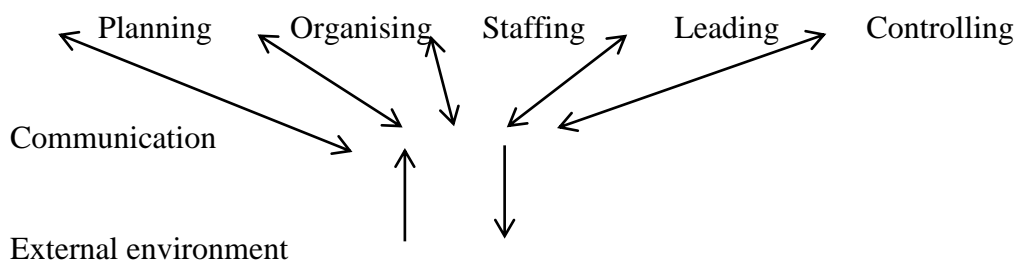
- Customers

- Suppliers

- Stockholders

- Governments

- Community

- Others

Downward:-

Downward communication flows from people at higher levels to those at lower levels in the organizational hierarchy.

Upward Communication:-

From subordinates to superior, There may be response to order, opinions, attitude, ideas, suggestions, complaints, grievances & rumours etc.

Crosswise Communication:-

This is the horizontal flow of information among the people on the same or similar organisational levels, and the diagonal flow, among persons at different levels.

For effective communication, it should be simple very   , adequacy and it should have consistency.

Motivating:-

Motivating is one of the key factors for successful management of any enterprise. It is the mental preparation of an individual to do a specific job.

There are two kinds of motivation.

(1)   Positive motivation

Motivating the person by giving more facilities to improve their works, or giving some prize. This is done by giving more wages for more works, appraisal of workers' work, promotion, appreciation etc are non financial positive motivation.

(ii)   Negative motivation

If a worker is not doing his work well, he must be punished through giving more works, or by reducing the facilities ie the facilities of leave etc.

Motivational techniques are

(i)   Give due credit to workers for their works.

(ii)   Fair wages, incentives, and fringe benefits.

(iii)   Promote healthy competition

(iv)   Improve working conditions

(v)   Promote interpersonal relationship

(vi)   Provide opportunities for growth and promotion

The above said techniques are called positive motivation techniques.

Negative motivation techniques are fines, demotions, discharge etc.

Supervision

It means observing the subordinates at work, what they are doing, is according to the plan and policies of the organisation, whether they are keeping time schedule and help them in solving problems.

This is the duty of the down level managers to supervise workers in basic operations so they are called supervisors.

Functions of supervisors are

(i)   Planning the work

(ii)   Issuing orders

(iii)   Providing guidance or leadership

(iv)   Controlling output

(v)   Motivate and maintain records

(vi)   Liaison between management and workers.

Co-ordinating:-

It is clearly arrangement of group efforts to provide unity of action. This is achieved through

(i)   Clear cut objectives

(ii)   Clear cut authority, responsibility for every subordinates, so that he knows his specific duties and objectives.

(iii)   Effective communication between the executive and his subordinates, supervisors and workers.

(iv)   Good human relations.

(v)   Co-operation.

(vi)   Assigning people to tasks.

(vii)   Defining responsibilities

(viii) Delegation of authority

(ix)   Establishment of structural relationship to co-ordination. It is the process of integrating the activities of separate departments in order to get organizational goals effectively.

Controlling:-

Measuring and correcting of activities of subordinates to ensure that events conform to plans. Measuring the performance of individuals against goals or plans and shows any negative deviation exists, corrective actions are taken.

Controlling involves:-

(i)   Continuous observation of operations performed in an environment to identify the problems.

(ii)   Selection of the best of the mode of control.

(iii)   Comparison of the performance with standards.

(iv)   Pointing the deviation.

(v)   Find out the exact reason for deviations.

(vi)   Initiation and implementation of corrective action.

The control aids are, budget, special reports, internal audit, personnel observations

etc.

Organization and External Environment

Operating in Pluralistic Societies: Pluralistic society consists of many organized groups survive together and representing various interests. There are many stake holders or claimants on the organization. They have divergent goals, and it is the task of the manager to integrate their aims.

Working within a Pluralistic Society: Implications for Business

1.   Various groups keep business power in balance

2.   Business interests can be expressed by joining groups (Eg. Chamber of commerce)

3.   Business can participate in projects with other responsible groups for the betterment of society.

4.   There can be conflict as well as agreement among groups

5.   One group will be aware of other group's activities

External Environment

•   Technological and Innovative Environment

It is the sum total of the knowledge we have, the ways of doing things. It includes inventions, techniques and the vast store of organized knowledge. It influences designing, production, distribution and selling of goods/services.

Invention: It can be finding new products, services, processes, ideas or combining these. Commercialization of invention results in innovation. To be successful it should not be a one- time event, it should be continuous.

E.g.: Apple started with computers and continued with iPod, iPhone, iPad…etc Amazon, started with books, Amazon reader, Amazon fire (Tab)…etc

Product innovation: Apple phone Service innovation: Apple's Tunes

Process innovation: High Quality cars produced by Toyota

Incremental innovation:Here we use existing knowledge or method and through continuous changesimprove products/services.

E.g.   Google

Six sigma: failure rate of 3.4 parts per million.

Disruptive/ Breakthrough innovation: They may use new methods, materials, products or services.

E.g.:Digital imaging and film based imaging.

•   Ecological Environment

Ecology means the relationship of people and other living things with their environment such

as soil, water and air. These may get polluted by means of industrial waste. A variety of legislation has been passed dealing with solid waste, water and air pollution. Managers must keenly aware of these regulations and must incorporate ecological concerns in to their

decision making.

For example, in 1984 lethal vapors from Union carbide's pesticide plant in India killed over 2000 people and injured nearly 40,000. In order to protect environment European countries developed the ISO 14001 standard to assure that company policies address a variety of public concerns including pollution prevention and compliance with relevant laws and regulations.

•   Social Environment:There are many stakeholders and claimants to the organization. The social responsibility is associated with not only business, but with governments, universities, nonprofit foundations charitable organizations, …etc

Corporate Social Responsibility is seriously considering the impact of the company's actions on society. Similar to this there is new concept that is social responsiveness; it means the ability of a corporation to relate its operations and policies to social environment in such a way that both are mutually benefitted.

•   Economic Environment:

The economic environment consists of external factors in a business market and the broader economy that can influence a business. You can divide the economic environment into the microeconomic environment, which affects business decision making - such as individual actions of firms and consumers - and the macroeconomic environment, which affects an entire economy and all of its participants.

•   Political & Legal Environment: Authoritarian government rests on rule by political elite that has power for the time being. Such a regime usually holds on to the power by suppressing dissent, often by force. Democratic governments tend to be accountable to the people, instead, by relying on free and fair elections. The will of the leadership thus dominates in an authoritarian regime, whereas democracy relies on representative institutions like the elected legislatures. ☐ Political risks comprise the uncertainties associated with location and exercise of power within a country as also from the forces outside its borders.

MANAGING FOR COMPETITIVE ADVEANTNAGE

Competitive advantage is the favorable position an organization seeks in order to be more profitable than its competitors.

Competitive advantage involves communicating a greater perceived value to a target market than its competitors can provide. This can be achieved through many avenues including offering a better-quality product or service, lowering prices and increasing marketing efforts. Sustainable competitive advantage refers to maintaining a favorable position over the long term, which can help boost a company's image in the marketplace, its valuation and its future earning potential.

Advancement in technologies like Internet people can easily share their information by adapting modern way of communication. The world becomes global village due to which the organizations have to make certain vital decision to gain the competitive advantage.

To survive and win in this age of globalization organization must adapt the fundamental

success drivers to gain the competitive advantage over their rivals.The competitive

advantage is consider as asset for the organization to survive and compete in the industry.

Following are the four fundamental success drivers.

1. Cost Competitiveness

2. Quality

3. Speed

4. Innovation

COST COMPETITIVENESS

Cost competitiveness is all about by keeping the price low by realizing the profits. If we find out most of the people have limited earnings. Keeping the cost low increases attractiveness of your product and people not feel hesitant to buy your products.But keeping the cost low is not easy to manage for most of the companies. It is possible by managing resources, labor, manufacturing, and marketing.

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Module II

SCIENTIFIC MANAGEMENT

Scientific management started after the industry revolution.

> ➢ **Machine power began to substitute for human power**
>> ❖ **Lead to mass production of economical goods**
> ➢ **Improved and less costly transportation systems became available, train, ship.**
>> ❖ **Created larger, global markets for goods.**
> ➢ **Larger organizations(MNC) developed to serve larger markets**

❖ **Created the need for formalized management practices**.

Scientific Management theory

- **Improving productivity was the only motive.**

- **Man was treated as Machines.**

- **Workers and work were observed, analysed and improved methods suggested.**

- **Major contributors were, Frederic.W. Taylor, Frank and Lilian Gilbreth, Henri Gantt.**

- **Tools and techniques used- 4 principles of Taylor, Time and Motion study, Gantt charts, incentive system.**

Contributions of F.W. Taylor

- Frederick W. Taylor

> ➢ The Principles of Scientific Management (1911)
>> ❖ Advocated the use of the scientific method to define the "one best way" for a job to be done
> ➢ Believed that increased efficiency could be achieved by selecting the rightpeople for the job and training them to do it precisely in the one best way.
> ➢ To motivate workers, he favored incentive wage plans.
> ➢ Separated managerial work from operative work.

4 Principles of Taylor

- Develop a science for each element of an individual's work, which replaces the old rule-of-thumb method.

- Scientifically select and then train, teach, and develop the worker. (Previously, workers chose their own work and trained themselves as best they could.)

- Heartily cooperate with the workers so as to ensure that all work is done in accordance with the principles of the science that has been developed.

- Divide work and responsibility almost equally between management and workers. Management takes over all work for which it is better fitted than the workers. (Previously, almost all the work and the greater part of the responsibility were thrown upon the workers).

Contributions of Frank and Lilian Gilbreth

- Time and Motion studies (Therbligs)

Observe the motions required for a work, note the timing for each motion, redesign the work to reduce some unnecessary motions. This will improve output.(Motions are named as Therbligs. There are 17 Therbligs)

Contributions of Gantt

- ➢ Incentive compensation systems

- ➢ Gantt chart for scheduling work operations

ADMINISTRATIVE THEORY

Administrative theory proposed that by having a detailed, clear organizational hierarchy, strict rules , strict monitoring and penalties, productivity can be improved.

- ➢ Henri Fayol (France)

    - ❖ *Fourteen Principles of Management*: Fundamental or universal principles of management practice

- ➢ Max Weber (Germany)

    - ❖ Bureaucracy: Ideal type of organization characterized by division of labor, a clearly defined hierarchy, detailed rules and regulations, and impersonal relationships

14 Principles of Fayol

- Division of work

- Authority

- Discipline

- Unity of command

- Unity of direction

- Subordination of the individual

- Remuneration

- Centralization

- Scalar chain

- Order

- Equity

- Stability of tenure of personnel

- Initiative

- Esprit de corps

  Weber's Bureaucracy proposed that strict structure and monitoring and rules will improve productivity. He suggested the following for a good organization.

- Division of Labor

- Authority Hierarchy (like a Military)

- Formal Selection

- Formal Rules and Regulations

- Impersonality

- Career Orientation

HUMAN RELATIONS APPROACH

- During 1930s, the focus was on productivity using scientific management. Man was considered as a Machine.

- But in 1930s, Human relations theory or Behavioral theorists established that workers are human beings, they have motivation, emotions and desire to be recognized. They exhibit different behavior in a group.

- Productivity can be improved by motivating them and showing concern.

HAWTHORNE STUDIES (ILLUMINATION EXPERIMENT)

- A series of studies done during the 1920s and 1930s by Elton Mayo that provided new insights into group norms and behaviors

     - Hawthorne effect

         - Social norms or standards of the group are the key determinants of individual work behavior.

- Changed the prevalent view of the time that people were no different than machines. If people are motivated, they will produce more.

  Hawthorne studies/ Illumination Experiment/ Relay room experiment.

- Conducted at Western Electric Co, Hawthorne plant.

- Group of women workers in a relay assembly room. The lighting condition varied from good light to poor light. Output reduced.

- Same group of workers told that there will be incentives for higher production. Output increased, even with poor light.

- This showed that human motivation, recognition, attitude , group dynamics etc can change output.(synergy effect)

People are not machines. They have feelings and emotions. If they feel that management is concerned about them, they will produce more. Or vice versa.

MODERN THEORIES

Theory X, Y (McGregor)

Theory Z (WilliamOuchi)

Systems Approach

Contingency approach

MBO (Peter Drucker)

THEORY X, Y

- Employees are classified in to 2 types, X and Y.
- Social psychologist Douglas McGregor of MIT expounded two contrasting theories in the 1960s
- Theories are about human motivation and management
- McGregor personally promoted Theory Y more than Theory X

Theory X assumes

- People are lazy
- Will avoid working if possible
- Strict rules need to be imposed (Carrot and Stic)

Theory Y assumes

- People find satisfaction in their work. They take initiative.
- Right environment = people will be productive
- Encouragement = creative and great ideas

So lower level workers need Theory X style management and Senior level need Theory Y management.

THEORY Z

William Ouchi combined the good aspects of Japanese and American Management styles to propose Theory Z.

Theory Z integrates Japanese and American business practices

Japanese-soft, supportive, life-time, team work.

American- strict, hire and fire, individualistic.

SYSTEMS APPROACH

- a system is a set of interrelated parts arranged in a manner that produces a common goal.

  ➤ Closed system : a system that is not influenced by and does not interact with its environment.

Eg. Bicycle

➢ Open system: a system that dynamically interacts with its environment. Eg. A business system.

➢ Stakeholders: any group that is affected by organizational decisions and policies

➢ All parts are inter-related . So Any decision taken in any part of the system will affect other parts of the system. Eg. Marketing decision affects Production.

CONTINGENCY APPROACH

• Contingency approach or Situational approach means a particular decision may or may not succeed depending on the situation at present.

• Eg. A strategy or a solution to a problem which succeeded in 1900 need not succeed in 2018. Because the situation has changed.

• A manager can select a best solution from alternate solutions. But it need not succeed in a given situation. May be the second best solution is more suitable to present situation.

• A solution which succeeded in China (dictatorship) may not succeed in India (democracy). A solution may succeed in a Economic boom, but not in a recession.

MANAGEMENT BY OBJECTIVES(MBO)

Peter Drucker proposed MBO

• Clear objectives should be set for each department and each individual.

• Performance should be measured based on achievement of these objectives.

• Objectives should be set jointly, in consultation with employees.

• Then they will try to achieve it. Otherwise they will say management thrust very difficult targets on them.

Mc KINSEY 7S FRAMEWORK

Figure 1: The McKinsey 7S Model
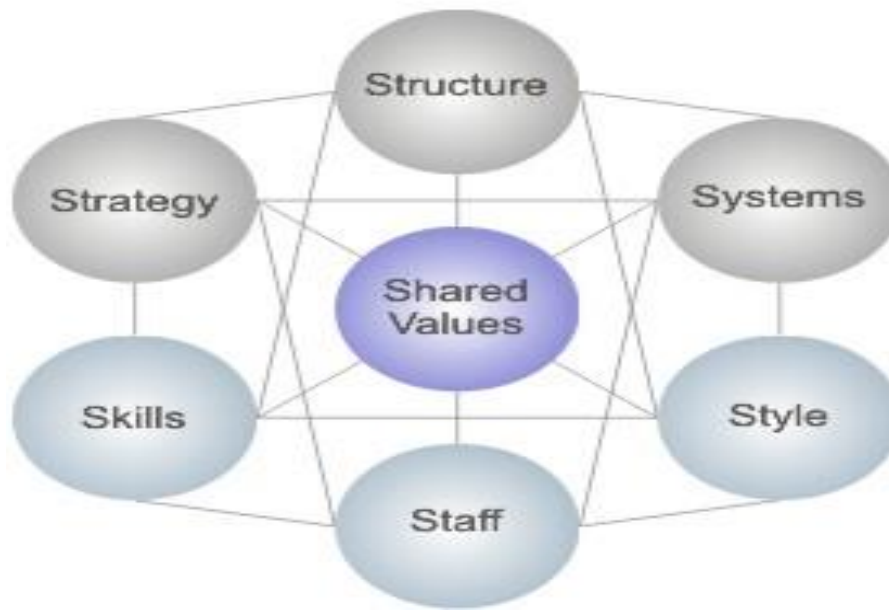
This model of Strategic analysis views an organization as 7S framework. The 7 s are,

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. (Authoritarian, Democratic)

Staff: the employees and their general capabilities.

Skills: the actual skills and competencies of the employees working for the company.

The model is based on the theory that, for an organization to perform well, these seven elements need to be aligned and mutually reinforcing. So, the model can be used to help identify what needs to be realigned to improve performance, or to maintain alignment (and performance) during other types of change.

Whatever the type of change - restructuring, new processes, organizational merger, new systems, change of leadership, and so on - the model can be used to understand how the organizational elements are interrelated, and so ensure that the wider impact of changes made in one area is taken into consideration

You can use the 7S model to help analyze the current situation (Point A), a proposed future situation (Point B) and to identify gaps and inconsistencies between them. It's then a question of adjusting and tuning the elements of the 7S model to ensure that your organization works effectively and well once you reach the desired endpoint.

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

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Module III

Nature & Importance of Planning

Planning is actually selecting missions and objectives as well as the actions to achieve them which requires decision making. A manager's most essential task is to see that each and every employee understands the group's mission and objectives and the methods for attaining them. If a group effort is to be effective, people must know what they are expected to accomplish. And this is the function of planning. Planning bridges the gap from where we are to where we want to go. Planning is the process of establishing goals. Planning helps to ensure the effective utilization of resources. It is the process of selecting mission and objectives and the actions the achieve them. It ends with decision making, which is choosing the best alternative from the available future course of action. It is the process of thinking before doing. It is performed by managers at all levels. As a part of planning, the manager has to ensure that everyone in his team understands the groups' purposes and objectives and also the method to achieve them. For this purpose, he has to design an environment for the effective performance of individuals, working together in groups.

If the group effect is to be effective, people must know what they are expected to accomplish. This is the function of planning.

Types of Plans

1.   Missions or Purposes:It identifies the basic purpose or function or tasks of an enterprise or agency or any part of it. E.g. Business - Production and distribution of products and services. State Highway Dept. – Design, Building and operation of a system of state highways. Court – Interpretation of laws and their application. University – Teaching, research and providing services to the community. In 1960s the mission of NASA, National Aeronautics Space Administration was to get a person to the moon before Russians.

2.   Objectives or Goals: They are the ends towards which an activity is aimed. It represents the end points of organizing, staffing, leading and controlling

3.   Strategies : It is the determination of the basic long term objectives of an enterprise and the adoption of courses of action and allocation of resources necessary to achieve these goal

4.   Policies: They are the general statements or understandings that guide in decision making. Policies define an area within which a decision is to be made and ensure that the decision will be consistent with and contribute to an objective. Policies help decide issues before they become problems; make it unnecessary to analyse the same situation every time it comes up, unify

other plans thus permitting managers to delegate authority and still maintain control over what their subordinates do.E.g. Hiring only university trained Engineers, Encouraging employee suggestions for improved cooperation, conforming strictly to a high standard of business ethics, setting competitive prices.

5.   Procedures: They are plans that establish a required method of handling future activities. It is a chronological sequence of required actions. Procedures are guides to actions, rather than to thinking.

E.g. Appraisal process of Western University Step 1. Setting performance objectives

Step 2. Performing mid-year review of the objectives

Step 3.Conducting performance discussion at the end of the period.

E.g.   Company policy – Grant employees vacations

Company procedure – provide for scheduling vacations to avoid disruption of work, setting rates of vacation pay...etc.

6.   Rules: They spell out specific required actions or non-actions, allowing no discretion. Policies are meant to guide decision making by marking off areas in which managers can use their discretion. Whereas rules allow no discretion in their application.

7.   Programs: Programs are a complex of goals, policies, procedures, rules, task assignments, steps to be taken, resources to be employed, and other elements necessary to carry out a given course of action. They are supported by budgets. E.g. Program formulated to improve the morale of workers in a department.

8.   Budgets: A budget is a statement of expected results expressed in numerical terms. It is a quantified plan. Financial operating budget is called profit plan. A budget may be expressed in terms of labour- hours, units of product, or machine hours ...etc. Making a budget is clearly planning, it is the fundamental planning instrument in a company. It is a numerical compilation of expected cash flow, expenses, revenues.etc.

Steps in Planning

1.   Being Aware of opportunities :

It precedes actual planning and so not strictly a part of planning. It is preliminary look at possible future opportunities.

- The Market

- Competition

- What Customers want

- Our strengths

- Our Weakness SWOT Analysis

2.   Establishing Objectives

Establish objectives for the entire enterprise and then for each subordinate work unit. This is to be done for long term and short term. Objectives specify the expected result and end points of what is to be done, where the primary emphasis is to be placed and what is to be accomplished by the network of strategies, policies, procedures, rules, budgets and programs. Objectives form a hierarchy.

3.   Developing Premises

They are assumptions about the environment in which the plan is to be carried out. This is to establish, circulate and obtain agreement to utilize critical planning premises such as forecasts, applicable basic policies and existing company plans. Forecasting is important in premising: what kind of markets will there be? What products? What technical developments? What costs, wage rates, tax rates and policies, new plants, policies with respect to dividends, political and social environment, expansion and finance.

4.   Determining Alternative Courses

Search and examine alternative courses of action. The more common problem is not finding alternatives but reducing the number of alternatives, so that most promising may be analysed. The planner must make a preliminary examination to discover the more fruitful possibilities

5.   Evaluating Alternative Courses

When we have alternative courses with us the next step is to examine their strong and weak points and evaluate by weighing them in light of premises and goals. There are so many alternative

courses in most situations and so many variables and limitations to be considered that evaluation can be exceedingly difficult.

6.   Selecting a Course

This is the point at which the plan is adopted. Occasionally an analysis and evaluation of alternative courses will disclose that two or more are advisable and the manager may decide to follow several courses rather than the one best course.

7.   Formulating Derivative Plans

When a decision is made, Derivative plans are required to support the basic plan. Derivative plans are subsidiary plan which would integrate towards the basic plan

8.   Quantifying Plans by Budgeting

After making the decision on course of action to be done, and setting the derivative plans, the next step is to quantify them by converting them in to budgets. The overall budget of an enterprise represents the sum total of income and expenses with resultant profit or surplus and the budgets of major balance sheet items such as cash and capital expenditures

I.   Strategic Plan

A strategic plan is a high-level overview of the entire business, its vision, objectives, and value. This plan is the foundational basis of the organization and will dictate decisions in the long- term. The scope of the plan can be two, three, five, or even ten years.

Managers at every level will turn to the strategic plan to guide their decisions. It will also influence the culture within an organization and how it interacts with customers and the media. Thus, the strategic plan must be forward looking, robust but flexible, with a keen focus on accommodating future growth.

The crucial components of a strategic plan are:

1.   Vision- Where does the organization want to be five years from now? How does it want to influence the world?

These are some of the questions you must ask when you delineate your organization's vision. It's okay if this vision is grandiose and idealistic. If there is any room to wax poetic within a plan, it is here. Holding ambitions to "make a dent in the Universe" (Apple/Steve Jobs) is acceptable, as is a more realistic vision to create the most "customer-centric company on Earth" (Amazon).

Get a bird's eye view of management with this introduction to management course!

2.   Mission

The mission statement is a more realistic overview of the company's aim and ambitions. Why does the company exist? What does it aim to achieve through its existence? A clothing company might

want to "bring high street fashion to the masses", while a non-profit might want to "eradicate polio".

3.   Values

"Inspire. Go above & beyond. Innovate. Exude passion. Stay humble. Make it fun"

These aren't fragments from a motivational speech, but Fab.com's values. Like Fab, each organization has its own values. These values will guide managers and influence the kind of employees you hire. There is no template to follow when jotting down the values. You can write a 1,000 page essay, or something as simple as Google's "Don't be Evil" – it's all up to you.

As you can see, there are really no rules to writing the perfect strategic plan. This is an open-ended, living document that grows with the organization. You can write whatever you want in it, as long as it dictates the future of your organization.

For inspiration, just search for the value/mission/vision statement of your favorite companies on Google. Or, consider taking this course on business planning for average people.

II.   Tactical Plan

The tactical plan describes the tactics the organization plans to use to achieve the ambitions outlined in the strategic plan. It is a short range (i.e. with a scope of less than one year), low-level document that breaks down the broader mission statements into smaller, actionable chunks. If the strategic plan is a response to "What?", the tactical plan responds to "How?".

Creating tactical plans is usually handled by mid-level managers.

The tactical plan is a very flexible document; it can hold anything and everything required to achieve the organization's goals. That said, there are some components shared by most tactical plans:

1.   Specific Goals with Fixed Deadlines

Suppose your organization's aim is to become the largest shoe retailer in the city. The tactical plan will break down this broad ambition into smaller, actionable goals. The goal(s) should be highly specific and have fixed deadlines to spur action – expand to two stores within three months, grow at 25% per quarter, or increase revenues to $1mn within six months, and so on.

2.   Budgets

The tactical plan should list budgetary requirements to achieve the aims specified in the strategic plan. This should include the budget for hiring personnel, marketing, sourcing, manufacturing, and running the day-to-day operations of the company. Listing the revenue outflow/inflow is also a recommended practice.

3.   Resources

The tactical plan should list all the resources you can muster to achieve the organization's aims. This should include human resources, IP, cash resources, etc. Again, being highly specific is encouraged.

4.   Marketing, Funding, etc.

Finally, the tactical plan should list the organization's immediate marketing, sourcing, funding, manufacturing, retailing, and PR strategy. Their scope should be aligned with the goals outlined above.

If you're struggling to create a strong tactical plan, this course on drafting great business plans will point you in the right direction.

III.   Operational Plan

The operational plan describes the day to day running of the company. The operational plan charts out a roadmap to achieve the tactical goals within a realistic timeframe. This plan is highly specific with an emphasis on short-term objectives. "Increase sales to 150 units/day", or "hire 50 new employees" are both examples of operational plan objectives.

Creating the operational plan is the responsibility of low-level managers and supervisors. Operational plans can be either single use, or on-going, as described below:

1.   Single Use Plans

These plans are created for events/activities with a single occurrence. This can be a one-time sales program, a marketing campaign, a recruitment drive, etc. Single use plans tend to be highly specific.

2.   On-going Plans

These plans can be used in multiple settings on an on-going basis. On-going plans can be of different types, such as:

Policy: A policy is a general document that dictates how managers should approach a problem. It influences decision making at the micro level. Specific plans on hiring employees, terminating

contractors, etc. are examples of policies.

Rule: Rules are specific regulations according to which an organization functions. The rules are meant to be hard coded and should be enforced stringently. "No smoking within premises", or "Employees must report by 9 a.m.", are two examples of rules.

Procedure: A procedure describes a step-by-step process to accomplish a particular objective. For example: most organizations have detailed guidelines on hiring and training employees, or sourcing raw materials. These guidelines can be called procedures.

On-going plans are created on an ad-hoc basis but can be repeated and changed as required.

Operational plans align the company's strategic plan with the actual day to day running of the company.

The Planning Process – MBO

Management by Objectives (MBO) is now practiced around the world.

1.   MBO is a process whereby the superior and subordinate managers of an enterprise jointly Identify its common goals

2.   Define each individuals major areas of responsibility in terms of result expected of him

3.   Use these measures as guides for operating the unit and assessing the contribution of its members

At the end of the predefined period, the subordinate's performance is reviewed in relation to the present goals. Both superior and subordinate participate in the review. If after evaluation it is found that there is some discrepancy between the work planned and the work accomplished, steps are suggested to overcome the problems or to make necessary adjustments in the original plan.

Objectives: - It is intended goal which prescribes definite scope and suggest direction to efforts of a manager.

Need for Objectives: - Management is the art of getting things done through people. In a competitive economy things will not get done well unless everyone concerned in an enterprise

knows what the objectives and targets are and accepts them as being worth attaining.

Requirements: - For achieving company goals all, i.e individuals as well as departments should work in the same direction, It should be clearly defined and communicated to all, It should be reviewed after definite time period for adjustments if necessary.

Nature of Objectives

1.   Short Term :   E.g. Expediting the works lagging behind the schedule

2.   Long Term :   E.g. Planning for diversification

3.   Specific :   Decision of pricing policies

4.   General :   Objective of increasing productivity
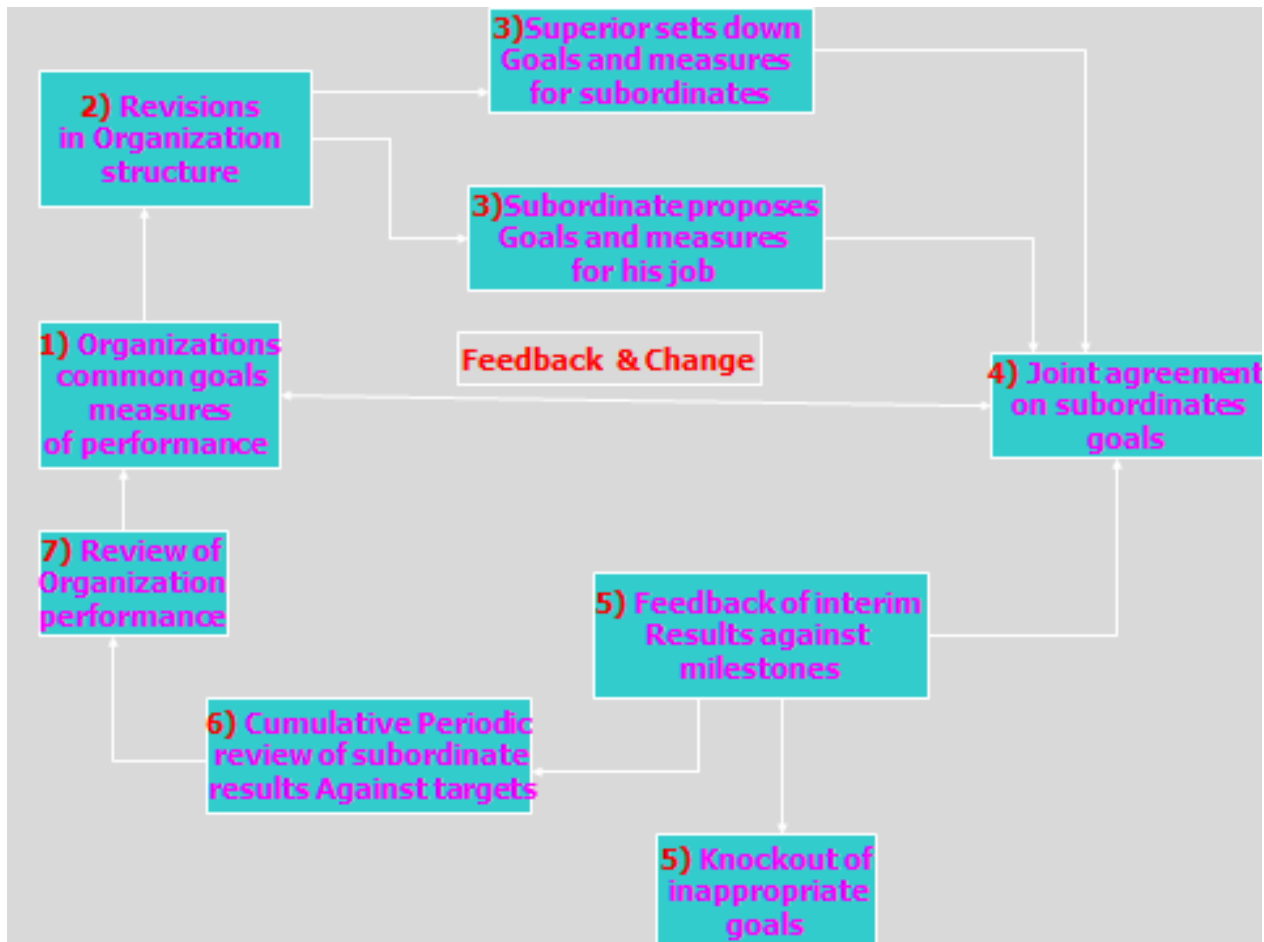
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Module IV

Organizing: It is the process of ensuring that all tasks necessary to accomplish goals are assigned to the people who can do them best.

The process of organization involves: The division of the work into component activities i.e., divide the total work load logically and comfortably. The division of work simplifies the task, so it improves the productivity. Each person becomes expect in a certain job.

TYPES OF ORGANISATIONS

The structure of an organisation vary from one industry to another depending on a number of factors like

(i)   Size of the organisation

(ii)   Nature of the product being manufactured.

(iii)   Complexity of the problems being faced.

The main types of organisation structures are

(i)   Line, military or Scalar organisation.

(ii)   Functional organisation

(iii)   Line and staff organisation

(iv)   Product or project organisation or Departmentation

(v)   Matrix or grid organisation

(vi)   Committee organisation

1. Line, military or scalar organisation:-

This type of organisation is also known as departmental or military type of organisation. This type of organisation was evolved by owner. Managers of small factories and workshops in England in the beginning of 19th century. Here the authority flows directly from top to bottom i.e., from general manager level down to the workers level. The business activities are divided into three groups, namely finance (accounts), production and sales. Each of these departments is divided into small sections. Each departmental head is sole control over his section and has full authority to select his labour, staff, purchase of raw materials, stores and to set the standards of output etc.
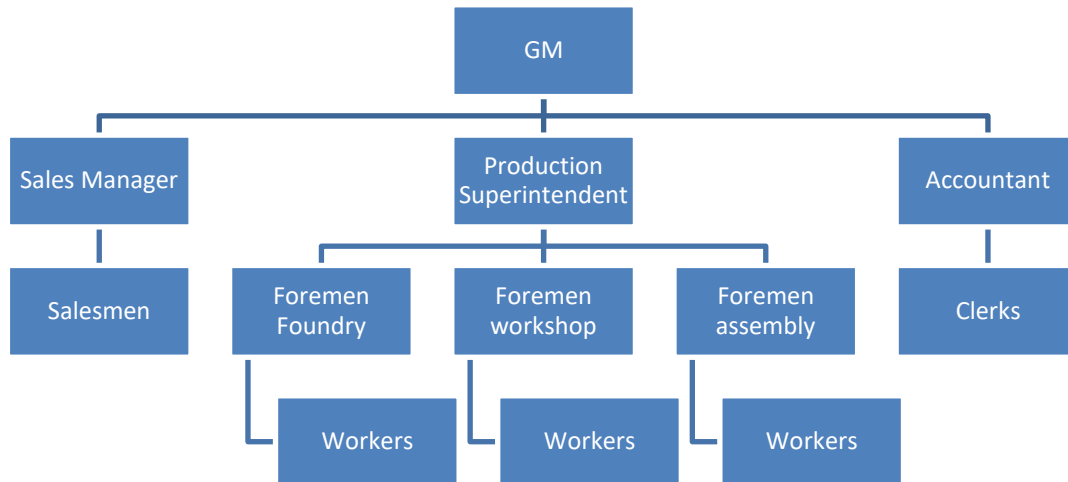
In this organisation, the flow of authority moves from top to bottom in vertical lines, therefore it is also called line or scalar organisation.

Advantages

(i) Simple :- Simple and easy to understand

(ii) Flexible:- Easy to expand and contract.

(iii)Clear cut division of authority:- The authorities and responsibilities of every position is alone and precise. There are no conflicts and shifting of responsibilities between any two positions.

(iv)Quick decision and speedy action:- The entire management is in the hands of one man namely the GM. Hence quick decision and speedy actions are possible.

(v) Strong in discipline:- Since the duties and responsibilities are clearly defined, the employees rarely commit mistakes or blunders fearing disciplinary action.

Disadvantages

(i) Overload of work:-

There is an overload of work for few executives and the success of the enterprise depend on their ability.

(ii) Lack of specialization:-

This type of organisation neglects specialists at higher levels when an executive has to perform different types of duties.

(iii) Scope for favouritism:- As the departmental heads have lots of authority, they may indulge in favouritism.

(iv) Lack of growth:- In this type of organisation, the top executives are seldom replaced their retarding the growth of lower level employees.

(v) Unsuitable for large concern:- It is suitable only for small concerns.

Applications of line organisation.:-

Line organisation are suitable for:-

    (i) Small enterprises with few activities and which are free from complexities.

     eg:- small job shops, restaurants

    (ii) Automatic and continuous process industries such as paper, sugar, textile   etc.

    (iii) Where the work is routine

     eg:- small refineries

2. Functional organization:-

Functional organization is one where the workers consult specialists in various areas to carry out their work instead of referring to only one boss. In this type, there are actually eight foremen, four of them located on the shop floor and the remaining four in the office. Each foreman guides the workers in his areas of specialization and all of them have direct and equal authority over workers. F.W. Taylor (father of scientific management) was suggested functional organisation.
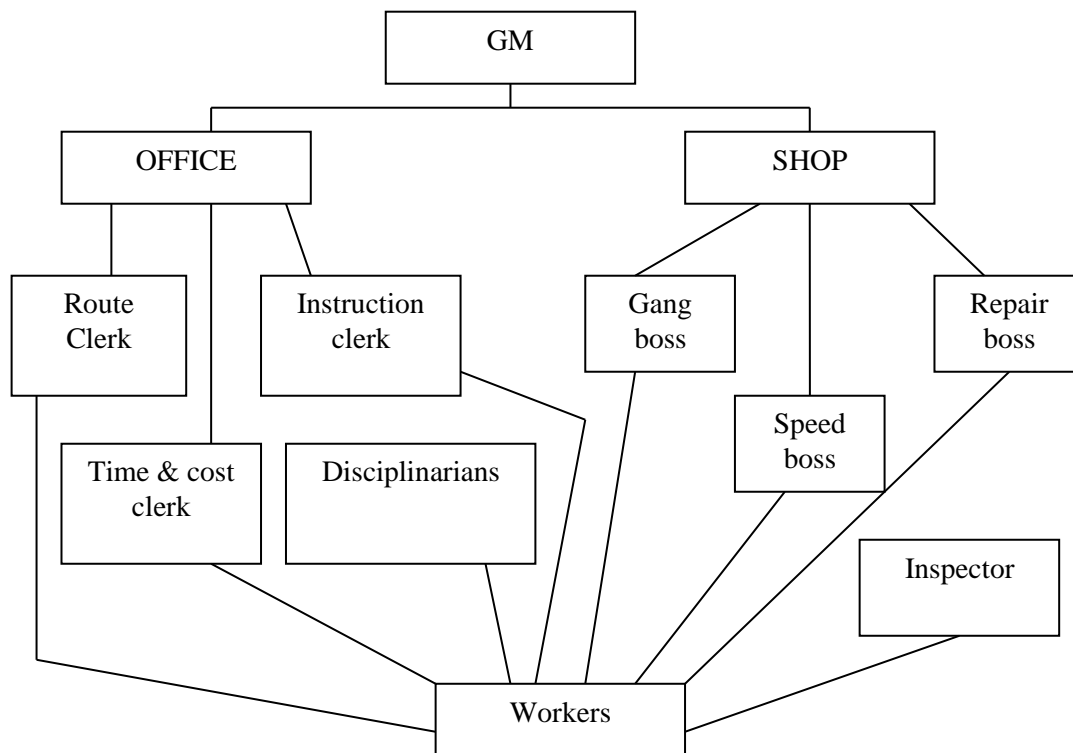

Fig. Functional organization chart.

(i) Route clerk :- He is in charge of issuing work orders and routing the job.

(ii) Instruction clerk:- He instructs job related specifications to the workers

(iii) Time & Cost clerk:- He keeps records of time taken by workers to carry out their jobs and costs related to the job.

(iv) Disciplinarian :- He maintains personal records of the workers and suggests disciplinary action against them when their is disobedience.

(v) Gang boss:- He is in charge of all work pieces up to the time.

(vi) Speed boss :- His job is to ensure that for each work piece the proper cutting tool is used, cut is started at the right place and the optimum speed, feed and depth of cut are being employed.

(vii)   Repair boss :- He is responsible for the repair and maintenance of equipment and machinery.

(viii)   Inspector:- He inspects the quality of finished work and is responsible for the quality of the outgoing products.

Advantages

(i) Specialization:

Since foreman is responsible for only one function, he can perform his duties in a better manner and the result is better production rate at an improved quality lend.

(ii) Cost reduction:-

For every operation expect guidance is there, wastage of materials, man and machine hours are reduced. This helps in reducing once all costs.

(iii)Mass production

This type of origin helps mass production through standardization & specialization

(iv)No need for all round execution

There is no pressure for the origin to look for all round executives.

Disadvantages

(i) In Discipline

Since the workers receive instructions from too many people, it leads to confusion as to whom they should follow.

(ii) Fixing of responsibility

It is very difficult to fix up the responsibility to any one foreman incase something goes evening.

(iii)Killes the initiative of workers:

Workers are not given opportunity to show initiative talents and skills, because specialized guidance is always available.

(iv)Personal relationship

There is always friction between persons of equal ranks because of overlapping authority.

3. Line and staff organisation:-

A line and staff organisation. is an extension often line organization where additional executives known as staff assist the line executives to carry out their jobs.

If the firm is of size, managers cannot give careful attention to every aspect of management. While line executive are busy with direct tasks like production or sales, staff executives investigate research, second and advise the mangers. While the line maintains discipline and stability, staff provides expert information and helps to improve overall efficiency. While the staff are thinkers, the line are actually doers.

Advantages

(i) Expect advice from staff executives.

(ii) Line executives are relieved to a good extent of their loads.

(iii)Well defined authority and responsibility as well as specialization.

Less wastage:-

There will be less wastage of materials man & mechanical hours.

Improved quality:- Three is allowed improvement in quality.

Disadvantages

(i) Product cost will increase because of high salaries paid to staff executives.

(ii) Chances of misinterpretation

(iii)Chances of friction between line and staff executives

(iv)Loss of initiative: If the line executives start depending for much on staff executives they may end up losing their initiative.

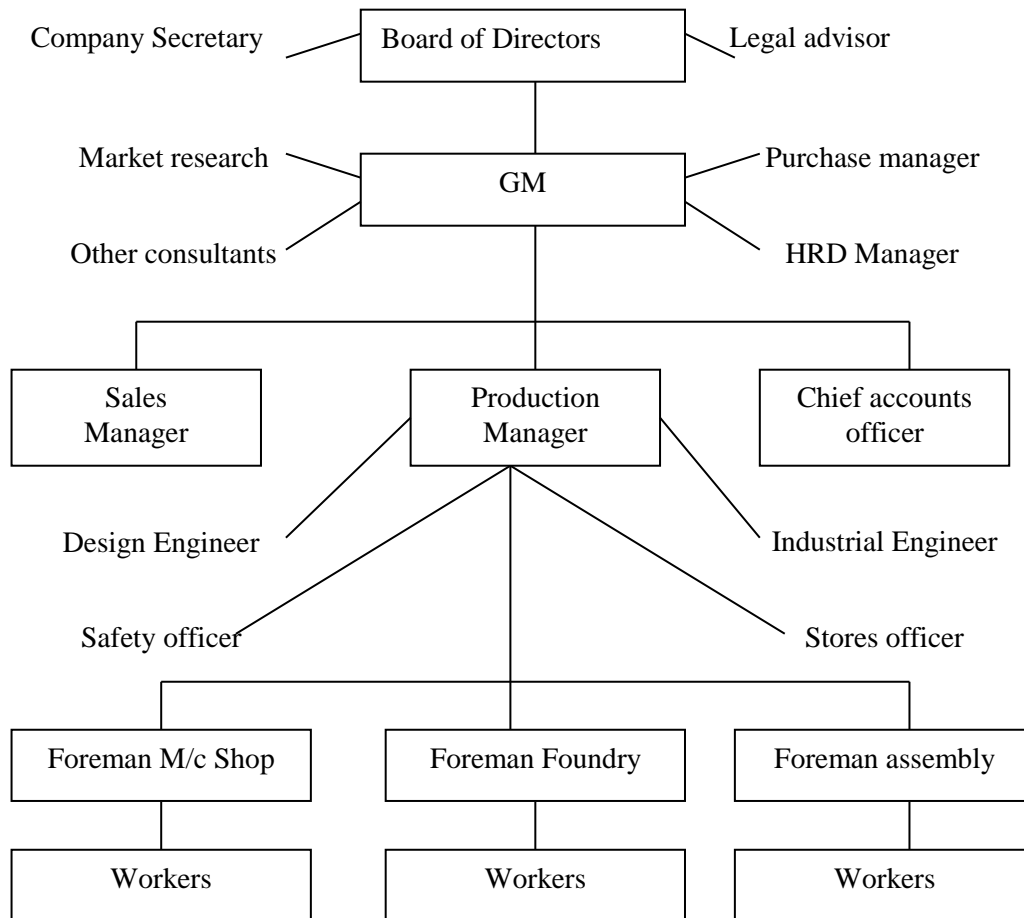(v) Application:-   Preferred for medium and larges scale industries, automobile industries.

Figure: Line & Staff organizational chart

Span of Control

It is the number of subordinates which are directly under their superiors. The number of subordinates, over whom control is to be exercised, should be reasonable. As, too small number well lead to non utilization of full time and energy of the manager while large number well lead to difficulty in exercising proper control. An ideal number of subordinates for superior authority is 4.

Factors determining span of control

Proper span of control is determined on the basis of circumstances. Source of the circumstances affecting the span all as follows:

(i) Nature of work:

When the work in of routine and standardized native, greater span of control can be kept.

(ii) Define responsibility

In organization where responsibilities of supervisors are definite and clear and the plans and policies are clear, and easily understandable at different levels, officers can control a wide span. But where the policies all responsibilities all not clear officers need more time for giving the clarifications to their sub-ordinates and will also require more time in discussions and in delivering the problems. Hence in such cases span of control in required to be kept smaller.

(iii) Capacity of person involved

While deciding the span of control for an organization, it is necessary to consider the capacity and ability to control their subordinates, ability to make decisions, tactfulness, experience, quality of leadership, grasping power and power of command.

Delegation

The need for delegation arises mainly from natural limitations of the human being. Following are some of the limitations which compel for delegation.

(i) The tasks involved in management all too large for any one particular person because of large amount of responsibilities, mental energy etc.

(ii) Modern business involves skill in different fields which one person cannot have.

(iii) Large scale business have branches or waits speed once several places. Delegation is very essential for running those branches situated for way from head office.

(iv) By delegating authority and responsibility, highest authority is relieved and he is face to take decisions in more complicated affairs and he can devote more time for the development and planning work.

Guidelines of delegation

(i) Establish the goals

While to establish the task for a subordinate it is necessary that his objects must be stated clearly, his duties must be specified so that he must be clear in mind as to what he has to perform.

(ii) Define the authority and responsibilities

A subordinate must be delegated with sufficient authority and responsibility. If subordinate has less authority that that desired, he has to refer the case to his boss again and again and the work will thus be delayed and he cannot be held responsible. Similarly if he is delegated with more authority, there are chances for misuse of authority.

(iii) Motivate subordinates:

Delegation is useful if an atmosphere for its exists in the concern. Atmosphere for delegation includes from work, mutual confidence etc.

(iv) Provides Proper check and control

Delegates must exercise people control over his subordinates after delegation, to see that the goals fixed by him are adhered to properly as regards to quantity, quality and time is concerned and authority delegated him are properly utilised.

(v) Provide propel training:

Proper training can be given to the subordinate to explain his duties, authorities and responsibilities and he may be trained to tackle different problems arising in course of discharging his duties and in using that authority.

NATURE OF ORGANIZATION:

› **Group of Persons:** An organization is a group of people working together for the achievement of common objectives. The group may be large or small. An organization is a system of cooperative relationships of two or more persons.

› **Common Objectives:** Every organization has a common objectives distinct from personal objectives of the members. The common goal is the basis of cooperation among the members. The objectives of the organization are usually are made explicit

different departments as per their qualifications, qualities and so on.

4. *Span of control* – The span of control, should be optimum. This means a manager should not be asked to keep supervision on large number of subordinates. The span of control should be narrow and manageable.

Unity of command – Each subordinate should have only one superior whose command he has to obey. Dual subordination is undesirable as it leads to confusion, disorder, uneasiness and indiscipline.

CONTD:

- **Division of Work:** An organization comes into existence when the total task is divided into the members of the group. Division of work is necessary not only because one individual cannot do all the work but specialization results in efficiency and effectiveness.

- **Cooperative Efforts:** The members of an organization are willing to help each other for the achievement of desired goals. Cooperative relationships are stabilized both vertically and horizontally among different units of the organization:

- **Communication:** People who form an organization communicates with each other in order to integrate or coordinate there efforts. The structure must be such that people can perform together efficiently.

- **Central Authority:** In an organization, there is a central directing authority which controls the concerted efforts of the group. The chain of authority- responsibility relationships is known as the chain of command.

4.9. DEPARTMENTATION

Departmentation means the process of grouping the similar activities of the business into departments, divisions or other homogeneous units. It is used for the purpose of facilitating a smooth administration at all levels.

Koontz and *O'Donnell* defined, "*A departmentation is a process of dividing the large monolithic functional organisation into small and flexible administrative units*".

Departmentation involves the grouping of people or activities with similar characteristics into a single department or unit. It facilitates communication, coordination and control thus contributing to organisational success. It creates semi-autonomous units with independent responsibilities, providing satisfaction to the manager which in turn improves the efficiency and effectiveness.

A department is a distinct area, division or branch of an enterprise over which a manager has authority for the performance of specific activities. The appropriate type of department depends upon the situational factors such as competition, technology, business cycles, internal environment factors etc.

4.9.1. Need and Importance of Departmentation

The basic purpose of departmentation arises because of specialization of work and limitation on the number of subordinates can be directed and controlled by a manager.

Departmentation contributes to the success of the organisation in a number of ways given as follows.

➢ Departmentation increases the operating efficiency of the workers by providing the specialization of work. Departments are created to look after one major function, specializes in it and thus it increases the operational efficiency.

➢ Departmentation helps in fixing the responsibility to various executives of the organisation. As one department looks after only one set of activities, the duties and responsibilities can be precisely defined. It makes the executive to be alert and efficient in his duties.

➢ Grouping of activities and personnel into departments makes it possible for the enterprise to expand and grow.

➢ Departmentation provides an opportunity to managers to take initiative in completing the job effectively and to make independent decisions related to the department. It also provides on the job training to the managers.

➢ By assigning specific tasks to the departmental personnel, it is easier for the appraisal of managerial performance.

➢ Departmentation results the division of enterprise into semi-autonomous unit. Department managers are free to take decisions relating to their departments independently. The feeling of autonomy provides the job satisfaction and motivation which in turn lead to higher efficiency of operation.

➢ Besides, departmentation gives other advantages such as facilitating budget preparation, effective control of expenditure, attaining specialization, better co-ordination among the managerial personal.

4.9.2. Departmentation by Different Strategies

The division and concentration of related activities into subunits are based on the following basis.

(i) Departmentation by numbers

(ii) Departmentation by time

(iii) Departmentation by enterprise function

   (iv) Departmentation by territory or geography

   (v) Departmentation by customers

   (vi) Departmentation by equipment or process

   (vii) Departmentation by product or service.

(i) Departmentation by numbers:

In this case, departments are created on the basis of number of persons forming the department. Similar types of activities are performed by small groups. In such cases, the each group is controlled by a supervisor or an executive. For example, in the army, soldiers are grouped into squads, battalions, companies, brigades and regiments on the basis of the number prescribed for each unit. In a manufacturing unit, this basis may be followed at the lower level of hierarchy. The principle of span of management or span of control is used under this type of departmentation.

Disadvantages:

(i) In advanced technology world, it requires more specialized and different skills.

(ii) Groups composed of specialized persons are frequently more efficient than those based merely on numbers.

(iii) It is useful only at the lower level of the organisation structure.

(ii) Departmentation by time:

Under this base, the business activities are grouped together on the basis of the time of performance. For example, manufacturing units working in three shifts of eight hours each per day may group the activities in shift wise and thus having separate department for each shift. The basic idea is to get the advantages of people specialized to work in a particular shift.

Advantages:

(i) Service can be rendered around-the-clock basis.

(ii) It is possible to use processes that cannot be interrupted, requiring a continuing cycle.

(iii) Expensive capital equipment can be used effectively i.e. 24 *hrs/day*.

(iv) It provides a part time work for the students those studying during the day.

4.36

Disadvantages:

    (i)   Supervising may be lacking during the night shift.

    (ii)   Some people may feel difficult to switch from a day shift to a night shift and vice-versa.

    (iii)   As it has several shifts, it may create problems in coordination and communication.

    (iv)   Payment of overtime rates can increase the cost of the product.

(iii) Departmentation by enterprise function:

    The most commonly followed basis is departmentation by enterprise function. Under this case, the activities are grouped on the basis of functions which are to be performed. A typical departmentation structure may be as follows.
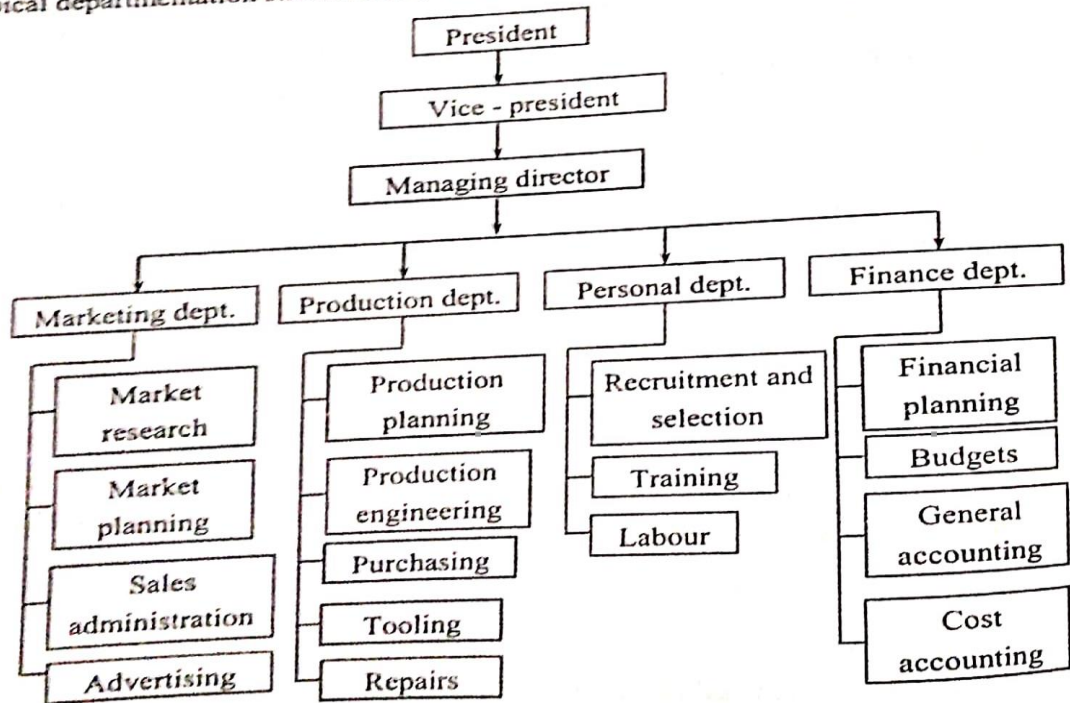

Figure 4.11 Departmentation by function

Each department head is responsible for the respective departments. For example, all problems in the marking of the product or service are the responsibility of marketing manager

(iv) Departmentation by territory or geography:

When an organisation operates in different geographical areas each with distinct needs, it is desirable to create the department along geographical lines. The business activities are grouped in area-wise and each area is in-charge of a single person. It will help the business unit to increase the sales because the local person is familiar with the local language, the culture and preferences of the customers.
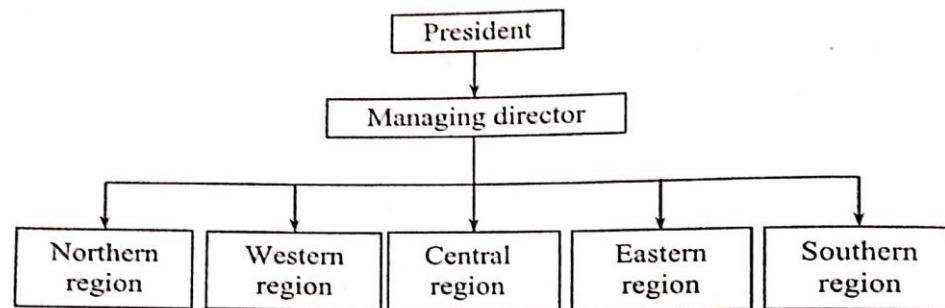
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                        │   President   │
                        └───────┬───────┘
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│ region ││ region ││ region │   │ region ││ region │
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Figure 4.12 Departmentation by territory

It is much useful for large scale enterprise which is geographically spread out such as banking, insurance, transport companies, chain stores or a product which is nationally distributed.

Advantages:

(i)   It places the responsibility at a lower level and improves coordination of activities at a regional level.

(ii)   The sales may be increased with the help of intimate knowledge about the tastes and preferences of the customers in the local market.

(iii) It reduces the cost of operation and gains saving in time.

(iv) Every area manager can specialize in peculiar problems of his region.

(v)   There is a better coordination of activities in a locally through setting up regional office. It provides an effective span of control.

(vi) It provides opportunities to mangers to improve their skill in various fields.

(vii) It facilitates the expansion of business to various regions.

Types of Decisions

There are basically two kinds of decision that managers
called upon to make:

- Programmed and
- Non-programmed Decision

Programmed decision

- Programmed decision is a repetitive decision the can be handled by a routine approach.

- They are relatively structured and information are available and complete. Here a manager makes a decision once and he uses that decision again and again.

- Examples:

Non-programmed decisions

- Non programmed decisions are used for non- routine matters of an organization.
- They are unique in nature and every situation requires special attention.
- Non- programmed decisions are those decisions that are relatively unstructured and occurs much less often than a programmed decisions.
- Examples:

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.

MODULE VI
HS 300: PRINCIPLES OF MANAGEMENT

STAFFING

According to Dale Yoder, "Staffing is that phase of the management which deals with the effective control and use of manpower or human resources."

Importance of Staffing

(i) Filling the roles by obtaining competent personal

(ii) Placing right person at the right job

(iii) Growth of enterprise

(iv) Optimum utilisation of human resources

(v) Helps in competing

(vi) Improves job satisfaction and morale of employees

(vii) Key to effectiveness of other functions

Staffing Process The steps involved in the staffing process are

(i) Estimating the manpower requirements

(ii) Recruitment

(iii) Selection

(iv) Placement and orientation

(v) Training and development

(vi) Performance appraisal

(vii) Promotion and career planning (viii) Compensation

Recruitment: is the process of attracting qualified persons to apply for the jobs that are open. It also means finding and attracting capable applicants for employment.

Sources of Recruitment

Internal Sources

Transfer

Promotion

Lay Off

External Sources

Waiting list

Recommendations of the present employees

Notices exhibited in the office, workshop, etc.

Factory Gate

Personal consultants

Media Advertising

Selection: is the process of discovering the most suitable and promising candidates to fill up the position vacant. The intent of the selection process is to gather from applicant's information that will predict their job success.

Steps in selection process

Scrutiny of applications received

Preliminary application form

Specialized application form

Testing

Interview

Checking reference

Medical examination

Final selection

Training & Development: Training is a learning experience in that it seeks a relatively permanent change in an individual that will improve his ability to perform on the job.

Development is concerned with imparting technical human & conceptual skills. It seeks to develop hidden qualities and talent of persons.

Training methods:

Apprenticeship programme

Vestibule training

Job rotation

Internship

Compensation: is what employees receive in exchange for their contribution to the organization. Generally employees offer their services for three types of rewards pay benefits and incentives.

Human Resource Management is the process of recruiting, selecting, inducting employees, providing orientation, imparting training and development, appraising the performance of employees, deciding compensation and providing benefits, motivating employees, maintaining proper relations with employees and their trade unions, ensuring employees safety, welfare and healthy measures in compliance with labour laws of the land and finally following the Orders / Judgements of the concern High Court and Supreme Court, if any.

> Human Resource Management involves management functions like planning, organizing, directing and controlling

- It involves procurement, development, maintenance of human resource

- It helps to achieve individual, organizational and social objectives

- Human Resource Management is a multidisciplinary subject. It includes the study of management, psychology, communication, economics and sociology.

- It involves team spirit and team work.

- It is a continuous process.

Employee empowerment Employee empowerment is a term used to express the ways in which staff can make their own decisions without consulting superiors.

These decisions may vary in effect depending on the level of empowerment your organization wishes its employees to have. Employee empowerment usually begins with training, which can transition an entire company toward an empowerment model where employees are trusted to make responsible decisions that benefit the company as a whole. Or, it could merely mean giving employees the ability to make some decisions on their own, but still putting parameters in place to govern those decisions. With greater responsibility, employees feel appreciated and will work for the greater good of your organization. By offering employees choice and participation on a level that actually affects daily production, your employees are more a part of the company, and view themselves as ambassadors and will work to justify your trust with enhanced performance.

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 fastchanging 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.
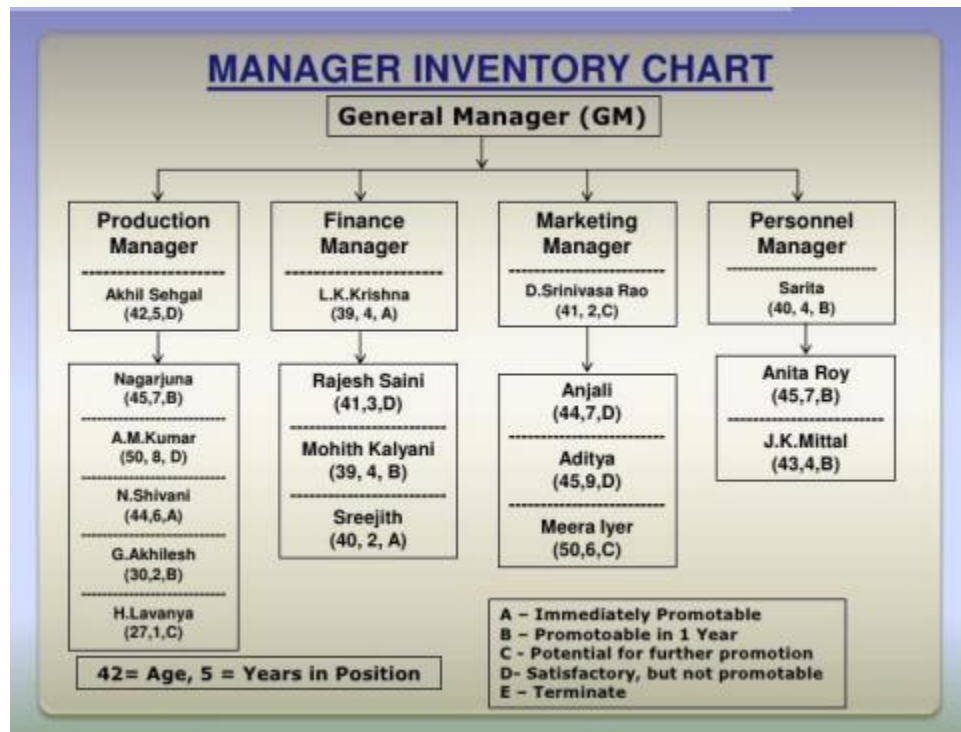
6. Managerial desires and fears.

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.
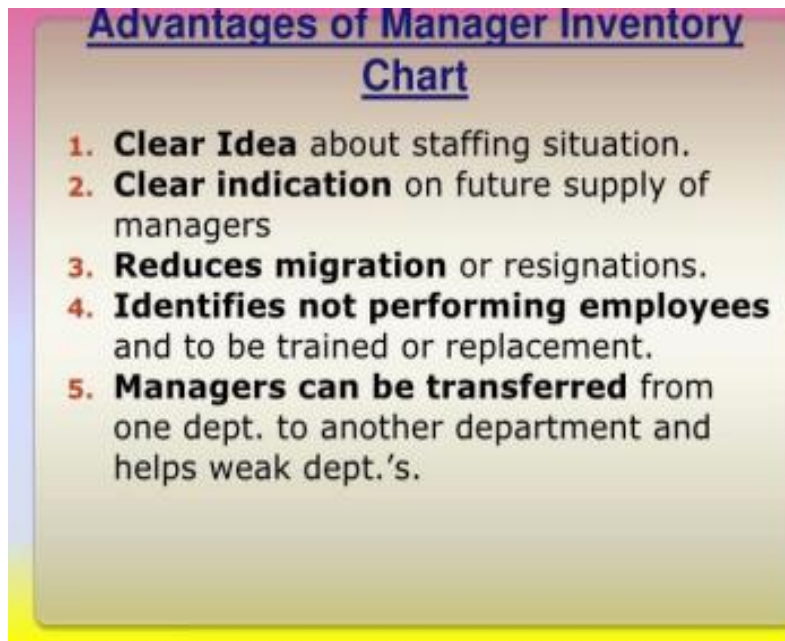
It can include details like :
- Age,
- Year of Employment
- Present Position
- Duration of current Posting
- Performance Ratings

- 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.

MANAGER INVENTORY CHART

General Manager (GM)

Production Manager	Finance Manager	Marketing Manager	Personnel Manager
Akhil Sehgal (42,5,D)	L.K.Krishna (39, 4, A)	D.Srinivasa Rao (41, 2,C)	Sarita (40, 4, B)
Nagarjuna (45,7,B)	Rajesh Saini (41,3,D)	Anjali (44,7,D)	Anita Roy (45,7,B)
A.M.Kumar (50, 8, D)	Mohith Kalyani (39, 4, B)	Aditya (45,9,D)	J.K.Mittal (43,4,B)
N.Shivani (44,6,A)	Sreejith (40, 2, A)	Meera Iyer (50,6,C)	
G.Akhilesh (30,2,B)			
H.Lavanya (27,1,C)			

42= Age, 5 = Years in Position

A – Immediately Promotable
B – Promotoable in 1 Year
C - Potential for further promotion
D- Satisfactory, but not promotable
E – Terminate

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.

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. 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. 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).

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.

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.

MODULE VI
HS300:PRINCIPLES OF MANAGEMENT

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 canno1 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 me 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 declined 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.

steps of controlling process:

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

(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