



NATIONAL OPEN UNIVERSITY OF NIGERIA

SCHOOL OF SCIENCE AND TECHNOLOGY

COURSE CODE: CHS313

COURSE TITLE: Health Management II

HEALTH MANAGEMENT II



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Course Title: Health Management II

Course Developer/Writer; Isaiah Kehinde Ogunbiyi (B.Sc, MBA), ACQI
PAMS International Consulting,
Abuja

Programme Leader:

Course Coordinator: S. K. Olubiyi
National Open University of Nigeria
Victoria Island, Lagos

CHS 313 HEALTH MANAGEMENT II

National Open University of Nigeria

Headquarters

14/16 Ahmadu Bello Way

Victoria Island

Lagos

Abuja Office

No. 5 Dares Salaam Street

Off Aminu Kano Crescent

Wuse II, Abuja

Nigeria

e-mail: centralinfo@nou.edu.ng

URL: www.nou.edu.ng

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HEALTH MANAGEMENT II

Course Guide



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CHS 313 HEALTH MANAGEMENT II

Introduction

CHS 313: Health Management II is a first semester course work of two credit hours to be taken by all students, in the BSc. Community Health programme in the School of Science & Technology. The course consists of 15 units embracing the theory and principles of management. The course guide tells you what the course is all about this course. It also contains other information such as Tutor-marked Assignments / Questions. In the course of your studies, you will be exposed to some tutorial classes.

Information concerning this will be communicated to you in due course.

Course Content

The course content consists of:

- Overview of Management
- Principles of Management
- Principles of Scientific Management
- Management Process – Functions I – (Planning)
- Management Process – Functions II - Organizing
- Human Resource Management
- Performance Appraisal
- Power and Delegation of Authority
- Motivation
- Leadership
- People Related Issues in Management
- Group Processes And Team Working
- Effective Communication in the Workplace
- Time Management
- Total Quality Management

Course Aims

The aim of this course is to expose you to the principles and practices of management as a prerequisite for effective utilization of resources to achieving desired result even in health care delivery system.

The aims will be achieved by:

- Explaining the principles, features, objectives and importance of management
- Describing the various functions of management such as planning, organizing and staffing
- Identifying and describing the role of leadership and motivation in achieving result through people.
- Explain the human resource function.
- Describing the principle of time management and also acquire skills in effective time management.

Objectives

At the end of this course, you should be able to:

- Explain the definition and scope of management.
- Identify and explain the functions of management.
- Appreciate the importance of human resources functions in the process of management
- Apply the principles of management in Community Health care
- Demonstrate the importance of effective communication in management.
- Acquire skills in effective time management

- Explain the concept of Total Quality Management and apply the principles to work situation.

Course Materials

- Course Guide
- Study Units
- Text Books
- Assignment Guide

Study Units

There are 15 units in this course, which should be studied carefully.

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Each study unit will take at least three hours and consists of the introduction, objectives, main content, exercise, conclusion, summary and references as well as tutor-marked question.

Assignments

You are expected to study the materials and do the exercises. Reference texts are produced at the end of each unit for you to get additional information.

There are assignments at the end of each unit and you are expected to do all of them.

Assessment

Tutor-marked assignments

You are expected to apply what you have learnt in the contents of the study units to do them and return to your tutor for grading.

Final Written Examination

There will be a written examination at the end of the course and it will attract 70%.

Summary

Course CHS 313 – Health Management II will expose you to the principles and practice of management in Health Care.

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Module 1: Fundamentals of Management

Unit 1: Overview of Management

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1.0 Introduction

This unit introduces the subject management. It discusses the various definitions of management. The unit further explains the features and levels of management. Finally, it discusses the objectives and importance of management and concludes by differentiating between management and administration.

2.0 Objectives

At the end of this unit, learners will:

- Define management
- Identify the features of management
- Enumerate and discuss the various levels of management
- Appreciate the importance and the objectives of management
- Distinguish between management and administration.

3.0 Main Content

3.1 What is Management?

Management is a universal phenomenon. It is a very popular and widely used term. All organizations - business, political, cultural or social are involved in management because it is management which helps and directs the various efforts towards a definite purpose. According to *Harold Koontz*, "Management is an art of getting things done through (and with) people in a formally organized groups. It is an art of creating an environment in which people can perform as individuals and can co-operate towards the attainment of group goals". According to *F.W. Taylor*, "Management is an art of knowing what to do, when to do and see that it is done in the best and cheapest way".

Management is a purposive activity. It is something that directs group efforts towards the attainment of certain pre – determined goals. It is the process of working with and through others to effectively achieve the goals of the organization, by efficiently using limited resources in the

changing world. Of course, these goals may vary from one enterprise to another. E.g.: For one enterprise it may be launching of new products by conducting market surveys and for other it may be profit maximization by minimizing cost.

Management involves creating an internal environment: - It is the management which puts into use the various factors of production. Therefore, it is the responsibility of management to create such conditions which are conducive to maximum efforts so that people are able to perform their task efficiently and effectively. It includes ensuring availability of raw materials, determination of wages and salaries, formulation of rules and regulations etc.

Therefore, we can say that good management includes both being effective and efficient. Being effective means doing the appropriate task i.e, fitting the square pegs in square holes and round pegs in round holes. In other words, being effective means doing the right thing to achieve the organisation's objective. On the other hand, being efficient means doing the task correctly, at the least possible cost and with minimum wastage of resources.

Management has many definitions just as there are many managers. Sometimes, the definition you give to management depends on the perspective from which you look at it. Thus, definition of management has been broken into four categories as follows:

1. Management as a Process
2. Management as an Activity
3. Management as a Discipline
4. Management as a Group

3.1.1 Management as a Process

As a process, management refers to a series of inter – related functions. It is the process by which management creates, operates and directs purposive organization through systematic, coordinated and co-operated human efforts, according to Prasad, M. “Management is a distinct process consisting of planning, organizing, motivating and controlling, performed to determine and accomplish stated objective by the use of human beings and other resources”. As a process, management consists of three aspects:

1. Management is a social process – Since human factor is most important among the other factors, therefore management is concerned with developing relationship among people. It is the duty of management to make interaction between people – productive and useful for obtaining organizational goals.
2. Management is an integrating process – Management undertakes the job of bringing together human physical and financial resources so as to achieve organizational purpose. Therefore, is an important function to bring harmony between various factors.
3. Management is a continuous process – It is a never ending process. It is concerned with constantly identifying the problem and solving them by taking adequate steps. It is an on-going process.

3.1.2 Management as an Activity

Like various other activities performed by human beings such as writing, playing, eating, cooking etc, management is also an activity because a manager is one who accomplishes the objectives by directing the efforts of others. According to Koontz, “Management is what a manager does”. Management as an activity includes –

1. Informational activities – In the functioning of business enterprise, the manager constantly has to receive and give information orally or in written. A communication link has to be maintained with subordinates as well as superiors for effective functioning of an enterprise.
2. Decisional activities – Practically all types of managerial activities are based on one or the other types of decisions. Therefore, managers are continuously involved in decisions of different kinds since the decision made by one manager becomes the basis of action to be taken by other managers. (E.g. Sales Manager is deciding the media and content of advertising).
3. Inter-personal activities – Management involves achieving goals through people. Therefore, managers have to interact with superiors as well as the sub-ordinates. They must maintain good relations with them. The inter-personal activities include with the sub-ordinates and taking care of the problem. (E.g. Bonuses to be given to the sub-ordinates).

3.1.3 Management as a Discipline

Management as a discipline refers to that branch of knowledge which is concerned with the study of principles and practices of basic administration. It specifies certain code of conduct to be followed by the manager and also various methods for managing resources efficiently.

Management as a discipline specifies certain code of conduct for managers and indicates various methods of managing an enterprise. Management is a course of study which is now formally being taught in various institutions and universities after completing a prescribed course or by obtaining degree or diploma in management, a person can get employment as a manager.

Any branch of knowledge that fulfils following two requirements is known as discipline:

1. There must be scholars and thinkers who communicate relevant knowledge through research and publications.
2. The knowledge should be formally imparted by education and training programmes.

Since management satisfies both these problems, therefore it qualifies to be a discipline. Though it is comparatively a new discipline but it is growing at a faster pace.

3.1.4 Management as a Group

Management as a group refers to all those persons who perform the task of managing an enterprise. When we say that management of ABC and Co. is good, we are referring to a group of people those who are managing. Thus as a group technically speaking, management will include all managers from chief executive to the first – line managers (lower-level managers). But in common practice management includes only top management i.e. Chief Executive, Chairman, General Manager, Board of Directors etc. In other words, those who are concerned with making strategic decisions that determine the fate of the organization. These persons enjoy the authorities to use

resources to accomplish organizational objectives and also responsibility to for their efficient utilization.

Management as a group may be looked at in 2 different ways:

1. All managers taken together.
2. Only the top management

The interpretation depends upon the context in which these terms are used. Broadly speaking, there are 3 types of managers -

1. Patrimonial / Family Manager: Those who have become managers by virtue of their being owners or relatives of the owners of company.
2. Professional Managers: Those who have been appointed on account of their specialized knowledge and degree.
3. Political Managers / Civil Servants: Those who manage public sector undertakings.

Managers have become a part of elite group of society as they enjoy higher standard of living in the society.

3.2 Features of Management

Management is an activity concerned with guiding human and physical resources such that organizational goals can be achieved. Nature of management can be highlighted as: -

1. Management is Goal-Oriented: The success of any management activity is accessed by its achievement of the predetermined goals or objective. Management is a purposeful activity. It is a tool which helps use of human and physical resources to fulfill the pre-determined goals. For example, the goal of an enterprise is maximum consumer satisfaction by producing quality goods and delivering them to customers at a price that gives the organization some profit. This can be achieved by employing efficient persons and making better use of scarce resources.
2. Management integrates Human, Physical and Financial Resources: In an organization, human beings work with non-human resources like machines. Materials, financial assets, buildings etc. Management integrates human efforts to those resources. It brings harmony among the human, physical and financial resources.
3. Management is Continuous: Management is an ongoing process. It involves continuous handling of problems and issues. It is concerned with identifying the problem and taking appropriate steps to solve it. E.g. the target of a company is maximum production. For achieving this target various policies have to be framed but this is not the end. Marketing and Advertising is also to be done. For this policies have to be again framed. Hence this is an ongoing process.
4. Management is all Pervasive: Management is required in all types of organizations whether it is political, social, cultural or business because it helps and directs various efforts towards a definite purpose. Thus clubs, hospitals, political parties, colleges, hospitals, business firms all require management. Whenever more than one person is engaged in working for a common goal, management is necessary. Whether it is a small business firm which may be engaged in trading or a large firm like Tata Iron and Steel, management is required everywhere irrespective of size or type of activity.

5. Management is a Group Activity: Management is very much less concerned with individual's efforts. It is more concerned with groups. It involves the use of group effort to achieve predetermined goal of management of XYZ and Co. is good refers to a group of persons managing the enterprise.

3.3 Levels of Management

The term "Levels of Management" refers to a line of demarcation between various managerial positions in an organization. The number of levels in management increases when the size of the business and work force increases and vice versa. The level of management determines a chain of command, the amount of authority and status enjoyed by any managerial position. The levels of management can be classified in three broad categories: -

1. Top level / Administrative level
2. Middle level / Executory
3. Low level / Supervisory / Operative / First-line managers

Managers at all these levels perform different functions. The role of managers at all the three levels is discussed below:



LEVELS OF MANAGEMENT

1. Top Level of Management

It consists of board of directors, chief executive or managing director. The top management is the ultimate source of authority and it manages goals and policies for an enterprise. It devotes more time on planning and coordinating functions.

The role of the top management can be summarized as follows –

- a. Top management lays down the objectives and broad policies of the enterprise.
- b. It issues necessary instructions for preparation of department budgets, procedures, schedules etc.
- c. It prepares strategic plans and policies for the enterprise.
- d. It appoints the executive for middle level i.e. departmental managers.
- e. It controls and coordinates the activities of all the departments.
- f. It is also responsible for maintaining a contact with the outside world.

- g. It provides guidance and direction.
- h. The top management is also responsible to the shareholders for the performance of the enterprise.

2. Middle Level of Management

The branch managers and departmental managers constitute middle level. They are responsible to the top management for the functioning of their department. They devote more time to organizational and directional functions. In small organization, there is only one layer of middle level of management but in big enterprises, there may be senior and junior middle level management. Their role can be emphasized as –

- a. They execute the plans of the organization in accordance with the policies and directives of the top management.
- b. They make plans for the sub-units of the organization.
- c. They participate in employment and training of lower level management.
- d. They interpret and explain policies from top level management to lower level.
- e. They are responsible for coordinating the activities within the division or department.
- f. It also sends important reports and other important data to top level management.
- g. They evaluate performance of junior managers.
- h. They are also responsible for inspiring lower level managers towards better performance.

3. Lower Level of Management

Lower level is also known as supervisory / operative level of management. It consists of supervisors, foreman, section officers, superintendent etc. According to *R.C. Davis*, “Supervisory management refers to those executives whose work has to be largely with personal oversight and direction of operative employees”. In other words, they are concerned with direction and controlling function of management. Their activities include –

- a. Assigning of jobs and tasks to various workers.
- b. They guide and instruct workers for day to day activities.
- c. They are responsible for the quality as well as quantity of production.
- d. They are also entrusted with the responsibility of maintaining good relation in the organization.
- e. They communicate workers problems, suggestions, and recommendatory appeals etc to the higher level and higher level goals and objectives to the workers.
- f. They help to solve the grievances of the workers.
- g. They supervise and guide the sub-ordinates.
- h. They are responsible for providing training to the workers.
- i. They arrange necessary materials, machines, tools etc for getting the things done.
- j. They prepare periodical reports about the performance of the workers.
- k. They ensure discipline in the enterprise.
- l. They motivate workers.
- m. They are the image builders of the enterprise because they are in direct contact with the workers.

3.4 Objectives of Management

The main objectives of management are:

1. Getting Maximum Results with Minimum Efforts – The main objective of management is to secure maximum outputs with minimum efforts and resources. Management is basically concerned with thinking and utilizing human, material and financial resources in such a manner that would result in best combination. This combination results in reduction of various costs.
2. Increasing the Efficiency of factors of Production – Through proper utilization of various factors of production, their efficiency can be increased to a great extent which can be obtained by reducing spoilage, wastages and breakage of all kinds, this in turn leads to saving of time, effort and money which is essential for the growth and prosperity of the enterprise.
3. Maximum Prosperity for Employer and Employees – Management ensures smooth and coordinated functioning of the enterprise. This in turn helps in providing maximum benefits to the employee in the shape of good working condition, suitable wage system, incentive plans on the one hand and higher profits to the employer on the other hand.
4. Human betterment and Social Justice – Management serves as a tool for the upliftment as well as betterment of the society. Through increased productivity and employment, management ensures better standards of living for the society. It provides justice through its uniform policies.

3.5 Importance of Management

1. It helps in Achieving Group Goals – It arranges the factors of production, assembles and organizes the resources, integrates the resources in effective manner to achieve goals. It directs group efforts towards achievement of pre-determined goals. By defining objective of organization clearly there would be no wastage of time, money and effort. Management converts disorganized resources of men, machines, money etc. into useful enterprise. These resources are coordinated, directed and controlled in such a manner that enterprise work towards attainment of goals.
2. Optimum Utilization of Resources – Management utilizes all the physical and human resources productively. This leads to efficacy in management. Management provides maximum utilization of scarce resources by selecting its best possible alternate use in industry from out of various uses. It makes use of experts, professional and these services leads to use of their skills, knowledge, and proper utilization and avoids wastage. If employees and machines are producing at their maximum ability and capacity, there is no under employment of any resources.
3. Reduces Costs – It gets maximum results through minimum input by proper planning and by using minimum input and getting maximum output. Management uses physical, human and financial resources in such a manner which results in best combination. This helps in cost reduction.
4. Establishes Sound Organization – No overlapping of efforts (smooth and coordinated functions). To establish sound organizational structure is one of the objective of management which is in tune with objective of organization and for fulfillment of this, it establishes effective authority and responsibility relationship i.e. who is accountable to whom, who can give instructions to whom, who are superiors and who are subordinates. Management fills up various positions with right persons, having right skills, training and qualification. All jobs should be clear to everyone.
5. Establishes Equilibrium – It enables the organization to survive in changing environment. It keeps in touch with the changing environment. With the change is external environment, the

initial co-ordination of organization must be changed. So it adapts organization to changing demand of market / changing needs of societies. It is responsible for growth and survival of organization.

6. Essentials for Prosperity of Society – Efficient management leads to better economical production which helps in turn to increase the welfare of people. Good management makes a difficult task easier by avoiding wastage of scarce resource. It improves standard of living. It increases the profit which is beneficial to business and society will get maximum output at minimum cost by creating employment opportunities which generate income in hands. Organization comes with new products and researches beneficial for society.

3.6 Management and Administration

According to Katz, R. L. “Administration means overall determination of policies, setting of major objectives, the identification of general purposes and laying down of broad programmes and projects”. It refers to the activities of higher level. It lays down basic principles of the enterprise. According to Koonz, H., “Administration means guidance, leadership and control of the efforts of the groups towards some common goals”.

Whereas, management involves conceiving, initiating and bringing together the various elements; coordinating, actuating, integrating the diverse organizational components while sustaining the viability of the organization towards some pre-determined goals. In other words, it is an art of getting things done through and with people in formally organized groups.

The difference between Management and Administration can be summarized under 2 categories:

1. Functions
2. Usage / Applicability

On the Basis of Functions: -

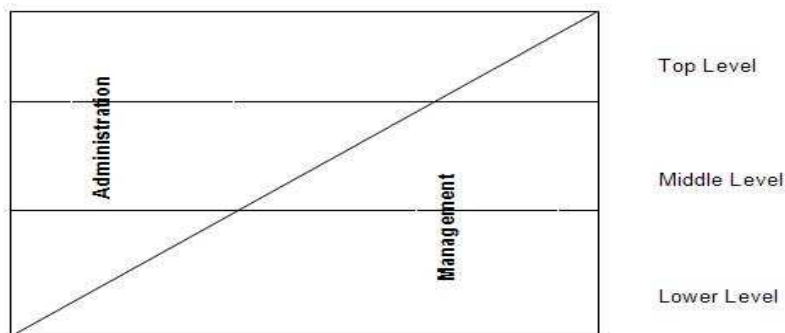
Basis	Management	Administration
Meaning	Management is an art of getting things done through others by directing their efforts towards achievement of pre-determined goals.	It is concerned with formulation of broad objectives, plans and policies.
Nature	Management is an executing function.	Administration is a decision-making function.
Process	Management decides who should do it and how should he do it.	Administration decides what is to be done and when it is to be done.
Function	Management is a doing function because managers get work done under their supervision.	Administration is a thinking function because plans and policies are determined under it.

Skills	Technical and Human skills	Conceptual and Human skills
Level	Middle and lower level function	Top level function

On the Basis of Usage: -

Basis	Management	Administration
Applicability	It is applicable to business concerns i.e. profit-making organization.	It is applicable to non-business concerns i.e. clubs, schools, hospitals, government ministries and departments, etc.
Influence	The management decisions are influenced by the values, opinions, beliefs and decisions of the managers.	The administration is influenced by public opinion, govt. policies, religious organizations, customs etc.
Status	Management constitutes the employees of the organization who are paid remuneration (in the form of salaries and wages).	Administration represents owners of the enterprise who earn return on their capital invested and profits in the form of dividend.

Practically, there is no difference between management and administration. Every manager is concerned with both – administrative management function and operative management function as shown in the figure. However, the managers who are higher up in the hierarchy devote more time on administrative function and the lower level devote more time on directing and controlling worker's performance i.e. management.



The Figure above clearly shows the degree of administration and management performed by the different levels of management

4.0 Summary

The subject management was introduced in this unit. Consequently, various definitions such as management being a process, an activity, a discipline among others were given. The features of

management such as: goal orientation and being continuous were considered. Three levels of management were identified and discussed. The unit highlighted the objectives and significance of management. It concluded by distinguishing between management and administration using meaning, nature, process, function, skills and levels as basis of comparison.

5.0 Conclusion

The following conclusions are drawn from the unit:

Management is a universal phenomenon applicable in every facet of human endeavour – business, politics, culture, social among others. Management is also a purposeful activity because it directs group efforts toward achieving a pre-determined goals. Furthermore that management exists at all levels – top, middle and lower levels. It is also concerned with harnessing human and physical resources to facilitate achievement of organizational goals. Therefore, management is a skill that all managers must acquire to be efficient and effective.

6.0 Tutor Marked Assignment

Discuss the features, objectives and significance of management.

Management and administration mean the same thing – True or False? Justify your stand

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Unit 2 – Principles of Management I

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment

- 7.0 References/Further Readings

1.0 Introduction

Unit 2 focuses on the underlining principles upon which management rests. It will examine the 14 principles of management as described by Henri Fayol. It will discuss the features and importance of the principles.

2.0 Objectives

At the end of the unit, learners will:

- Explain the meaning of principle
- Identify the 14 principles of management as discussed by Henri Fayol
- Enumerate and discuss the features of the principles of management
- Discuss the importance of principles of management

3.0 Main Content

3.1 Meaning of Principle

A principle refers to a fundamental truth. It establishes cause and effect relationship between two or more variables under given situation. They serve as a guide to thought and actions. Therefore, management principles are the statements of fundamental truth based on logic which provides guidelines for managerial decision making and actions. These principles are derived: -

- a. From observation and analysis i.e. practical experience of managers.
- b. By conducting experimental studies.

3.1. Henry Fayol 14 Principles of Management

The following are the 14 Principles of Management described by Henry Fayol.

1. Division of Labor

- a. Henry Fayol has stressed on the specialization of jobs.
- b. He recommended that work of all kinds must be divided and subdivided and allotted to various persons according to their expertise in a particular area.

- c. Subdivision of work makes it simpler and results in efficiency.
- d. It also helps the individual in acquiring speed, accuracy in his performance.
- e. Specialization leads to efficiency and economy in spheres of business.

2. Party of Authority and Responsibility

- a. Authority and responsibility are co-existing.
- b. If authority is given to a person, he should also be made responsible, for some specific tasks.
- c. In a same way, if anyone is made responsible for any job, he should also be given the authority to enable him discharge the responsibility (i.e. to do the job).
- d. Authority refers to the right of superiors to get exactness from their sub-ordinates whereas responsibility means obligation for the performance of the job assigned.
- e. There should be a balance between the two i.e. they must go hand in hand.
- f. Authority without responsibility leads to irresponsible behavior whereas responsibility without authority makes the person ineffective.

3. Principle of One Boss

- a. A sub-ordinate should receive orders and be accountable to one and only one boss at a time.
- b. In other words, a sub-ordinate should not receive instructions from more than one person because –
 - It undermines authority
 - Weakens discipline
 - Divides loyalty
 - Creates confusion
 - Delays and chaos
 - Escaping responsibilities
 - Duplication of work
 - Overlapping of efforts

And as the saying goes “ a man who serves two masters at a time will certainly love one and hate the other or satisfy one and dissatisfy the other”

- c. Therefore, dual sub-ordination should be avoided unless and until it is absolutely essential.
- d. Unity of command provides the enterprise a disciplined, stable and orderly existence.
- e. It creates harmonious relationship between superiors and sub-ordinates.

4. Unity of Direction

- a. Fayol advocates one head one plan which means that there should be one plan for a group of activities having similar objectives.
- b. Related activities should be grouped together. There should be one plan of action for them and they should be under the charge of a particular manager.
- c. According to this principle, efforts of all the members of the organization should be directed towards common goal.
- d. Without unity of direction, unity of action cannot be achieved.
- e. In fact, unity of command is not possible without unity of direction.

Basis	Unity of command	Unity of direction
Meaning	It implies that a sub-ordinate should receive orders and instructions from only one boss.	It means one head, one plan for a group of activities having similar objectives.
Nature	It is related to the functioning of personnel's.	It is related to the functioning of departments, or organization as a whole.
Necessity	It is necessary for fixing responsibility of each subordinates.	It is necessary for sound organization.
Advantage	It avoids conflicts, confusion and chaos.	It avoids duplication of efforts and wastage of resources.
Result	It leads to better superior sub-ordinate relationship.	It leads to smooth running of the enterprise.

Therefore it is obvious that they are different from each other but they are dependent on each other i.e. unity of direction is a pre-requisite for unity of command. But it does not automatically come from the unity of direction.

5. Equity

- a. Equity means combination of fairness, kindness and justice.
- b. The employees should be treated with kindness and equity if devotion is expected of them.
- c. It implies that managers should be fair and impartial while dealing with the subordinates.
- d. They should give similar treatment to people of similar position.
- e. They should not discriminate with respect to age, caste, sex, religion, relation etc.
- f. Equity is essential to create and maintain cordial relations between the managers and sub-ordinate.
- g. But equity does not mean total absence of harshness.
- h. Fayol was of opinion that, "at times force and harshness might become necessary for the sake of equity".

Order

- a. This principle is concerned with proper and systematic arrangement of things and people.
- b. Arrangement of things is called material order and placement of people is called social order.
- c. Material order- There should be safe, appropriate and specific place for every article and every place to be effectively used for specific activity and commodity.
- d. Social order- Selection and appointment of most suitable person on the suitable job. There should be a specific place for every one and everyone should have a specific place so that they can easily be contacted whenever need arises.

6. Discipline

- a. According to Fayol, “Discipline means sincerity, obedience, respect of authority and observance of rules and regulations of the enterprise”.
- b. This principle implies that subordinate should respect their superiors and obey their order.
- c. It is an important requisite for smooth running of the enterprise.
- d. Discipline is not only required on the path of subordinates but also on the part of management.
- e. Discipline can be enforced if –
 - There are good superiors at all levels.
 - There are clear and fair agreements with workers.
 - Sanctions (punishments) are judiciously applied.

7. Initiative

- a. Workers should be encouraged to take initiative in the work assigned to them.
- b. It means eagerness to initiate actions without being asked to do so.
- c. Fayol advised that management should provide opportunity to its employees to suggest ideas, experiences and new method of work.
- d. It helps in developing an atmosphere of trust and understanding.
- e. People then enjoy working in the organization because it adds to their zeal and energy.
- f. To suggest improvement in formulation and implementation of place.
- g. They can be encouraged with the help of monetary and non-monetary incentives.

8. Fair Remuneration

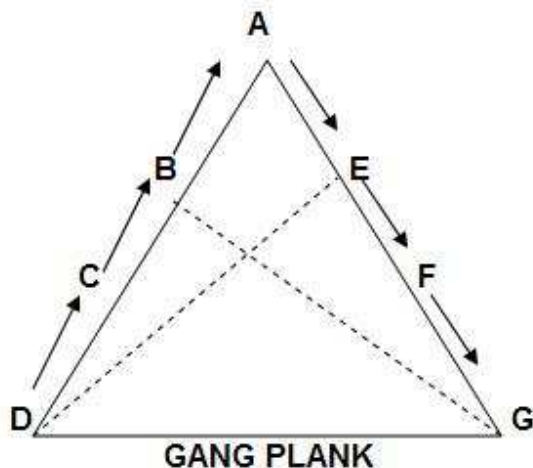
- a. The quantum and method of remuneration to be paid to the workers should be fair, reasonable, satisfactory and rewarding of the efforts.
- b. As far as possible it should accord satisfaction to both employer and the employees.
- c. Wages should be determined on the basis of cost of living, work assigned, financial position of the business, wage rate prevailing etc.
- d. Logical and appropriate wage rates and methods of their payment reduce tension and differences between workers and management creates harmonious relationship and pleasing atmosphere of work.
- e. Fayol also recommended provision of other benefits such as free education, medical and residential facilities to workers.

9. Stability of Tenure

- a. Fayol emphasized that employees should not be moved frequently from one job position to another i.e. the period of service in a job should be fixed.
- b. Therefore employees should be appointed after keeping in view principles of recruitment and selection but once they are appointed their services should be kept unless there is any serious problem against the policy of the organization.
- c. According to Fayol. "Time is required for an employee to get used to a new work and succeed to doing it well but if he is removed before that he will not be able to render worthwhile services".
- d. As a result, the time, effort and money spent on training the worker will go waste.
- e. Stability of job creates team spirit and a sense of belongingness among workers which ultimately increases the quality as well as quantity of work.

10. Scalar Chain

- a. Fayol defines scalar chain as 'The chain of superiors ranging from the ultimate authority to the lowest'.
- b. Every orders, instructions, messages, requests, explanation etc. has to pass through Scalar chain.
- c. But, for the sake of convenience and urgency, this path can be cut short and this short cut is known as Gang Plank.
- d. A Gang Plank is a temporary arrangement between two different points to facilitate quick and easy communication as explained below:



In the figure given, if D has to communicate with G he will first send the communication upwards with the help of C, B to A and then downwards with the help of E and F to G which will take quite some time and by that time, it may not be worth-while therefore a gang plank has been developed between the two.

- e. Gang Plank clarifies that management principles are not rigid rather they are very flexible. They can be moulded and modified as per the requirements of situations

11. Sub-Ordination of Individual Interest to General Interest

- a. An organization is much bigger than the individual it constitutes therefore interest of the undertaking should prevail in all circumstances.

- b. As far as possible, reconciliation should be achieved between individual and group interests.
- c. But in case of conflict, individual must sacrifice for bigger interests.
- d. In order to achieve this attitude, it is essential that –
 - Employees should be honest and sincere.
 - Proper and regular supervision of work.
 - Reconciliation of mutual differences and clashes by mutual agreement. For example, for change of location of plant, for change of profit sharing ratio, etc.

12. Espirit De' Corps (can be achieved through unity of command)

- a. It refers to team spirit i.e. harmony in the work groups and mutual understanding among the members.
- b. Spirit De' Corps inspires workers to work harder.
- c. Fayol cautioned the managers against dividing the employees into competing groups because it might damage the moral of the workers and interest of the undertaking in the long run.
- d. To inculcate Espirit De' Corps following steps should be undertaken –
 - There should be proper co-ordination of work at all levels
 - Subordinates should be encouraged to develop informal relations among themselves.
 - Efforts should be made to create enthusiasm and keenness among subordinates so that they can work to the maximum ability.
 - Efficient employees should be rewarded and those who are not up to the mark should be given a chance to improve their performance.
 - Subordinates should be made conscious of that whatever they are doing is of great importance to the business and society.
- e. He also cautioned against the use of British pattern of communication to the subordinates i.e. face to face communication should be developed. The managers should infuse team spirit and belongingness. There should be no place for misunderstanding. People then enjoy working in the organization and offer their best towards the organization.

13. Centralization and De-Centralization

- a. Centralization means concentration of authority at the top level. In other words, centralization is a situation in which top management retains most of the decision making authority.
- b. Decentralization means disposal of decision making authority to all the levels of the organization. In other words, sharing authority downwards is decentralization.
- c. According to Fayol, “Degree of centralization or decentralization depends on no. of factors like size of business, experience of superiors, dependability and ability of subordinates etc.
- d. Anything which increases the role of subordinate is decentralization and anything which decreases it is centralization.
- e. Fayol suggested that absolute centralization or decentralization is not feasible. An organization should strike to achieve a lot between the two.

3.2 Features of Principles of Management

1. Principles of Management are *Universal*
 - a. Management principles are applicable to all kinds of organizations – business and non business.
 - b. They are applicable to all levels of management
 - c. Every organization must make best possible use by the use of management principles.
 - d. Therefore, they are universal or all pervasive.
2. Principles of Management are *Flexible*
 - a. Management principles are dynamic guidelines and not static rules.
 - b. There is sufficient room for managerial discretion i.e. they can be modified as per the requirements of the situation.
 - c. Modification and improvement is a continuous phenomenon in case of principles of management.
3. Principles of Management have a *Cause and Effect Relationship*
 - a. Principles of management indicate cause and effect relationship between related variables.
 - b. They indicate what will be the consequence or result of certain actions. Therefore, if one is known, the other can be traced.
4. Principles of Management - *Aims at Influencing Human Behavior*
 - a. Human behavior is complex and unpredictable.
 - b. Management principles are directed towards regulating human behavior so that people can give their best to the organization.
 - c. Management is concerned with integrating efforts and harmonizing them towards a goal.
 - d. But in certain situations even these principles fail to understand human behavior.
5. Principles of Management are of *Equal Importance*
 - a. All management principles are equally important.
 - b. No particular principle has greater importance than the other.
 - c. They are all required together for the achievement of organizational goals.

3.3 Importance of Management Principles

Following are the main importance of the Principles of Management.

1. Improves Understanding – From the knowledge of principles managers get indication on how to manage an organization. The principles enable managers to decide what should be done to accomplish given tasks and to handle situations which may arise in management. These principles make managers more efficient.
2. Direction for Training of Managers – Principles of management provide understanding of management process what managers would do to accomplish what. Thus, these are helpful

in identifying the areas of management in which existing and future managers should be trained.

3. Role of Management – Management principles makes the role of managers concrete. Therefore these principles act as ready reference to the managers to check whether their decisions are appropriate. Besides these principles define managerial activities in practical terms. They tell what a manager is expected to do in specific situation.
4. Guide to Research in Management – The body of management principles indicate lines along which research should be undertaken to make management practical and more effective. The principles guide managers in decision making and action. The researchers can examine whether the guidelines are useful or not. Anything which makes management research more exact and pointed will help improve management practice.

4.0 Summary

The second unit discussed the principles that form the foundation of management. Henry Fayol generated 14 of such principles which include: division of labour, unity of direction, unity of command, equity, order, discipline, initiative, scalar chain among others. Each of these was fully explained in the unit. The features of the principles which include its being universal, flexibility, cause and effect relationship and influencing human behavior were identified.. knowing these principles are considered to be important because it improves understanding, gives direction for training of managers and also guides research in management.

5.0 Conclusion

A principle refers to a fundamental truth that establishes cause and effect relationship between two or more variables under given situations. Hence, management principles are statements of fundamental truth which guide management in decision making and should be imbibed by managers to be successful.

6.0 Tutor Marked Assignment

Identify and discuss the principles of management as proposed by Henry Fayol.

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Unit 3 – Principles of Scientific Management II

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment

- 7.0 References/Further Readings

1.0 Introduction

This unit examines the contribution of one of the fathers of management most especially the Scientific Management as demonstrated by F. W. Taylor.

Fredrick Winslow Taylor (March 20, 1856 - March 21, 1915) commonly known as 'Father of Scientific Management' started his career as an operator and rose to the position of chief engineer. He conducted various experiments during this process which forms the basis of scientific management. It implies application of scientific principles for studying and identifying management problems.

According to Taylor, "Scientific Management is an art of knowing exactly what you want your men to do and seeing that they do it in the best and cheapest way". In Taylor's view, if a work is analysed scientifically it will be possible to find *one best way* to do it.

Hence scientific management is a thoughtful, organized, dual approach towards the job of management against hit or miss or Rule of Thumb.

According to *Drucker*, "The cost of scientific management is the organized study of work, the analysis of work into simplest element and systematic management of worker's performance of each element".

2.0 Objectives

At the end of this unit, learners will:

- Understand the principles of scientific management
- Discuss and apply the techniques of scientific management in their work
- Do a constructive criticism of the work of W. F. Taylor
- Compare the works of Henry Fayol and W. F. Taylor

3.0 Main content

3.1 Principles of Scientific Management

According to Hill, Charles W. L., the principles of Scientific Management as enumerated by Taylor are as follows;

1. Development of Science for each part of men's job (replacement of rule of thumb)
 - a. This principle suggests that work assigned to any employee should be observed, analyzed with respect to each and every element and part and time involved in it.
 - b. This means replacement of odd rule of thumb by the use of method of enquiry, investigation, data collection, analysis and framing of rules.
 - c. Under scientific management, decisions are made on the basis of facts and by the application of scientific decisions.
2. Scientific Selection, Training and Development of Workers
 - a. There should be scientifically designed procedure for the selection of workers.
 - b. Physical, mental and other requirements should be specified for each and every job.
 - c. Workers should be selected and trained to make them fit for the job.
 - d. The management has to provide opportunities for development of workers having better capabilities.
 - e. According to Taylor efforts should be made to develop each employee to his greatest level and efficiency and prosperity.
3. Co-operation between Management and workers or Harmony not discord
 - a. Taylor believed in co-operation and not individualism.
 - b. It is only through co-operation that the goals of the enterprise can be achieved efficiently.
 - c. There should be no conflict between managers and workers.
 - d. Taylor believed that interest of employer and employees should be fully harmonized so as to secure mutually understanding relations between them.
4. Division of Responsibility
 - a. This principle determines the concrete nature of roles to be played by different level of managers and workers.
 - b. The management should assume the responsibility of planning the work whereas workers should be concerned with execution of task.
 - c. Thus planning is to be separated from execution.
5. Mental Revolution
 - a. The workers and managers should have a complete change of outlook towards their mutual relation and work effort.
 - b. It requires that management should create suitable working condition and solve all problems scientifically.
 - c. Similarly workers should attend their jobs with utmost attention, devotion and carefulness. They should not waste the resources of enterprise.
 - d. Handsome remuneration should be provided to workers to boost up their moral.
 - e. It will create a sense of belongingness among worker.
 - f. They will be disciplined, loyal and sincere in fulfilling the task assigned to them.
 - g. There will be more production and economical growth at a faster rate.
6. Maximum Prosperity for Employer and Employees

- a. The aim of scientific management is to see maximum prosperity for employer and employees.
- b. It is important only when there is opportunity for each worker to attain his highest efficiency.
- c. Maximum output and optimum utilization of resources will bring higher profits for the employer and better wages for the workers.
- d. There should be maximum output in place of restricted output.
- e. Both managers and workers should be paid handsomely.

3.2 Techniques of Scientific Management

1. Time Study

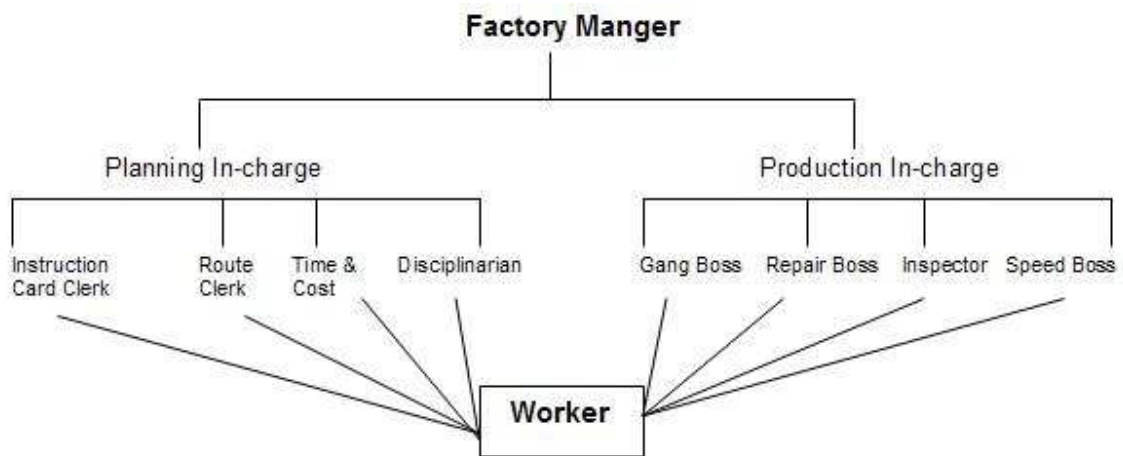
- a. It is a technique which enables the manager to ascertain standard time taken for performing a specified job.
- b. Every job or every part of it is studied in detail.
- c. This technique is based on the study of an average worker having reasonable skill and ability.
- d. Average worker is selected and assigned the job and then with the help of a stop watch, time is ascertained for performing that particular job.
- e. Taylor maintained that Fair day's work should be determined through observations, experiment and analysis by keeping in view an average worker.

$$\text{Standard Time} \times \text{Working Hours} = \text{Fair Day's Work}$$

2. Motion Study

- a. In this study, movement of body and limbs required to perform a job are closely observed.
- b. In other words, it refers to the study of movement of an operator on machine involved in a particular task.
- c. The purpose of motion study is to eliminate useless motions and determine the best way of doing the job.
- d. By undertaking motion study an attempt is made to know whether some elements of a job can be eliminated combined or their sequence can be changed to achieve necessary rhythm.
- e. Motion study increases the efficiency and productivity of workers by cutting down all wasteful motions.

3. Functional Foremanship



- a. Taylor advocated functional foremanship for achieving ultimate specification.
- b. This technique was developed to improve the quality of work as single supervisor may not be an expert in all the aspects of the work.
- c. Therefore workers are to be supervised by specialist foreman.
- d. The scheme of functional foremanship is an extension of principle of specialization at the supervisory level.
- e. Taylor advocated appointment of 8 foremen, 4 at the planning level and other 4 at implementation level.
- f. The names and function of these specialist foremen are: -
 - Instruction card clerk concerned with tagging down of instructions according to which workers are required to perform their job
 - Time and cost clerk is concerned with setting a time table for doing a job and specifying the material and labor cost involved in it.
 - Route clerk determines the route through which raw materials has to be passed.
 - Shop Disciplinarians are concerned with making rules and regulations to ensure discipline in the organization.
 - Gang boss makes the arrangement of workers, machines, tools, workers etc.
 - Speed boss concerned with maintaining the speed and to remove delays in the production process.
 - Repair boss concerned with maintenance of machine, tools and equipments.
 - Inspector is concerned with maintaining the quality of product.

4. Standardization

- a. It implies the physical attitude of products should be such that it meets the requirements and needs of customers.
- b. Taylor advocated that tools and equipments as well as working conditions should be standardized to achieve standard output from workers.
- c. Standardization is a means of achieving economics of production.
- d. It seeks to ensure that:

- The line of product is restricted to predetermined type, form, design, size, weight, quality, etc .
- There is manufacture of identical parts and components.
- Quality and standards have been maintained.
- Standard of performance are established for workers at all levels.

5. Differential Piece Wage Plan

- a. This tech of wage payment is based on efficiency of worker.
- b. The efficient workers are paid more wages than inefficient one.
- c. On the other hand, those workers who produce less than standard no. of pieces are paid wages at lower rate than prevailing rate i.e. worker is penalized for his inefficiency.
- d. This system is a source of incentive to workers to improve their efficiency in order to get more wages.
- e. It also encourages inefficient workers to improve their performance and achieve their standards.
- f. It leads to mass production which minimizes cost and maximizes profits.

6. Other Techniques

- a. Various other techniques have been developed to create orderly relationship between management and workers and also to create better understanding on part of works.
- b. Those include use of instruction cards, strict rules and regulations, graphs, slides, charts etc, so as to increase efficiency of workers.

3.3 Criticism of Scientific Management

In the view of Angelo Kinicki and Brian K. Williams, ‘although it is accepted that the scientific management enables the management to put resources to its best possible use and manner, yet it has not been spared of severe criticism’.

Workers Viewpoint

1. Unemployment – Workers feel that management reduces employment opportunities from them through replacement of men by machines and by increasing human productivity less workers are needed to do work leading to chucking out from their jobs.
2. Exploitation – Workers feel they are exploited as they are not given due share in increasing profits which is due to their increased productivity. Wages do not rise in proportion as rise in production. Wage payment creates uncertainty and insecurity (beyond a standard output, there is no increase in wage rate).
3. Monotony – Due to excessive specialization the workers are not able to take initiative on their own. Their status is reduced to being mere cogs in wheel. Jobs become dull. Workers loose interest in jobs and derive little pleasure from work.
4. Weakening of Trade Union – Everything is fixed and predetermined by management. So it leaves no room for trade unions to bargain as everything is standardized, standard output, standard working conditions, standard time etc. This further weakens trade unions, creates a rift between efficient and in efficient workers according to their wages.
5. Over speeding – the scientific management lays standard output, time so they have to rush up and finish the work in time. These have adverse effect on health of workers. The workers speed

up to that standard output, so scientific management drives the workers to rush towards output and finish work in standard time.

Employer's Viewpoint

1. Expensive – Scientific management is a costly system and a huge investment is required in establishment of planning dept., standardization, work study, training of workers. It may be beyond reach of small firms. Heavy fixed investment leads to increase in overhead costs.
2. Time Consuming – Scientific management requires mental revision and complete reorganizing of organization. A lot of time is required for work, study, standardization and specialization. During this overhauling of organization, the work suffers.
3. Deterioration of Quality

3.4 Study of Fayol and Taylor

Both persons have contributed to development of science of management. The contribution of these two pioneers in the field of science of management has been reviewed as “The work of Taylor and Fayol was, of course, especially complementary. They both realized that problem of personnel and its management at all levels is the key to individual success. Both applied scientific method to this problem that Taylor worked primarily from operative level, from bottom to upward, while Fayol concentrated on managing director and work downwards, was merely a reflection of their very different careers”. They both differ from each other in following aspects: -

1. Taylor looked at management from supervisory viewpoint and tried to improve efficiency at operating level. He moved upwards while formulating theory. On the other hand, Fayol analyzed management from level of top management downward. Thus, Fayol could afford a broader vision than Taylor.
2. Taylor called his philosophy “Scientific Management” while Fayol described his approach as “A general theory of administration”.
3. Main aim of Taylor – to improve labor productivity and to eliminate all type of waste through standardization of work and tools. Fayol attempted to develop a universal theory of management and stressed upon need for teaching the theory of management.
4. Taylor focused his attention on fact by management and his principles are applicable on shop floor. But Fayol concentrated on function of managers and on general principles of management which could be equally applied in all.

Similarity - Both emphasized mutual co-operation between employment and employees.

Spheres of Human Activity

Fayol's theory is more widely applicable than that of Taylor, although Taylor's philosophy has undergone a big change under the influence of modern development, but Fayol's principles of management have stood the test of time and are still being accepted as the core of management theory.

Psychologists View Point

According to Psychologists, Taylor's study had the following drawbacks: -

1. Ignores human factors - Considers them as machines. Ignores human requirements, want and aspirations.
2. Separation of Planning and Doing.
3. Dissatisfaction - Comparing performance with others.
4. No best way - Scientific management does not give one best way for solving problems.

Basis	Taylor	Fayol
Human aspect	Taylor disregards human elements and there is more stress on improving men, materials and methods	Fayol pays due regards on human element. E.g. Principle of initiative, Esprit De' Corps and Equity recognizes a need for human relations
Status	Father of scientific management	Father of management principles
Efficiency and administration	Stressed on efficiency	Stressed on general administration
Approach	It has micro-approach because it is restricted to factory only	It has macro-approach and discusses general principles of management which are applicable in every field of management.
Scope of principles	These principles are restricted to production activities	These are applicable in all kinds of organization regarding their management affairs
Achievement	Scientific management	Administrative management

4.0 Summary

In this unit, the principles of scientific management were examined. These principles include: development of science for each part of men's job, scientific selection, training and development of workers, division of responsibility, mental revolution, maximum prosperity for employer and employees. It also examined the techniques of scientific management to include: time and motion study, functional foremanship, standardization, differential piece wage plan among others. A critique of the scientific management from the viewpoint of employees and employers was also given in addition to a comparison of the contributions of Fredrick Taylor and Henry Fayol.

5.0 Conclusion

The scientific management gives a thoughtful, organized dual approach towards the job of management as against hit or miss or Rule of Thumb approach. This therefore enables management to put resources to its best possible use.

6.0 Tutor Marked Assignment

- i. Discuss the principles and techniques of scientific management as proposed by W. F. Taylor.
- ii. Critically examine the scientific management from both the employer and employees viewpoints.

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Unit 4 Management Process – Functions I (Planning)

CONTENTS

- 1.0 Introduction
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- 3.0 Main Content
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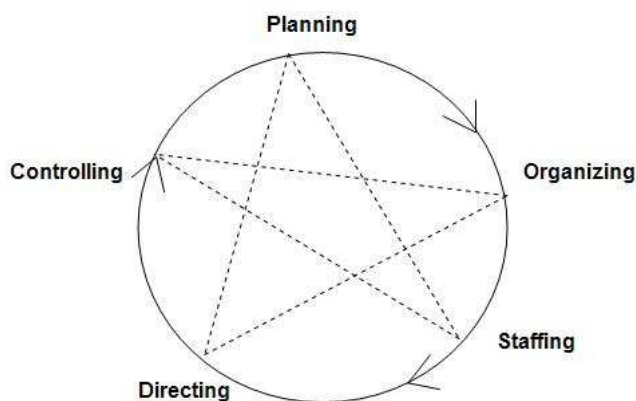
- 7.0 References/Further Readings

1.0 Introduction

Management has been described as a social process involving responsibility for economical and effective planning and regulation of operation of an enterprise in the fulfillment of given purposes. It is a dynamic process consisting of various elements and activities. These activities are different from operative functions like marketing, finance, purchase etc. Rather these activities are common to each and every manager irrespective of his level or status.

Different experts have classified functions of management. According to *George and Jerry*, “There are four fundamental functions of management i.e. planning, organizing, actuating and controlling”. According to Henry Fayol, “To manage is to forecast and plan, to organize, to command, and to control”. Whereas Luther Gullick has given a keyword ‘POSDCORB’ where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting and B for Budgeting. But the most widely accepted are functions of management given by KOONTZ and O’DONNEL i.e. Planning, Organizing, Staffing, Directing and Controlling.

For theoretical purposes, it may be convenient to separate the function of management but practically these functions are overlapping in nature i.e. they are highly inseparable. Each function blends into the other and each affects the performance of others.



This unit will focus on Planning Function of Management

2.0 Objectives

At the end of this unit, learners will be able to:

- Define and appreciate the ingredients of of planning
- Identify the steps involved in effective planning
- Define the characteristics of Planning
- Enumerate the advantages and disadvantages of planning
- External factors that hinder effective planning

3.0 Main content

3.1 What is planning?

It is the basic function of management. It deals with charting out a future course of action and deciding in advance the most appropriate course of actions for achievement of pre-determined goals. It is a preparatory step. It is a systematic activity which determines when, how and who is going to perform a specific job. Planning is a detailed programme regarding future courses of action. According to Koontz and O'Donell, "Planning is deciding in advance – what to do, when to do and how to do. It bridges the gap from where we are and where we want to be. It makes possible things to occur which would not otherwise occur It makes possible things to occur which would not otherwise occur". According to Urwick, "Planning is a mental predisposition to do things in orderly way, to think before acting and to act in the light of facts rather than guesses". Planning is deciding best alternative among others to perform different managerial functions in order to achieve predetermined goals. A plan is a future course of actions. It is an exercise in problem solving and decision making. Planning is determination of courses of action to achieve desired goals. Thus, planning is a systematic thinking about ways and means for accomplishment of pre-determined goals. Planning is necessary to ensure proper utilization of human and non-human resources. It is all pervasive, it is an intellectual activity and it also helps in avoiding confusion, uncertainties, risks, wastages etc. Therefore planning takes into consideration available and prospective human and physical resources of the organization so as to get effective co-ordination, contribution and perfect adjustment. It is the basic management function which includes formulation of one or more detailed plans to achieve optimum balance of needs or demands with the available resources.

3.2 Steps in Planning Function

Planning function of management involves the following steps:-

1. Establishment of objectives
 - a. Planning requires a systematic approach.
 - b. Planning starts with the setting of goals and objectives to be achieved.
 - c. Objectives provide a rationale for undertaking various activities as well as indicate direction of efforts.
 - d. Moreover objectives focus the attention of managers on the end results to be achieved.

- e. As a matter of fact, objectives provide nucleus to the planning process. Therefore, objectives should be stated in a clear, precise and unambiguous language. Otherwise the activities undertaken are bound to be ineffective.
- f. As far as possible, objectives should be stated in quantitative terms. For example, Number of men working, wages given, units produced, etc. But such an objective cannot be stated in quantitative terms like performance of quality control manager, effectiveness of personnel manager.
- g. Such goals should be specified in qualitative terms.
- h. Hence objectives should be practical, acceptable, workable and achievable.

In other words, general management expects every objective to be “SMART”. That is to say, an objective must be Specific, Measurable, Achievable, Relevant and Time-framed.

2. Establishment of Planning Premises

- a. Planning premises are the assumptions about the likely shape of events in future.
 - b. They serve as a basis of planning.
 - c. Establishment of planning premises is concerned with determining where one tends to deviate from the actual plans and causes of such deviations.
 - d. It is to find out what obstacles are there in the way of business during the course of operations.
 - e. Establishment of planning premises is concerned with taking such steps that avoids these obstacles to a great extent.
 - f. Planning premises may be internal or external. Internal includes capital investment policy, management labour relations, philosophy of management, etc. Whereas external includes socio- economic, political and economical changes.
 - g. Internal premises are controllable whereas external are non- controllable.
3. Choice of alternative course of action
- a. When forecast are available and premises are established, a number of alternative course of actions have to be considered.
 - b. For this purpose, each and every alternative will be evaluated by weighing its pros and cons in the light of resources available and requirements of the organization.
 - c. The merits, demerits as well as the consequences of each alternative must be examined before the choice is being made.
 - d. After objective and scientific evaluation, the best alternative is chosen.
 - e. The planners should take help of various quantitative techniques to judge the stability of an alternative.
4. Formulation of derivative plans
- a. Derivative plans are the sub plans or secondary plans which help in the achievement of main plan.
 - b. Secondary plans will flow from the basic plan. These are meant to support and expedite the achievement of basic plans.
 - c. These detail plans include policies, procedures, rules, programmes, budgets, schedules, etc. For example, if profit maximization is the main aim of the enterprise, derivative plans will include sales maximization, production maximization, and cost minimization.

- d. Derivative plans indicate time schedule and sequence of accomplishing various tasks.
5. Securing Co-operation
- a. After the plans have been determined, it is necessary rather advisable to take subordinates or those who have to implement these plans into confidence.
 - b. The purposes behind taking them into confidence are :-
 - i. Subordinates may feel motivated since they are involved in decision making process.
 - ii. The organization may be able to get valuable suggestions and improvement in formulation as well as implementation of plans.
 - iii. Also the employees will be more interested in the execution of these plans.
6. Follow up/Appraisal of plans
- a. After choosing a particular course of action, it is put into action.
 - b. After the selected plan is implemented, it is important to appraise its effectiveness.
 - c. This is done on the basis of feedback or information received from departments or persons concerned.
 - d. This enables the management to correct deviations or modify the plan.
 - e. This step establishes a link between planning and controlling function.
 - f. The follow up must go side by side with the implementation of plans so that in the light of observations made, future plans can be made more realistic.

3.3 Characteristics of Planning

1. Planning is goal-oriented.
 - a. Planning is made to achieve desired objective of business.
 - b. The goals established should be generally accepted otherwise individual efforts and energies will go misguided and misdirected.
 - c. Planning identifies the action that would lead to desired goals quickly and economically.
 - d. It provides sense of direction to various activities. E.g. Elizade is trying to capture once again Nigerian Car Market by launching diesel models.
2. Planning is looking ahead.
 - a. Planning is done for future.
 - b. It requires peeping into the future, analyzing it and predicting it.
 - c. Thus planning is based on forecasting.
 - d. A plan is a synthesis of forecast.
 - e. It is a mental predisposition for things to happen in future.
3. Planning is an intellectual process.
 - a. Planning is a mental exercise involving creative thinking, sound judgment and imagination.
 - b. It is not a mere guesswork but a rotational thinking.
 - c. A manager can prepare sound plans only if he has sound judgment, foresight and imagination.
 - d. Planning is always based on goals, facts and considered estimates.
4. Planning involves choice and decision making.

- a. Planning essentially involves choice among various alternatives.
 - b. Therefore, if there is only one possible course of action, there is no need planning because there is no choice.
 - c. Thus, decision making is an integral part of planning.
 - d. A manager is surrounded by no. of alternatives. He has to pick the best depending upon requirements and resources of the enterprises.
5. Planning is the primary function of management / Primacy of Planning.
- a. Planning lays foundation for other functions of management.
 - b. It serves as a guide for organizing, staffing, directing and controlling.
 - c. All the functions of management are performed within the framework of plans laid out.
 - d. Therefore planning is the basic or fundamental function of management.
6. Planning is a Continuous Process.
- a. Planning is a never-ending function due to the dynamic business environment.
 - b. Plans are also prepared for specific period of time and at the end of that period, plans are subjected to revaluation and review in the light of new requirements and changing conditions.
 - c. Planning never comes to an end so long as the enterprise remains in existence. Day by day, new problems crop up demanding revision of the current plan.
7. Planning is all Pervasive.
- a. It is required at all levels of management and in all departments of enterprise.
 - b. Of course, the scope of planning may differ from one level to another.
 - c. The top level may be more concerned about planning the organization as a whole whereas the middle level may be more specific in departmental plans and the lower level plans implementation of the same.
8. Planning is designed for efficiency.
- a. Planning leads to accomplishment of objectives at the minimum possible cost.
 - b. It prevents wastage of resources and ensures adequate and optimum utilization of resources.
 - c. A plan is worthless or useless if it does not value the cost incurred on it.
 - d. Therefore planning must lead to saving of time, effort and money.
 - e. Planning leads to proper utilization of men, money, materials, methods and machines.
9. Planning is Flexible.
- a. Planning is done for the future.
 - b. Since future is unpredictable, planning must provide enough room to cope with the changes in customer's demand, competition, govt. policies etc.
 - c. Under changed circumstances, the original plan of action must be revised and updated to take care of the altered conditions.

3.4 Advantages of Planning

1. Planning facilitates management by objectives.
 - a. Planning begins with determination of objectives.
 - b. It highlights the purposes for which various activities are to be undertaken.
 - c. In fact, it makes objectives more clear and specific.
 - d. Planning helps in focusing the attention of employees on the objectives or goals of enterprise.

- e. Without planning an organization has no guide.
 - f. Planning compels manager to prepare a Blue-print of the courses of action to be followed for accomplishment of objectives.
 - g. Therefore, planning brings order and rationality into the organization.
2. Planning minimizes uncertainties.
 - a. Business is full of uncertainties.
 - b. There are risks of various types due to uncertainties.
 - c. Planning helps in reducing uncertainties of future as it involves anticipation of future events.
 - d. Although future cannot be predicted with accuracy, planning helps management to anticipate future and prepare for risks by making necessary provisions to meet unexpected turn of events.
 - e. Therefore with the help of planning, uncertainties can be forecast which helps in preparing standbys as a result, uncertainties are minimized to a great extent.
 3. Planning facilitates co-ordination.
 - a. Planning revolves around organizational goals.
 - b. All activities are directed towards common goals.
 - c. There is an integrated effort throughout the enterprise in various departments and groups.
 - d. It avoids duplication of efforts. In other words, it leads to better co-ordination.
 - e. It helps in finding out problems of work performance and aims at rectifying the same.
 4. Planning improves employee's moral.
 - a. Planning creates an atmosphere of order and discipline in organization.
 - b. Employees know in advance what is expected of them and therefore conformity can be achieved easily.
 - c. This encourages employees to do their best and also earn reward for the same.
 - d. Planning creates a healthy attitude towards work environment which helps in boosting employees moral and efficiency.
 5. Planning helps in achieving economies.
 - a. Effective planning secures economy since it leads to orderly allocation of resources to various operations.
 - b. It also facilitates optimum utilization of resources which brings economy in operations.
 - c. It also prevents wastage of resources by selecting most appropriate use that will contribute to the objective of enterprise. For example, raw materials can be purchased in bulk and transportation cost can be minimized. At the same time it ensures regular supply for the production department, that is, overall efficiency.
 6. Planning facilitates controlling.
 - a. Planning facilitates existence of certain planned goals and standard of performance.
 - b. It provides basis of controlling.
 - c. We cannot think of an effective system of controlling without existence of well thought out plans.
 - d. Planning provides pre-determined goals against which actual performance is compared.
 - e. In fact, planning and controlling are two sides of the same coin. If planning is root, controlling is the fruit.
 7. Planning provides competitive edge.

- a. Planning provides competitive edge to the enterprise over the others which do not have effective planning. This is because of the fact that planning may involve changing in work methods, quality, quantity designs, extension of work, redefining of goals, etc.
 - b. With the help of forecasting not only the enterprise secures its future but at the same time it is able to estimate the future motives of its competitor which helps in facing future challenges.
 - c. Therefore, planning leads to best utilization of possible resources, improves quality of production and thus the competitive strength of the enterprise is improved.
8. Planning encourages innovations.
- a. In the process of planning, managers have the opportunities of suggesting ways and means of improving performance.
 - b. Planning is basically a decision making function which involves creative thinking and imagination that ultimately leads to innovation of methods and operations for growth and prosperity of the enterprise.

3.5 Disadvantages of Planning

3.5.1 Internal Limitations

There are several limitations of planning. Some of them are inherent in the process of planning like rigidity and others arise from the shortcomings of the techniques of planning and in the planners themselves.

1. Rigidity
 - a. Planning has the tendency to make administration inflexible.
 - b. Planning implies prior determination of policies, procedures and programmes and a strict adherence to them in all circumstances.
 - c. There is no scope for individual freedom, and application initiative.
 - d. The development of employees is highly doubted because of which management might have faced lot of difficulties in future.
 - e. Planning therefore introduces inelasticity and discourages individual initiative and experimentation.
2. Misdirected Planning
 - a. Planning may be used to serve individual interests rather than the interest of the enterprise.
 - b. Attempts can be made to influence setting of objectives, formulation of plans and programmes to suit one's own requirement rather than that of the whole organization.
 - c. Machinery of planning can never be free of bias. Every planner has his own likes, dislikes, preferences, attitudes and interests which is reflected in planning.
3. Time consuming
 - a. Planning is a time consuming process because it involves collection of information, its analysis and interpretation thereof. This entire process takes a lot of time especially where there are a number of alternatives available.
 - b. Therefore planning is not suitable during emergency or crisis when quick decisions are required.
4. Probability in planning
 - a. Planning is based on forecasts which are mere estimates about future.

- b. These estimates may lack accuracy due to the uncertainty of the future.
 - c. Any change in the anticipated situation may render plans ineffective.
 - d. Plans do not always reflect real situations inspite of the sophisticated techniques of forecasting because future is unpredictable.
 - e. Thus, excessive reliance on plans may prove to be fatal.
5. False sense of security
- a. Elaborate planning may create a false sense of security to the effect that everything is taken for granted.
 - b. Managers assume that as long as they work as per plans, it is satisfactory.
 - c. Therefore they fail to take up timely actions and an opportunity is lost.
 - d. Employees are more concerned about fulfillment of plan performance rather than any kind of change.
6. Expensive
- a. Collection, analysis and evaluation of different information, facts and alternatives involves a lot of expense in terms of time, effort and money
 - b. According to Koontz and O'Donnell, ' Expenses on planning should never exceed the estimated benefits from planning. '

3.5.2 External Limitations of Planning

1. Political Climate- Change of government from Congress to some other political party, etc.
2. Labour Union- Strikes, lockouts, agitations.
3. Technological changes- Modern techniques and equipments, computerization.
4. Policies of competitors- e.g. Policies of Coca Cola and Pepsi.
5. Natural Calamities- Earthquakes and floods.
6. Changes in demand and prices- Change in fashion, change in tastes, change in income level, demand falls, price falls, etc.

4.0 Summary

We were able to understand the meaning and essence of planning so far in this unit. It dwelt on the meaning of planning and the steps that facilitate effective planning such as establishment of objectives, planning premises, choice of alternative course of action, formulation of derivative plans, securing cooperation and follow up/appraisal plans. It also reviewed the characteristics of planning, advantages and limitations.

5.0 Conclusions

From this unit it can be concluded that planning is the basic function of management that focuses on charting a future course of action and deciding the most appropriate course of action needed to achieve pre-determined goals. It therefore requires a systematic thinking about ways and means for accomplishing pre-determined goals. It is key to ensuring proper utilization of human and non human resources to avoid confusion, unnecessary risks and wastages.

6.0 Tutor Marked Assignment

- i. Discuss the planning function of management based on meaning, steps and characteristics.
- ii. State the benefits of effective planning and limitations (if any).

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Unit 5 Management Process – Functions II - Organizing

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- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
- 4.0 Conclusion
- 5.0 Summary
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- 7.0 References/Further Readings

1.0 Introduction

In this unit, we shall be discussing the organizing function of management. We shall explore the meaning, importance and principles of organizing. The unit will further explain what is meant by span of control, formal and informal organization and end with the advantages and disadvantages of organizing.

2.0 Objectives

At the end of this unit, learners will be able to:

- Explain the meaning of organizing
- Appreciate the importance, advantages and disadvantages of organizing
- List and explain the principles of organizing
- Distinguish between formal and informal organization
- Know the meaning and determinants of span of control

3.0 Main Content

1.1 What is Organizing?

Organizing is the function of management which follows planning. It is a function in which the synchronization and combination of human, physical and financial resources takes place. It develops productive relationship amongst them for achievement of organizational goals. All the three resources are important to get results. Therefore, organizational function helps in achievement of results which in fact is important for the functioning of a concern. According to G. R. Jones, “Organizing is a function by which the concern is able to define the role positions, the jobs related and the co- ordination between authority and responsibility. Hence, a manager always has to organize in order to get results. According to McShane, S, et al “To organize a business is to provide it with everything useful or its functioning i.e. raw material, tools, capital and personnel.

3.2 Steps in Organizing

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

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

3.3 Importance of Organizing Function

1. Specialization - Organizational structure is a network of relationships in which the work is divided into units and departments. This division of work is helping in bringing specialization in various activities of concern.
2. Well defined jobs - Organizational structure helps in putting right men on right job which can be done by selecting people for various departments according to their qualifications, skill and experience. This is helping in defining the jobs properly which clarifies the role of every person.
3. Clarifies authority - Organizational structure helps in clarifying the role positions to every manager (status quo). This can be done by clarifying the powers to every manager and the way he has to exercise those powers should be clarified so that misuse of powers does not take place. Well defined jobs and responsibilities attached helps in bringing efficiency into managers working. This helps in increasing productivity.
4. Co-ordination - Organization is a means of creating co- ordination among different departments of the enterprise. It creates clear cut relationships among positions and ensures mutual co- operation among individuals. Harmony of work is brought by higher level managers exercising their authority over interconnected activities of lower level manager.

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

5. Effective administration – The organization structure is helpful in defining the jobs positions. The roles to be performed by different managers are clarified. Specialization is achieved through division of work. This all leads to efficient and effective administration.
6. Growth and diversification - A company’s growth is totally dependant on how efficiently and smoothly a concern works. Efficiency can be brought about by clarifying the role positions to the managers, co-ordination between authority and responsibility and concentrating on specialization. In addition to this, a company can diversify if its potential grows. This is possible only when the organization structure is well- defined. This is possible through a set of formal structure.
7. Sense of security - Organizational structure clarifies the job positions. The roles assigned to every manager are clear. Co- ordination is possible. Therefore, clarity of powers helps automatically in increasing mental satisfaction and thereby a sense of security in a concern. This is very important for job- satisfaction.
8. Scope for new changes - Where the roles and activities to be performed are clear and every person gets independence in his working, this provides enough space to a manager to develop his talents and flourish his knowledge. A manager gets ready for taking independent decisions which can be a road or path to adoption of new techniques of production. This scope for bringing new changes into the running of an enterprise is possible only through a set of organizational structure.

3.4 Principles of Organizing

According to Goodman, J. M. Pennings, et al “the organizing process can be done efficiently if the managers have certain guidelines so that they can take decisions and can act. To organize in an effective manner, the following principles of organization can be used by a manager”.

a. Principle of Specialization

According to the principle, the whole work of a concern should be divided amongst the subordinates on the basis of qualifications, abilities and skills. It is through division of work specialization can be achieved which results in effective organization.

b. Principle of Functional Definition

According to this principle, all the functions in a concern should be completely and clearly defined to the managers and subordinates. This can be done by clearly defining the duties, responsibilities, authority and relationships of people towards each other. A clarification in authority- responsibility relationships helps in achieving co- ordination and thereby organization can take place effectively. For example, the primary functions of production, marketing and finance and the authority responsibility relationships in these departments should be clearly defined to every person attached to that department. Clarification in the authority-responsibility relationship helps in efficient organization.

c. Principles of Span of Control/Supervision

According to this principle, span of control is a span of supervision which depicts the number of employees that can be handled and controlled effectively by a single manager. According to this principle, a manager should be able to handle what number of employees under him should

be decided. This decision can be taken by choosing either from a wide or narrow span. There are two types of span of control:-

- a. Wide span of control- It is one in which a manager can supervise and control effectively a large group of persons at one time. The features of this span are:-
 - i. Less overhead cost of supervision
 - ii. Prompt response from the employees
 - iii. Better communication
 - iv. Better supervision
 - v. Better co-ordination
 - vi. Suitable for repetitive jobs

According to this span, one manager can effectively and efficiently handle a large number of subordinates at one time.

- b. Narrow span of control- According to this span, the work and authority is divided amongst many subordinates and a manager doesn't supervise and control a very big group of people under him. The manager according to a narrow span supervises a selected number of employees at one time. The features are:-
 - a. Work which requires tight control and supervision, for example, handicrafts, ivory work, etc. which requires craftsmanship, there narrow span is more helpful.
 - b. Co-ordination is difficult to be achieved.
 - c. Communication gaps can come.
 - d. Messages can be distorted.
 - e. Specialization work can be achieved.

Factors influencing Span of Control

1. Managerial abilities- In the concerns where managers are capable qualified and experienced, wide span of control is always helpful.
2. Competence of subordinates- Where the subordinates are capable and competent and their understanding levels are proper, the subordinates tend to very frequently visit the superiors for solving their problems. In such cases, the manager can handle large number of employees. Hence wide span is suitable.
3. Nature of work- If the work is of repetitive nature, wide span of supervision is more helpful. On the other hand, if work requires mental skill or craftsmanship, tight control and supervision is required in which narrow span is more helpful.
4. Delegation of authority- When the work is delegated to lower levels in an efficient and proper way, confusions are less and congeniality of the environment can be maintained. In such cases, wide span of control is suitable and the supervisors can manage and control large number of sub-ordinates at one time.
5. Degree of decentralization- Decentralization is done in order to achieve specialization in which authority is shared by many people and managers at different levels. In such cases, a tall structure is helpful. There are certain concerns where decentralization is done in very effective way which results in direct and personal communication between superiors and sub-ordinates and there the superiors can manage large number of subordinates very easily. In such cases, wide span again helps.

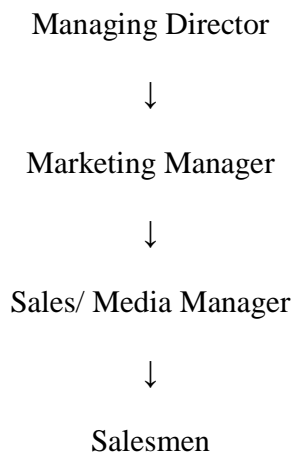
d. Principle of Scalar Chain

Scalar chain is a chain of command or authority which flows from top to bottom. With a chain of authority available, wastages of resources are minimized, communication is affected, overlapping of work is avoided and easy organization takes place. A scalar chain of command facilitates work flow in an organization which helps in the achievement of effective results. As the authority flows from top to bottom, it clarifies the authority positions to managers at all level and that facilitates effective organization.

e. Principle of Unity of Command

It implies one subordinate-one superior relationship. Every subordinate is answerable and accountable to one boss at one time. This helps in avoiding communication gaps and feedback and response is prompt. Unity of command also helps in effective combination of resources, that is, physical, financial resources which helps in easy co- ordination and, therefore, effective organization.

Authority Flows from Top to Bottom



According to the above diagram, the Managing Director has got the highest level of authority. This authority is shared by the Marketing Manager who shares his authority with the Sales Manager. From this chain of hierarchy, the official chain of communication becomes clear which is helpful in achievement of results and which provides stability to a concern. This scalar chain of command always flows from top to bottom and it defines the authority positions of different managers at different levels.

3.5 Classification of Organizations

Organizations are basically classified on the basis of relationships. There are two types of organizations formed on the basis of relationships in an organization

1. Formal Organization - This is one which refers to a structure of well defined jobs each bearing a measure of authority and responsibility. It is a conscious determination by which people accomplish goals by adhering to the norms laid down by the structure. This kind of

organization is an arbitrary set up in which each person is responsible for his performance. Formal organization has a formal set up to achieve pre- determined goals.

2. Informal Organization - It refers to a network of personal and social relationships which spontaneously originates within the formal set up. Informal organizations develop relationships which are built on likes, dislikes, feelings and emotions. Therefore, the network of social groups based on friendships can be called as informal organizations. There is no conscious effort made to have informal organization. It emerges from the formal organization and it is not based on any rules and regulations as in case of formal organization.

Relationship between formal and informal organizations

For a concern's working both formal and informal organization are important. Formal organization originates from the set organizational structure and informal organization originates from formal organization. For an efficient organization, both formal and informal organizations are required. They are the two phases of the same concern. Formal organization can work independently. But informal organization depends totally upon the formal organization. Formal and informal organization help in bringing efficient working organization and smoothness in a concern. Within the formal organization, the members undertake the assigned duties in co- operation with each other. They interact and communicate amongst themselves. Therefore, both formal and informal organizations are important. When several people work together for achievement of organizational goals, social tie ups tends to built and therefore informal organization helps to secure co-operation by which goals can be achieved smooth. Therefore, we can say that informal organization emerges from formal organization.

3.6 Line Organization

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

Features of Line Organization

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

Merits of Line Organization

2. Simplest- It is the most simple and oldest method of administration.
3. Unity of Command- In these organizations, superior-subordinate relationship is maintained and scalar chain of command flows from top to bottom.
4. Better discipline- The control is unified and concentrates on one person and therefore, he can independently make decisions of his own. Unified control ensures better discipline.

5. Fixed responsibility- In this type of organization, every line executive has got fixed authority, power and fixed responsibility attached to every authority.
6. Flexibility- There is a co-ordination between the top most authority and bottom line authority. Since the authority relationships are clear, line officials are independent and can flexibly take the decision. This flexibility gives satisfaction of line executives.
7. Prompt decision- Due to the factors of fixed responsibility and unity of command, the officials can take prompt decision.

Demerits of Line Organization

1. Over reliance- The line executive's decisions are implemented to the bottom. This results in over-relying on the line officials.
2. Lack of specialization- A line organization flows in a scalar chain from top to bottom and there is no scope for specialized functions. For example, expert advices whatever decisions are taken by line managers are implemented in the same way.
3. Inadequate communication- The policies and strategies which are framed by the top authority are carried out in the same way. This leaves no scope for communication from the other end. The complaints and suggestions of lower authority are not communicated back to the top authority. So there is one way communication.
4. Lack of Co-ordination- Whatever decisions are taken by the line officials, in certain situations wrong decisions, are carried down and implemented in the same way. Therefore, the degree of effective co- ordination is less.
5. Authority leadership- The line officials have tendency to misuse their authority positions. This leads to autocratic leadership and monopoly in the concern.

3.7 Line and Staff Organization

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



Features of Line and Staff Organization

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

Merits of Line and Staff Organization

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

Demerits of Line and Staff Organization

1. Lack of understanding- In a line and staff organization, there are two authority flowing at one time. This results in the confusion between the two. As a result, the workers are not able to understand as to who is their commanding authority. Hence the problem of understanding can be a hurdle in effective running.
2. Lack of sound advice- The line official get used to the expert advice of the staff. At times the staff specialist also provides wrong decisions which the line executive have to consider. This can affect the efficient running of the enterprise.
3. Line and staff conflicts- Line and staff are two authorities which are flowing at the same time. The factors of designations, status influence sentiments which are related to their relation, can pose a distress on the minds of the employees. This leads to minimizing of co-ordination which hampers a concern's working.
4. Costly- In line and staff concern, the concerns have to maintain the high remuneration of staff specialist. This proves to be costly for a concern with limited finance.
5. Assumption of authority- The power of concern is with the line official but the staff dislikes it as they are the one more in mental work.
6. Staff steals the show- In a line and staff concern, the higher returns are considered to be a product of staff advice and counseling. The line officials feel dissatisfied and a feeling of distress enters a concern. The satisfaction of line officials is very important for effective results.

3.8 Functional Organization

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

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

Features of Functional Organization

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

Merits of Functional Organization

1. Specialization- Better division of labour takes place which results in specialization of function and its consequent benefit.
2. Effective Control- Management control is simplified as the mental functions are separated from manual functions. Checks and balances keep the authority within certain limits. Specialists may be asked to judge the performance of various sections.
3. Efficiency- Greater efficiency is achieved because of every functional area performing a limited number of activities.
4. Economy- Specialization coupled with standardization facilitates maximum production and minimal costs.
5. Expansion- Expert knowledge of functional manager facilitates better control and supervision.

Demerits of Functional Organization

1. Confusion- The functional system is quite complicated to put into operation, especially when it is carried out at low levels. Therefore, co- ordination becomes difficult.
2. Lack of Co- ordination- Disciplinary control becomes weak as a worker is commanded not by one person but a large number of people. Thus, there is no unity of command.
3. Difficulty in fixing responsibility- Because of multiple authorities, it is difficult to fix responsibility.
4. Conflicts- There may be conflicts among the supervisory staff of equal ranks. They may not agree on certain issues.
5. Costly- Maintenance of specialist's staff of the highest order is expensive for a concern.

4.0 Summary

In this unit, we discussed the key element that ensures effective coordination of resources i.e. organizing. The concept, steps and importance of the organizing function were examined. The principles of effective organizing namely: specialization, functional definition, span of control, scalar chain, unity of command among others were discussed. In the unit, we also considered types of organization – (formal and informal), and the oldest form of administrative organization – line organization.

5.0 Conclusion

In order to achieve the desired organizational objectives and goals, effective synchronization and combination of human, physical and financial resources should take place. This unit provides the confirmation that the synchronization of productive resources to achieve the desired result is the main function of organization. Hence, the organizing function guarantees orderliness in the combination and utilization of resources.

6.0 Tutor Marked assignment

- i. Explain the concept of organizing. Discuss the basic steps and importance of organizing.
- ii. What are the principles that facilitate effective organization?

7.0 References

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Unit 6 Human Resource Management

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1.0 Introduction

2.0 Objectives

3.0 Main Content

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5.0 Summary

6.0 Tutor-Marked Assignment

7.0 References/Further Readings

1.0 Introduction

Labour is a critical factor of production. Consequently, organizations that are productive pay particular attention to their work force. This unit examines the human resource function. It discusses manpower planning, recruitment, selection and placement. Training and development as well as promotion and transfer are also discussed. The next unit will look at the subject of performance appraisal which is a critical human resource function.

2.0 Objectives

At the end of the unit, learners will be able to:

- Define the concept of human resource
- List and discuss the elements of human resource management
- Apply the lessons gained to their work environment.

3.0 Staffing

It is the function of manning the organization structure and keeping it manned. Staffing has assumed greater importance in the recent years due to advancement of technology, increase in size of business, complexity of human behavior etc. The main purpose of staffing is to put right man on right job i.e. square pegs in square holes and round pegs in round holes. According to Kootz, H et al, "Managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal and development of personnel to fill the roles designed in the structure". Staffing involves:

- Manpower Planning (estimating man power in terms of searching, choosing the person and giving the right place).
- Recruitment, selection and placement.
- Training and development.
- Remuneration.
- Performance appraisal.
- Promotions and transfer.

3.1 Human Resource Management Function

The managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal and development of the personnel to fill the roles assigned to the employers/workforce. This is otherwise known as the human resource function.

According to Jeffrey A. Mello, “Staffing pertains to recruitment, selection, development and compensation of subordinates.”

3.1 Nature of Staffing Function

1. Staffing is an important managerial function- Staffing function is the most important managerial act along with planning, organizing, directing and controlling. The operations of these four functions depend upon the manpower which is available through staffing function.
2. Staffing is a pervasive activity- As staffing function is carried out by all managers and in all types of concerns where business activities are carried out.
3. Staffing is a continuous activity- This is because staffing function continues throughout the life of an organization due to the transfers and promotions that take place.
4. The basis of staffing function is efficient management of personnels- Human resources can be efficiently managed by a system or proper procedure, that is, recruitment, selection, placement, training and development, providing remuneration, etc.
5. Staffing helps in placing right men at the right job. It can be done effectively through proper recruitment procedures and then finally selecting the most suitable candidate as per the job requirements.

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

3.2 Staffing Process - Steps involved in Staffing

1. Manpower requirements- The very first step in staffing is to plan the manpower inventory required by a concern in order to match them with the job requirements and demands. Therefore, it involves forecasting and determining the future manpower needs of the concern.
2. Recruitment- Once the requirements are notified, the concern invites and solicits applications according to the invitations made to the desirable candidates.
3. Selection- This is the screening step of staffing in which the solicited applications are screened out and suitable candidates are appointed as per the requirements.
4. Orientation and Placement- Once screening takes place, the appointed candidates are made familiar to the work units and work environment through the orientation programmes. Placement takes place by putting right man on the right job.
5. Training and Development- Training is a part of incentives given to the workers in order to enable them develop and grow within the concern. Training is generally given according to the nature of activities and scope of expansion in it. Along with it, the workers are developed by providing them extra benefits of in-depth knowledge of their functional areas. Development also includes giving them key and important jobs as a test or examination in order to analyse their performances.

6. Remuneration- It is a kind of compensation provided monetarily to the employees for their work performances. This is given according to the nature of job- skilled or unskilled, physical or mental, etc. Remuneration forms an important monetary incentive for the employees.
7. Performance Evaluation- In order to keep a track or record of the behaviour, attitudes as well as opinions of the workers towards their jobs. For this, regular assessment is done to evaluate and supervise different work units in a concern. It is basically concerned with knowing the development cycle and growth patterns of the employees in a concern.
8. Promotion and transfer- Promotion is said to be a non- monetary incentive in which the worker is shifted from a higher job demanding bigger responsibilities as well as shifting the workers and transferring them to different work units and branches of the same organization.

3.2.1 Manpower Planning

Manpower Planning which is also referred to as Human Resource Planning consists of putting right number of people, right kind of people at the right place, right time, doing the right things for which they are suited for the achievement of goals of the organization. Human Resource Planning has got an important place in the arena of industrialization. Human Resource Planning has to be a systems approach and is carried out in a set procedure. The procedure is as follows:

1. Analysing the current manpower inventory
2. Making future manpower forecasts
3. Developing employment programmes
4. Design training programmes

3.2.1.1 Steps in Manpower Planning

1. Analysing the current manpower inventory- Before a manager makes forecast of future manpower, the current manpower status has to be analysed. For this the following things have to be noted-
 - Type of organization
 - Number of departments
 - Number and quantity of such departments
 - Employees in these work units

Once these factors are registered by a manager, he goes for the future forecasting

2. Making future manpower forecasts- Once the factors affecting the future manpower forecasts are known, planning can be done for the future manpower requirements in several work units.

The Manpower forecasting techniques commonly employed by the organizations are as follows:

- i. Expert Forecasts: This includes informal decisions, formal expert surveys and Delphi technique.

- ii. Trend Analysis: Manpower needs can be projected through extrapolation (projecting past trends), indexation (using base year as basis), and statistical analysis (central tendency measure).
 - iii. Work Load Analysis: It is dependent upon the nature of work load in a department, in a branch or in a division.
 - iv. Work Force Analysis: Whenever production and time period have to be analysed, due allowances have to be made for getting net manpower requirements.
 - v. Other methods: Several Mathematical models, with the aid of computers are used to forecast manpower needs, like budget and planning analysis, regression, new venture analysis.
3. Developing employment programmes- Once the current inventory is compared with future forecasts, the employment programmes can be framed and developed accordingly, which will include recruitment, selection procedures and placement plans.
 4. Design training programmes- These will be based upon extent of diversification, expansion plans, development programmes, etc. Training programmes depend upon the extent of improvement in technology and advancement to take place. It is also done to improve upon the skills, capabilities, knowledge of the workers.

3.2.1.2 Importance of Manpower Planning

1. Key to managerial functions- The four managerial functions, i.e., planning, organizing, directing and controlling are based upon the manpower. Human resources help in the implementation of all these managerial activities. Therefore, staffing becomes a key to all managerial functions.
2. Efficient utilization- Efficient management of personnel becomes an important function in the industrialized world of today. Setting up large scale enterprises requires management of large scale manpower. It can be effectively done through staffing function.
3. Motivation- Staffing function not only includes putting right men on right job, but it also comprises of motivational programmes, i.e., incentive plans to be framed for further participation and employment of employees in a concern. Therefore, all types of incentive plans become an integral part of staffing function.
4. Better human relations- A concern can stabilize itself if human relations develop and are strong. Human relations become strong through effective control, clear communication, effective supervision and leadership in a concern. Staffing function also looks after training and development of the work force which leads to co-operation and better human relations.
5. Higher productivity- Productivity level increases when resources are utilized in the best possible manner. Higher productivity is a result of minimum wastage of time, money, efforts and energies. This is possible through the staffing and its related activities (Performance appraisal, training and development, remuneration)

3.2.1.3 Need of Manpower Planning

Manpower Planning is a two-phased process because manpower planning not only analyses the current human resources but also makes manpower forecasts and thereby draw employment programmes. Manpower Planning is advantageous to firm in the following ways:

1. Shortages and surpluses can be identified so that quick action can be taken wherever required.

2. All the recruitment and selection programmes are based on manpower planning.
3. It also helps to reduce the labour cost as excess staff can be identified and thereby overstaffing can be avoided.
4. It also helps to identify the available talents in a concern and accordingly training programmes can be designed to develop those talents.
5. It helps in growth and diversification of business. Through manpower planning, human resources can be readily available and they can be utilized in the best manner.
6. It helps the organization to realize the importance of manpower management which ultimately helps in the stability of a concern.

3.2.1.4 Obstacles in Manpower Planning

The following are the main obstacles that organizations face in the process of manpower planning:

1. Under Utilization of Manpower: The biggest obstacle in case of manpower planning is the fact that the industries in general are not making optimum use of their manpower and once manpower planning begins, it encounters heavy odds in stepping up the utilization.
2. Degree of Absenteeism: Absenteeism is quite high and has been increasing since last few years.
3. Lack of Education and Skilled Labour: The extent of illiteracy and the slow pace of development of the skilled categories account for low productivity in employees. Low productivity has implications for manpower planning.
4. Manpower Control and Review:
 - a. Any increase in manpower is considered at the top level of management
 - b. On the basis of manpower plans, personnel budgets are prepared. These act as control mechanisms to keep the manpower under certain broadly defined limits.
 - c. The productivity of any organization is usually calculated using the formula:

$$\text{Productivity} = \text{Output} / \text{Input}$$

. But a rough index of employee productivity is calculated as follows:

$$\text{Employee Productivity} = \text{Total Production} / \text{Total no. of employees}$$

- d. Exit Interviews, the rate of turnover and rate of absenteeism are source of vital information on employees' level of satisfaction. For conservation of Human Resources and better utilization of men studying these conditions, manpower control would have to take into account the data to make meaningful analysis.
- e. Extent of Overtime: The amount of overtime paid may be due to real shortage of men, ineffective management or improper utilization of manpower. Manpower control would require a careful study of overtime statistics.

Few Organizations do not have sufficient records and information on manpower. Several of those who have them do not have a proper retrieval system. There are complications in resolving the issues in design, definition and creation of computerized personnel information system for effective manpower planning and utilization. Even the existing technology in this respect is not optimally used. This is a strategic disadvantage.

3.2.2 Types of Recruitment

Recruitment is of two types

1. Internal Recruitment – is a recruitment which takes place within the concern or organization. Internal sources of recruitment are readily available to an organization. Internal sources are primarily three – Transfers, promotions and Re-employment of ex-employees. Re-employment of ex-employees is one of the internal sources of recruitment in which employees can be invited and appointed to fill vacancies in the concern. There are situations when ex-employees provide unsolicited applications also.

Internal recruitment may lead to increase in employee's productivity as their motivation level increases. It also saves time, money and efforts. But a drawback of internal recruitment is that it does not allow the injection of new blood into the organization. Also, not all the manpower requirements can be met through internal recruitment. Hiring from outside has to be done.

Internal sources are primarily three

- a. Transfers
 - b. Promotions (through Internal Job Postings) and
 - c. Re-employment of ex-employees - Re-employment of ex-employees is one of the internal sources of recruitment in which employees can be invited and appointed to fill vacancies in the concern. There are situations when ex-employees provide unsolicited applications also.
2. External Recruitment – External sources of recruitment have to be solicited from outside the organization. External sources are external to a concern. But it involves lot of time and money .The external sources of recruitment include – Employment at factory gate, advertisements, employment exchanges, employment agencies, educational institutes, labour contractors, recommendations etc.
 - a. Employment at Factory Level – This is a source of external recruitment in which the applications for vacancies are presented on bulletin boards outside the Factory or at the Gate. This kind of recruitment is applicable generally where factory workers are to be appointed. There are people who keep on soliciting for jobs from one place to another. These applicants are regarded as unsolicited applicants. These types of workers apply on their own for their job. In this kind of recruitment, the workers have a tendency to shift from one factory to another. For this reason, most employers do not like to engage workers who will soon leave the next day.
 - b. Advertisement – It is an external source which has got an important place in recruitment procedure. The biggest advantage of advertisement is that it covers a wide area of market and scattered applicants can get information from advertisements. Medium used is Newspapers and Television.
 - c. Employment Exchanges – There are certain Employment exchanges which are run by government. Most of the government undertakings and concerns employ people through such exchanges. Now-a-days recruitment in government agencies has become compulsory through employment exchange.
 - d. Employment Agencies – There are certain professional organizations which look towards recruitment and employment of people, i.e. these private agencies run by private individuals supply required manpower to needy concerns.
 - e. Educational Institutions – There are certain professional Institutions which serve as an external source for recruiting fresh graduates from these institutes. This kind of recruitment done

through such educational institutions is called Campus Recruitment. They have special recruitment cells which help in providing jobs to fresh candidates.

- f. Recommendations – There are certain people who have experience in a particular area. They enjoy goodwill and a stand in the company. There are certain vacancies which are filled by recommendations of such people. The biggest drawback of this source is that the company has to rely totally on such people which can later on prove to be inappropriate especially when the worker cannot perform as expected.
- g. Labour Contractors – These are the specialist people who supply manpower to the Factory or Manufacturing plants. Through these contractors, workers are appointed on contract basis, i.e. for a particular time period. Under conditions when these contractors leave the organization, such people who are appointed have to also leave the concern.

3.2.3 Employee Selection Process

Employee Selection is the process of putting right men on right job. It is a procedure of matching organizational requirements with the skills and qualifications of people. Effective selection can be done only when there is effective matching. By selecting best candidate for the required job, the organization will get quality performance of employees. Moreover, organization will face less of absenteeism and employee turnover problems. By selecting right candidate for the required job, organization will also save time and money. Proper screening of candidates takes place during selection procedure. All the potential candidates who apply for the given job are tested.

But selection must be differentiated from recruitment, though these are two phases of employment process. Recruitment is considered to be a positive process as it motivates more of candidates to apply for the job. It creates a pool of applicants. It is just sourcing of data. While selection is a negative process as the inappropriate candidates are rejected here. Recruitment precedes selection in staffing process. Selection involves choosing the best candidate with best abilities, skills and knowledge for the required job.

The Employee selection Process takes place in following order-

1. Preliminary Interviews- It is used to eliminate those candidates who do not meet the minimum eligibility criteria laid down by the organization. The skills, academic and family background, competencies and interests of the candidate are examined during preliminary interview. Preliminary interviews are less formalized and planned than the final interviews. The candidates are given a brief up about the company and the job profile; and it is also examined how much the candidate knows about the company. Preliminary interviews are also called screening interviews.
2. Application blanks- The candidates who clear the preliminary interview are required to fill application blank. It contains data record of the candidates such as details about age, qualifications, reason for leaving previous job, experience, etc.
3. Written Tests- Various written tests conducted during selection procedure are aptitude test, intelligence test, reasoning test, personality test, etc. These tests are used to objectively assess the potential candidate. They should not be biased.
4. Employment Interviews- It is a one to one interaction between the interviewer and the potential candidate. It is used to find whether the candidate is best suited for the required job or not. But such interviews consume time and money both. Moreover the competencies of the candidate cannot be judged. Such interviews may be biased at times. Such interviews should be

conducted properly. No distractions should be there in the room. There should be an honest communication between candidate and interviewer.

5. Medical examination- Medical tests are conducted to ensure physical fitness of the potential employee. It will decrease chances of employee absenteeism.
6. Appointment Letter- A reference check is made about the candidate selected and then finally he is appointed by giving a formal appointment letter.

3.3 Orientation and Placement

Once the candidates are selected for the required job, they have to be fitted as per the qualifications. Placement is said to be the process of fitting the selected person at the right job or place, i.e. fitting square pegs in square holes and round pegs in round holes. Once he is fitted into the job, he is given the activities he has to perform and also told about his duties. The freshly appointed candidates are then given orientation in order to familiarize and introduce the company to him. Generally the information given during the orientation programme includes-

- Employee's layout
- Type of organizational structure
- Departmental goals
- Organizational layout
- General rules and regulations
- Standing Orders
- Grievance system or procedure

In short, during Orientation employees are made aware about the mission and vision of the organization, the nature of operation of the organization, policies and programmes of the organization.

The main aim of conducting Orientation is to build up confidence, morale and trust of the employee in the new organization, so that he becomes a productive and an efficient employee of the organization and contributes to the organizational success.

The nature of Orientation program varies with the organizational size, i.e., smaller the organization the more informal is the Orientation and larger the organization more formalized is the Orientation programme.

Proper Placement of employees will lower the chances of employee's absenteeism. The employees will be more satisfied and contented with their work.

3.4 Training of Employees - Need and Importance of Training

Training of employees takes place after orientation takes place. Training is the process of enhancing the skills, capabilities and knowledge of employees for doing a particular job. Training process moulds the thinking of employees and leads to quality performance of employees. It is continuous and never ending in nature.

Importance of Training

Training is crucial for organizational development and success. It is fruitful to both employers and employees of an organization. An employee will become more efficient and productive if he is trained well. Training is given on four basic grounds:

1. New candidates who join an organization are given training. This training familiarize them with the organizational mission, vision, rules and regulations and the working conditions.
2. The existing employees are trained to refresh and enhance their knowledge.
3. If any update and amendments take place in technology, training is given to cope up with those changes. For instance, purchasing new equipment, changes in technique of production, computer system. The employees are trained about use of new equipments and work methods.
4. When promotion and career growth becomes important. Training is given so that employees are prepared to share the responsibilities of the higher level job.

The benefits of training can be summed up as:

1. Improves morale of employees- Training helps the employee to get job security and job satisfaction. The more satisfied the employee is and the greater is his morale, the more he will contribute to organizational success and the lesser will be employee absenteeism and turnover.
2. Less supervision- A well trained employee will be well acquainted with the job and will need less of supervision. Thus, there will be less wastage of time and efforts.
3. Fewer accidents- Errors are likely to occur if the employees lack knowledge and skills required for doing a particular job. The more trained an employee is, the less are the chances of committing accidents in job and the more proficient the employee becomes.
4. Chances of promotion- Employees acquire skills and efficiency during training. They become more eligible for promotion. They become an asset for the organization.
5. Increased productivity- Training improves efficiency and productivity of employees. Well trained employees show both quantity and quality performance. There is less wastage of time, money and resources if employees are properly trained.

Ways/Methods of Training

Training is generally imparted in two ways:

1. On the job training- On the job training methods are those which are given to the employees within the everyday working of a concern. It is a simple and cost-effective training method. The in-proficient as well as semi- proficient employees can be well trained by using such training method. The employees are trained in actual working scenario. The motto of such training is “learning by doing.” Instances of such on-the-job training methods are job-rotation, coaching, temporary promotions, etc.
2. Off the job training- Off the job training methods are those in which training is provided away from the actual working condition. It is generally used in case of new employees. Instances of off the job training methods are workshops, seminars, conferences, etc. Such method is costly and is effective if and only if large number of employees have to be trained within a short time period. Off the job training is also called vestibule training, i.e., the employees are trained in a separate area (may be a hall, entrance, reception area, etc. known as a vestibule) where the actual working conditions are duplicated.

3.5 Employee Remuneration

Employee Remuneration refers to the reward or compensation given to the employees for their work performances. Remuneration provides basic attraction to an employee to perform job efficiently and effectively. Remuneration leads to employee motivation. Salaries constitute an important source of income for employees and determine their standard of living. Salaries affect the employee's productivity and work performance. Thus the amount and method of remuneration are very important for both management and employees.

There are mainly two types of Employee Remuneration

1. Time Rate Method
2. Piece Rate Method

These methods of employee remuneration are explained below in detail

Methods of Employee Remuneration

1. Time Rate Method: Under time rate system, remuneration is directly linked with the time spent or devoted by an employee on the job. The employees are paid a fixed pre-decided amount hourly, daily, weekly or monthly irrespective of their output. It is a very simple method of remuneration. It leads to minimum wastage of resources and lesser chances of accidents. Time Rate method leads to quality output and this method is very beneficial to new employees as they can learn their work without any reduction in their salaries. This method encourages employees' unity as employees of a particular group/cadre get equal salaries.

There are some drawbacks of Time Rate Method, such as, it leads to tight supervision, indefinite employee cost, lesser efficiency of employees as there is no distinction made between efficient and inefficient employees, and lesser morale of employees.

Time rate system is more suitable where the work is non-repetitive in nature and emphasis is more on quality output rather than quantity output.

2. Piece Rate Method: It is a method of compensation in which remuneration is paid on the basis of units or pieces produced by an employee. In this system emphasis is more on quantity output rather than quality output. Under this system the determination of employee cost per unit is not difficult because salaries differ with output. There is less supervision required under this method and hence the per unit cost of production is low. This system improves the morale of the employees as the salaries are directly related to their work efforts. There is greater work-efficiency in this method.

There are some drawbacks of this method, such as; it is not easily computable, leads to deterioration in work quality, wastage of resources, lesser unity of employees, higher cost of production and insecurity among the employees.

Piece rate system is more suitable where the nature of work is repetitive and quantity is emphasized more than quality.

3.6 Job Evaluation

Job evaluation is a process of determining the relative worth of a job. It is a process which is helpful even for framing compensation plans by the personnel manager. Job evaluation as a process is advantageous to a company in many ways:

1. Reduction in inequalities in salary structure - It is found that people and their motivation is dependent upon how well they are being paid. Therefore the main objective of job evaluation is to have external and internal consistency in salary structure so that inequalities in salaries are reduced.
2. Specialization - Because of division of labour and thereby specialization, a large number of enterprises have got hundred jobs and many employees to perform them. Therefore, an attempt should be made to define a job and thereby fix salaries for it. This is possible only through job evaluation.
3. Helps in selection of employees - The job evaluation information can be helpful at the time of selection of candidates. The factors that determine job evaluation can be taken into account while selecting the employees.
4. Harmonious relationship between employees and manager - Through job evaluation, harmonious and congenial relations can be maintained between employees and management, so that all kinds of salaries controversies can be minimized.
5. Standardization - The process of determining the salary differentials for different jobs become standardized through job evaluation. This helps in bringing uniformity into salary structure.
6. Relevance of new jobs - Through job evaluation, one can understand the relative value of new jobs in a concern.

According to James N. Baron, J. N. et al, "Job evaluation represents an effort to determine the relative value of every job in a plant and to determine what the fair basic wage for such a job should be."

Thus, job evaluation is different from performance appraisal. In job evaluation, worth of a job is calculated while in performance appraisal, the worth of employee is rated.

3.7 Personnel Records

Personnel Records are records pertaining to employees of an organization. These records are accumulated, factual and comprehensive information related to concern records and detained. All information regarding to human resources in the organization are kept in a systematic order. Such records are helpful to a manager in various decision –making areas.

Personnel records are maintained for formulating and reviewing personnel policies and procedures. Complete details about all employees are maintained in personnel records, such as, name, date of birth, marital status, academic qualifications, professional qualifications, previous employment details, etc.

Types of Personnel Records

1. Records of employment contain applicants past records, list sources, employee's progress, medical reports, etc.
2. Wages and salaries records contain pay roll records, methods of wages and salaries, leave records, turnover records and other benefit records.
3. Training and development contains appraisal reports, transfer cases, training schedule, training methods.

4. Health and safety records include sickness reports, safety provisions, medical history, insurance reports, etc.
5. Service Records are the essential records containing bio-data, residential and family information, academic qualifications, marital status, past address and employment records.

Purposes of Personnel Records

The need for comprehensive personnel records is justified on the following premise:

1. It helps to supply crucial information to managers regarding the employees.
2. To keep an update record of leaves, lockouts, transfers, turnover, etc. of the employees.
3. It helps the managers in framing various training and development programmes on the basis of present scenario.
4. It helps the government organizations to gather data in respect of rate of turnover, rate of absenteeism and other personnel matters.
5. It helps the managers to make salary revisions, allowances and other benefits related to salaries.
6. It also helps the researchers to carry in- depth study with respect to industrial relations and goodwill of the firm in the market.

Therefore, personnel records are really vital for an organization and are not a wasteful exercise.

4.0 Summary

Examined in this unit is the human resource management function of management. The basic components of human resource management namely: the staffing process, manpower planning, recruitment, selection, orientation and placement processes were fully discussed. The unit did not leave out the critical role of training, employee remuneration and personnel records, rather adequate attention was given to them.

5.0 Conclusions

The success of any organization depends much on the quality of its workforce. Hence, the human resource function ensures manning the organization structure through proper and effective selection, placement, appraisal and development of its workforce.

6.0 Tutor Marked Assignment

What is manpower planning? Discuss the steps, importance and hindrances to effective manpower planning.

7.0 References

- Heinz Wehrich, Harold Koontz- *Essentials of Management*, McGraw-Hill College, 1990
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Unit 7 Performance Appraisal

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1.0 Introduction

Managing performance is key to the success of any organization. This has to do with evaluating the achievement of each member of staff vis – a- vis set and agreed targets. In this unit, we shall consider and explain the concept of performance appraisal. Also to be considered are its objectives, advantages, methods of appraisal and possible biases to avoid.

2.0 Objectives

At the end of this unit, learners will be able to:

- Define and explain the concept of performance appraisal
- State and relate well with the objectives of performance appraisal
- Objectively explain the advantages and disadvantages of performance appraisal
- Understand and apply the various methods of performance appraisal
- Identify the possible biases attendant to performance appraisal.

3.0 Main Content

3.1 What is Performance Appraisal?

Performance Appraisal is the systematic evaluation of the performance of employees and to understand the abilities of a person for further growth and development. Performance appraisal is generally done in systematic ways which are as follows:

1. The supervisors measure the pay of employees and compare it with targets and plans.
2. The supervisor analyses the factors behind work performances of employees.
3. The employers are in position to guide the employees for a better performance.

3.1 Objectives of Performance Appraisal

The objectives of performance appraisal include the following:

1. To maintain records in order to determine compensation packages, wage structure, salaries raises, etc.

2. To identify the strengths and weaknesses of employees to place right men on right job.
3. To maintain and assess the potential present in a person for further growth and development.
4. To provide a feedback to employees regarding their performance and related status.
5. To provide a feedback to employees regarding their performance and related status.
6. It serves as a basis for influencing working habits of the employees.
7. To review and retain the promotional and other training programmes.

3.2 Advantages of Performance Appraisal

It is said that performance appraisal is an investment for the company which can be justified by following advantages:

1. **Promotion:** Performance Appraisal helps the supervisors to chalk out the promotion programmes for efficient employees. In this regards, inefficient workers can be dismissed or demoted in case.
2. **Compensation:** Performance Appraisal helps in chalking out compensation packages for employees. Merit rating is possible through performance appraisal. Performance Appraisal tries to give worth to a performance. Compensation packages which include bonus, high salary rates, extra benefits, allowances and pre-requisites are dependent on performance appraisal. The criteria should be merit rather than seniority.
3. **Employees Development:** The systematic procedure of performance appraisal helps the supervisors to frame training policies and programmes. It helps to analyse strengths and weaknesses of employees so that new jobs can be designed for efficient employees. It also helps in framing future development programmes.
4. **Selection Validation:** Performance Appraisal helps the supervisors to understand the validity and importance of the selection procedure. The supervisors come to know the validity and thereby the strengths and weaknesses of selection procedure. Future changes in selection methods can be made in this regard.
5. **Communication:** For an organization, effective communication between employees and employers is very important. Through performance appraisal, communication can be sought for in the following ways:
 - a. Through performance appraisal, the employers can understand and accept skills of subordinates.
 - b. The subordinates can also understand and create a trust and confidence in superiors.
 - c. It also helps in maintaining cordial and congenial labour management relationship.
 - d. It develops the spirit of work and boosts the morale of employees.

All the above factors ensure effective communication.

Motivation: Performance appraisal serves as a motivation tool. Through evaluating performance of employees, a person's efficiency can be determined if the targets are achieved. This very well motivates a person for better job and helps him to improve his performance in the future.

3.3 Performance Appraisal Tools and Techniques

The following are the tools used by the organizations for Performance Appraisals of their employees.

1. Ranking
2. Paired Comparison
3. Forced Distribution
4. Confidential Report
5. Essay Evaluation
6. Critical Incident
7. Checklists
8. Graphic Rating Scale
9. BARS
10. Forced Choice Method
11. MBO
12. Field Review Technique

Performance Test

We will be discussing the important performance appraisal tools and techniques in detail.

3.3.1 Ranking Method

The ranking system requires the rater to rank his subordinates on overall performance. This is done by simply putting a man in a rank order. Under this method, the ranking of an employee in a work group is done against that of another employee. The relative position of each employee is tested in terms of his numerical rank. It may also be done by ranking a person on his job performance against another member of the competitive group.

Advantages of Ranking Method

- i. Employees are ranked according to their performance levels.
- ii. It is easier to rank the best and the worst employee.

Limitations of Ranking Method

- iii. The “whole man” is compared with another “whole man” in this method. In practice, it is very difficult to compare individuals possessing various individual traits.
- iv. This method speaks only of the position where an employee stands in his group. It does not test anything about how much better or how much worse an employee is when compared to another employee.
- v. When a large number of employees are working, ranking of individuals become a difficult issue.
- vi. There is no systematic procedure for ranking individuals in the organization. The ranking system does not eliminate the possibility of snap judgements.

3.3.2 Forced Distribution method

This is a ranking technique where raters are required to allocate a certain percentage of rates to certain categories (e.g.: superior, above average, average) or percentiles (e.g.: top 10 percent, bottom 20 percent etc). Both the number of categories and percentage of employees to be allotted to each category are a function of performance appraisal design

and format. The workers of outstanding merit may be placed at top 10 percent of the scale; the rest may be placed as 20 % good, 40 % outstanding, 20 % fair and 10 % fair.

Advantages of Forced Distribution

This method tends to eliminate raters bias

By forcing the distribution according to pre-determined percentages, the problem of making use of different raters with different scales is avoided.

Limitations of Forced Distribution

The limitation of using this method in salary administration, however, is that it may lead low morale, low productivity and high absenteeism.

Employees who feel that they are productive, but find themselves in lower grade (than expected) feel frustrated and exhibit over a period of time reluctance to work.

3.3.3 Critical Incident techniques

Under this method, the manager prepares lists of statements of very effective and ineffective behaviour of an employee. These critical incidents or events represent the outstanding or poor behaviour of employees or the job. The manager maintains logs of each employee, whereby he periodically records critical incidents of the workers behaviour. At the end of the rating period, these recorded critical incidents are used in the evaluation of the worker's performance. Example of a good critical incident of a Customer Relations Officer is : March 12 – The Officer patiently attended to a customers complaint. He was very polite and prompt in attending to the customer's problem.

Advantages of Critical Incident techniques

1. This method provides an objective basis for conducting a thorough discussion of an employee's performance.
2. This method avoids recency bias (most recent incidents are too much emphasized)

Limitations of Critical Incident techniques

- 1) Negative incidents may be more noticeable than positive incidents.
- 2) The supervisors have a tendency to unload a series of complaints about the incidents during an annual performance review sessions.
- 3) It results in very close supervision which may not be liked by an employee.
- 4) The recording of incidents may be a chore for the manager concerned, who may be too busy or may forget to do it.

3.3.4 Checklists and Weighted Checklists

In this system, a large number of statements that describe a specific job are given. Each statement has a weight or scale value attached to it. While rating an employee the

supervisor checks all those statements that most closely describe the behaviour of the individual under assessment. The rating sheet is then scored by averaging the weights of all the statements checked by the rater. A checklist is constructed for each job by having persons who are quite familiar with the jobs. These statements are then categorized by the judges and weights are assigned to the statements in accordance with the value attached by the judges.

Advantages of Checklists and Weighted Checklists

- Most frequently used method in evaluation of the employee's performance.

Limitations of Checklists and Weighted Checklists

- This method is very expensive and time consuming
- Rater may be biased in distinguishing the positive and negative questions.
- It becomes difficult for the manager to assemble, analyze and weigh a number of statements about the employees' characteristics, contributions and behaviours.

3.4 Performance Appraisal Biases

Managers make mistakes while evaluating employees and their performance. Biases and judgment errors of various kinds may spoil the performance appraisal process. Bias here refers to inaccurate distortion of a measurement. These are:

1. First Impression (primacy effect): Raters form an overall impression about the ratee on the basis of some particular characteristics of the ratee identified by them. The identified qualities and features may not provide adequate base for appraisal.
2. Halo Effect: The individual's performance is completely appraised on the basis of a perceived positive quality, feature or trait. In other words this is the tendency to rate a man uniformly high or low in other traits if he is extra-ordinarily high or low in one particular trait. If a worker has few absences, his supervisor might give him a high rating in all other areas of work.
3. Horn Effect: The individual's performance is completely appraised on the basis of a negative quality or feature perceived. This results in an overall lower rating than may be warranted. "He is not formally dressed up in the office. He may be casual at work too!".
4. Excessive Stiffness or Lenience: Depending upon the raters own standards, values and physical and mental makeup at the time of appraisal, ratees may be rated very strictly or leniently. Some of the managers are likely to take the line of least resistance and rate people high, whereas others, by nature, believe in the tyranny of exact assessment, considering more particularly the drawbacks of the individual and thus making the assessment excessively severe. The leniency error can render a system ineffective. If everyone is to be rated high, the system has not done anything to differentiate among the employees.
5. Central Tendency: Appraisers rate all employees as average performers. That is, it is an attitude to rate people as neither high nor low and follow the middle path. For example, a professor, with a view to play it safe, might give a class grade near the equal to B, regardless of the differences in individual performances.
6. Personal Biases: The way a supervisor feels about each of the individuals working under him - whether he likes or dislikes them - as a tremendous effect on the rating of their

performances. Personal Bias can stem from various sources as a result of information obtained from colleagues, considerations of faith and thinking, social and family background and so on.

7. Spillover Effect: The present performance is evaluated much on the basis of past performance. “The person who was a good performer in distant past is assured to be okay at present also”.
8. Recency Effect: Rating is influenced by the most recent behaviour ignoring the commonly demonstrated behaviours during the entire appraisal period.

Therefore while appraising performances; all the above biases should be avoided.

4.0 Summary

This unit discusses the concept of performance appraisal. It looked at the objectives and benefits of performance appraisal. The various methods of performance appraisal were considered and the unit ended by considering the possible biases in performance appraisal.

5.0 Conclusions

Management of performance is important to being a good supervisor and clarification of expectations and performance feedback is also important to those they supervise. Understanding the Performance appraisal is considered very important in managing the organizations performance and hence its success.

6.0 Tutor Marked Assignment

Discuss the advantages and disadvantages of performance appraisal. What are the possible biases that should be avoided in conducting performance appraisal?

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Unit 8 - Power and Delegation of Authority

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1.0 Introduction

Management is the process of achieving results through others; hence a manager alone cannot perform all the tasks assigned to him. In order to meet the targets, the manager should delegate authority. In this unit, we shall be discussing power and delegation of authority. Furthermore, we shall examine the elements, principles, importance and steps to effective delegation. The concept of centralization and decentralization will also be discussed.

2.0 Objectives

At the end of this unit, learners will be able to:

- Define and identify the steps and principles of effective delegation
- Identify and appreciate the benefits and importance of delegation at work
- Distinguish between centralization and decentralisation.

3.0 Main Content

3.1 What is Delegation?

Delegation of Authority means division of authority and powers downwards to the subordinate. Delegation is about entrusting someone else to do parts of your job. Delegation of authority can be defined as subdivision and sub-allocation of powers to the subordinates in order to achieve effective results.

3.1 Elements of Delegation

1. Authority - in context of a business organization, authority can be defined as the power and right of a person to use and allocate the resources efficiently, to take decisions and to give orders so as to achieve the organizational objectives. Authority must be well- defined. All people who have the authority should know the scope of their authority and should not misuse it. Authority is the right to give commands, orders and get the things done. The top level management has greatest authority. Authority always flows from top to bottom. It explains how a superior gets work done from his subordinate by clearly explaining what is expected of him and how he should go about it. Authority should be accompanied with an equal amount of responsibility. Delegating the authority to someone else doesn't imply

escaping from accountability. Accountability still rest with the person having the utmost authority.

2. Responsibility - is the duty of the person to complete the task assigned to him. A person who is given the responsibility should ensure that he accomplishes the tasks assigned to him. If the tasks for which he was held responsible are not completed, then he should not give explanations or excuses. Responsibility without adequate authority leads to discontent and dissatisfaction among the person. Responsibility flows from bottom to top. The middle level and lower level management holds more responsibility. The person held responsible for a job is answerable for it. If he performs the tasks assigned as expected, he will receive praises. If he doesn't accomplish tasks assigned as expected, then he might be punished for that.
3. Accountability - means giving explanations for any variance in the actual performance from the expectations set. Accountability can not be delegated. For example, if 'A' is given a task with sufficient authority, and 'A' delegates this task to B and asks him to ensure that the task is done well, responsibility rest with 'B', but accountability still rest with 'A'. The top level management is most accountable. Being accountable means being innovative as the person will think beyond his scope of job. Accountability ,in short, means being answerable for the end result. Accountability can't be escaped. It arises from responsibility.

3.2 Steps for Achieving Delegation

A manager has to work in a system and has to perform the following steps :-

1. Assignment of tasks and duties
2. Granting of authority
3. Creating responsibility and accountability

Delegation of authority is the base of superior-subordinate relationship, it involves the following steps:-

1. Assignment of Duties – The delegator first tries to define the task and duties to the subordinate. He also has to define the result expected from the subordinates. Clarity of duty as well as result expected has to be the first step in delegation.
2. Granting of authority – Subdivision of authority takes place when a superior divides and shares his authority with the subordinate. For this reason, every subordinate should be given enough independence to perform the task given to him by his superiors. The managers at all levels delegate authority and power which is attached to their job positions. The subdivision of powers is very important to get effective results.
3. Creating Responsibility and Accountability – The delegation process does not end once powers are granted to the subordinates. They at the same time have to be obligatory towards the duties assigned to them. Responsibility is said to be the factor or obligation of an individual to carry out his duties to the best of his ability as per the directions of superior. Responsibility is very important. Therefore, it is that which gives effectiveness to authority. At the same time, responsibility is absolute and cannot be shifted. Accountability, on the others hand, is the obligation of the individual to carry out his duties as per the standards of performance. Therefore, it is said that authority is delegated, responsibility is created and accountability is imposed. Accountability arises out of responsibility and responsibility arises out of authority. Therefore, it becomes important that with every authority position an equal and opposite responsibility should be attached.

Therefore every manager, i.e., the delegator has to follow a system to finish up the delegation process. Equally important is the delegatee's role which means his responsibility and accountability is attached with the authority.

3.3 Relationship between Authority and Responsibility

Authority is the legal right of person or superior to command his subordinates while responsibility is the obligation of individual to carry out his duties as per standards of performance Authority flows from the superiors to subordinates, in which orders and instructions are given to subordinates to complete the task. It is only through authority, a manager exercises control. In a way through exercising the control the superior is demanding accountability from subordinates. If the marketing manager directs the sales supervisor for 50 units of sale to be undertaken in a month. If the above standards are not accomplished, it is the marketing manager who will be accountable to the chief executive officer. Therefore, we can say that authority flows from top to bottom and responsibility flows from bottom to top. Accountability is a result of responsibility and responsibility is result of authority. Therefore, for every authority an equal accountability is attached

Differences between Authority and Responsibility

Authority	Responsibility
It is the legal right of a person or a superior to command his subordinates.	It is the obligation of subordinate to perform the work assigned to him.
Authority is attached to the position of a superior in a concern.	Responsibility arises out of superior-subordinate relationship in which subordinate agrees to carry out duty given to him.
Authority can be delegated by a superior to a subordinate	Responsibility cannot be shifted and is absolute
It flows from top to bottom.	It flows from bottom to top.

3.4 Importance of Delegation

Delegation of authority is a process in which the authority and powers are divided and shared amongst the subordinates. When the work of a manager gets beyond his capacity, there should be some system of sharing the work. This is how delegation of authority evolved as an important tool in organization function. Through delegation, a manager, in fact, is multiplying himself by dividing/multiplying his work with the subordinates. The importance of delegation can be justified as follows:

1. Through delegation, a manager is able to divide the work and allocate it to the subordinates. This helps in reducing his work load so that he can work on important areas such as - planning, business analysis etc.
2. With the reduction of load on superior, he can concentrate his energy on important and critical issues of concern. This way he is able to bring effectiveness in his work as well in the work unit. This effectively helps a manager to prove his ability and skills in the best manner.
3. Delegation of authority is the ground on which the superior-subordinate relationship stands. An organization functions as the authority flows from top level to bottom. This in fact shows that through delegation, the superior-subordinate relationship become meaningful. The flow of authority is from top to bottom which is a way of achieving results.
4. Delegation of authority in a way gives enough room and space to the subordinates to develop their abilities and skills. Through delegating of authority, the subordinates get a feeling of importance. They get motivated to work and this motivation provides appropriate results to a concern. Job satisfaction is an important criterion to bring stability and soundness in the relationship between superior and subordinates. Delegation also helps in breaking the monotony of the subordinates so that they can be more creative and efficient. Delegation of authority is not only helpful to the subordinates but it also helps the managers to develop their talents and skills. Since the manager get enough time through delegation to concentrate on important issues, their decision-making gets strong and in a way they can demonstrate the talents which are required in a manager. Granting powers and getting the work done, helps the manager to attain communication skills, supervision and guidance, effective motivation and the leadership traits are exhibited. Therefore it is only through delegation that a manager can be tested on his traits.
5. Delegation of authority is a source of help to both superior and subordinates. This ,in a way, gives stability to a concern's work. With effective results, a concern can think of creating more departments and divisions. This will require creation of more managers which can be fulfilled by shifting the experienced, skilled managers to these positions. This helps in both vertical as well as horizontal growth which is very important for a concern's stability.

Therefore, from the above points, we can conclude that delegation is not just a process but it is a way by which a manager can multiply himself and is able to bring stability, ability and soundness to a concern.

3.5 Principles of Delegation

There are a few guidelines in form of principles which can be a help to the manager in the process of delegation. The principles of delegation are as follows: -

1. Principle of result expected- suggests that every manager before delegating the powers to the subordinate should be able to clearly define the goals as well as results expected from them. The goals and targets should be completely and clearly defined and the standards of performance should also be notified clearly. For example, a marketing manager explains the salesmen regarding the units of sale to make in a particular day, say ten units a day have to be the target sales. While a marketing manger provides these guidelines of sales, mentioning the target sales is very important so that the salesman can perform his duty efficiently with a clear goal before him.
2. Principle of Parity of Authority and Responsibility- According to this principle, the manager should keep a balance between authority and responsibility. Both of them should go hand in hand. According to this principle, if a subordinate is given a responsibility to perform a task,

then at the same time he should be given enough independence and power to carry out that task effectively. This principle also does not provide excessive authority to the subordinate which at times can be misused by him. The authority should be given in such a way that it matches the task given to him. Therefore, there should be no degree of disparity between the two.

3. Principle of absolute responsibility- This says that the authority can be delegated but responsibility cannot be delegated by managers to his subordinates which means responsibility is fixed. The manager at every level, no matter his authority, is always responsible to his superior for carrying out his task by delegating the powers. It does not mean that he can escape from his responsibility. He will always remain responsible till the completion of the task. Every superior is responsible for the acts of their subordinates and are accountable to their superior therefore the superiors cannot pass the blame to the subordinates even if he has delegated certain powers to subordinates. For example, if the production manager has been given a work and the machine breaks down. If repairmen are not able to get repair work done, production manager will be responsible to CEO if their production is not completed.
4. Principle of Authority level- This principle suggests that a manager should exercise his authority within the jurisdiction / framework given. The manager should be forced to consult their superiors with those matters of which the authority is not given that means before a manager makes any important decision, he should make sure that he has the authority to do that on the other hand, a subordinate should also not frequently go to their superiors to confirm or to give suggestions if they are not asked to do so.

3.6 Centralization and Decentralization

Centralization is said to be a process where the concentration of decision making is in a few hands. All the important decision and actions at the lower level, all subjects and actions at the lower level are subject to the approval of top management. According to Allen, "Centralization" is the systematic and consistent reservation of authority at central points in the organization. The implication of centralization can be :-

1. Reservation of decision making power at top level.
2. Reservation of operating authority with the middle level managers.
3. Reservation of operation at lower level at the directions of the top level.

Under centralization, the important and key decisions are taken by the top management and the other levels are into implementations as per the directions of top level. For example, in a business concern, the father and son being the owners decide on the important matters and all the rest of the functions like product, finance, marketing, personnel, are carried out by the department heads and they have to act as per instruction and orders of the two people. Therefore in this case, decision making power remain in the hands of father and son.

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

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

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

Implications of Decentralization

1. There is less burden on the Chief Executive as in the case of centralization.
2. In decentralization, the subordinates get a chance to decide and act independently which develops skills and capabilities. This way the organization is able to process reserve of talents in it.
3. In decentralization, diversification and horizontal arrangement can be easily implanted.
4. In decentralization, concern diversification of activities can take place effectively since there is more scope for creating new departments. Therefore, diversification growth is of a degree.
5. In decentralization structure, operations can be coordinated at divisional level which is not possible in the centralization set up.
6. In the case of decentralization structure, there is greater motivation and morale of the employees since they get more independence to act and decide.
7. In a decentralization structure, co-ordination to some extent is difficult to maintain as there are lot many department divisions and authority is delegated to maximum possible extent ,i.e., to the bottom most level delegation reaches. Centralization and decentralization are the categories by which the pattern of authority relationships became clear. The degree of centralization and de-centralization can be affected by many factors like nature of operation, volume of profits, number of departments, size of a concern, etc. The larger the size of a concern, a decentralization set up is suitable in it.

Delegation and Decentralization

Basis	Delegation	Decentralization
Meaning	Managers delegate some of their function and authority to their subordinates.	Right to take decisions is shared by top management and other level of management.
Scope	Scope of delegation is limited as superior delegates the powers to the subordinates on individual bases.	Scope is wide as the decision making is shared by the subordinates also.

Responsibility	Responsibility remains with the managers and cannot be delegated	Responsibility is also delegated to subordinates.
Freedom of Work	Freedom is not given to the subordinates as they have to work as per the instructions of their superiors.	Freedom to work can be maintained by subordinates as they are free to take decision and to implement it.
Nature	It is a routine function	It is an important decision of an enterprise.
Need on purpose	Delegation is important in all concerns whether big or small. No enterprises can work without delegation.	Decentralization becomes more important in large concerns and it depends upon the decision made by the enterprise, it is not compulsory.
Grant of Authority	The authority is granted by one individual to another.	It is a systematic act which takes place at all levels and at all functions in a concern.
Grant of Responsibility	Responsibility cannot be delegated	Authority with responsibility is delegated to subordinates.
Degree	Degree of delegation varies from concern to concern and department to department.	Decentralization is total by nature. It spreads throughout the organization i.e. at all levels and all functions
Process	Delegation is a process which explains superior subordinates relationship	It is an outcome which explains relationship between top management and all other departments.
Essentiality	Delegation is essential for all kinds of concerns	Decentralization is a decisions function by nature.
Significance	Delegation is essential for creating the organization	Decentralization is an optional policy at the discretion of top management.
Withdrawal	Delegated authority can be taken back.	It is considered as a general policy of top management and is applicable to all departments.
Freedom of Action	Very little freedom to the subordinates	Considerable freedom

Decentralization can be called extension of delegation. When delegation of authority is done to the fullest possible extent, it gives way to decentralization.

4.0 Summary

The elements, principles and steps to effective delegation were examined in this unit. The importance of delegation was also discussed. The unit further differentiated between the processes centralization and decentralization of authority.

5.0 Conclusion

In reality, no manager can single handedly perform all the tasks expected of him. Consequently, managers should delegate part of their authority to subordinates. This however needs to be done in a disciplined manner by following the prescribed steps and respecting the underlining principles. If done this way, we can justify that delegation is not just a process but a way by which manager multiples himself and is able to bring stability, ability and soundness to a concern. Furthermore, decentralization can be called extension of delegation. When delegation of authority is done to the fullest possible extent, it gives way to decentralization.

6.0 Tutor Marked Assignment

Discuss the concept of delegation of authority bringing out the meaning, principles and steps to effective delegation. Distinguish between delegation and decentralization of authority.

7.0 References

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Unit 9 – Motivation

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- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
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- 7.0 References/Further Readings

1.0 Introduction

One of the most important functions of management is to create willingness amongst the employees to perform in the best of their abilities. Therefore the role of a leader is to arouse interest in performance of employees in their jobs. This unit will discuss the meaning process and importance of motivation. Three classical theories of motivation namely: Maslow's hierarchy of needs theory, Herzberg's Two factor theory and Theory X and Theory Y will be reviewed. The unit will end by looking at motivation incentives - Incentives to motivate employees

2.0 Objectives

At the end of this unit, learners will be able to:

- Understand the concept of motivation
- Identify what motivates people at work
- Discuss the content of the three classical theories of motivation to be discussed and apply the principles at work
- Appreciate the significance of motivation incentives.

3.0 Main Content

3.1 What is Motivation?

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

-

- desire for money
- success
- recognition
- job-satisfaction
- team work, etc

The process of motivation consists of three stages:-

1. A felt need or drive

2. A stimulus in which needs have to be aroused
3. When needs are satisfied, the satisfaction or accomplishment of goals.

Therefore, we can say that motivation is a psychological phenomenon which means needs and wants of the individuals have to be tackled by framing an incentive plan.

3.1 Importance of Motivation

Motivation is very important for an organization because of the following benefits it provides:-

1. Puts human resources into action

Every concern requires physical, financial and human resources to accomplish the goals. It is through motivation that the human resources can be utilized by making full use of it. This can be done by building willingness in employees to work. This will help the enterprise in securing best possible utilization of resources.

2. Improves level of efficiency of employees

The level of a subordinate or an employee does not only depend upon his qualifications and abilities. For getting best of his work performance, the gap between ability and willingness has to be filled which helps in improving the level of performance of subordinates. This will result into-

- a. Increase in productivity,
 - b. Reducing cost of operations, and
 - c. Improving overall efficiency.
3. Leads to achievement of organizational goals

The goals of an enterprise can be achieved only when the following factors take place :-

- a. There is best possible utilization of resources,
 - b. There is a co-operative work environment ,
 - c. The employees are goal-directed and they act in a purposive manner,
 - d. Goals can be achieved if co-ordination and co-operation take place simultaneously which can be effectively done through motivation.
4. Builds friendly relationship

Motivation is an important factor which brings employees satisfaction. This can be done by keeping in mind and framing an incentive plan for the benefit of the employees. This could initiate the following things:

- a. Monetary and non-monetary incentives,
- b. Promotion opportunities for employees,
- c. Disincentives for inefficient employees.

In order to build a cordial, friendly atmosphere in a concern, the above steps should be taken by a manager. This would help in:

4. Effective co-operation which brings stability,
 5. Industrial dispute and unrest in employees will reduce,
 6. The employees will be adaptable to the changes and there will be no resistance to the change,
 7. This will help in providing a smooth and sound concern in which individual interests will coincide with the organizational interests,
 8. This will result in profit maximization through increased productivity.
5. Leads to stability of work force

Stability of workforce is very important from the point of view of reputation and goodwill of a concern. The employees can remain loyal to the enterprise only when they have a feeling of participation in the management. The skills and efficiency of employees will always be of advantage to employees as well as employees. This will lead to a good public image in the market which will attract competent and qualified people into a concern. As it is said, "Old is gold" which suffices with the role of motivation here, the older the people, more the experience and their adjustment into a concern which can be of benefit to the enterprise.

From the above discussion, we can say that motivation is an internal feeling which can be understood only by manager since he is in close contact with the employees. Needs, wants and desires are inter-related and they are the driving force to act. These needs can be understood by the manager and he can frame motivation plans accordingly. We can say that motivation therefore is a continuous process since motivation process is based on needs which are unlimited. The process has to be continued throughout.

We can summarize by saying that motivation is important both to an individual and a business. Motivation is important to an individual as:

1. Motivation will help him achieve his personal goals.
2. If an individual is motivated, he will have job satisfaction.
3. Motivation will help in self-development of individual.
4. An individual would always gain by working with a dynamic team.

Similarly, motivation is important to a business as:

1. The more motivated the employees are, the more empowered the team is.
2. The more is the team work and individual employee contribution, the more profitable and successful is the business.
3. During period of change, there will be more adaptability and creativity.
4. Motivation will lead to an optimistic and challenging attitude at work place because it has been discovered that by and large, with respect to workplace motivation – Carrot or Stick approach doesn't work anymore
5. While salary and promotions could do a great job of demotivating people if handled ineffectively, they aren't so much effective in motivating people.

What should be done therefore for effective motivation at workplace?

- Link Rewards directly to Performance- An organization should adopt a fair reward structure

which provides incentive to the most deserving employee. Have an incentive structure in place doesn't solve the problem... what makes it workable is the employees trust in the system and believe that they will be rewarded if they perform well.

Compliment employees- Even though an employee's name has not appeared in the list of people getting incentives, go ahead and compliment that employee for a job well done - no matter how small. There is nothing more satisfying to an employee than a pat on his back.

Be transparent- While there may be some strategic decisions which you might want to share with the employees at a later stage, make sure employees do not give in to the rumours. Stay in touch with the employees.

Work on your PDP- Every employee is responsible for his / her own career. He / she should work towards his 'Personal Development Plan' [PDP] as discussed and agreed by his manager. Find out what the training company offers and which is best suited to his development needs. How this will motivate you - remember training always increases your marketability and enhance your career.

Participate and Network- Employees - Remember you work for a company where a one-on-one attention might not be possible. Do not wait for an invitation to participate in a discussion. If you are a part of a forum, then you have full right to express your opinion and be a part of the process. Expressing yourself is a good way of motivating yourself.

3.2 Classical Theories of Motivation

The motivation concepts were mainly developed around 1950's. Three main theories were propounded during this period. These three classical theories are-

- Maslow's hierarchy of needs theory
- Herzberg's Two factor theory
- Theory X and Theory Y

These theories are building blocks of the contemporary theories developed later. The working managers and learned professionals till date use these classical theories to explain the concept of employee motivation.

3.2.1 Maslow's Hierarchy of Needs Theory

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

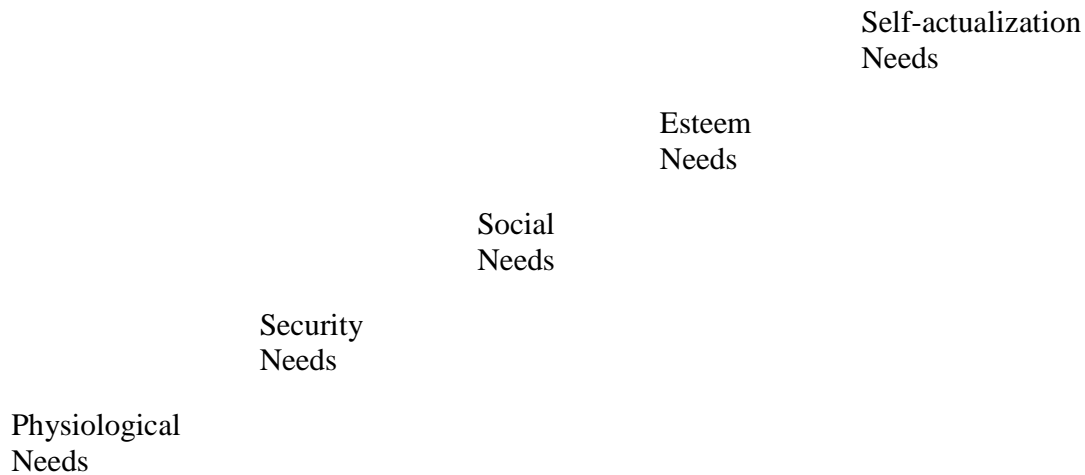


FIGURE 9.1 : Maslow’s Need Hierarchy Model

1. Physiological needs- These are the basic needs of air, water, food, clothing and shelter. In other words, physiological needs are the needs for basic amenities of life.
2. Safety needs- Safety needs include physical, environmental and emotional safety and protection. For instance- Job security, financial security, protection from animals, family security, health security, etc.
3. Social needs- Social needs include the need for love, affection, care, belongingness, and friendship.
4. Esteem needs- Esteem needs are of two types: internal esteem needs (self- respect, confidence, competence, achievement and freedom) and external esteem needs (recognition, power, status, attention and admiration).
5. Self-actualization need- This include the urge to become what you are capable of becoming / what you have the potential to become. It includes the need for growth and self-contentment. It also includes desire for gaining more knowledge, social- service, creativity and being aesthetic. The self- actualization needs are never fully satiable. As an individual grows psychologically, opportunities keep cropping up to continue growing.

According to Maslow, individuals are motivated by unsatisfied needs. As each of these needs is significantly satisfied, it drives and forces the next need to emerge. Maslow grouped the five needs into two categories - Higher-order needs and Lower-order needs. The physiological and the safety needs constituted the lower-order needs. These lower-order needs are mainly satisfied externally. The social, esteem, and self-actualization needs constituted the higher-order needs. These higher-order needs are generally satisfied internally, i.e., within an individual. Thus, we can conclude that during boom period, the employees lower-order needs are significantly met.

Implications of Maslow’s Hierarchy of Needs Theory for Managers

- As far as the physiological needs are concerned, the managers should give employees appropriate salaries to purchase the basic necessities of life. Breaks and eating opportunities should be given to employees.

- As far as the safety needs are concerned, the managers should provide the employees job security, safe and hygienic work environment, and retirement benefits so as to retain them.
- As far as social needs are concerned, the management should encourage teamwork and organize social events.
- As far as esteem needs are concerned, the managers can appreciate and reward employees on accomplishing and exceeding their targets. The management can give the deserved employee higher job rank / position in the organization.
- As far as self-actualization needs are concerned, the managers can give the employees challenging jobs in which the employees' skills and competencies are fully utilized. Moreover, growth opportunities can be given to them so that they can reach the peak.

The managers must identify the need level at which the employee is existing and then those needs can be utilized as push for motivation.

Limitations of Maslow's Theory

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

3.2.2 Herzberg's Two-Factor Theory of Motivation

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

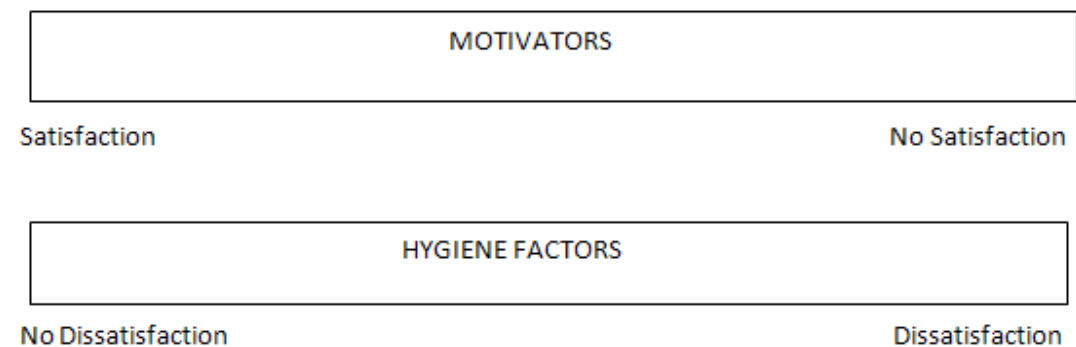


FIGURE: 9.2 - Herzberg's view of satisfaction and dissatisfaction

Herzberg classified these job factors into two categories-

- a. Hygiene factors- Hygiene factors are those job factors which are essential for existence of motivation at workplace. These do not lead to positive satisfaction for long-term. But if these factors are absent / if these factors are non-existent at workplace, then they lead to dissatisfaction. In other words, hygiene factors are those factors which when adequate / reasonable in a job, pacify the employees and do not make them dissatisfied. These factors are extrinsic to work. Hygiene factors are also called dissatisfiers or maintenance factors as they are required to avoid dissatisfaction. These factors describe the job environment / scenario. The hygiene factors symbolized the physiological needs which the individuals wanted and expected to be fulfilled. Hygiene factors include:
- Pay- The pay or salary structure should be appropriate and reasonable. It must be equal and competitive to those in the same industry in the same domain.
 - Company Policies and administrative policies- The company policies should not be too rigid. They should be fair and clear. It should include flexible working hours, dress code, breaks, vacation, etc.
 - Fringe benefits- The employees should be offered health care plans (mediclaim), benefits for the family members, employee help programmes, etc.
 - Physical Working conditions- The working conditions should be safe, clean and hygienic. The work equipments should be updated and well-maintained.
 - Status- The employees' status within the organization should be familiar and retained.
 - Interpersonal relations- The relationship of the employees with his peers, superiors and subordinates should be appropriate and acceptable. There should be no conflict or humiliation element present.
 - Job Security- The organization must provide job security to the employees.
- b. Motivational factors- According to Herzberg, the hygiene factors cannot be regarded as motivators. The motivational factors yield positive satisfaction. These factors are inherent work. These factors motivate the employees for a superior performance. These factors are called satisfiers. These are factors involved in performing the job. Employees find these factors intrinsically rewarding. The motivators symbolized the psychological needs that were perceived as an additional benefit. Motivational factors include:
- Recognition- The employees should be praised and recognized for their accomplishments by the managers.
 - Sense of achievement- The employees must have a sense of achievement. This depends on the job. There must be a fruit of some sort in the job.
 - Growth and promotional opportunities- There must be growth and advancement opportunities in an organization to motivate the employees to perform well.
 - Responsibility- The employees must hold themselves responsible for the work. The managers should give them ownership of the work. They should minimize control but retain accountability.

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

Limitations of Two-Factor Theory

The two factor theory is not free from limitations:

1. The two-factor theory overlooks situational variables.
2. Herzberg assumed a correlation between satisfaction and productivity. But the research conducted by Herzberg stressed upon satisfaction and ignored productivity.

3. The theory's reliability is uncertain. Analysis has to be made by the raters. The raters may spoil the findings by analyzing same response in different manner.
4. No comprehensive measure of satisfaction was used. An employee may find his job acceptable despite the fact that he may hate/object part of his job.
5. The two factor theory is not free from bias as it is based on the natural reaction of employees when they are required the sources of satisfaction and dissatisfaction at work. They will blame dissatisfaction on the external factors such as salary structure, company policies and peer relationship. Also, the employees will give credit to themselves for the satisfaction factor at work.
6. The theory ignores blue-collar workers. Despite these limitations, Herzberg's Two-Factor theory is acceptable broadly.

Implications of Two-Factor Theory

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

3.2.3 Theory X and Theory Y

In 1960, Douglas McGregor formulated Theory X and Theory Y suggesting two aspects of human behaviour at work, or in other words, two different views of individuals (employees): one of which is negative, called Theory X and the other is positive, referred to as Theory Y. According to McGregor, the perception of managers on the nature of individuals is based on various assumptions.

Assumptions of Theory X

- An average employee intrinsically does not like work and tries to escape it whenever possible.
- Since the employee does not want to work, he must be persuaded, compelled, or warned with punishment so as to achieve organizational goals. A close supervision is required on the part of managers. The managers adopt a more dictatorial style.
- Many employees rank job security on top, and they have little or no aspiration/ ambition.
- Employees generally dislike responsibilities.
- Employees resist change.
- An average employee needs formal direction.

Assumptions of Theory Y

- Employees can perceive their job as relaxing and normal. They exercise their physical and mental efforts in an inherent manner in their jobs.
- Employees may not require only threat, external control and coercion to work, but they can use self-direction and self-control if they are dedicated and sincere to achieve the organizational objectives.
- If the job is rewarding and satisfying, then it will result in employees' loyalty and commitment to organization.

- An average employee can learn to admit and recognize the responsibility. In fact, he can even learn to obtain responsibility.
- The employees have skills and capabilities. Their logical capabilities should be fully utilized. In other words, the creativity, resourcefulness and innovative potentiality of the employees can be utilized to solve organizational problems.

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

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

Implications of Theory X and Theory Y

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

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

3.3 Motivation Incentives - Incentives to motivate employees

Incentive is an act or promise for greater action. It is also called a stimulus to greater action. Incentives are something which are given in addition to wages. It means additional remuneration or benefit to an employee in recognition of achievement or better work. Incentives provide a spur or zeal in the employees for better performance. It is a natural thing that nobody acts without a purpose behind. Therefore, a hope for a reward is a powerful incentive to motivate employees. Besides monetary incentive, there are some other stimuli which can drive a person to better. This will include job satisfaction, job security, job promotion, and pride for accomplishment. Therefore, incentives really can sometimes work to accomplish the goals of a concern. The need of incentives can be many:-

1. To increase productivity,
2. To drive or arouse a stimulus work,
3. To enhance commitment in work performance,
4. To psychologically satisfy a person which leads to job satisfaction,
5. To shape the behavior or outlook of subordinate towards work,
6. To inculcate zeal and enthusiasm towards work,
7. To get the maximum of their capabilities so that they are exploited and utilized maximally.

Therefore, management has to offer the following two categories of incentives to motivate employees:-

- a. Monetary incentives- Those incentives which satisfy the subordinates by providing them rewards in terms of rupees. Money has been recognized as a chief source of satisfying the needs of people. Money is also helpful to satisfy the social needs by possessing various material items. Therefore, money not only satisfies psychological needs but also the security and social needs. Therefore, in many factories, various wage plans and bonus schemes are introduced to motivate and stimulate the people to work.
- b. Non-monetary incentives- Besides the monetary incentives, there are certain non-financial incentives which can satisfy the ego and self- actualization needs of employees. The incentives which cannot be measured in terms of money are under the category of “Non- monetary incentives”. Whenever a manager has to satisfy the psychological needs of the subordinates, he makes use of non-financial incentives. Non- financial incentives can be of the following types:-
- c. Security of service- Job security is an incentive which provides great motivation to employees. If his job is secured, he will put maximum efforts to achieve the objectives of the enterprise. This also helps since he is very far off from mental tension and he can give his best to the enterprise.
- d. Praise or recognition- The praise or recognition is another non- financial incentive which satisfies the ego needs of the employees. Sometimes praise becomes more effective than any other incentive. The employees will respond more to praise and try to give the best of their abilities to a concern.
- e. Suggestion scheme- The organization should look forward to taking suggestions and inviting suggestion schemes from the subordinates. This inculcates a spirit of participation in the employees. This can be done by publishing various articles written by employees to improve the work environment which can be published in various magazines of the company. This also is helpful to motivate the employees to feel important and they can also be in search for innovative methods which can be applied for better work methods. This ultimately helps in growing a concern and adapting new methods of operations.
- f. Job enrichment- Job enrichment is another non- monetary incentive in which the job of a worker can be enriched. This can be done by increasing his responsibilities, giving him an important designation, increasing the content and nature of the work. This way efficient worker can get challenging jobs in which they can prove their worth. This also helps in the greatest motivation of the efficient employees.
- g. Promotion opportunities- Promotion is an effective tool to increase the spirit to work in a concern. If the employees are provided opportunities for the advancement and growth, they feel satisfied and contented and they become more committed to the organization.

The above non- financial tools can be framed effectively by giving due concentration to the role of employees. A combination of financial and non- financial incentives help together in bringing motivation and zeal to work in a concern.

Positive Incentives

Positive incentives are those incentives which provide a positive assurance for fulfilling the needs and wants. Positive incentives generally have an optimistic attitude behind and they are generally given to satisfy the psychological requirements of employees. For example-promotion, praise, recognition, perks and allowances, etc. It is positive by nature.

Negative Incentives

Negative incentives are those whose purpose is to correct the mistakes or defaults of employees. The purpose is to rectify mistakes in order to get effective results. Negative incentive is generally resorted to when positive incentive does not work and a psychological set back has to be given to employees. It is negative by nature. For example- demotion, transfer, fines, penalties.

4.0 Summary

The thrust of this unit was motivation at work. We examined the concept and process of as well as the importance of motivation. Three classical theories of motivation namely: Maslow's hierarchy of needs theory, Herzberg's Two factor theory and Theory X and Theory Y were discussed the role of motivation incentives were exhaustively explored too.

5.0 Conclusion

It has been demonstrated in this unit that for greater performance at work, motivation is very fundamental. According to Maslow, human behavior is goal-directed. Motivation cause goal-directed behaviour. It is through motivation that needs can be handled and tackled purposely. Hence managers must understand the hierarchy of needs as the needs of individual that serve as a driving force in human behaviour. Therefore, a manager must understand the "hierarchy of needs". According to Maslow, individuals are motivated by unsatisfied needs. As each of these needs is significantly satisfied, it drives and forces the next need to emerge. The Two-Factor theory implies that the managers must stress upon guaranteeing the adequacy of the hygiene factors to avoid employee dissatisfaction. Also, the managers must make sure that the work is stimulating and rewarding so that the employees are motivated to work and perform harder and better. This theory emphasize upon job-enrichment so as to motivate the employees. The job must utilize the employee's skills and competencies to the maximum. Focusing on the motivational factors can improve work-quality. Further more it can be concluded that incentives provide a spur or zeal in the employees for better performance as it is a natural thing that nobody acts without a purpose behind. Therefore, a hope for a reward is a powerful incentive to motivate employees. Besides monetary incentive, there are some other stimuli which can drive a person to better performance. This will include job satisfaction, job security, job promotion, and pride for accomplishment. Therefore, incentives really can sometimes work to accomplish the goals of a concern.

6.0 Tutor Marked Assignment

Discuss the theory of motivation by Abraham Maslow and Frederick Herzberg. What are the lessons from each of the theories?

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Unit 10 - Leadership

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1.0 Introduction

In this unit, the critical function of leadership will be considered. We shall explain the meaning, features, roles and characteristics of leadership. Also to be discussed are ascension to leadership position as well as choice of leadership styles. We shall also dwell on the differences between leadership and management. Before rounding up the unit, we shall examine the meaning and implication of organizational leadership.

2.0 Objectives

At the end of the unit, learners will be able to:

- Understand the meaning of leadership
- Appreciate the role and importance of leadership
- Identify the qualities of an effective leaders
- Distinguish between leadership and management
- Identify different types of leaders and leadership styles

3.0 Main Content

3.1 What is Leadership?

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

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

Features of Leadership

1. It is an inter- personal process in which a manager is into influencing and guiding workers towards attainment of goals.
2. It denotes a few qualities to be present in a person that includes intelligence, maturity and personality.

3. A leader is involved in shaping and moulding the behavior of the group towards accomplishment of organizational goals.
4. Leadership is situation bound. There is no best style of leadership. It all depends upon tackling and dealing with problems as they affect situations.

3.1 Importance of Leadership

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

1. Initiates action- Leader is a person who starts the work by communicating the policies and plans to the subordinates from where the work actually starts.
2. Motivation- A leader proves to be playing an incentive role in the concern's working. He motivates the employees with economic and non-economic rewards and thereby gets the work done through the subordinates.
3. Providing guidance- A leader has the responsibility of supervising and guiding the subordinates. Guidance here means instructing the subordinates the way they have to perform their work effectively and efficiently.
4. Creating confidence- Confidence is an important factor which can be achieved through expressing the work efforts to the subordinates, explaining them clearly their role and giving them guidelines to achieve the goals effectively. It is also important to hear the employees with regards to their complaints and problems.
5. Building morale- Morale denotes willing co-operation of the employees towards their work and getting them into confidence and winning their trust. A leader can be a morale booster by achieving full co-operation so that they perform with best of their abilities as they work to achieve goals.
6. Builds work environment- Management is getting things done through people. An efficient work environment helps in sound and stable growth. Therefore, cordial human relations must form part of a leader's attribute. He should have personal contacts with employees and should listen to their problems and solve them. He should treat employees with humanitarian consideration.
7. Co-ordination- Co-ordination can be achieved through reconciling personal interests with organizational goals. This synchronization can be achieved through proper and effective co-ordination which should be primary motive of a leader.

3.2 Role of a Leader

The following are the main roles of a leader in an organization :

1. Required at all levels- Leadership is a function which is important at all levels of management. In the top level, it is important for getting co-operation in formulation of plans and policies. In the middle and lower level, it is required for interpretation and execution of plans and programmes framed by the top management. Leadership can be exercised through guidance and counseling of the subordinates at the time of execution of plans.
2. Representative of the organization- A leader, i.e., a manager is said to be the representative of the enterprise. He has to represent the concern at seminars, conferences, general

meetings, etc. His role is to communicate the rationale of the enterprise to outside public. He is also representative of the own department which he leads.

3. Integrates and reconciles the personal goals with organizational goals- A leader through leadership traits helps in reconciling/ integrating the personal goals of the employees with the organizational goals. He is trying to co-ordinate the efforts of people towards a common purpose and thereby achieves objectives. This can be done only if he can influence and get willing co-operation and urge to accomplish the objectives.
4. He solicits support- A leader is a manager and besides that he is a person who entertains and invites support and co- operation of subordinates. This he can do by his personality, intelligence, maturity and experience which can provide him positive result. In this regard, a leader has to invite suggestions and if possible implement them into plans and programmes of enterprise. This way, he can solicit full support of employees which results in willingness to work and thereby effectiveness in running of a concern.
5. As a friend, philosopher and guide- A leader must possess the three dimensional traits in him. He can be a friend by sharing the feelings, opinions and desires with the employees. He can be a philosopher by utilizing his intelligence and experience and thereby guiding the employees as and when time requires. He can be a guide by supervising and communicating to the employees the plans and policies of top management and securing their co-operation to achieve the goals of a concern. At times he can also play the role of a counselor by counseling and adopting problem-solving approach. He can listen to the problems of the employees and try to solve them.

3.3 Qualities of a Leader

A leader must have multidimensional traits in him that makes him appealing and effective in behavior. The following are the qualities that should be present in a good leader:

1. Physical appearance- A leader must have a pleasing appearance. Physique and health are very important for a good leader.
2. Vision and foresight- A leader cannot maintain influence unless he exhibits forward-looking qualities. He has to visualize situations and thereby has to frame logical programmes.
3. Intelligence- A leader should be intelligent enough to examine problems and difficult situations. He should be analytical and be able to weigh pros and cons and then summarize the situation. Therefore, a positive tendency and show of maturity are very important.
4. Communicative skills- A leader must be able to communicate the policies and procedures clearly, precisely and effectively. This can be helpful in persuasion and stimulation.
5. Objective- A leader must possess a fair disposition which is free from bias and which does not discriminate or show favour towards a particular individual. He should develop his own opinion and should base his judgment on facts and logic.
6. Knowledge of work- A leader should be very precisely knowledgeable on the work of his subordinates so that he can win the trust and confidence of his subordinates.
7. Sense of responsibility- Responsibility and accountability towards an individual's work is very important to bring a sense of influence. A leader must have a sense of responsibility towards organizational goals because only then can he get maximum of cooperation from his subordinates. For this, he has to motivate himself and arouse and urge to give best of his abilities. Only then can he motivate the subordinates.

8. Self-confidence and will-power- Confidence in himself is important to earn the confidence of the subordinates. He should be trustworthy and should handle the situations with full will power.
9. Humanist-This trait to be present in a leader is essential because he deals with human beings and is in personal contact with them. He has to handle the personal problems of his subordinates with great care and attention. Therefore, treating the human beings on humanitarian grounds is essential for building a congenial environment.
10. Empathy- It is an old adage “Stepping into the shoes of others”. This is very important because fair judgment and objectivity comes only then. A leader should understand the problems and complaints of employees and should also have a complete view of the needs and aspirations of the employees. This helps in improving human relations and personal contacts with the employees.

From the above qualities present in a leader, one can understand the scope of leadership and its importance for business success. A leader cannot have all the traits enumerated above but having a few of them helps in achieving effective results.

3.4 Leadership Theories, Qualities and Styles

Management involves leadership, and leadership can be described as the process of influencing group behaviour. Leadership also involves the managerial functions of directing, controlling and motivating towards the attainment of set goals.

Allen identifies five main activities that are associated with management leading:

- “**Management Decision-making:** the work a manager performs to arrive at conclusions and judgements”.
- “**Management Communicating:** the work a manager performs to create understanding”.
- “**Motivating:** the work a manager performs to inspire, encourage, and impel people to take required action”.
- “**Selecting People:** the work a manager performs to choose people for positions in the organization”.
- “**Developing People:** the work a manager performs to help people improve their knowledge, attitudes, and skills”.

3.5 Ascension to Leadership Position

From any group a leader can rise in any of the following ways:

- (a) he may be appointed by a higher authority
- (b) he may be elected by the group either because of his charisma or expertise in the group task
- (c) he may emerge on his own and be accepted by the group
- (d) he may be self-imposed.

So, a leader is either *appointed, elected, emergent, or self-imposed.*

Effective leadership is essential for the achievement of results. The manager’s leadership strengths or weaknesses affect the performance of the entire organization:

- He can clarify or confuse objectives, job assignments and expected results, and criteria for measuring performance.
- He can stimulate or inhibit optimum performance.
- He can encourage or retard the use of his subordinates best abilities, skills and interests.
- He can provide or withhold incentives for growth and development.
- He can enhance or undermine job satisfaction and morale.

Research observations indicate that high productivity,, high morale, and optimum growth and development of subordinates result primarily from the leadership given by their immediate superiors.

3.6 The Two Dimensions of Leadership

Two dimensions of leadership are of major concern to managers.

First, there is their leadership style:

- Some managers choose their leadership style either by institution or by following the examples of other managers.
- Studies of group operations and power relationships have shed light on the differing impacts of various leadership styles.
- Researchers in the field of management have long been engaged in a search for the “best” style of leadership. But evidence to date clearly indicates that there is no single style that is appropriate to, and effective in all types of situations.
- Results-oriented managers are those who can adapt their leadership style to meet the demands of each specific situation and the needs of their subordinates.

3.7 Leadership Styles and assumptions

Different leadership patterns or styles exist among leaders and among organizations. In addition to their leadership style, managers are concerned with the substance of their directing and controlling activities. These two factors interact, and neither can be ignored.

- What the manager does to direct and control his subordinates will determine what the subordinates will do.
- How the manager carries out these responsibilities will determine where the emphasis will be placed and influence the level of subordinate’s response.

Awareness of the importance of leadership has led many managers to ask themselves questions such as the following:-

- How democratic should I be?
- How much group participation will provide results, and how much is just a waste of valuable time?
- How can I best use my authority without arousing resentment?
- How can I prevent my orders from being distorted by staff two levels down in the organization?
- Why is it that this group seems to respond differently to my leadership from the staff in the last organization in which I worked?

3.8 Choice of Leadership Style

Various factors affect the choice of an appropriate leadership style. Some of the factors are:-

1. The Personality of Manager

Since he is the product of his past experiences, the manager will find it easy to engage in certain types of behaviour, difficult to carry off others adroitly, and impossible to feel comfortable with others as well.

2. The Manager's Life Philosophy

The manager's values are the rudder that guides his behaviour. Obviously, the ethically callous can act in ways that the ethically sensitive would not contemplate.

3. The Characteristics of the work Group

The work group is no more a blank page than is the manager. Its members have their own traits as individuals; and the work group as a whole also has unique distinguishing characteristics.

4. The Manager-Work-Group Relationship

The chemistry between the leader and the followers is crucial. Each combination of individuals requires a slightly different approach.

5. The Manager's Influence with his superiors and others who have power in the organization.

Without relatively consistent backing from his superiors and cooperative support from other key personnel in the organization, the manager's efforts to lead may well miscarry.

6. The Manager's interaction with other Departments

In complex organizations, extensive negotiation, accommodation and adaptation are required.

7. The Mandates of the Work and Work Environment

Opportunities for, and obstacles to effective leadership necessarily vary from one situation to another.

8. The Requirements of the Organization

The organization's philosophy, climate and tempo, and the pressures on the organization indicate the type of managerial leadership that will be rewarded

3.9 Leadership and Management - Relationship and Differences

Leadership and management are the terms that are often considered synonymous. It is essential to understand that leadership is an essential part of effective management. As a crucial component of management, remarkable leadership behaviour stresses upon building an environment in which each and every employee develops and excels. Leadership is defined as the potential to influence and drive the group efforts towards the accomplishment of goals. This influence may originate from formal sources, such as that provided by acquisition of managerial position in an organization.

A manager must have traits of a leader, i.e., he must possess leadership qualities. Leaders develop and begin strategies that build and sustain competitive advantage. Organizations require robust leadership and robust management for optimal organizational efficiency.

Differences between Leadership and Management

Leadership differs from management in a sense that:

1. While managers lay down the structure and delegates authority and responsibility, leaders provides direction by developing the organizational vision and communicating it to the employees and inspiring them to achieve it.
2. While management includes focus on planning, organizing, staffing, directing and controlling; leadership is mainly a part of directing function of management. Leaders focus on listening, building relationships, teamwork, inspiring, motivating and persuading the followers.
3. While a leader gets his authority from his followers, a manager gets his authority by virtue of his position in the organization.
4. While managers follow the organization's policies and procedure, the leaders follow their own instinct.
5. Management is more of science as the managers are exact, planned, standard, logical and more of mind. Leadership, on the other hand, is an art. In an organization, if the managers are required, then leaders are a must/essential.
6. While management deals with the technical dimension in an organization or the job content; leadership deals with the people aspect in an organization.
7. While management measures/evaluates people by their name, past records, present performance; leadership sees and evaluates individuals as having potential for things that can't be measured, i.e., it deals with future and the performance of people if their potential is fully extracted.
8. If management is reactive, leadership is proactive.
9. Management is based more on written communication, while leadership is based more on verbal communication.

The organizations which are over managed and under-led do not perform upto the benchmark. Leadership accompanied by management sets a new direction and makes efficient use of resources to achieve it. Both leadership and management are essential for individual as well as organizational success.

Leader versus Manager

“Leadership and managership are two synonymous terms” is an incorrect statement. Leadership doesn't require any managerial position to act as a leader. On the other hand, a manager can be a true manager only if he has got the traits of leader in him. By virtue of his position, manager has to provide leadership to his group. A manager has to perform all five functions to achieve goals, i.e. Planning, Organising, Staffing, Directing, and Controlling. Leadership is a part of these functions. Leadership as a general term is not related to managership. A person can be a leader by virtue of qualities in him. For example: leader of a club, class, welfare association, social organization, etc. Therefore, it is true to say that, “All managers are leaders, but all leaders are not managers.”

A leader is one who influences the behavior and work of others in group efforts towards achievement of specified goals in a given situation. On the other hand, manager can be a true manager only if he has got traits of leader in him. Manager at all levels are expected to be the leaders of work groups so that subordinates willingly carry instructions and accept their guidance. A person can be a leader by virtue of all qualities in him

Leaders and Managers can be compared on the following basis:

Basis	Manager	Leader
Origin	A person becomes a manager by virtue of his position.	A person becomes a leader on basis of his personal qualities.
Formal Rights	Manager has got formal rights in an organization because of his status.	Rights are not available to a leader.
Followers	The subordinates are the followers of managers.	The group of employees whom the leaders leads are his followers.
Functions	A manager performs all five functions of management.	Leader influences people to work willingly for group objectives.
Necessity	A manager is very essential to a concern.	A leader is required to create cordial relation between person working in and for organization.
Stability	It is more stable.	Leadership is temporary.
Mutual Relationship	All managers are leaders.	All leaders are not managers.
Accountability	Manager is accountable for self and subordinates behaviour and performance.	Leaders have no well defined accountability.
Concern	A manager's concern is organizational goals.	A leader's concern is group goals and member's satisfaction.
Followers	People follow manager by virtue of job description.	People follow them on voluntary basis.
Role continuation	A manager can continue in office till he performs his duties satisfactorily in congruence with organizational goals.	A leader can maintain his position only through day to day wishes of followers.

Sanctions	Manager has command over allocation and distribution of sanctions.	A leader has command over different sanctions and related task records. These sanctions are essentially of informal nature.
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3.9 Leadership and Motivation

Motivation is a goal-oriented characteristic that helps a person achieve his objectives. It pushes an individual to work hard at achieving his or her goals. An executive must have the right leadership traits to influence motivation. However, there is no specific blueprint for motivation. As a leader, one should keep an open perspective on human nature. Knowing different needs of subordinates will certainly make the decision-making process easier.

Both an employee as well as manager must possess leadership and motivational traits. An effective leader must have a thorough knowledge of motivational factors for others. He must understand the basic needs of employees, peers and his superiors. Leadership is used as a means of motivating others

Given below are important guidelines that outline the basic view of motivation:

- Harmonize and match the subordinate needs with the organizational needs. As a leader, the executive must ensure that the business has the same morals and ethics that he seeks in his employees. He should make sure that his subordinates are encouraged and trained in a manner that meets the needs of the business.
- Appreciation and rewards are key motivators that influence a person to achieve a desired goal. Rewarding good/ exceptional behavior with a small token of appreciation, certificate or letter can be a great motivator. If a certificate is awarded to a person, it should mention the particular act or the quality for which the individual is being rewarded.
- Being a role model is also a key motivator that influences people in reaching their goals. A leader should set a good example to enable his people to grow and achieve their goals effectively.
- Encouraging individuals to get involved in planning and important issues resolution procedure not only motivates them, but also teaches the intricacies of these key decision-making factors. Moreover, it will help everyone to get better understanding of their role in the organization. The communication will be unambiguous and will certainly attract acknowledgement and appreciation from the leader.
- Developing moral and team spirit certainly has a key impact on the well-being of an organization. The mental or emotional state of a person constitutes his or her moral fabric. A leader's actions and decisions affect the morale of his subordinates. Hence, he should always be aware of his decisions and activities. Team spirit is the soul of the organization. The leader should always make sure his subordinates enjoy performing their duties as a team and make themselves a part of the organization's plans.
- A leader should step into the shoes of the subordinates and view things from subordinate's angle. He should empathize with them during difficult times. Empathizing with their personal problems makes them stronger-mentally and emotionally.
- A meaningful and challenging job accomplished inculcates a sense of achievement among employees. The executive must make their employees feel they are performing an

important work that is necessary for the organization's well-being and success. This motivational aspect drives them to fulfill goals.

Remember, "To become an efficient leader, you must be self-motivated". You must know your identity, your needs and you must have a strong urge to do anything to achieve your goals. Once you are self-motivated, only then you can motivate others to achieve their goals and to harmonize their personal goals with the common goals of the organization.

3.10 Organizational Leadership

Organizations need strong leadership for optimum effectiveness. Leadership, as we know, is a trait which is both inbuilt and can be acquired also. Organizational leadership deals with both human psychology as well as expert tactics. Organizational leadership emphasizes developing leadership skills and abilities that are relevant across the organizations. It means the potential of the individuals to face the hard times in the industry and still grow during those times. It clearly identifies and distinguishes the leaders from the managers. The leader should have potential to control the group of individuals.

An ideal organizational leader should not dominate over others. He should guide the individuals under him, give them a sense of direction to achieve organizational goals successfully and should act responsibly. He should be optimistic for sure. He should be empathetic and should understand the need of the group members. An organizational leader should not only lead others individually but also manage the actions of the group.

Individuals who are highly ambitious, have high energy level, an urge to lead, self-confidence, intelligence, have thorough knowledge of job, are honest and flexible are more likely to succeed as organizational leaders. Individuals who learn the organizational leadership develop abilities and skills of teamwork, effective communication, conflict resolution, and group problem solving techniques. Organizational leaders clearly communicate organizational mission, vision and policies; build employees morale, ensure efficient business operations; help employees grow professionally and contribute positively towards organizations mission.

Tips for Effective Organizational Leadership

1. A leader must lead himself, only then he can lead others. He must be committed on personal and professional front, and must be responsible. He must be a role model for others and set an example for them.
2. A leader must boost up the morale of the employees. He should motivate them well so that they are committed to the organization. He should be well acquainted with them, have concern for them and encourage them to take initiatives. This will result in more efficient and effective employees and ensure organizational success.
3. A leader must work as a team. He should always support his team and respect them. He should not hurt any employee. A true leader should not be too bossy and should not consider himself as the supreme authority. He should realize that he is part of the organization as a whole.

Organizational leadership involves all the processes and possible results that lead to development and achievement of organizational goals. It includes employees' involvement, genuineness, effective listening and strategic communication.

4.0 Summary

Discussions so far in this unit boarder on leadership. We did examine the meaning, importance, role and characteristics of effective leaders. We also considered ascension to leadership position and choice of leadership styles. A comparison was also drawn between leadership and management and tips for organizational effectiveness were equally highlighted.

5.0 Conclusion

Based on the discussions in the unit, the following can be derived: Management involves leadership, and leadership can be described as the process of influencing group behaviour. Leadership also involves the managerial functions of directing, controlling and motivating towards the attainment of set goals. However, the statement “Leadership and managership are two synonymous terms” is an incorrect statement. This is simply because leadership doesn’t require any managerial position to act as a leader. On the other hand, a manager can be a true manager only if he has got the traits of leader in him. A leader has got multidimensional traits in him that makes him appealing and effective in behavior.

6.0 Tutor Marked Assignment

Discuss the roles and importance of an effective leader. Identify the qualities of such a leader.

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Unit 11 - People Related Issues in Management

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1.0 Introduction

People element is so crucial in management. The reason is that people work in a system and they exhibit different characteristics or behaviors. We shall be discussing in the unit issues on employee relations, features of a sound disciplinary system, effective ways of handling grievance and Strategies for managing stress at workplace.

2.0 Objectives

At the end of this unit, learners will be able to:

- Understand the importance and ways of improving employee relations
- Have a good understanding of the features of a sound disciplinary system
- Acquire skills on effective ways of handling grievance
- Develop strategies for managing stress at workplace

3.0 Main Content

3.1 Employee Relations - Importance and Ways of Improving Employee Relations

Maintaining healthy employee relations in an organization is a pre-requisite for organizational success. Strong employee relations are required for high productivity and human satisfaction. Employee relations generally deal with avoiding and resolving issues concerning individuals which might arise out of or influence the work scenario. Strong employee relation depends upon healthy and safe work environment, dedication and commitment of all employees, incentives for employee motivation, and effective communication system in the organization. Healthy employee relations lead to more efficient, motivated and productive employees which further lead to increase in sales level.

Good employee relation signifies that employees should feel positive about their identity, their job as well as about being a part of such a great organization. Despite the importance of strong and healthy employee relations, there are circumstances in the life of every organization when employee and management relations are hampered. Instances of such circumstances are as follows-

1. When the employees do not behave as per accepted norms of behaviour, it is known as employee indiscipline. Absenteeism, change in employee's behaviour, slow performance and grievances are all forms of employee indiscipline. Thus, when the employees fail to

meet management expectations in terms of standard performance and behaviour, it is referred to as indiscipline. In such cases, management must ensure that steps are taken so that employee's behaviour is in conformity with the managerial expectations.

2. Similarly, the employees also expect management to provide them with safe working environment, fair treatment, proper incentives, participation in decisions, and needs satisfaction. The failure on the part of management to meet these expectations is termed employee grievance.
3. When the employees fail to meet their own expectations whether in terms of personal goals, career goals, performance, self-respect, etc it is referred to as employee stress. Excessive workload, insufficient workload, peer pressure, excessive/unreasonable use of authority by the management, lack of promotional opportunities, nature of job, etc all again lead to employee stress.

All the above mentioned organizational factors influencing employees' relation must be carefully tackled. An optimistic approach towards strengthening disciplinary culture rooted on shared norms of employees should be adopted. An effective grievance redressal system should be there. Stress management strategies should be followed in the organization.

3.1 Improving Employee Relations

Employee relations must be strengthened in an organization. To do so, the following points must be taken care of:-

- i. Employee has expectation of fair and just treatment by the management. Thus, management must treat all employees as individuals and must treat them in a fair manner. Employee favoritism should be avoided.
- ii. Do not make the employees' job monotonous. Keep it interesting. Make it more challenging. This can be done by assigning employees greater responsibilities or engaging them in training programmes.
- iii. Maintain a continuous interaction with the employees. Keep them updated about company's policies, procedures and decisions. Keep the employees well-informed. Informed employees will make sound decisions and will remain motivated and productive. Also, they will feel as a member of organizational family in this manner.
- iv. Employees must be rewarded and appreciated for a well-done job or for achieving/over-meeting their targets. This will boost their morale and they will work together as a team.
- v. Encourage employee feedback. This feedback will make the employers aware of the concerns of employees, and their views about "you" as an employer.
- vi. Give the employees competitive salary. They should be fairly paid for their talents, skills and competencies.
- vii. Be friendly but not over-friendly with the employees. Build a good rapport with the employee. The employee should feel comfortable with the manager/supervisor rather than feeling scared.

3.2 Employee Discipline and Features of a Sound Disciplinary System

Discipline means systematically conducting the business by the organizational members who strictly adhere to the essential rules and regulations. These employees/organizational members work together as a team so as to achieve organizational mission as well as vision and they truly understand that the individual and group aims and desires must be matched so as to ensure

organizational success.

A disciplined employee will be organized and an organized employee will be disciplined always. Employee behaviour is the base of discipline in an organization. Discipline implies confirming with the code of conduct established by the organization. Discipline in an organization ensures productivity and efficiency. It encourages harmony and co-operation among employees as well as acts as a morale booster for the employees. In absence of discipline, there will be chaos, confusion, corruption and disobedience in an organization.

In short, discipline implies obedience, orderliness and maintenance of proper subordination among employees. Work recognition, fair and equitable treatment of employees, appropriate salary structure, effective grievance handling and job-security all contribute to organizational discipline.

3.2.1 Discipline is viewed from two angles/dimensions:

1. Positive Discipline: Positive Discipline implies discipline without punishment. The main aim is to ensure and encourage self-discipline among the employees. The employees in this case identify the group objectives as their own objectives and strive hard to achieve them. The employees follow and adhere to the rules and regulations not due to the fear of punishment but due to the inherent desire to contribute voluntarily to the achievement of organizational goals. Employees exercise self-control to meet these goals.
2. Negative Discipline: Employees adhere to rules and regulations in fear of punishment which may be in form of fines, penalties, demotions or transfers. In this case, the employees do not perceive organizational goals as their own goals. The action taken by the management to ensure desired standard of behaviour/code of conduct from the employees in an organization is called negative discipline. The fear of punishment prevents the employees from going off-track.

3.2.2 Characteristics of a Sound Disciplinary System (Red Hot Stove Rule)

Discipline should be imposed without generating resentment. Mc Gregor Douglas (Stoner, J.A.F et al) propounded the “red hot stove rule” which says that a sound and effective disciplinary system in an organization should have the following characteristics-

1. Immediate- Just as when you touch a red hot stove, the burn is immediate, similarly the penalty for violation should be immediate/ immediate disciplinary action must be taken for violation of rules.
2. Consistent- Just as a red hot stove burns everyone in same manner; likewise, there should be high consistency in a sound disciplinary system.
3. Impersonal- Just as a person is burned because he touches the red hot stove and not because of any personal feelings, likewise, impersonality should be maintained by refraining from personal or subjective feelings.
4. Prior warning and notice- Just as an individual has a warning when he moves closer to the stove that he would be burned on touching it, likewise, a sound disciplinary system should give advance warning to the employees as to the implications of not conforming to the standards of behaviour/code of conduct in an organization.

In short, a sound disciplinary system presupposes-

Acquaintance/Knowledge of rules- The employees should be well aware of the desired code of conduct/ standards of behaviour in the organization. This code of discipline should be published in employee handbook.

1. Timely action- Timely enquiry should be conducted for breaking the code of conduct in an organization. The more later the enquiry is made, the more forgetful one becomes and the more he feels that punishment is not deserved.
2. Fair and just action- There should be same punishment for same offence/ misconduct. There should be no favouritism. Discipline should be uniformly enforced always.
3. Positive approach- The disciplinary system should be preventive and not punitive. Concentrate on preventing misconduct and not on imposing penalties. It should be explained to the employees the reason for the actions taken against them and suggestions also made as to how such penalties can be avoided in future.

Types of Penalties for Misconduct/Indiscipline

For not following the standards of behaviour/code of conduct in an organization, there are two kinds of penalties categorized as-

- a. Major penalties- This includes demotion, dismissal, transfer, discharge, withholding increments, etc.
- b. Minor penalties- This includes oral warning, written warning, fines, loss of privileges, etc.

3.3 Employee Grievance – Effective Ways of Handling Grievance

Grievance may be any genuine or imaginary feeling of dissatisfaction or injustice which an employee experiences about his job and it's nature, about the management policies and procedures. It must be expressed by the employee and brought to the notice of the management and the organization. Grievances take the form of collective disputes when they are not resolved. Also they will then lower the morale and efficiency of the employees. Unattended grievances result in frustration, dissatisfaction, low productivity, lack of interest in work, absenteeism, etc. In short, grievance arises when employees' expectations are not fulfilled from the organization as a result of which a feeling of discontentment and dissatisfaction arises. This dissatisfaction must crop up from employment issues and not from personal issues.

Grievance may result from the following factors-

- a. Improper working conditions such as strict production standards, unsafe workplace, bad relation with managers, etc.
- b. Irrational management policies such as overtime, transfers, demotions, inappropriate salary structure, etc.
- c. Violation of organizational rules and practices

The manager should immediately identify all grievances and must take appropriate steps to eliminate the causes of such grievances so that the employees remain loyal and committed to their

work. Effective grievance management is an essential part of personnel management. The managers should adopt the following approach to manage grievance effectively-

1. Quick action- As soon as the grievance arises, it should be identified and resolved. Training must be given to the managers to effectively and timely manage a grievance. This will lower the detrimental effects of grievance on the employees and their performance.
2. Acknowledging grievance- The manager must acknowledge the grievance put forward by the employee as manifestation of true and real feelings of the employees. Acknowledgement by the manager implies that the manager is eager to look into the complaint impartially and without any bias. This will create a conducive work environment with instances of grievance reduced.
3. Gathering facts- The managers should gather appropriate and sufficient facts explaining the grievance's nature. A record of such facts must be maintained so that these can be used in later stage of grievance redressal.
4. Examining the causes of grievance- The actual cause of grievance should be identified. Accordingly remedial actions should be taken to prevent repetition of the grievance.
5. Decisioning- After identifying the causes of grievance, alternative course of actions should be thought of to manage the grievance. The effect of each course of action on the existing and future management policies and procedure should be analyzed and accordingly decision should be taken by the manager.
6. Execution and review- The manager should execute the decision quickly, ignoring the fact, that it may or may not hurt the employees concerned. After implementing the decision, a follow-up must be there to ensure that the grievance has been resolved completely and adequately.

An effective grievance procedure ensures an amiable work environment because it redresses the grievance to mutual satisfaction of both the employees and the managers. It also helps the management to frame policies and procedures acceptable to the employees. It becomes an effective medium for the employees to express their feelings, discontent and dissatisfaction openly and formally.

3.4 Employee Stress – Strategies for managing stress at workplace

3.4.1 What is Stress?

Employees stress is a growing concern for organizations today. Stress can be defined as a lively circumstance in which people face constraints, opportunities, or loss of something they desire and for which the consequence is both unpredictable as well as crucial. Stress is the response of people to the unreasonable/excessive pressure or demands placed on them. Stress is not always negative. It may also bring out the best in individuals at times. It may induce an individual to discover innovative and smarter way of doing things. This positive dimension of stress is called as eustress. But usually, the term stress has a negative implication and this negative aspect of stress is called distress. For instance - When a subordinate is harassed or warned by his superior about a bad job. We can say that "Stress causes some people to break, and other to break records."

3.4.2 Symptoms of Stress

Some of the symptoms of stress at workplace are as follows-

- Absenteeism, escaping from work responsibilities, arriving late, leaving early, etc.
- Deterioration in work performance, more of error prone work, memory loss, etc.
- Cribbing, over-reacting, arguing, getting irritated, anxiety, etc.
- Deteriorating health, more of accidents, etc.
- Improper eating habits (over-eating or under-eating), excessive smoking and drinking, sleeplessness, etc.

It is thus very essential to have effective stress management strategies in an organization so that the detrimental repercussions of stress on the employees as well as their performance can be reduced and controlled.

3.4.3 Sources/Causes of Stress

The factors leading to stress among individual are called stressors. Some of the factors/stressors acting on employees are-

1. Organizational factors- With the growth in organizational stress and complexity, there is increase in organizational factors also which cause stress among employees. Some of such factors are-
 - a. Discrimination in pay/salary structure
 - b. Strict rules and regulations
 - c. Ineffective communication
 - d. Peer pressure
 - e. Goals conflicts/goals ambiguity
 - f. More of centralized and formal organization structure
 - g. Less promotional opportunities
 - h. Lack of employees participation in decision-making
 - i. Excessive control over the employees by the managers
2. Individual factors- There are various expectations which the family members, peer, superior and subordinates have from the employee. Failure to understand such expectations or to convey such expectations lead to role ambiguity/role conflict which in turn causes employee stress. Other individual factors causing stress among employees are inherent personality traits such as being impatient, aggressive, rigid , feeling time pressure always, etc. Similarly, the family issues, personal financial problems, sudden career changes all lead to stress.
3. Job concerning factors- Certain factors related to job which cause stress among employees are as follows-
 - a. Monotonous nature of job
 - b. Unsafe and unhealthy working conditions
 - c. Lack of confidentiality
 - d. Crowding
4. Extra-organizational factors- There are certain issues outside the organization which lead to stress among employees. In today's modern and technology savvy world, stress has increased. Inflation, technological change, social responsibilities and rapid social changes are other extra-organizational factors causing stress.

3.4.4 Strategies for Managing Stress

Stress experienced by the employees in their job has negative impact on their health, performance and their behaviour in the organization. Thus, stress needs to be managed effectively so as to set off these harmful consequences. Strategies for managing stress are as follows-

Organizational Strategies

1. Encouraging more of organizational communication with the employees so that there is no role ambiguity/conflict. Effective communication can also change employee views. Managers can use better signs and symbols which are not misinterpreted by the employees.
2. Encourage employees' participation in decision-making. This will reduce role stress.
3. Grant the employees greater independence, meaningful and timely feedback, and greater responsibility.
4. The organizational goals should be realistic, stimulating and particular. The employees must be given feedback on how well they are heading towards these goals.
5. Encourage decentralization.
6. Have a fair and just distribution of incentives and salary structure.
7. Promote job rotation and job enrichment.
8. Create a just and safe working environment.
9. Have effective hiring and orientation procedure.
10. Appreciate the employees on accomplishing and exceeding their targets.

Individual Strategies

1. The employees should make a "to-do" list daily, prioritize the acts in the list and plan the acts accordingly. Take regular breaks during work to relax themselves for a short time. By effective time management, the employees can achieve their targets timely and can meet work pressures and, thus, avoid stress.
2. Do hard work. Strive to achieve your goals but do not do it to the detriment of your health or care for the family.
3. Indulge in physical exercises. It helps in effective blood circulation, keeps you fit, diverts mind from work pressures.
4. Encourage a healthy lifestyle. Take a regular sleep, have plenty of water, have healthy eating habits. Promote relaxation techniques such as yoga, listening to music and meditation.
5. The employees should have optimistic approach about their work. They should avoid connections with negative approach employees.
6. The employees should have emotional intelligence at workplace. They should have self-awareness, self-confidence and self-control at workplace.
7. The employees should build social support. They should have close connections with trustworthy peer who can listen to their problems and boost their confidence level. This social network will help the employees to overcome stress.
8. Employee counselling is a very good strategy to overcome employee stress. Through counselling, employees can become aware of their strengths and how to develop those strengths; their weaknesses and how to eliminate them; and they can develop strategies for changing their behaviour. Employees are also given career counselling which helps in reducing their ambiguities with regard to career.
9. Find a way of having to release stress, such as, cracking jokes, playing tennis, golf , etc.

10. Do not remain pre-occupied with yourself. Turn your focus outwards. Help others. This will release some stress.

2.0 Summary

People related challenges were examined in this unit. How to achieve effective and productive employee relations were considered. Also discussed were the characteristics of a sound disciplinary system and how to handle misconduct. A grievance is noted to an on-going matter in any organization and the unit identified a six step approach to handle a grievance situation. Sources of stress and coping strategies both at the individual and organizational levels were fully considered in the unit

3.0 Conclusions

To get the best from its work force, organizational factors influencing employees' relation must be carefully tackled. In addition, an optimistic approach to strengthen disciplinary culture rooted on shared norms of employees should be adopted. Also, an effective grievance-redress system should be there while stress management strategies should be followed in the organization.

6.0 Tutor Marked Assignment

What are the sources/causes of stress in the work place? Suggest a list of coping strategies both at the individual and organizational levels.

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Unit 12 - GROUP PROCESSES AND TEAM WORKING

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
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1.0 Introduction

The behavior of people in groups is an important domain of organizational behavior as it would afford us an opportunity to understand their larger organizational set-up. This is because small groups invariably gravitate into larger groups, and also because the smaller the group the more manageable and therefore ensures more effective study at least cost. In this unit, we shall describe group processes and team working. Characteristics of group and impact of teams on organizational/individual effectiveness will be explored. We shall also consider the meaning of teams and stages of team development in addition to the characteristics of effective teams.

2.0 Objectives

After studying this unit, learners will be able to:

- Distinguish between a group, a team and a committee
- Know the relevance of groups, teams and committees in the work place
- Identify the various stages in team development and characteristics
- Know the features of effective groups and teams and apply to work situation

3.0 Main Content

3.1 Meaning of a Group

A group range from a small intimate association of two people in a room e.g. roommates, to large ones and even more complex ones like political parties or even countries. Group activities however invariably afford individuals opportunities of interacting with other members of the group in order to achieve group objectives and goals. People however belong to different groups at the same time because of the complexity of our society.

Definition

A popular definition is the one that emphasizes commonality i.e. something is common to members.

- Members share something in common
- A collection of individuals with shared perception
- Members sharing a common motivation or goal e.g. for higher wages or salaries
- Sharing of a common fate e.g. a basketball team, football team, debate team etc.

One definition sees a group as two or more persons who are interacting with one another in such a manner that each person influences or is influenced by each other person. Common sense would however tell us that every single individual who exert minimal influence on each other or who talk to each other do not necessarily constitute a group e.g. several individuals in an elevator or at a bus stop; do not constitute a real group.

Small groups consist of at least two or more persons who must interact together in order to achieve a certain goal or objective. Groups are therefore collections of people who have come together for some purposes and who are aware of their interdependence in achieving their set goals or purpose.

In Psychology, a group is a number of people whom:

- (a) interact with one another
- (b) Are psychologically aware of one another.

3.1 Characteristics of Groups

Some of the commonly stated characteristics of groups include common perception, common fate, common goal, interdependence, interaction and organizational structure (i.e. norms and procedures).

We can enumerate group characteristics as including the following:

- (1) Members are aware of each other and have some common reaction to each other.
- (2) Groups have mutually interdependent purpose in which the success of one member is contingent on the success of the other in achieving the goal.
- (3) Each person in the group has a sense of belonging or membership i.e. identifying with other members of the group.
- (4) A group usually has high level of oral and informal interaction.
- (5) Behavior is based on norms and procedure accepted by all members.

Whenever individuals with similar concerns, similar motives, similar frustrations, similar personal concerns for acceptance, for recognition, for stabilizing their perception of themselves encounter one another – a group emerges.

3.2 Impact Of Teams On Organizational/Individual Effectiveness

Organizational Effectiveness

- 1. Accomplishing task that could not be done by employees themselves.
- 2. Bringing a number of skills and talents to bear on complex/difficult task.
- 3. Providing a vehicle for decision making that permits multiple and conflicting views to be aired and considered
- 4. Providing an efficient means of organizational control of employee behavior.
- 5. Facilitating changes in organizational policies or procedure.
- 6. Increasing organizational stability by transmitting shared beliefs and values to new employees.

Individual Employee Effectiveness

- 1. Aiding in learning about the organization and its environment
- 2. Aiding in learning about one-self.
- 3. Providing help in gaining new skills.
- 4. Obtaining valued rewards that are not accessible by one.
- 5. Satisfying important personal needs especially needs for social acceptance and affiliation.

3.3 Group Cohesiveness

This is defined as that group property which is inferred from the number and strength of mutual positive attitudes among the members of a group. It might be expected that the influence a group will exert upon its members will be related to the cohesiveness of the group, that is, the greater the cohesiveness the greater the influence.

The more the values of the group are shared, the more cohesive the group is likely to be. Cohesiveness of the group will be greater if changes in the membership of the group occur less or not at all. A few new members may not be resisted or may even be welcomed by the present members. However, the newcomers may sometimes have a feeling of inferiority.

Cohesiveness of a group influences communications within it and at the same time, communications have some effect on cohesiveness. As might be expected, a cohesive group is more likely to arise in a situation calling for cooperative activity and is likely to be more effective in performance than is one where competition occurs internally.

Highly cohesive groups have a tendency to strive for consensus when they are choosing a decision over another. Usually, such groups avoid arguments, simplify their problems and usually consider very few alternatives.

Factors that increase or decrease group cohesiveness.

Increase:

1. Agreement on group goals
2. Frequency of interaction
3. Personal attractiveness
4. Inter-group competition
5. Favorable evaluation

Decrease:

Disagreement over goals
Large group size
Unpleasant experiences
Intra-group competition
Domination by one or more members.

3.4 Group Problem Solving

One of the aspects of group functioning that have attracted considerable interest over the years is group problem solving. The basic question has been whether the product of the intellectual functioning of a group is superior to that of individuals functioning separately.

Several studies have found a difference in favor of group problem solving because a greater variety of ideas arose in that setting. Group problem solving increased the number of alternatives available and stimulated activity towards a typical solution, identifying blind alleys that individuals might not find themselves if they pursued the task alone.

Groups are obviously better equipped to accomplish some things, particularly those that require teamwork and cooperation, but many other kind of tasks are done better by individuals because others would simply get in the way.

3.5 Team Development - Meaning, Stages and Forming an Effective Team

Teams are becoming a key tool for organizing work in today's corporate world. Teams have the potential to immediately amass, organize, relocate, and disperse. But, teams are an effective tool of employee motivation. It is essential to consider the fact that teams develop and get mature over a

period of time. Team development creates a captivating atmosphere by encouraging co-operation, teamwork, interdependence and by building trust among team members.

The four stages of team development are:

Stage 1: Forming

During this stage, group members may be anxious and adopt wait-and-see attitude. They will be formal towards each other. There would be no clear idea of goals or expectations. Besides, they may not be sure why they are there.

This is the stage where the team needs to write its own charter or mission statement as well as clarify goals. The most important thing here is that goals must have a personal buy-in.

By doing this the team will be able to establish boundaries as well as determine what is expected. Team members will get to know each other doing non-conflict laden task. This builds the commitment towards one larger goal.

Thus, during the forming stage, the team members are in process of knowing each other and getting at ease with them.

Stage 2: Storming

During this stage, team members are eager to get going. Conflict can arise as people tend to bring different ideas of how to accomplish goals. At this time, they notice differences rather than similarities. This leads to some members dropping out mentally or physically.

At this stage, communication is important. Tensions will increase. So recognizing and publicly acknowledging accomplishments also become important. It becomes important to participate in meetings and diversity needs to be valued.

Thus, during the storming stage, the team members begin showing their actual styles. They start getting impatient. They try to probe into each other's area, leading to irritation and frustration. Control becomes the key concern during this stage.

Stage 3: Norming

This stage is when people begin to recognize ways in which they are alike. They realize that they are in this together. Hence, they tend to get more social and may forget their focus in favour of having a good time. This is the time to help with training if applicable. It becomes important to encourage them in order to feel comfortable with each other and with systems. Also, the group needs to stay focused on goal.

Thus, during the norming stage, there is conflict resolution. There is greater involvement of team members. There is a greater "we" feeling rather than "I" feeling.

Stage 4: Performing

This stage is when team members are trained, competent, as well as able to do their own problem-solving. At this time, ways need to be looked at in order to challenge them as well as develop them. The team is mature now. The members understand their roles and responsibilities. They would require more input in processes. The members would be self-motivated as well as self-trained. Thus, their efforts need to be recognised. Growth has to be encouraged. This is done by giving new challenges to the team.

Thus, teams at the stage of performing are self-controlling, practical, loyal as well as productive. Focus is there on both performance as well as production.

Forming an Effective Team

This is the general approach to forming a successful work team. But not all will take the same steps as discussed above. Success is usually hinged on taking all of the steps just discussed. We have a tendency to want to surround ourselves with people who are just like us. In case you get to choose a team, instead of organizing a pre-formed team, then you'll look for a team of people with a variety of strengths. In case of a team that is already in place, organizing can be more subtle. Like, all the workgroups can be called together in order to discuss what goals you want to accomplish and how everybody can help.

You will also find that imposing goals on people doesn't work nearly as well as having them tell you as to what goals they will strive for. But setting goals is not easy work. Too often they end up in being too unrealistic, too vague, impossible to measure, or just stretching into eternity without any deadline.

3.6 Characteristics of a Good/Effective Team

Success in the workplace depends on your ability to build a team, as well as to interact with others on that team. Together, people are able to accomplish what one person alone can not. This is known as synergy.

Following are the characteristics of a Good/Effective team:

- **A clear, elevating goal:** This is a goal which has been communicated to all.
- **A results-driven structure:** The goal has been jointly decided by all the team members. They are fully committed towards achieving it.
- **Competent members:** Each team member has the required skill set in order to achieve the team objectives.
- **Unified commitment:** There is nothing happening in silos. With the total commitment from team members, achieving organizational goals becomes easier.
- **A collaborative climate:** Commitment from team members and a good leadership leads to a collaborative team with a productive work environment.
- **Standards of excellence:** Quality orientation is vital to the success of any organization.
- **External support and recognition:** Appreciation as well as appraisal is required to keep the morale of the team high.
- **Principled leadership:** Leadership defines a team. An able-bodied leadership can chart the team's path to success.
- Each team member participates actively and positively in meetings as well as projects. This shows a person's commitment as well as understanding towards a project.

- **Team goals are clearly understood by all:** Communication is vital for achieving successful completion of any project.
- Individual members have thought about creative solutions to the team's problem. Thinking out of the box is vital in today's economic scenario.
- Members are listened to carefully as well as given a thoughtful feedback. Listening is an important skill for any team. Each team member is important. The thoughts and ideas of each team member have to be listened to, with respect, no matter how silly they may sound at first.
- Everyone takes the initiative in order to get things done. There is no concept of passing the buck. This is an indication of clear communication leading to understanding of individual responsibilities.
- **Each team member trusts the judgment of others:** Mutual trust and respect is highly important for the team. This is the only way to achieve the organization goals.
- **The team has to be willing to take risks:** Risk taking is an attitude which comes with confidence. Confidence on yourself as well as on the team, besides the ability to face all consequences.
- Everyone has to be supportive of the project as well as of others. A team is one unit. Unless these cohesive forces are there, the team will never be able to work efficiently enough.
- There is ample communication between the team members.
- Team decisions are made by using organized as well as logical methods.
- **Dissenting opinions are never ignored:** In fact, they are always recorded in order to be revisited in case the future situations dictate so.
- **Teams are given realistic deadlines:** External support as well as aid is vital to the success of any team.

An efficient team needs support from both inside and outside. It needs to meet the individual needs of its members in order to achieve the organization's goals.

3.7 Committees

In today's organization, the committee is highly discussed and utilized. It is, therefore, very difficult to discuss group dynamics and work group without examining committees. Committees are used in the accomplishment of organizational goals and sub-goals. The use of committees also cut across both small and large organization. However the use of committees seem to be directly related to the size of the organization so that the larger the organization, the more its use.

Essentially, a committee comprises of a number of people (a group) that often function collectively for a common goal to which they are committed. Usually, a committee is set up to accomplish some objectives. They may, therefore, work as a team, a commission, a board, or a task force and they exist in virtually all types of organizations, performing different functions.

Potential Benefits of Committees

- (1) A cumulative wealth of knowledge and experience can be brought to bear on complex task.
- (2) It may help to reduce conflict and enhance cooperation and team spirit among different operational unit of the same organization.
- (3) Members often derive a lot of satisfaction from the team spirit. It may, therefore, increase member morale, commitment and motivation by virtue of their participation, which is often

viewed as a contribution to the accomplishment of the goal of the committee in particular, and the entire organization at large.

- (4) Members of committees can also learn from one another as they contribute to committee assignments.

Potential setbacks of Committees

- (1) It may be time consuming and slow down the movement to organizational goal attainment if not properly handled.
- (2) Related to the first point is the issue of cost. Committee work can be very expensive.
- (3) It shields individuals from taking and accepting responsibility and blame, creating a situation of “everybody is responsible, hence nobody is guilty”.

3.8 Cooperation And Competition

Cooperation simply refers to working together for mutually acceptable goals. It may involve merely participating in a set of mutually understood role behavior. In competition individuals try to secure a greater than equal share of the reward available to members of the group.

Much of what we accomplish as individuals and groups depends on our ability to get others to work with us on common tasks and for mutually acceptable goals. This is true of all levels of group functioning, irrespective of whether the groups are centralized or decentralized or whether they are working on simple or complex tasks. When supervisors talk about getting cooperation from their subordinates, they usually mean compliance and obedience.

On the affective outcomes of group interaction, research presents mixed results. One study with members of discussion groups found that members were better satisfied and liked one another better when rewards were shared equally (conducive to cooperation) than when rewards were given out individually (conducive to competition). However, another study with Army combat engineering squads in training showed that morale and psychological adjustment were improved when competition was introduced.

In real life situation, where production is a factor, employees often resent attempts to introduce competition into the work situation and will harass workers who do so.

Coalitions

When there is a division in a group, coalition forms. Coalition forms in a situation in which two or more person think they can achieve greater rewards through joint action than can either of them acting alone.

Coalition occurs when, viz.:

- (a) three or more persons are involved in a group
- (b) Two or more act as a unit against at least one other.
- (c) The joint action produces a result superior to any result possible by individual action.

Coalition occurs in many groups like children groups, government agencies, private establishments, university communities’ etc.

Interdependence that must exist for organization to function and excel could also be a major problem for the organization. Hence, interdependence means that there is a potential for both conflict and cooperation. Conflict because the goals and values within each of the interacting

organizational unit may not be consonant. Cooperation and coalition because organizational participants are used to working with and through others in order to get things done.

3.9 Weaknesses of Groups

The fundamental decision that must be made with groups is not whether to have them but how to make the best use of them. The weaknesses of groups fall into three major categories:

- (1) Slowness of decisions may characterize group activities. It may also be expensive when compared to individuals.
- (2) Leads to conformity and compromise. This is the tendency of the group to bring individual thinking in line with the average quality of the group's thinking. It is called leveling effect or group thinks.
- (3) Group decisions dilute and thin out responsibility. They also give the individual members a chance to shirk responsibility especially if the individual did not support the decision.

4.0 Summary

Unit 12 looked at group processes and team working. It examined the meaning, characteristics and impacts of group and teams on organizational and individual effectiveness. The stages of team development, characteristics of effective teams were also discussed. In the unit, we also considered group cohesiveness, group problem solving and the relevance of cooperation and competition in group work. Finally, the weaknesses of group working were considered.

5.0 Summary

The behavior of people in groups is an important domain of organizational behavior as it affords an opportunity to understand the larger organizational set-up. Small groups invariably graduate into larger groups, and in addition smaller groups are more manageable for effectiveness. Groups and teams exhibit different characteristics with different impacts. Managers should keep abreast of these of group and impact of teams on organizational/individual effectiveness will be explored. It must also be realized that efficient team needs support from both inside and outside and it needs to meet the individual needs of its members in order to achieve the organization's goals.

6.0 Tutor Mark Assignment

Discuss the characteristics of a group. List the factors that increase or decrease group cohesiveness. Identify the stages of team development and features of effective teams

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Unit 13 EFFECTIVE COMMUNICATION IN THE WORKPLACE

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1.0 Introduction

An important ingredient to successful living is communication. No organization and indeed individual can be effective without getting meaning from what is said or conveyed. In this unit, the meaning, importance and purposes of communication will be discussed. We shall look at the process of communication and also forms, direction and methods of communication. We shall also examine the barriers to effective communication and suggest what to do to avoid such.

2.0 Objective

After studying this unit, learners will be able to:

- Understand the meaning of effective communication
- Identify the communication process
- State the purposes of communication
- Identify the forms, direction, and methods of communication
- Know the barriers to effective communication that should be avoided.

3.0 Main Content

3.1 What is Communication?

Communication is the process of transmitting information and meaning from one person to another with the message being understood by the receiver. It therefore covers any type of behaviour that involves exchange of meaning.

3.1 Communication Theory

Organisations can not operate without communication. Communication can take various forms but all forms involve the transfer of information from one party to the other. In order for the transfer of information to qualify as communication, the recipient must understand the meaning of the information transferred to them. If the recipient does not understand the meaning of the information conveyed to them, communication has not taken place.

Communication is the life source of organisations because organisations involve people. People cannot interact with each other without communication. In the absence of communication, everything would grind to a halt. For example;

The workers in an organisation would not know the organisation's objectives so they would not strive to achieve the organisation's objectives.

- The workers in an organisation would not know what their roles and responsibilities were, so they would not be able to carry out their daily tasks and duties.
- The managers would not be able to train their workers reports so the workers would not possess the skills they needed to carry out their jobs.
- The managers would not be able to inform workers of changes
- The organisation would not be aware of their competitors activities

On the whole people are able to communicate with each other as this is a basic human function. However successful organisations strive not only for communication but effective communication.

3.2 Purpose of Effective Communication in Organisation

Managers need to be effective communicators to achieve positive results in today's organisations. Some of the purposes are –

- Seeking or receiving information, encouragement, control, selling proposals, confrontation.
- Talking to different levels within the hierarchy – to individuals, to groups, to departments – and externally to customers, suppliers, vendors, and other professionals.
- Using both formal communication - Meetings, reports, proposals, notices; and
- Informal communication - counseling, advising, talking to other employees.
- Working in different roles: as Chairman, project leader, analyst, subordinate, and colleague.
- Evaluating communications: are they facts, opinions, gossip?
- Building up networks to obtain real information which may be given freely or concealed – which means you need to ask the right questions, or else you will find yourself drowned in data but starved of information.
- Trying to influence those over whom you have no power.

3.3 Organisational Communication

Organisational communication can be External Communication and Internal Communication. Internal Communication is within the organisation, whereas, External Communication is the communication with the external stakeholders of the organisation. The importance and the purpose of the communication in organisation has been explained above.

Communication in organizations uses two basic channels – formal and informal. Both are important and both carry messages – sometimes reinforcing and sometimes conflicting – throughout the organisation.

Formal channels are ones which have been set up by the organisation. Messages flow in three directions : downwards, upwards and sideways . The downward message consists primarily of information which is necessary for any staff to carry-out their work, such as policies and procedures, orders and requests which are passed down the appropriate level in the hierarchy. Upward messages are reports, requests, opinions, complaints. Sideways messages are between different departments, functions or people at the same level in the organisation.

There tend to be strict rules about the use of these formal channels. For communication to be effective, all three channels need to be open and unblocked at all times. The upward channel is the one which blocks most easily, and when this happens it is an indicator that an organisation's policies, procedures and employee relations need to be reviewed.

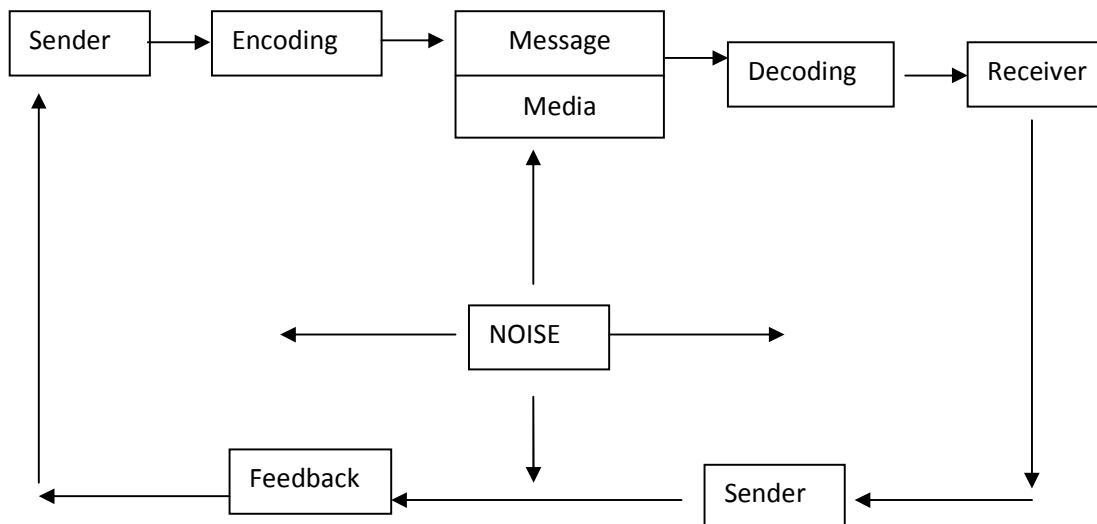
Informal Channels spring up by virtue of common interests between people in the organisation – these interests may be caused by work, social or outside relationships. The grapevine is very powerful channel. It has been estimated that managers receive over half the information they need for planning purposes through the grapevine. Its messages may frequently be distorted, but they often carry more credibility than those coming from the formal channels. Informal channels become the only means of communication when the formal channels become blocked or broken down.

3.3 Interpersonal Communication

This is defined as communication between two or more people and involves the transfer of information (or message) from one person to the other(s). The person transferring the information is called the sender or transmitter. The people receiving the message are known as receivers. The transmitter will need to send the information in a format that the receiver(s) will understand. Converting the information into a format that the receivers will understand is known as Encoding.

Messages can be encoded into a variety of formats oral, written or visual. After encoding the message is transferred via a medium called a channel, for example a letter, fax, phone call, or e-mail. After transference the information will need to be interpreted by the receiver. This process of interpretation is known as decoding. Finally the receiver will send a message back to the transmitter confirming whether the information sent has been understood. This back check is known as feedback.

The communication process involves seven key elements as illustrated in the diagram below.



3.4 Internal & External Communication

3.4.1 Internal/Organisational Communication

This is communication that takes place within (or across) an organisation. In addition to the usual face to face, telephone, fax or mail; modern organisations may use technology to communicate

internally. Technology may be used for e-mails or a linked internal communication system such as the intranet which is an internet system designed solely for use by those working for the organisation.

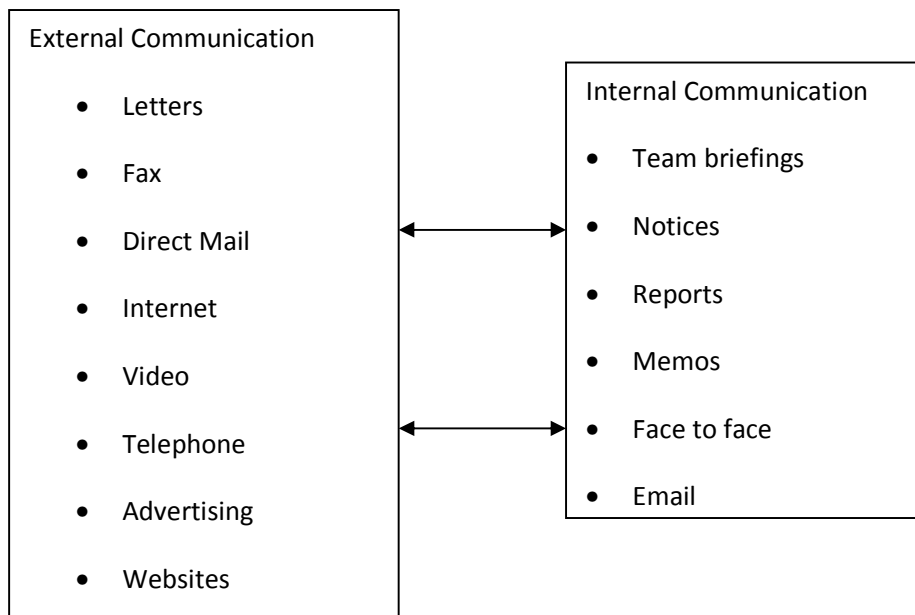
3.4.2 External communications

Conversely external communication is communication between the organisation and those outside the organisation. Modern organisations may design technological systems so that they can communicate with customers and undertake e-Commerce. Alternatively they communicate with other businesses through the internet or similar systems and undertake e-Business.

3.4.3 Functions of Internal and External Communications;

Technology has rapidly expanded the types of internal and external communication available to organisations. The diagram illustrates the vast array of internal and external communication available.

Combined together internal and external types of communications allow various sectors of the local, national and international community to interact, liaise and conduct business.



3.5 Formal and Informal Communications

Formal communication is defined as communication which occurs through the official organisational channels or is undertaken by an employee to do their job. For example official meetings, letters and a manager asking an employee to carry out a particular task. Conversely informal communication is that which occurs outside the recognised communication networks such as talking in the lunchroom or hallways between employees. Informal communication can be productive or negative. It has the potential to build teams, improve working relationships and generate ideas as employees are in a relaxed environment.

3.6 Upward and Downward Communications

Downward communication is communication created by directors and managers and passed down the hierarchy of workers in the organisation. In traditional organisations this is the preferred method of communication ie Managers decide what the systems, rules and procedures will be and then they pass these down to employees they manage and supervise. Downward Communication can increase efficiency by synchronising organisational procedures and can ensure that everybody is working towards the same overall aims and objectives. Types of downward communication include job descriptions, appraisals/evaluations, organisational policy, and organisational systems.

Although there are advantages to downward communication organisations have began to encourage upward communication. This is communication which originates at the lower level of the employment hierarchy and is then communicated up through the line. Organisations encouraging upward communication believe that everybody is capable of generating thoughts and ideas which may help the organisation to progress, particularly when they are working closely in the area that the idea applies to. Upward communication may increase motivation and make employees feel valued and respected whilst enabling managers to understand how employees are feeling. Furthermore if problems occur at a particular area they are more likely to be identified earlier by those working closely in the area that they occur. Types of upward communications include suggestion schemes, feedback forums/surveys, grievance procedures and employee-manager discussions.

3.7 Lateral Communication

This is communication that occurs between employees on the same level in the organisation. As this can involve decision making it can create efficiency as employees do not have to wait for managerial approval. On the other hand if the manager is not kept informed or if the manager fails to set boundaries this may constitute potential for conflict.

3.8 Communication can take the following forms:

- (a) Giving instruction
- (b) Giving or receiving information
- (c) Exchanging ideas
- (d) Announcing plans and strategies
- (e) A comparison of actual result against a plan
- (f) Laying down rules or procedures
- (g) Job description, organization chart

3.8 Direction of Communication

- (a) Vertical
- (b) Downwards i.e. Superior to Subordinate
- (c) Upwards i.e. Subordinate to Superior
- (d) Horizontal or Lateral i.e. between people of the same rank in the same section or in different sections

3.10 Communication Methods

- (a) Face-to-face Communication:
 - (1) Formal Meeting (2) Interviews (3) Informal Contact (4) Grape vine

- (b) Oral Communication
 - (1) Telephone (2) Public Address System
- (c) Written Communication
 - (1) Letters (2) Memos (3) Reports (4) Forms (5) Notice Boards (6) House Journals, Bulletin etc. (7) Organization Manual/handbook.
- (d) Visual Communication
 - (1) Charts (2) Films & Slides (3) Computers

3.11 Barriers of Effective Communication

- (1) **Personal barriers** – these are barriers arising from difference in social, racial or educational backgrounds compounded by age differences, and personality differences They have to do with emotion, values, poor listening etc. and they occur in the work situation. They could be very severe, for example: working class person with comprehensive school background versus upper class background with public and little school education a young person versus much older person on the same status in the organization.
- (2) **Physical barriers** – these occur in the environment in which communication takes place e.g. noise and distance between people.
- (3) **Lack of planning** – inadequate or no planning at all can make communication more difficult and ineffective.
- (4) **Semantic barriers** – this arises from limitation in symbols which we communicate i.e. words, pictures and even actions can be misinterpreted.
- (5) **Non-verbal communication**- these can be misunderstood and misinterpreted. People tend to believe more in action than words. When non-verbal signs contradict verbal messages, the truth of the communication is in doubt.
- (6) **Lack of trust** – e.g. a subordinate distrusting his superior and looking for hidden meaning in whatever he is told.
- (7) **Distortion or Omission** of information by sender.
- (8) **Overload** – i.e. too much information.
- (9) **Perceptual bias** by the receiver of the information - a person may hear what he wants to be told. Etc

3.12 Overcoming the Barriers

- (a) By conducting communication in a conducive environment devoid of noise and by proper timing to get the best attention of the receiver.
- (b) Good planning – all elements of the communication such as message, channel, audience, timing must be thoroughly planned.

- (c) Semantic problems can be reduced by reinforcing words with gestures and clarifying ideas before communication. Avoid the language barrier. Actions should also not contradict the communication.
- (d) Face-to-face communication should be preferred when non-verbal communication is likely to be a source of barrier. This mode offers instant feed-backs and timely reinforcement of ideas.
- (e) Control emotion and communicate rationally because emotion can cloud and distort the real meaning of communication intended.
- (f) Listen actively; this would help in the search for meaning.

4.0 Summary

This unit has examined the meaning, purposes and channels of communication in an organization. The various forms of communication and methods were also enumerated. The unit further discussed the barriers to effective communication and what to do to avoid noise in communication.

5.0 Conclusion

Communication becomes effective when the message transmitted is received and understood by the receiver. That is, the actual words and meaning intended is passed across. The receiver should not only understand the message but must also be able to act on it. Removal of noise and other forms of barriers (obstacles) is also important so that the communication is effective.

6.0 Tutor Marked Assignment

What is the need for effective communication in an organization? Enumerate the various forms and methods of communication that are relevant to your organization. What are the factors that can frustrate effective communication in your organization?

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Unit 14- EFFECTIVE TIME MANAGEMENT

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1.0 Introduction

The valuable resource time affects the way we use our other resources. It is the only resource which we all have equally. Once used, it is gone forever, and unlike many of our resources, time cannot be stored or hoarded. What this means is that we cannot manage time in the sense that we manage money. Time management is self-management. Managing oneself is like managing anything else. It involves certain skills - Planning, Organizing, Implementing and Controlling. This unit examines the concept of time management and its importance. Furthermore, it looks at the elements of time wasters and how to effectively manage time.

2.0 Objectives

- At the end of this unit, learners will be able to:
- Explain the real meaning of time management
- Specifically discuss benefits of time management
- Identify time stealers – time wasters
- Define strategies for effective time management

3.0 Main Content

3.1 What is Time Management?

Time Management means efficient use of our resources, in such a way that we are effective in achieving important personal and organizational goals.

Ability for successful time-management is a strong factor for successful management. Curiously, the pre-conditions for effective time-management is based on:

1. Creating good personal habits and routines;
2. Exercising a strict sense of economy with the scarce and valuable commodity – time and valuation principles;
3. Strict personal discipline.

3.2 Importance of Time Management

Time management is a set of principles, practices, skills, tools, and systems that help you use your time to accomplish what you want.

Why Is Time Management Important?

Here are the top reasons why time management is of great importance to your personal and career success:

- 1. Time is limited.** Time is a very special resource in that you cannot store it or save it for later. Everyone gets the exact same amount of time each and every day. If you don't use your time wisely, you can never get it back.
- 2. Time is scarce.** Most people feel like they have too much to do and not enough time. Lack of time is blamed for everything from not getting enough exercise, poor finances, unachieved goals, too much stress, bad relationships, and even an unfulfilled life. Time management helps you use the time that you do have in better ways.
- 3. You need time to get what you want out of life.** You need time to do almost anything worthwhile in life. Waiting for more free time is a losing game that almost never results in getting time for what you want. You need to learn how to make time for the things that are important to you. Even if you can only afford to give a small amount of time each week to your goals, you'd be surprised at how much progress you can make.
- 4. You can accomplish more with less effort.** When you become more productive using improved time management skills and tools, you can accomplish more with less effort. Reducing wasted time and effort gives you even more productive time throughout the day. Both of these allow you to make time for a wide range of activities that bring more balance and fulfillment to your life.
- 5. Too many choices.** In this day and age, there are so many ways you can spend your time that you need some sort of plan to make intelligent choices.

Time management helps you make conscious choices so you can spend *more* of your time doing things that are important and valuable to you.

3.3 Principles of Effective Time Management

Successful people have the need to achieve efficiency with their time. Effective time management does not come naturally for many of us, but to avoid working ridiculous hours and to greatly increase the chances of success in business, it is an area that needs attention. While working to improve the effectiveness of my time is an on-going journey for me, I have learned some things along the way that I think may be helpful to others. This article is written with freelance designers in mind, but the basic principles apply to many other situations as well.

1. Respect and Value Your Time
2. Have a Plan for Your Time
3. Be Goal-Oriented
4. Set Deadlines
5. Have a Set Ending Time
6. Don't Try to Overwork Yourself
7. Form Good Habits
8. Have an Activity for Stress Release

9. Know Where Your Time is going
10. Group Tasks Together
11. Prioritize Organization
12. Take Quick Breaks

3.4 Time Wasters

3.4.1 A List of Choices

absenteeism	looking for things
absentmindedness	losing things
accidents	low company morale
administrative tasks	meetings - ineffective
always reacting	meetings - too long
arguments	meetings - too many, unnecessary
attempting too much	menial tasks
avoidance	messy environment
being overwhelmed	mistakes
being tied to the phone	negative thinking
breakdowns	newspapers
burnout	no-shows
calls to friends	not enough time
changing priorities	not learning lessons
children	outside activities
clutter	over-analysis
conflict	over-planning
conflicting priorities	paper shuffling
continuous open door policy	paperwork
crises from lack of planning	peer/staff demands
defective software and equipment	perfectionism
disorganized boss or partner	personal disorganization
disorganized office or workplace	pets
distractions	poor attitude
doing other people's jobs	poor communication
doing too many things	poor decision making
doubt	poor delegation
drop-in visitors	poor filing system
eating/snacking	poor focus and concentration
emergencies	poor information management
equipment failure	poor planning
excessive daydreaming	poor skills, training
television	poor time management
excuses	postponed decisions
failure to delegate	prefer to "do it myself"
failure to listen	preoccupation
fatigue	procrastination
fire fighting	reading rather than skimming
getting stuck in emotions	reading unnecessary material

gossip
headaches
housework
inability to act
inability to say "no"
inbox
indecision
ineffective software
ineffective tools and equipment
inefficiency
inefficiency of others
inefficient equipment
inefficient filing
interoffice travel
interruptions
junk mail and e-mail
lack of authority
lack of deadlines
lack of direction and objectives
lack of internal support
lack of knowledge
lack of priorities
lack of response
lack of self-discipline
leaving tasks unfinished
long coffee breaks
long-winded callers

red tape
redoing something
reluctance to delegate
repeated handling of correspondence
revised deadlines
running errands
scattered mind
scattered resources
shopping
sickness
slow reading
socializing
spreading yourself too thin
staffing issues
stress
telephone interruptions
too much work to do
travel time
unclear job description
unclear purpose
unnecessary meetings
unplanned projects
unprotected prime time
untrained staff
writer's block
writing minutes

3.4.2 Time Wasters In The Office: How To Avoid Classic Time Management Killers

There are many time wasters that contribute to poor time management and might lead you to wish you had more hours in the day to complete your work.

The truth is that there are a few classic time wasters plus a few relatively new ones that help to sap your time and prevent you from having a productive day:

1. Visits from your coworkers. Having coworkers popping into your office or to your cubicle to talk can be one of the worst time wasters because not only does it take up your time, you might be hesitant to ask them to leave so you can get some work done. If you have a door that you can close, do so. People should get the message that you're busy. Otherwise, try to find a quiet place such as a meeting room where you can be alone and left undisturbed.
2. Making and receiving phone calls. Another classic time waster is making and receiving personal phone calls. If you have caller ID, you can use it to screen calls and let certain calls go to voice mail so that you can handle them later. If you find that phone calls are hurting your time management, try to block out time when you make and receive phone calls if this is possible, so that you are not simply answering the phone every time it rings.
3. Leaving your desk. Leaving your desk for one reason or another often leads you to get distracted especially if you run into people that start talking to you and steering you away from doing your work. Certainly if you are a smoker and run downstairs several times per day to have a

smoke, you're probably wasting upwards of an hour per day or more when you consider the travel time, smoking time, talking time and then the time involved to remember what work you were doing when you left your desk each time you go for a smoke.

4. Email. One of the new classic time wasters, sending and receiving emails can certainly be a big time waster. Like receiving phone calls, responding to emails the moment they arrive can help to decrease your time management if you allow your email to rule you. As with your phone, you might decide to only send and respond to emails at certain times.

5. Internet. Like email, Internet usage (personal usage specifically) can be a big time waster. Actually, work-related Internet usage can be a big time waster too. Use common sense here. Wasting time using the Internet probably just means you have to end up staying late at work or bringing work home that you could otherwise do at home.

3.5 Time Management Techniques

Identify Your Time Wasters

1. Self Generated

- Disorganization
- Procrastination
- Social Interaction
- Acceptance
- Perfectionism
- Risk Avoidance

2. Environmental

- Visitors
- Telephone Calls
- Mail, Email
- Unproductive Meetings
- Crises

Set Priorities

1. List things that need to be done
2. Assign a priority to each item
3. Use the ABC Method: A = Must do, B = Should do, C = Nice to do
4. Devote your primary attention to your A's
5. Remember, priorities can change over time so keep the list flexible
6. Use Judgment, Relativity and Timing as criteria for your priorities

Set Limits on your Time

1. Activities

- Only check email at a designated time (turn off notification)
- Discontinue low priority activities

2. Interactions

- 'I can take care of that, but what I'm doing right now will be delayed. Is your request more important?'
- 'I'll be glad to handle that for you. However, I can't get to it until I finish what I'm doing. That will be...'
- 'I'm sorry, I just can't do it. Have you considered asking...'

Make Plans

- Weekly plans
- Daily plans
- An action-planning worksheet
- A milestone chart
- A master calendar

Plan for your Prime Time

If possible plan activities that require concentration and creativity for when you have the most energy – your ‘prime time’.

Other Tips

- Handle each piece of paper only once
- Continually ask, “What is the best use of my time right now?” And DO IT!

3.6 Remedy to lack of time consciousness

1. Know your job, and know your goals and targets
2. Everyday, set out an order of priority – what you must do, starting from the number one to the last
3. Do not be diverted from your priorities
4. Cut down courtesy calls during work
5. Be officious for time’s sake
6. If you have low energy, take up the assignment when your body releases more energy, maybe at night (you could write the paper at night)
7. Do not mix pleasure with work, or social calls with service
8. If need be, remove yourself physically from distraction
9. Avoid interruption, procrastination, irritation, and distractions. Drive to achieve your target.
10. Do not indulge in long-drawn out meetings, holding others captive in the Conference Room.
11. Plan those meetings before – hand, and know what decisions you want to be reached.
12. Do not waste the time of your Managers
13. Do not keep people waiting, talking indefinitely on the telephone, especially, on social, non-work related matters
14. Be planful, achievement-oriented, and you will be the master of time, and not a victim of time

4.0 Summary

This unit touched on one of the most valuable resource that affects the way we use other resources – time. It is available to all but badly managed by many. Consequently, the unit examined the meaning and importance of time. It also considered the principles of effective time management. A long list of time wasters was generated in the unit to create awareness on the menace of time wasters. The unit concluded by identifying remedy for lack of time consciousness.

5.0 Conclusion

Haven gone through this unit, it can be safely said that effective management of time is critical to success in all areas of life. Managers should therefore take on the additional burden of training

their subordinates on strategies for effective time management. If done well and imbibed, it will enhance both organizational and individual effectiveness and productivity.

6.0 Tutor Marked assignment

List the importance and principles of effective time management. Identify at least twenty (20) time wasters common in your organization and what can be done to curtail them.

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Unit 15 - Total Quality Management

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1.0 Introduction

This unit examines one of the management techniques that made much waves in the 1980's. It is a strategy that focuses on customers as the main determinant of success or otherwise of business. This unit examines the meaning, principles and requirements for implementation of Total Quality Management. The reasons for implementing Total Quality Management and the associated benefits shall be considered.

2.0 Objectives

At the end of this unit, learners will be able to:

- Define Total Quality Management as a business strategy
- Trace the origin of Total Quality Management
- Gain a good understanding of the principles underlining successful implementation of Total Quality Management
- Identify pitfalls and benefits of Total Quality Management implementation

3.0 Main Content

3.1 TOTAL QUALITY MANAGEMENT (TQM)

Total quality management (TQM) refers to management methods used to enhance quality and productivity in organizations, particularly businesses. TQM is a comprehensive system approach that works horizontally across an organization, involving all departments and employees and extending backward and forward to include both suppliers and clients/customers.

TQM is only one of many acronyms used to label management systems that focus on quality. Other acronyms that have been used to describe similar quality management philosophies and programs include CQI (continuous quality improvement), SQC (statistical **quality control**), QFD (quality function deployment), QIDW (quality in daily work), and TQC (total quality control). Despite the ambiguity of the popularized term "TQM," that acronym is less important than the substance of the management ideology that underlies it. TQM provides a framework for implementing effective quality and productivity initiatives that can increase the profitability and competitiveness of organizations.

3.1.1 Origins of TQM

Although TQM techniques were adopted prior to World War II by a number of organizations, the creation of the total quality management philosophy is generally attributed to Dr. W. Edwards Deming (1900-1993). In the late 1920s, while working as a summer employee at Western Electric Company in Chicago, he found worker motivation systems to be degrading and economically unproductive; incentives were tied directly to quantity of output, and inefficient postproduction inspection systems were used to find flawed goods.

Deming teamed up in the 1930s with Walter A. Shewhart (1891-1967), a Bell Telephone Company statistician whose work convinced Deming that statistical control techniques could be used to supplant traditional management methods. Using Shewhart's theories, Deming devised a statistically controlled management process that provided managers with a means of determining when to intervene in an industrial process and when to leave it alone. Deming got a chance to put Shewhart's statistical quality-control techniques, as well as his own management philosophies, to the test during World War II. Government managers found that his techniques could easily be taught to engineers and workers, and then quickly implemented in overburdened war production plants.

One of Deming's clients, the U.S. State Department, sent him to Japan in 1947 as part of a national effort to revitalize the war-devastated Japanese economy. It was in Japan that Deming found an enthusiastic reception for his management ideas. Deming introduced his **statistical process control**, or statistical quality control, programs into Japan's ailing manufacturing sector. Those techniques are credited with instilling a dedication to quality and productivity in the Japanese industrial and service sectors that allowed the country to become a dominant force in the global economy by the 1980s.

While Japan's industrial sector embarked on a quality initiative during the middle 1900s, most American companies continued to produce mass quantities of goods using traditional management techniques. America prospered as war-ravaged European countries looked to the United States for manufactured goods. In addition, a domestic population boom resulted in surging U.S. markets. But by the 1970s some American industries had come to be regarded as inferior to their Asian and European competitors. As a result of increasing economic globalization during the 1980s, made possible in part by advanced information technologies, the U.S. manufacturing sector fell prey to more competitive producers, particularly in Japan.

In response to massive market share gains achieved by Japanese companies during the late 1970s and 1980s, U.S. producers scrambled to adopt quality and productivity techniques that might restore their competitiveness. Indeed, Deming's philosophies and systems were finally recognized in the United States, and Deming himself became a highly sought-after lecturer and author. The "Deming Management Method" became the model for many American corporations eager to improve. And total quality management, the phrase applied to quality initiatives proffered by Deming and other management gurus, became a staple of American enterprise by the late 1980s. By the early 1990s, the U.S. manufacturing sector had achieved marked gains in quality and productivity. By the late 1990s several American industries had surpassed their Japanese rivals in these areas.

3.1.2 What is Quality?

Quality means delighting the **customer** by continuously meeting and improving upon agreed **requirements**. To meet customers requirements, companies must:

- fully understand and agree the customers needs and expectations
- understand own capabilities and not promise more than it can deliver
- deliver that which had been agreed without exception (100 per cent fulfilment).
- must both be efficient and effective in meeting the customers needs and expectations.

3.1.3 What is Total Quality Management?

TQM can be defined as a strategy for improving business performance through the commitment of all employees to fully satisfy agreed customer requirements at the least overall cost through the continuous improvement of products and services, business processes and the people.

3.2 TQM Principles

Specifics related to the framework and implementation of TQM varies between different management professionals and TQM program facilitators, and the passage of time has inevitably brought changes in TQM emphases and language. But all TQM philosophies share common threads that emphasize quality, teamwork, and proactive philosophies of management and process improvement. As Howard Weiss and Mark Gershon observed in *Production and Operations Management*, "the terms quality management, quality control, and quality assurance often are used interchangeably. Regardless of the term used within any business, this function is directly responsible for the continual evaluation of the effectiveness of the total quality system." The authors went on to delineate the basic elements of total quality management as expounded by the American Society for Quality Control: (1) policy, planning, and administration; (2) product design and design change control; (3) control of purchased material; (4) production quality control; (5) user contact and field performance; (6) corrective action; and (7) employee selection, **training**, and motivation.

For his part, Deming pointed to all of these factors as cornerstones of his total quality philosophies in his book *Out of the Crisis*. He contended that companies needed to create an overarching business environment that emphasized improvement of products and services over short-term financial goals. He argued that if such a philosophy was adhered to, various aspects of business—ranging from training to system improvement to manager-worker relationships—would become far more healthy and, ultimately, profitable. But while Deming was contemptuous of companies that based their business decisions on statistics that emphasized quantity over quality, he firmly believed that a well-conceived system of statistical process control could be an invaluable TQM tool. Only through the use of statistics, Deming argued, can managers know exactly what their problems are, learn how to fix them, and gauge the company's progress in achieving quality and organizational objectives.

3.3 Basic Principles of Total Quality Management (TQM)

The basic principles for the Total Quality Management (TQM) philosophy of doing business are to satisfy the customer, satisfy the supplier, and continuously improve the business processes.

Questions that may include:

- How do you satisfy the customer?
- Why should you satisfy the supplier?
- What is continuous improvement?

Satisfy the customer

The first and major TQM principle is to satisfy the customer--the person who pays for the product or service. Customers want to get their money's worth from a product or service they purchase.

Users

If the user of the product is different than the purchaser, then both the user and customer must be satisfied, although the person who pays gets priority.

Company philosophy

A company that seeks to satisfy the customer by providing them value for what they buy and the quality they expect will get more repeat business, referral business, and reduced complaints and service expenses.

Some top companies not only provide quality products, but they also give extra service to make their customers feel important and valued.

Internal customers

Within a company, a worker provides a product or service to his or her supervisors. If the person has any influence on the wages the worker receives, that person can be thought of as an internal customer. A worker should have the mind-set of satisfying internal customers in order to keep his or her job and to get a raise or promotion.

Chain of customers

Often in a company, there is a chain of customers, -each improving a product and passing it along until it is finally sold to the external customer. Each worker must not only seek to satisfy the immediate internal customer, but he or she must look up the chain to try to satisfy the ultimate customer.

Satisfy the supplier

A second TQM principle is to satisfy the supplier, which is the person or organization from whom you are purchasing goods or services.

External suppliers

A company must look to satisfy their external suppliers by providing them with clear instructions and requirements and then paying them fairly and on time.

It is only in the company's best interest that its suppliers provide it with quality goods or services, if the company hopes to provide quality goods or services to its external customers.

Internal suppliers

A supervisor must try to keep his or her workers happy and productive by providing good task instructions, the tools they need to do their job and good working conditions. The supervisor must also reward the workers with praise and good pay.

Get better work

The reason to do this is to get more productivity out of the workers, as well as to keep the good workers. An effective supervisor with a good team of workers will certainly satisfy his or her internal customers.

Empower workers

One area of satisfying the internal supplier is by empowering the workers. This means to allow them to make decisions on things that they can control. This not only takes the burden off the supervisor, but it also motivates these internal suppliers to do better work.

Continuous improvement

The critical principle of TQM is continuous improvement. You can never be satisfied with the method used, because there always can be improvements. Certainly, the competition is improving, so it is very necessary to strive to keep ahead of the game.

Working smarter, not harder

Some companies have tried to improve by making employees work harder. This may be counter-productive, especially if the process itself is flawed. For example, trying to increase worker output on a defective machine may result in more defective parts.

Examining the source of problems and delays and then improving them is what is needed. Often the process has bottlenecks that are the real cause of the problem. These must be removed.

Worker suggestions

Workers are often a source of continuous improvements. They can provide suggestions on how to improve a process and eliminate waste or unnecessary work.

Quality methods

There are also many quality methods, such as just-in-time production, variability reduction that can improve processes and reduce waste.

3.4 Making TQM Work

Joseph Jablonski, author of *Implementing TQM*, identified three characteristics necessary for TQM to succeed within an organization: participative management; continuous process improvement; and the utilization of teams. Participative management refers to the intimate involvement of all members of a company in the management process, thus deemphasizing traditional top-down management methods. In other words, managers set policies and make key decisions only with the input and guidance of the subordinates who will have to implement and adhere to the directives. This technique improves upper management's grasp of operations and, more importantly, is an important motivator for workers who begin to feel as if they have control and ownership of the process in which they participate.

Continuous process improvement, the second characteristic, entails the recognition of small, incremental gains toward the goal of total quality. Large gains are accomplished by small, sustainable improvements over a long term. This concept necessitates a long-term approach by managers and the willingness to invest in the present for benefits that manifest themselves in the future. A corollary of continuous improvement is that workers and management develop an appreciation for, and confidence in, TQM over time.

Teamwork, the third necessary ingredient for the success of TQM, involves the organization of cross-functional teams within the company. This multidisciplinary team approach helps workers to share knowledge, identify problems and opportunities, derive a comprehensive understanding of their role in the overall process, and align their work goals with those of the organization.

Jablonski also identified six attributes of successful TQM programs:

- Customer focus (includes internal customers such as other departments and coworkers, as well as external customers)
- Process focus
- Prevention versus inspection (development of a process that incorporates quality during production, rather than a process that attempts to achieve quality through inspection after resources have already been consumed to produce the good or service)

- Employee empowerment and compensation
- Fact-based decision making
- Receptiveness to feedback

In addition to identifying three characteristics that need to be present in an organization and six attributes of successful TQM programs, Jablonski offers a five-phase guideline for implementing total quality management: preparation, planning, assessment, implementation, and diversification. Each phase is designed to be executed as part of a long-term goal of continually increasing quality and productivity. Jablonski's approach is one of many that has been applied to achieve TQM, but contains the key elements commonly associated with other popular total quality systems.

Preparation

During preparation, management decides whether or not to pursue a TQM program. They undergo initial training, identify needs for outside consultants, develop a specific vision and goals, draft a corporate policy, commit the necessary resources, and communicate the goals throughout the organization.

Planning

In the planning stage, a detailed plan of implementation is drafted (including budget and schedule), the infrastructure that will support the program is established, and the resources necessary to begin the plan are earmarked and secured.

Assessment

This stage emphasizes a thorough self-assessment—with input from customers/clients—of the qualities and characteristics of individuals in the company, as well as the company as a whole.

Implementation

At this point, the organization can already begin to determine its return on its investment in TQM. It is during this phase that support personnel are chosen and trained, and managers and the workforce are trained. Training entails raising workers' awareness of exactly what TQM involves and how it can help them and the company. It also explains each worker's role in the program and explains what is expected of all the workers.

Diversification

In this stage, managers utilize their TQM experiences and successes to bring groups outside the organization (suppliers, distributors, and other companies that have an impact on the business's overall health) into the quality process. Diversification activities include training, rewarding, supporting, and partnering with groups that are embraced by the organization's TQM initiatives.

3.5 Why Total Quality Management?

- Increasing customer expectation
- competitive pressure in a difficult market
- increasing employee expectation

- continued pressure on internal costs due to high incidence of wastes and inefficiencies
- corporate expectations
- use of total quality by competitors.

3.6 Benefits of Total Quality Management?

- satisfied customers
- improved financial performance
- competitive advantage
- increased market share
- improved employee morale and motivation
- reduced inter departmental conflict
- reduced process lead times
- more time available to manage the business.

3.7 Features of Total Quality Management Implementation

- evidence of management commitment
- leadership from the top
- formation of a project or steering group
- development of a shared awareness of the importance of the customer
- a planned approach;
- * appropriate organization
- * selecting pilot areas for improvement
- * involvement of everyone
- * strategy to change attitudes,
- * training in quality techniques, team working, problem solving, benchmarking etc.
- establish a means of measuring improvements
- opportunities for feedback

3.8 Total Quality Management into The Future

Total Quality Management—first popularized in the 1950s in Japan—swept through American businesses in the 1980s and resulted in significant improvements in quality, productivity, customer satisfaction, and competitiveness in many companies by the 1990s. The basic principles of TQM are intended to achieve continuous organizational improvement through the participation and commitment of workers throughout a company. TQM focuses all the resources of an organization upon meeting the needs of customers (both internal and external), using statistical tools and techniques to measure results and aid decision making.

Despite the impressive results many companies have achieved through TQM, its future popularity is still in doubt. By the late 1990s some experts began to question whether TQM was a fad that would soon be superseded by yet another management technique. At the same time, however, other experts sought to apply TQM to emerging business problems in Information Technology application, project management, finance etc. It appears as if the underlying principles of TQM may find continued applications in business, even if they are eventually incorporated into a new movement for management innovation and organizational change.

4.0 Summary

So far in this unit, attention has focused on the concept, principles and requirements for effective Total Quality Management implementation. TQM was defined as a strategy for improving business performance through the commitment of all employees to fully satisfy agreed customer requirements at the least overall cost through the continuous improvement of products and services, business processes and the people. Hence, total means everyone, every process, every product, every function must be involved. Otherwise, it will be difficult to achieve the objective of total customer satisfaction.

5.0 Conclusion

The principles of Total Quality Management are to seek to satisfy the external customer with quality goods and services, as well as the company's internal customers; to satisfy the external and internal suppliers; and to continuously improve processes by working smarter and using special quality methods.

TQM projects are long term and it might take several years before significant improvement in a project or service occurs. Staff members should therefore be involved in short term and manageable improvement projects e.g., aimed at improving administrative efficiency. This helps to create an atmosphere in which commitment to quality can be built.

6.0 Tutor Marked Assignment

Define the term Total Quality Management. List and explain the principles that can help its successful implementation in your organization.

7.0 References

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