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JAGAT GURU NANAK DEV

PUNJAB STATE OPEN UNIVERSITY, PATIALA

(Established by Act No. 19 of 2019 of the Legislature of State of Punjab)

M.COM

SEMESTER-IV

BCDB33606T

(MCOMM22403T): PRINCIPLES & FUNCTIONS OF MANAGEMENT

Head Quarter: C/28, The Lower Mall, Patiala-147001

Website: www.psou.ac.in

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**JAGAT GURU NANAK DEV PUNJAB STATE OPEN
UNIVERSITY, PATIALA**

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PREFACE

Jagat Guru Nanak Dev Punjab State Open University, Patiala was established in December 2019 by Act 19 of the Legislature of State of Punjab. It is the first and only Open University of the State, entrusted with the responsibility of making higher education accessible to all, especially to those sections of society who do not have the means, time or opportunity to pursue regular education.

In keeping with the nature of an Open University, this University provides a flexible education system to suit every need. The time given to complete a programme is double the duration of a regular mode programme. Well-designed study material has been prepared in consultation with experts in their respective fields.

The University offers programmes which have been designed to provide relevant, skill-based and employability-enhancing education. The study material provided in this booklet is self-instructional, with self-assessment exercises, and recommendations for further readings. The syllabus has been divided in sections, and provided as units for simplification.

The University has a network of 110 Learner Support Centre /Study Centers, to enable students to make use of reading facilities, and for curriculum-based counseling and practical's. We, at the University, welcome you to be a part of this institution of knowledge.

**Prof. G.S. Batra
Dean (Academic Affairs)**

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SEMESTER - IV

MAX.MARKS:100

EXTERNAL: 70

INTERNAL: 30

PASS: 40%

CREDITS: 6

Objective: The course aims to provide basic knowledge to the students about the organization and management of a business enterprise.

INSTRUCTIONS FOR THE PAPER SETTER/EXAMINER:

- a) The syllabus prescribed should be strictly adhered to.
- b) The question paper will consist of three sections: A, B, and C. Sections A and B will have four questions from the respective sections of the syllabus and will carry 10 marks each. The candidates will attempt two questions from each section.
- c) Section C will have fifteen short answer questions covering the entire syllabus. Each question will carry 3 marks. Candidates will attempt any ten questions from this section.
- d) The examiner shall give clear instructions to the candidates to attempt questions only at one place and only once. Second or subsequent attempts, unless the earlier ones have been crossed out, shall not be evaluated.
- e) The duration of each paper will be three hours.

INSTRUCTIONS FOR THE CANDIDATES:

Candidates are required to attempt any two questions each from sections A and B of the question paper and any ten short questions from Section C. They have to attempt questions only at one place and only once. Second or subsequent attempts, unless the earlier ones have been crossed out, shall not be evaluated.

SECTION - A

Management: Evolution & Thoughts

Management: The Taylors Scientific Management Fayol's Principles of Management
Behavioral School of Management System & Contingency Approach to Management

Management Function: Planning Nature & Importance of Planning Principles & Process of
Planning Types of Plans Strategic Planning

Management Function: Organizing Concept, Characteristics & Principles of Organization
Organization Structure

SECTION - B

Authority & Responsibility Delegation & Decentralization Management Function: Staffing &
Directing

Nature & Importance of Staffing Process of Staffing Nature, Importance & Principles of
Direction Elements of Direction

Leading: People and Organizations, skills, traits, Role of leader and theories of leadership

Motivating: Theories of Motivation-Application of motivation concepts in Organization s.

Management Function: Controlling & Coordination

Nature, Process of Controlling Types of Controlling Techniques of Controlling Coordination
& Communication

Suggested Readings:

1. Harold Koontz and Heinz Weihrich, "Essentials of Management: An International Perspective", 7th edition (2007), McGraw-Hill, New Delhi.
2. Richard L Daft, "The New Era of Management", 2nd edition (2008), Thomson, New Delhi.
3. Stephen P Robbins, David A. Decanzo, "Fundamentals of Management", 6th edition (2007), Pearson Education, New Delhi.
4. Stephen P. Robbins, Timothy A. Judge, Seema Sanghi, "Organizational Behaviour ", 14th edition, Pearson Education, New Delhi.
5. K. Aswathappa, "Organizational Behaviour, Text, Cases and Games", 10th edition (2012), Himalaya Publishing.
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7. McShane, Steven L.; Glinow, Mary Ann Von and Sharma, Radha R, “Organization alBehaviour”, 5th edition (2008), Tata McGraw Hill, New Delhi.
8. Philip Sadler, “Leadership”, 2nd edition (2005), Viva Books Private Limited.
9. <http://swayam.gov.in/>
10. <http://edx.org/>
11. <http://epgp.inflibnet.ac.in/>

Unit	Detail of the Units
SECTION A	
1	Management: Evolution & Thoughts-I Management: The Conceptual Framework (Management -Art orScience), Taylor's Scientific Management, Fayol's Principles ofManagement
2	Management: Evolution & Thoughts-II Behavioral School of Management System & Contingency Approach to Management
3	Management Function: Planning Nature & Importance of Planning, Principles & Process of PlanningTypes of Plans, Strategic Planning
4	Concept of decision making Significance of decision making, types of decisions, decision making process models of decision making, creativity in decision making, quantitative methods of decision making.
5	Management Function: Organizing Concept, Characteristics & Principles of Organization
6	Organization Structures (Functional, Hybrid, Matrix, Boundaryless,)Authority & Responsibility Delegation & Decentralization

SECTION B

7	Management Function: Staffing Nature & Importance of Staffing, Process of Staffing
8	Management Function: Directing Nature, Importance & Principles of Direction Elements of Direction
9	Elements of Direction: Leading Leading people and organizations, Skills, traits and roles of leader. Trait, behavioral and contingency theories of leadership
10	Elements of Direction: Motivating Motivating employees, Theories of Motivation-Content based andProcess based theories) Application of Motivation concept in organizations
11	Management Function: Coordination Coordination & Communication
12	Management Function: Controlling Nature, Process of Controlling, Types of Controlling, Techniques ofControlling

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SEMESTER - IV

UNIT 1: Management: The Conceptual Framework (Management - Art or Science), Taylor's Scientific Management, Fayol's Principles of Management

Structure

- 1.1** Introduction
- 1.2** Management as a Process
- 1.3** Nature and Characteristics of Management
- 1.4** Management Functions
- 1.5** Levels of Management
- 1.6** Managerial Skills
- 1.7** Management and Administration
- 1.8** Management as Science and Art
 - 1.8.1 Management as Science
 - 1.8.2 Management as an Art
 - 1.8.3 Dual Role of Management as a Science and an Art
- 1.9** Principles of Management
 - 1.9.1** Meaning of Principles and Theories
 - 1.9.2** Scientific Management
 - 1.9.3** Administrative Management
- 1.10** Let Us Sum Up
 - Check Your Progress
 - Long Answer Questions
 - Short Answer Questions
 - Glossary

References

1.1 Introduction

Some companies like Reliance Industries, Procter and Gamble, Hindustan Lever, ITC, Dr. Reddy's Labs, HOP Bank, Tata Iron and Steel Company (TISCO) Limited etc are most successful and on the other side are some companies like Kolleru Paper Mills Ltd., Agrifural Chemicals Ltd., Binny Mills and Panyam Cements belong to the unsuccessful category. Similarly, we find some outperforming companies like Infosys Technologies and WIPRO. While other companies like Nava Bharat Ferro Alloys Lid., Hindustan Machine Tools (HMT) Ltd. and Hindustan Cables Limited are low on the performance graph. Some companies like Tata, the Birla Group and Gujarat Gas Company expand and diversify their activities whereas the activities of other companies shrink day by day, subsequently recording low performance rates.

Companies of the same industry are being affected by the same environmental factors. Some companies attract a number of customers while some other companies repel them. Employees prefer to be identified with some companies while they prefer to be unemployed in case of some other companies. Why do companies perform differently when they operate under the same environmental conditions, serve the same customer, use the same raw material and technology and employ the people with similar skills?

The answer for this question, invariably, is management practices. Thus 'Management' makes remarkable difference between the companies regarding their performance in terms of productivity, products, sales, the destiny of business as well as non-business organization s. profitability, service to the customer, employee welfare etc. Management plays a vital role in deciding term 'management.'

This background urges us to know what management is? Now, we shall discuss the meaning of the term 'Management'

Management is an essential part of any goal-oriented activity. Every organization requires planning of activities, organization of resources, establishment of communication system, leading and motivation of people, and control of operations for the realization of its goals and objectives.

Concept of Management

The term management has been defined differently by different authors. Traditional authors define it as an art of getting things done whereas modern authors describe it as a process of accomplishing certain objectives through the utilization of human and other resources.

Traditional Definition of Management

It is difficult to define management. In fact, no definition of management has been universally accepted. One popular definition is by Mary Parker Follett. Management, she says, is the “art

of getting things done by people”. This definition calls attention to the fundamental difference between manager and other personnel of an organization. A manager is one who contributes to the organization ’s goals indirectly by directing the efforts of others- not by performing the task himself. On the other hand, a person who is not a manager makes his contribution to the organization ’s goals directly by performing the task himself.

Sometimes, however a person in an organization may play both these roles simultaneously. For example, a sales manager is performing a managerial role when he is directing his sales force to meet the organization’s goals, but when he himself is contacting a large customer and negotiating a deal, he is performing a non- managerial role. In former role, he is directing the efforts of others and is contributing to the organization ’s goals indirectly; in the latter role, he is directly utilizing his skills as a salesman to meet the organization’s objectives.

The traditional viewpoint about management is considered inappropriate in the present-day environment where workers are educated and have higher level aspirations. It has been criticized on the following ground:

- a) It does not give the functions which a manager has to perform to get results from others.
- b) It gives the impression of manipulative character of the practice of management.
- c) The employees are merely treated as means of getting results. In other words, their position is like a cog in the wheel.
- d) The needs of the workers have been ignored. The workers are supposed to work like machines.

Modern Definition of Management

Modern management writers consider management much more than getting things done through others. Managing involves creating a conducive environment in the organization whereby individuals are motivated to work efficiently for the achievement of organizational objectives. To quote Harold Koontz and We rich, “Management is the creation and maintenance of an internal environment in an enterprise where individuals, working groups, can perform efficiently and effectively towards the attainment of group goals.”

Management is the process of getting things done with the aim of achieving organizational objectives effectively and efficiently. The basic elements of this discussion are discussed below:

- a) **Process:** The term process in the definition means the primary functions or activities that management performs to get things done. These functions are planning, organizing, staffing, directing and controlling.

- b) **Effectiveness:** Being effective or doing work effectively means finishing the given task. Effectiveness in management is concerned with doing the right things completing activities and achieving goals. In other words, it is concerned with the end result.
- c) **Efficiency:** It means optimum utilization of resources in performing the given task. It signifies the relationship between inputs and outputs. Efficiency would be greater if less inputs are used to produce the required amount of goods or if more goods are produced within the given input.
- d) **Organizational Objectives:** The modern concept of management insists that all the activities of managers must be directed towards the achievement of organizational goals, these goals should be considered as common goals of all employees.

1.2 Management as a Process

“Management is the handling of all the resources through the process of planning, organizing, directing and controlling to attain stated objectives.” – Gary Dessler

As a process, management refers to a series of inter-related functions or elements to achieve stated objectives through the effective utilization of human and other resources. It involves five functions namely, a) planning, b) organizing, c) staffing, d) directing or leading, and e) controlling. As shown in the figure 1, it is through the performance of these functions that management is able to effectively utilize manpower and physical resources such as money or capital, money, machines, materials, methods, etc. to produce goods and services required by the society.

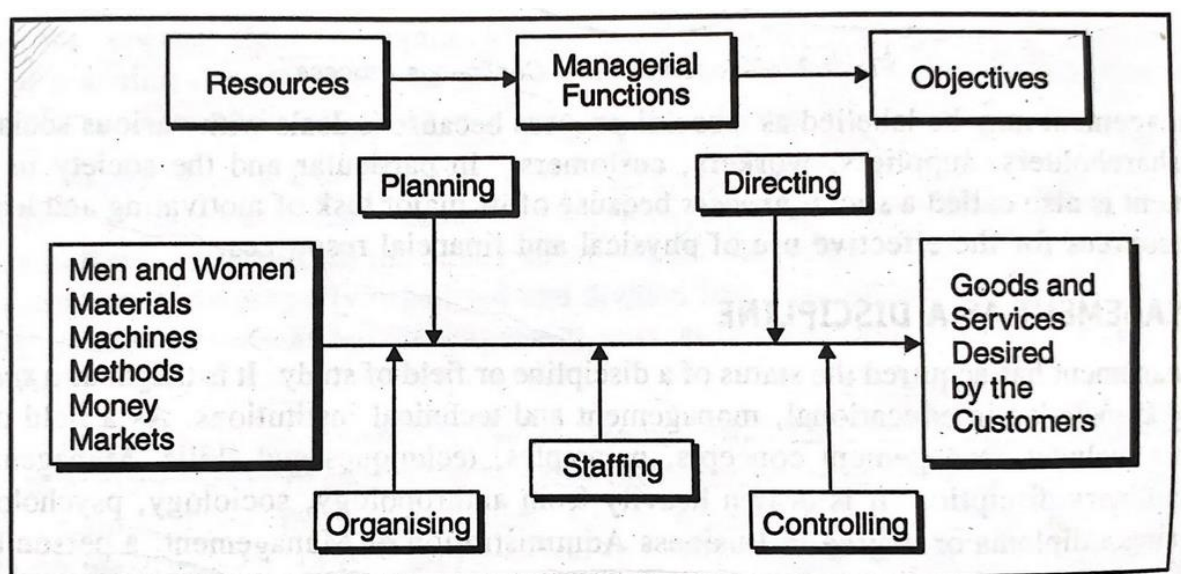


Fig 1. An Overview of Management Process

The elements of management process or functions of management are stated as follows:

- a) **Planning:** It means determining the objectives of the unit or activity. It also involves deciding in advance as to what is to be done, how and when.

- b) **Organization:** It refers to identification of activities to be carried out, grouping of similar activities and creation of departments.
- c) **Staffing:** It involves manpower planning employment of personnel and their training, appraisal, remuneration etc.
- d) **Directing:** It is a very broad function concerned with the inter personal relations. It includes communication with subordinates, providing them leadership and also motivating them
- e) **Controlling:** It refers to comparing the actual performance with the plans or standards.

Corrective steps are taken when the actual performance is not upto the mark.

1.3 Nature and Characteristics of Management

To understand the nature of management, it is essential to know the features or characteristics of management. The basic features or characteristics of management are as follows:

- a) **Management is Goal-Oriented.** The purpose of management is to achieve the goals of the organization. For instance, management of a business aims at satisfaction of customers, earning of profits and increasing the goodwill and image of the business. There is no need of management if there are no pre-determined goals or objectives. The success of management is judged by the extent to which organizational goals are achieved. The basic purpose of management is to achieve maximum efficiency of the organization.
- b) **Management is a Continuous Process.** Management is a continuous process, i.e., its functions are repeated time and again. Management does not stop anywhere. It is an ongoing process of planning the activities and execution of plans through organizing, staffing, directing and controlling.
- c) **Management is a Coordinative Force.** The essence of management is the coordination or integration of human and other resources for effective performance. It brings together physical and financial resources and leads the human resources for the efficient use of non-human resources. All these resources are properly organized and divided into various work-units for the purpose of achieving greater coordination. Management acts as a catalytic agent in getting maximum productivity.
- d) **Management is an Intangible Force.** Management has been called the unseen force. Its presence is evident by the results of its efforts-orderliness, informed employees, buoyant spirit and higher output. Thus, feeling of management is results are apparently known.

People often comment on the effectiveness (or ineffectiveness) of management on the basis of the end results although they cannot observe it during operation.

- e) **Management is a Part of Group Effort.** Management is an integral part of any group activity. It is essential to undertake any organized activity. It involves the use of group efforts in the pursuit of well-defined goals or objectives. It cannot exist independent of the group or organization it manages.
- f) **Management Accomplishes Results through the Cooperation of Others.** The managers cannot do everything themselves. They must have the necessary ability and skills to get work accomplished through the efforts of others. They must motivate the subordinates for the accomplishment of the tasks assigned to them. It is through motivation that managers can influence the behavior of their subordinates.
- g) **Management Balances Effectiveness and Efficiency.** Sound management requires that all organizational activities are performed effectively and efficiently. An organization is said to be effective if it is able to accomplish its objectives. It will be termed as efficient if it is able to accomplish its objectives by making optimum use of resources. For example, each of the two Product Managers of a company is given the target to produce 2000 refrigerators per month. Both attain their targets and so are effective. But the cost of production per refrigerator of the first Production Manager is Rs. 9,000 per set and that of the second is Rs. 9,800 per set. The first Production Manager will be termed both effective and efficient.
- h) **Management is a Science as well as an Art.** Management has an organized body of knowledge consisting of distinct concepts, principles and techniques which have wide application. So, it is treated as a science. The application of these concepts, principles and techniques requires specialized knowledge and skills on the part of the manager. Since the skills acquired by a manager are his personal possession, management is viewed as an art. The skills can be learnt through training and experience.
- i) **Management is a Dynamic Discipline.** Management is a field of study which is taught in universities and management institutes. In fact, management is multidisciplinary in nature. It contains principles drawn from many social sciences like anthropology, psychology, sociology, etc. Much of management literature is the result of the association of these disciplines.
- j) **Management is Pervasive or Universal.** Management is essential for effective performance of any organized activity. Thus, it is universal in nature. The principles and techniques of management have universal application. They can be applied to all types of organization s-business, social, educational and religious. However, the principles and

techniques should not be applied blindly as they are not rigid laws. They should be modified to suit the given situation and the type of organization.

1.4 Management Functions

As indicated earlier, management is the process of planning, organizing, staffing, directing and controlling the efforts of the organization members in utilizing all resources to achieve organizational goals, objectives and mission. Management is a process as it operates the activities systematically.

Planning: Planning consists of the activities in choosing courses of action to achieve organizational objectives. It is deciding in advance what to do, when to do, how to do and who will do it, in order to achieve these objectives. Both long-term and short-term plans are necessary to achieve goals. It is necessary for the management to adopt certain assumptions or premises with regard to external factors that serve as a background for the planning function. Some companies have adopted the practice of contingency planning in view of growing difficulty of predicting future environmental conditions.

Organizing: Organizing involves the grouping of jobs into a framework for coordination and direction. Formal Grouping of organization s may be portrayed by use of an organization chart. Careful structuring of an organization jobs is beneficial in terms of clarifying lines of command and eliminating gaps and overlaps. However, extremely detailed organization structures may be dysfunctional. Once job content is determined, jobs and activities must be grouped to devise an overall structure. Decisions affecting organizational structure involve values and goals for both enterprises and individuals. Organization s are structured based on product, function, geography, customer and project. The matrix structure has evolved as a result of complex environments, markets and technology. It combines both functions and projects. Organizational culture reflects not only social values and expectations, but also the unique set of values, beliefs and behaviors that characterize each organization.

Staffing

Staffing is planning, organizing, directing and controlling of procurement, development, compensation, integration and maintenance of people for the purpose of contributing to individual, organizational and social goals. Thus, building an effective organizational team requires planning and control of human resources. This process requires the performance of the functions like job analysis, human resources planning, recruitment, selection, induction, placement, training, executive development, wage and Salary administration,

leadership, teamwork, motivation, grievance procedure, disciplinary procedure etc. Once the employee is employed, his development needs are identified through performance appraisal. Once these needs are identified, the employee will be trained/developed with the application of on-the-job and off-the-job methods.

Directing

The next logical function after completing planning, organizing and staffing is the execution of plan. The important function of management at any level is directing the people by motivating, commanding, leading and activating them. The willing and effective cooperation of employees for the attainment of organizational goals is possible through direction. Tapping the maximum potentialities of the people is possible through motivation and command. Thus, direction is an important managerial function in securing employee's contribution. Coordination deals with the task of blending efforts in order to ensure successful attainment of organizational objectives.

Controlling

After planning, organizing, staffing and directing the various activities, the performance is to be verified in order to know whether the activities are performed in conformity with the plans and objectives or not. Controlling also involves checking, verifying and comparing of actual performance with the plans, identification of deviations, if any and correcting of identified deviations. Thus, actions and operations are adjusted to predetermined plans and standards through control. The purpose of control is to ensure the effective operation of an organization by focusing on all resources - human, material, finance and machines. Financial control is attained through a number of means, viz., financial statements interpreted through ratio analysis and budgets.

1.5 Levels of Management

Management includes all the managers of a company. Management is classified as managers at different levels, viz., top level managers, middle level managers and lower-level managers.

a) Top Level Managers

Top level managers are the senior level executives of the company including the Managing Director or President, Vice-Presidents, General Managers, Chief Managers of the company, etc. Top level management particularly the Managing Director or President of the company is responsible for the overall management and performance of the company. Top level management formulates objectives, policies and corporate level strategies of the company. Top-level managers lead and motivate the middle level managers. They coordinate the activities of middle level managers.

b) Middle level Managers

Middle level managers are responsible for coordination of the activities of various departments. Middle level managers include managers of various departments like Production department, Marketing department, Finance department, Human Resource Department and Research and Development department. These managers are responsible for the success or failure of their departments. Middle level managers formulate the objectives, goals and strategies of their departments based on those of the organization. In addition, middle level managers lead, motivate and coordinate the activities of the lower-level managers.

c) Lower-level Managers

Lower-level managers are responsible for the work of the operating staff working with them. Lower-level managers are also called First-Line or First-Level or Junior Managers. They direct, lead, motivate and coordinate the activities of the operating employees. These managers mostly supervise the operating employees while they perform their work. As such, the lower-level managers are also called Supervisors.

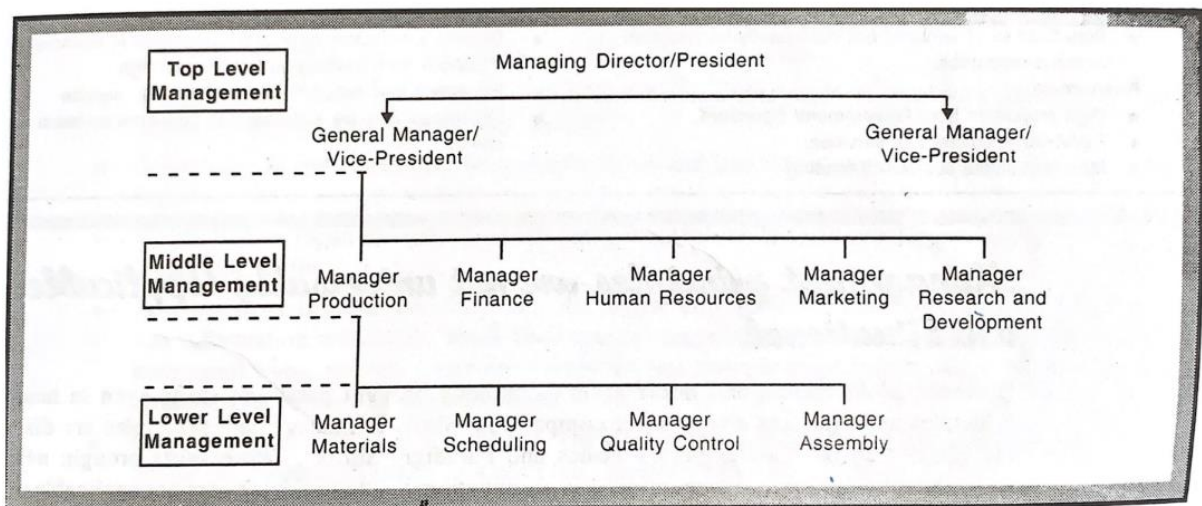


Fig. 2 Different Management Levels

1.6 Managerial Skills

A skill is an individual's ability to perform physical or mental tasks with a specified outcome. Skill is not necessarily inborn. It can be developed through practice and through translating one's knowledge and experience into action. In order to be able to successfully discharge his roles, a manager should possess three major skills. These are: conceptual skill, human relations skill and technical skill. Conceptual skill deals with ideas, technical skill with things and human skill with people. While both conceptual and technical skills are

needed for good decision-making, human skill is necessary for a good leader.

The conceptual skill refers to the ability of a manager to take a broad and farsighted view of the organization and its future, his ability to think in abstract, his ability to analyze the forces working in a situation his creative and innovative ability and his ability to assess the environment and the changes taking place in it. In short, it is his ability to conceptualize the environment, the organization, and his own job, so they can set appropriate goals for his organization, for himself and for his team. This skill seems to increase in importance as a manager moves up to higher positions of responsibility in the organization.

The technical skill is the manager's understanding of the nature of job that people under him have to perform. It refers to a person's knowledge and proficiency in any type of process or technique. In production department, this would mean an understanding of the technicalities of the process of production. Whereas this type of skill and competence seems to be more important at the lower levels management, its relative importance as a part of the managerial role diminishes as the manager moves to higher positions. In higher functional positions, such as the position of a marketing manager or production manager, the conceptual component, related to these functional areas becomes more important and the technical component becomes less important.

Human relations skill is the ability to interact effectively with people at all levels. This skill develops in the manager sufficient, ability (a) to recognize the feelings and sentiments of others; (b) to judge the possible reactions to, and outcomes of various courses of action he may undertake; and (c) to examine his own concepts and values which may enable him to develop more useful attitudes about himself. This type of skill remains consistently important for managers at all levels. Figure 3 gives an idea about the required change in the skill-mix of a manager with the change in his level. At the top level, technical skill becomes least important. That is why, people at the top shift with great ease from one industry to another without an apparent fall in their efficiency. Their human and conceptual skills seem to make up for their unfamiliarity with the new job's technical aspects.

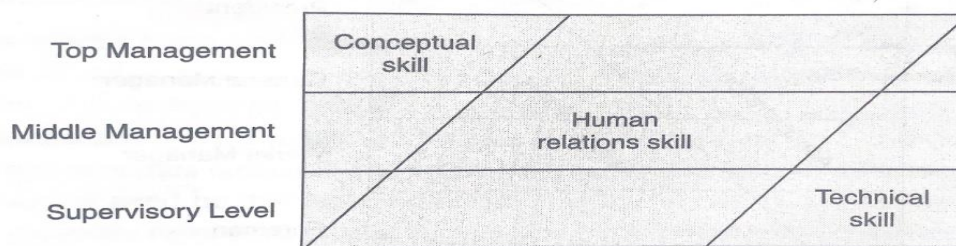


Fig. 3 Skill- mix at different management levels

1.7 Management and Administration

There is lack of unanimity among writers over the meaning and use of the words "management" and "administration". According to one group of writers, Sheldon, Spriegal, and Milward, administration involves "thinking". It is a top-level function which centers around the determination of plans, policies and Objectives of a business enterprise. On the other hand, management involves "doing". It is a lower-level function which is concerned with the execution and direction of policies and operations. No two separate sets of personnel are required, however, to discharge administrative and managerial functions. Each manager performs both activities and spends part of his time administering and part of his time managing.

According to the second view (expressed by E.F.L. Brech), management is a comprehensive generic term which includes administration. E.F.L. Brech regards management as a comprehensive generic function embracing the entire process of planning, organizing, directing and controlling. Administration, according to him, is only a branch of management which encompasses two of its functions planning and controlling, according to this view, the functions of management can be divided into two categories: (a) administrative management and (b) operative management. The upper level of management is usually called administrative management and the lower level is known as operative management. According to another view expressed by Peter Drucker, the basic difference between management and administration lies in the use of these words in different fields. The governance of non-business institutions (such as government, army, church, etc.) is generally called administration while the governance of business enterprises is called management. This being so, economic performance becomes the chief dimension of management. A manager of a business enterprise must always, in every decision and action put economic consequences first. On the other hand, in governing non-business institutions, the economic consequences of decisions are only secondary for an administrator. For example, the chief of staff of a military organization has to put military security first and economic considerations next. This difference of emphasis in the governance of these two types of organization s is the reason why successful administrators sometimes fail as managers and vice versa.

1.8 Management as Science and Art

1.8.1 Management as a Science

Science is a systematized body of knowledge pertaining to a particular field of enquiry. It contains concepts, hypotheses, theories, and principles to explain cause and effect relationship between two or more factors. Any subject which is scientifically developed and consists of universally accepted principles is a science. In order to be recognized as a science, a discipline should have the following characteristics:

- a) **Systematized Body of knowledge.** It should have a systematic body of knowledge including concepts, principles and theories.
- b) **Scientific Observation.** It Should have scientific methods of observation and enquiry.
- c) There should be no scope of personal likes and dislikes of the scientist.
- d) **Experimentation.** Scientific principles are evolved through observation and tested by repeated experimentation to check their validity. They should produce the same cause and effect relationship every time.
- e) **Verifiable Principles.** Once an observation is confirmed by repeated experimentation and testing, it takes the form of a scientific principle. Anybody can verify the principle by repeating the experiment. The results are the same every time. Thus, it can be said that application of a principle ensures predictable results.
- f) **Universal Application.** The scientific principles have universal validity and application. They give the same results everywhere if the prescribed conditions are satisfied.

It is a well-known fact that the management has systematized body of knowledge pertaining to its field. The researchers in management use scientific techniques to collect and analyze data about human cause and effect relationship. These have been developed which also establish cause and effect relationship. These principles have also been verified by many researchers. More or less, these principles have universal application in different type of organization s in different countries. That is why, management is called a science.

However, management is not a perfect science like other physical sciences such as astronomy, physics, chemistry, biology, etc. The main reasons for the inexactness of science of management are as follows:

- a) Many of the principles of management are not supported by research.
- b) In management, it is difficult to establish cause and effect relationship as in chemistry
- c) or biology.
- d) Application of management principles depends upon situations and factors.
- e) Management deals with people at work and it is very difficult to predict their behavior accurately. Since it is a social process, it is also called a Social Science.
- f) Management is a universal phenomenon, but its theories and principles may produce different results in different situations. Management principles and theories are situation bound because of which applicability does not necessarily lead to the same result every time. That is why, Ernest Dale called management a Soft Science.

1. 8.2 Management as an Art

Art signifies the application of knowledge and personal skills to bring about desired results.

It is based on scientific knowledge and principles. If a science is learnt, an art is practiced. Stated differently, science is to seek knowledge and art is to apply knowledge. An art has the following features:

- a) **Body of Knowledge.** Art is based on theoretical knowledge of concepts, principles and applications about a particular field such as music, painting, etc.
- b) **Personalized Application of Knowledge and Skills.** Art implies personalized application of knowledge and skills about a particular field, say, music or painting. Every artist or practitioner develops his personal skills and style of producing concrete results.
- c) **Practice.** Art is learnt and refined through continuous practice.
- d) **Creativity.** Art is creative in nature. An artist uses his skills and style to create better results.

Management is considered an art because of the following reasons:

- a) The practice of management does involve the use of knowledge of management concepts, principles and techniques.
- b) Every manager has to apply his personal skills to deal with various problems of the unit he is managing. At times, he may have to use personal judgement to take managerial decisions.
- c) Management is situational, meaning thereby that there is no best management. Every manager has to apply his knowledge and skills to deal with various situations.
- d) The art of management can be learnt and mastered through continuous practice.
- e) The process of management is directed towards the accomplishment of concrete results. Like any other art, management is creative in the sense that managing creates new situation needed for further improvement.

Every manager applies his knowledge of the management concepts, principles and techniques and also his skills while dealing with people to achieve the desired results. Moulding the attitudes and behavior of people at work towards achievement of certain goals is an art of the highest order. As an art, management calls for a corpus of abilities and judgement and a continuous practice of management theories and principles. Management has been termed as an age-old art and thus getting work done through employees in fine arts like music and painting. The effectiveness of a manager is dependent upon his personal skills, types of people to be managed and the types of situations faced. A musician can repeat his composition time and again, but a manager may not be able to repeat the same principles and techniques because of changes in the situation.

1.8.3 Dual Role of Management as a Science and an Art

Management is Both a Science and an Art. It is considered a science because it has an organized body of knowledge which contains certain universal truths. It is called an art because managing requires application of certain skills which are the personal possession of the manager.

Science provides knowledge about certain things and art deals with the application of knowledge and skills. A manager to be successful must acquire the knowledge of science of management and learn to apply this knowledge. A manager should be an applied scientist. He should possess not only specialized knowledge of management, but also the skills to put his knowledge into practice. Just as a doctor uses his knowledge to treat his patients, a manager should use his knowledge to solve the organizational problem. Management is as old as the civilization. But its emergence as a scientific field of enquiry is comparatively new. It has been aptly remarked that management is the oldest of arts and the youngest of sciences.

1.9 Principles of Management

Over the years, a number of principles of management have been suggested to assist in managerial thinking and action. Henri Fayol, J.D. Mooney, F.W. Taylor, Max Weber and many other management thinkers have derived certain generalizations from their experience in managing organizations. These generalizations have been termed as principles of management. The principles are only guides to action for the benefit of the managers. They are not rules and so are not rigid. The principles may be modified to suit the situations faced by the managers. As a matter of fact, the principles of management have universal application. They can be applied to different kinds of organizations such as business, hospitals, clubs, educational institutions. They are also applicable under different economic systems of the world.

1.9.1 Meanings of Principles and Theories

a) Management Principle

A principle is a basic statement that provides understanding and guide thinking and action. It is a functional truth that explains relationship between two or more sets of variables under a given situation. It is a basic element of management theory that helps in predicting what would happen if the principles were applied.

Principles and theory furnish the structural framework of a science. Principles are fundamental truths, or what are believed to be truths at a given time, explaining relationships between two or more sets of variables. The most meaningful principles are those which involve causal relationships between dependent and independent variables.

Quite often, principles are referred to as being descriptive, prescriptive or normative. A principle is descriptive if it merely describes a relationship between variables. A principle is

prescriptive or normative if it is stated in such a way as to indicate what a person should do. Management principles are both descriptive and prescriptive.

b) Management Theory

A theory is a systematic grouping of interrelated principles. Its task is to bring together significant knowledge and to give a framework. There is a theory of management for the guidance of managers. Management theory supplies guideposts for action; it enables managers to approach various problems systematically. It does not mean that management theory can give managers a complete kit of tailor-made answers for every situation in which they find themselves. It simply provides management principles and concepts which should be applied judiciously. Every manager should have conceptual clarity to apply management theory systematically.

A theory is based on certain well-defined concepts. A 'concept' is a mental image of a thing formed by generalization from particulars. Obviously, a clear definition of a work is an elemental type of concept. Concepts are the building blocks of theory and principles. Concepts must be clear and meaningful to those who use them. Only then information can be understood by a receiver in the sense in which the sender wants to convey.

1.9.2 Scientific Management

F.W. Taylor was the first management thinker who insisted on the introduction of scientific methods in management and it was he who, along with his associates, made the first systematic study of management. He launched a new movement in 1910 which is known as 'Scientific Management'. This is why, Taylor is regarded as the father of scientific management.

a) Meaning of Scientific Management

According to F.W. Taylor, "Scientific Management is the substitution of exact scientific investigations and knowledge for the old individual judgement or opinion in all matters relating to the work done in the shop. " It implies the application of science to management of a business concern. It aims at replacement of traditional techniques by scientific techniques. Scientific Management is a process of directing human efforts which employs scientific methods for getting highest productivity. In the words of Peter F. Drucker, "The thread of scientific management runs through operational study of work, the analysis of work into simplest elements and the systematic improvement of the workers' performance of each element."

Scientific Management is a thoughtful, organized human approach to the job of management as contrasted with hit or miss, rule of thumb. "It is the art of knowing exactly what you want men to do and then seeing that how they do it in the best and cheapest way. " Scientific

management includes finding the most efficient methods of production, scientific selection and training of workers, proper allotment of duties and work and achieving cooperation between workers and management.

In short, scientific management involves:

- a) Scientific study and analysis of work;
- b) Scientific selection and training of employees; and
- c) Standardization of raw materials, working conditions and equipment.

b) Aims of Scientific Management

The aims of scientific management may be summarized as under

- **Increased Production.** Increase in the rate of production by use of standardized tools, equipment and methods.
- **Quality Control.** Improvement in the quality of the output of research, quality control and inspection devices.
- **Cost Reduction.** Reduction in the cost of a production by rational planning and regulation, and cost control techniques.
- **Elimination of Wastes.** Elimination of wastes in the use of resources and methods of production.
- **Right Men for Right Work.** Placement of right person on the right job through scientific selection and training.
- **Incentive Wages.** Payment of wages to workers according to their efficiency.

Principles of Scientific Management

Taylor's scientific management is based on five principles which are discussed below:

- a) **Replacement of Old Rule of Thumb Method.** Scientific investigation should be used for taking managerial decisions instead of basing decisions on opinion, intuition or rule of thumb. The principle of use of science for rule of thumb is the starting point that distinguishes scientific management from traditional management. Under scientific management decisions are made on the basis of facts as developed by the application of scientific method to the problem concerned. This is in contrast with the approach followed under traditional management according to which decisions are based on opinions, prejudices, or rule of thumb. Thus, substitution of rule of thumb or opinion by scientific approach is one of the primary contributions of Taylor to the field of management.
- b) **Scientific Selection and Training of Workers.** The procedure for selection of workers should be designed scientifically. The errors committed, at the time of selection may prove to be very costly later on. If we do not have right workers on the right, the efficiency of the organization will be reduced. Therefore, every organization should follow a scientific

system of selection. The selected workers are to be trained to avoid wrong methods of work. Management is responsible for the scientific education and training. The management has to provide opportunities for development of workers having better capabilities.

- c) **Cooperation between Labour and Management.** There should be cooperation between the management and the workers. This requires change of mental attitudes of the workers and the management towards each other. Taylor called it mental revolution. When this mental revolution takes place, workers and management turn their attention towards increasing profits. They do not quarrel about the distribution of profits
- d) **Equal Division of Responsibility.** There must be equal division of responsibility between the managers and the workers. The management should assume responsibility for the work for which it is better suited. For instance, management should decide the method of work, working conditions, time for completion of work, etc. instead of leaving these to the discretion of workers. The management should be responsible for planning and organizing the work, whereas the workers should be responsible for the execution of work as per instructions of management.
- e) **Maximum Output.** The management and the workers should try to achieve maximum output in place of restricted output. This will be beneficial to both the parties. Maximum output will also be in the interest of the society.

Contributions and Limitations of Scientific Management

First, the time and motion studies have made us aware that the tools and physical movements involved in a task can be made more efficient and rational. Second, the stress which scientific management placed on scientific selection of workers has made us recognize that without the ability and training a person cannot be expected to do his job properly. Finally, the importance that scientific management gave to work design has encouraged managers to seek that “one best way” of doing a job. Both blue-collar production jobs and white-collar office and service jobs have become specialized (the employee does one task) and standardized (the employee performs the task the same way every time). This makes workers more efficient and the management’s control over them easier.

Scientific management is, however, severely criticized on the following grounds:

- a) Taylor's scientific management emphasizes the management of only muscular tasks at the floor level and neglects the areas of problem-solving and decision-making, which are of key importance at the other managerial levels. This has made March and Simon describe scientific management as "physiological organization theory."

- b) Taylor's belief that economic incentives are strong enough to motivate workers for increased production is wrong. No man is entirely an "economic man", that is, a man's behavior is not always dictated by his financial needs. He has many other needs also, such as security needs, social needs or egoistic needs which motivate him far more potently than his desire for money, at least after he has risen above the starvation level.
- c) Taylor's time and motion study is not entirely scientific. This is because two-time studies done by two separate individuals may time the same job entirely differently. There is no such thing as ^[1]_{SEP} "One best way" so far as the component motions are concerned, because no two individuals can be expected to work in the same way at the same rhythm, with the same attention and the same learning speed.
- d) Separation of planning and doing and the greater specialization inherent in the system tend to reduce the need for skill and produce greater monotony of work. Having a man take orders from 7 to 8 different bosses results in confusion, besides increasing the overhead cost.
- e) Taylor's scientific management could not develop rapidly because of the following factors:
 - Advances in methods and better tools and machines eliminated some workers, who found it difficult to get other jobs. This caused resentment among them.
 - Taylor had difficulty in persuading his followers to understand his ideas or carry them on.

1.9.3 Administrative Management

Henry Fayol was a major contributor to administrative management approach.

Henry Fayol started his career as a mining engineer in 1860 in a colliery company in France. In 1866, he was appointed as the manager of the collieries and remained in this position for 22 years. In 1888, when the company's financial position was critical, he was appointed as the General Manager. He held this position with his expertise for 30 years and retired in 1918, at a time when the company had become one of the biggest coal companies in France. His observations on the principles of general management first appeared in 1916 in French under the title *Administration Industrielle et Generale*, and this was translated into English in 1949 under the title *General and Industrial Administration*.

This book contains two parts: the first part is concerned with the theory of administration and the second of business part with the discussion on training for administration.

Fayol felt that the activities of business could be divided into six groups: (i) Technical; (ii) Commercial; (iii) Financial; (iv) Security; (v) Accounting; and (vi) Managerial.

Fayol felt that the first five were well known and as a result, devoted most of his book to

an analysis of the sixth. He classified the managerial group into six sub-groups, viz., forecasting, planning, organizing, coordinating, commanding and controlling. Fayol stated the qualities required by managers to be physical, mental, moral, educational and technical. As a matter of fact, he emphasized that as one goes higher up in the levels of management, the administrative knowledge and skills become relatively more and more important, and technical knowledge and skill less important

Fayol's Principles of Management

In addition, Fayol listed out fourteen principles of management. They are:

- a) **Division of Labour:** The more people specialize, the more efficiently they can perform their work. This principle is epitomized by the modern assembly line.
- b) **Authority:** Managers must give orders so that they can get things done. While their formal authority gives them the right to command, managers will not always compel obedience unless they have personal authority (such as relevant expertise) as well.
- c) **Discipline:** Members in an organization need to respect the rules and agreements that govern the Organization. To Fayol, discipline results from good leadership at all levels of the organization, fair agreements (such as provisions for rewarding superior performance) and judiciously enforced penalties for infractions.
- d) **Unity of Command:** Each employee must receive instructions from only one person. Fayol believed that when an employee reported to more than one manager, conflicts in instructions and confusion of authority would ultimately result.
- e) **Unity of Direction:** Those operations within the organization that have the same objective should be directed by only one manager using one plan. For example, the personnel department in a company should not have two directors, each with a different hiring policy.
- f) **Subordination of Individual Interest to the Common Goal:** In any undertaking, the interests of employees should not take precedence over the interests of the organization as a whole.
- g) **Remuneration:** Compensation for work done should be fair to both employees and employers.
- h) **Centralization:** Decreasing the role of subordinates in decision making is centralization, increasing their role is decentralization. Fayol believed that managers should retain final responsibility, but should at the same time give their subordinates enough authority to do their jobs properly. The problem is to find the proper degree of centralization in each case.
- i) **The Hierarchy:** The lines of authority in an organization are often represented

today by the neat boxes and lines of the organization chart that runs in order of rank from the top management to the lowest level of the enterprise.

- j) **Order:** Materials and people should be in the right place at the right time. People in particular, should be in the jobs or positions in which they are most suited.
- k) **Equity:** Managers should be both friendly and fair to their subordinates.
- l) **Stability of Staff:** A high employee turnover rate undermines the efficient functioning of an organization.
- m) **Initiative:** Subordinates should be given the freedom to conceive and carry out their plans, even though some mistakes may result.
- n) **Esprit de Corps:** Promoting team spirit will give the organization a sense of unity. To Fayol, even small factors could help to develop the spirit. He suggested, for example, the use of verbal communication instead of formal, written communication whenever possible.

It may be stated that F.W. Taylor and Henry Fayol together gave an almost complete theory of management. Taylor studied with utmost care the lowest level of industrial hierarchy whereas Fayol on the other hand, worked from the top of the industrial hierarchy downward.

The universality of the principles of management could be understood throughout the treatise by Fayol. He should be regarded as the father of modern management theory since he was first emphasizing that better management is not merely a question of improving the output of labour, but planning of the subordinate units of an organization.

Contributions and Limitations of Administrative Management

Both Taylor and Fayol had essentially the same goal of increasing production but they tried to reach this goal from different directions. Taylor worked from the bottom of the hierarchy upward, whereas Fayol worked from the apex downwards.

Fayol's principles met with widespread acceptance among writers on management and among managers themselves. In the United States the most important acceptance of his principles came from two

General Motors executives-James D. Mooney and Alan C. Railey. These executives wrote a book, *Onward Industry*, in 1931, later revised and renamed *Principles of Organization*. The real explosion in the number of principles of management came with Colonel L.Orwick, a distinguished executive and management consultant in U.K. He wrote a book, *The Elements of Administration* in which he tried to assemble the concepts of Taylor, Fayol, Mooney, Railey and other early management theorists. Some of the several dozen principles he advocated are as follows:

- a) There should be a clear line of authority, as in the military, from the top management down to the lowest employee.
- b) Each individual should perform one function only.
- c) The span of control of a manager should never exceed six.
- d) Authority can be delegated, but not responsibility.

Drawing inspiration from Fayol, a new school of thought known as the Management Process School came into existence. Harold Koontz, and Cyril O'Donnell are the champions of this school. They believe that management is a dynamic process of performing the functions of planning, organizing, staffing, controlling and evaluating. They also believe that these functions and the principles on which they are based have general or universal applicability. Managers, whether they are managing directors or supervisors, perform the same functions of planning and control although the degree of complexity may differ. Similarly, management functions are not confined to business enterprises alone but are applicable to all organizations wherever group effort is involved. Management theory, as a body of knowledge, is not culture-bound but is transferable from one environment to another. This approach is also referred to as the universalist approach.

Ideas of Fayol and his followers have come to be criticized as follows:

- a) Fayol's principle of division of work or specialization produces the following dysfunctional consequences:
 - It leads to the formation of small work groups with norms and goals often at odds with those of management. Each individual carries out his assigned part as something apart from the overall purpose of the organization as a whole. He does not care to know how his job fits into the entire picture.
 - It results in the dissatisfaction of workers because it does not provide them the opportunity to use all their abilities.
 - It results in an increase in the overhead cost because the more the specialization develops at one level, the greater becomes the need for coordination at a high level.
- b) For many of Fayol's principles one can find an equally plausible and acceptable contradictory principle and there is nothing in Fayol's writings to indicate which is the proper one to apply. Simon substantiated this criticism by referring to the principle of unity of command and the principle of specialization or division of labour. Both the principles, he said, cannot be followed simultaneously. For example, if an accountant in a marketing department is subordinate to the marketing manager and if unity of command is observed, then the finance department cannot issue direct orders to him regarding the technical, accounting aspects of his work. Similarly, the principle of limited span of control

(advocated by Gulick, Urwick, and others) does not go hand in and with another of their principles which says that the number of organizational levels should be kept at a minimum because on limiting the span of control, number of levels of management increases. In this way, many of these principles are full of contradictions and dilemmas. This provoked, Simon to remark that these principles are no better than proverbs which give opposite messages.

- c) These principles are based on few case studies only and have not been tested empirically. Indeed, whenever these principles have been tested empirically, they have fallen like autumn leaves. For example, Dale\$ found considerable variation in the span of control of the chief executive even among highly successful firms as against the limit of six by Urwick.
- d) These principles are often stated as unconditional statements of what ought to be done in all circumstances when what is needed are conditional principles of management. For example, it is not correct to say that the authority and responsibility of an employee should be explicitly described in all types of environments because as shown by Burns and Stalker, in a technologically turbulent environment an employee's job should be as little defined as possible, so that it can shape itself according to the changing needs of the situation.
- e) These principles (viz., the principle of specialization, chain of command, unity of direction and span of control) result into the formation of mechanistic organization structures which are insensitive to employees' social and psychological needs. Chris Argyris contends that such structures inhibit the employees' self-actualization and accentuate their dependence on superiors. They also develop among employees an orientation towards their own particular departments rather than towards the whole organization.
- f) These principles are based on the assumption that organization s are closed systems. But this is not so. Organization s are open systems. Hence the rigid structures which these principles tend to create, do not work well under unstable conditions.

1.10 Let Us Sum Up

"Management: The Conceptual Framework (Management - Art or Science)" explores the debate surrounding whether management is more of an art or a science. It delves into the conceptual framework of management, discussing its theoretical underpinnings and practical applications. Taylor's Scientific Management is a theory developed by Frederick Winslow Taylor, which emphasizes the systematic study of work processes to improve productivity and efficiency. It involves analyzing tasks, standardizing procedures, and providing monetary incentives to workers to increase output.

Fayol's Principles of Management were proposed by Henri Fayol and are a set of general guidelines

for effective management. They include principles such as division of work, authority and responsibility, discipline, unity of command, unity of direction, subordination of individual interests to the general interest, remuneration, centralization, scalar chain, order, equity, stability of tenure of personnel, initiative, and esprit de corps.

These frameworks represent foundational concepts in the field of management, providing insights into how organizations can be structured and managed to achieve their goals efficiently and effectively.

Check Your Progress

Long Answer Questions

- a) Explain with the help of a flowchart the process of Management
- b) Elaborate the various Management Functions
- c) Investigate in detail the various levels of management
- d) Discuss in details the different skills of a manager
- e) Explain in detail the concept of Management and Administration
- f) Explain the dual role of Management as a Science and an Art
- g) Discuss the various principles of Scientific Management
- h) Elaborate various Fayol's Principles of Management
- i) What are different Contributions of Administrative Management?
- j) What do you understand by Management Theory?

Short Answer Questions

- a) Define the term “Management”
- b) Discuss the concept of Planning as a Management function
- c) Differentiate between Organizing and Staffing
- d) State the differences between Directing and Controlling
- e) Investigate the duties and responsibilities of a top-level manager
- f) Elaborate the duties and responsibilities of a middle level manager
- g) Define the term “Conceptual Skill”.
- h) State the concept of Human relations Skill of a Manager
- i) “Management as Science”. Comment.
- j) Define the term “Scientific Management”.
- k) Enlist Limitations of Administrative Management

Glossary

- a) **Management:** The Conceptual Framework (Management - Art or Science): A theoretical exploration of the nature of management, debating whether it is primarily an art or a science. It encompasses the theoretical foundations and practical applications of management principles.
- b) **Taylor's Scientific Management:** A management theory developed by Frederick Winslow Taylor, emphasizing the systematic analysis of work processes to enhance productivity and efficiency.
- c) **Fayol's Principles of Management:** A set of general guidelines proposed by Henri Fayol for effective management practices. These principles include division of work, authority, discipline, unity of command, unity of direction, and others, serving as a framework for organizing and managing businesses efficiently.
- d) **Scientific Management:**
- e) Scientific Management is a management theory developed by Frederick Winslow Taylor in the late 19th and early 20th centuries. It emphasizes the application of scientific methods to analyze and optimize work processes in order to increase efficiency and productivity.

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SEMESTER - IV

Unit 2: Behavioral School of Management System & Contingency Approach to Management
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2.7 Let Us Sum Up

Check Your Progress

Long Answer Questions

Long Answer Questions

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2.0 Objective

The objective of this chapter is to provide knowledge of how supervisors implement strategies to accomplish organizational goals and how they motivate employees to perform at their highest ability. A compilation of principles for managing a company or organization are known as "management thoughts."

2.1 Introduction

The development of managerial thought has a long history. Management has been regarded throughout history as a crucial aspect of human economic existence. It is believed that management philosophy is an evolutionary idea. It has evolved in tandem with it and in harmony with organizations from the social, cultural, economic, and scientific spheres. Management theory has its roots in antiquity. Along with other socioeconomic growth, it has been developed. Management practitioners, academics, and thinkers have all contributed to management theory. Contemporary management has a strong foundation built by management thinkers from past events.

2.2 What Does Management Thought Means?

The idea that directs the management of people within an organization is referred to as management thought. Initially, management ideas were created as a result of managers' real-world experience in industrial organizations. Later, managers took inspiration from a variety of other academic disciplines, including science, sociology, ethnography, etc.

2.3 The Evolution of Management Thought

- The topic of the evolution of management thought is broken down into four main stages, which are as follows:
- Classical theory, Neo-classical theory (or behavior method), and Max Weber's bureaucratic model are all examples of pre-scientific management.

Pre-Scientific Management Period

The 18th century's industrial revolution had a significant effect on management. The scenario altered how people and companies raised capital, managed their workforces, and produced goods. Then, business people had access to resources for production like land, labor, and money. The only thing left to do in order to effectively complete the goal was to combine these factors.

But after the industrial revolution, management adopted a newer component thanks to the participation of some illustrious figures who introduced some useful concepts and strategies for providing management with a reliable and focused course of action. Here is a quick summary of a few of the characters and their theories:

Professor Charles Babbage of United Kingdom (1729 to 1871)

At Cambridge University, Prof. Babbage was a well-known mathematics lecturer. He learned that manufacturers depend on speculating and making suggestions, and he counselled them to use science and mathematics to be more accurate and effective.

Robert Owens of United Kingdom (1771 to 1858)

Due to his emphasis on employee wellbeing, Sir Robert is frequently referred to as the father of personnel management. Cooperation and unions were also initiated by him. He primarily thought that employee welfare might have a bigger impact on performance. Sir Robert also promoted employee training, children's schooling, canteens at work, shorter workdays, and other initiatives.

The Classical Theory

The founders of management are viewed as people like Robert Owens, Charles Babbage, and other well-known figures. Their impact on the development of administration, however, is less. Additionally, the science of management started in the final decade of the 19th century, and with it, experts like H. L. Grant, F. W. Taylor, Emerson, and others entered to help create scientific management.

Furthermore, during the classical era, standardization, work content, labor division, and scientific organizational approaches were at the forefront of management thought. It was also closely linked to the industrial revolution and the rise of massive corporations.

The Neo-Classical Theory

This era of management thought progression represents a development over classical theory. It is a refined form of classical theory with a number of enhancements. The physical resources and their management were the main focus of classical theory while employee interactions within the workplace ecosystem are the main focus of neoclassical theory.

2.4 Evolution of Management Theories

Effective organizational structures were developed, and some well-known authors wrote about the administration and management of different kingdoms. These accounts contributed to the creation of the management theories' supporting material. The

management models were also provided by several leaders of religions, political organizations, and the military. For instance, the formulation of policy in books like Sun Tzu's "The Art of War" and Chanakya's Arthashastra was used for managerial and royal governance reasons, respectively.

2.5 Behavioral School of Management System

2.5.1 Concept of Behavioral Management

Early in the 20th century, the Behavioral Approach emerged in reaction to the then-heavily debated Psychoanalytic theory. Due to the absence of a scientific approach, experimental techniques could not be used to test psychoanalytic theory and make predictions. Setting the standard for how contemporary workplaces create an employee-friendly atmosphere are behavioral approaches to management. American psychologist Abraham Maslow suggested the hierarchy of needs, which gave employees' needs and expectations priority. The theory contends that effective teamwork and labor management depend greatly on human interactions and behavior. According to the behavioral method, observable behavior and environmental stimuli are the keys to understanding development. A learning theory is behaviorism, and learning theories concentrate on how we are trained to react to events or cues.

2.5.2 Behavioral Management Theory.

- The interactions and motivations of the individual within organizations came under scrutiny as management study progressed in the 20th century. The management theories that emerged during the classical era simply did not work well in many management situations and were unable to describe the actions of specific employees. In essence, employee incentive and behavior were disregarded by classical theory. As a consequence, this ground-breaking management experiment naturally led to the development of the behavioral school.
- Because it tackles the human aspect of work, the behavioral management theory is frequently referred to as the human relations movement. Behavioral theorists thought that increased productivity resulted from a better grasp of factors like motivation, conflict, expectations, and group dynamics that affect human behavior at work.
- Employees were not treated as machines by the theorists who added to this school, but rather as unique people, resources, and assets that could be used and developed. This hypothesis was developed by numerous people and experiments.

- Elton Mayo made contributions as a part of the Hawthorne studies, a collection of investigations that carefully applied conventional management theory only to expose its flaws. The Hawthorne experiments were two research projects carried out at the Chicago-based Hawthorne Works of the Western Electric Company between 1924 and 1932. A team of engineers performed the first study in order to ascertain how lighting levels compared to worker productivity. Surprisingly, they found that worker output rose as lighting levels dropped—but only until workers could no longer see what they were doing, at which point output inevitably fell.

A new set of experiments started a few years afterward. Five ladies were under the supervision of Harvard researchers Mayo and F. J. Roethlisberger in a bank wiring room. They granted the women special rights, including the freedom to leave their workstations at any time, the right to rest intervals and free lunches, as well as different pay scales and work schedules. Additionally, this exercise led to noticeably higher rates of productivity.

In this instance, Mayo and Roethlisberger came to the conclusion that the supervisory arrangement—rather than the adjustments to the lighting or other associated worker benefits—was responsible for the rise in output. The intense concern the experimenters showed for the workers served as the foundation for the increased motivation and subsequent productivity because they took on the role of the employees' main supervisors. In a sense, the experimenters participated in the research and had an impact on its results. The Hawthorne effect, which describes the special consideration researchers give to a study's subjects and the effect this consideration has on the study's results, gets its name from this.

The Hawthorne studies' overall finding was that employee social needs and interpersonal relationships are essential components of company management. The theories and practices of management were revolutionized by this human motivational concept.

- One of the most well-known need theories was created by practicing psychologist Abraham Maslow. It is a theory of motivation that is founded on taking into account human needs. He made three presumptions in his view of human needs:
 - It's impossible to completely satiate people's wants.
- Human behavior is intentional and driven by the desire to be satisfied. Needs can be categorized according to a hierarchy of significance, from the least to the most important. Maslow divided the requirements hierarchy into five distinct categories:

Physical Requirements: Maslow categorized all physiological requirements for upholding fundamental human well-being, such as sustenance and drink, under this heading. However,

once the need is met, it ceases to be an incentive.

- **Needs for safety:** These necessities include the need for fundamental safety, stability, defense, and fearlessness. It is possible for someone to have all of these needs mostly met in a normal condition. If not, they take over as the main driving forces.
- **Needs for affection and belonging:** The need for love and belonging takes over as the main driver of motivation once the physical and safety requirements have been met and are no longer motivators. The person tries to build real connections with important people.
- **Needs for respect:** A person needs to become self-assured and strive for prestige, renown, fame, and glory.
- **Needs for self-actualization:** An individual feels a need to discover himself after satisfying all of the needs in the hierarchy before him.

The Maslow hierarchy of needs theory made employee motivation more tangible for supervisors.

The adoption of the concepts of the classical approach by practicing managers revealed that it was impossible to attain complete efficiency and workplace harmony. This led to the development of the behavioral approach to management. The behavioral method to management brought attention to the human element, which the classical proponents had overlooked. The behavioral advocates viewed the organization from the perspective of the individual, whereas the classical thinkers saw it from the perspective of production. The behavioral strategy to management emphasized both individual and group processes, and it recognized the significance of behavioral processes in the workplace. The Hawthorne studies from the latter part of the 1920s and the beginning of the 1930s gave the behavioral method some support. Mary Parker Follett, Douglas McGregor, Kurt Lewin, Chester Barnard, Abraham Maslow, George Romans, and others are some of the major behavioral researchers who significantly advanced the behavioral method to management.

2.5.3 Contributions of the Behavioral Approach

- More effective use of teams to carry out organizational objectives.
- Use of creative reward and incentive strategies; emphasis on staff training and growth.
- Furthermore, the primary emphasis on contemporary management theory resulted in the empowerment of staff through shared information.

2.5.4 Importance of the behavioral approach

Because it tackles the human aspect of work, the behavioral management theory is

frequently referred to as the human relations movement. Behavioral theorists thought that increased productivity resulted from a better grasp of factors like motivation, conflict, expectations, and group dynamics that affect human behavior at work.

2.5.5 Advantages of Behavioral Approach

- It is simple to comprehend, easy to put into practice, and typically yields quick results.
- It shapes behavior using small steps.
- Anyone can use the strategy as it doesn't require a specialist to use it.
- It is founded on the idea that reinforced (rewarded) behavior will be repeated and the outcomes can be quantified and show development.
- Any age and aptitude can use it.

2.5.6 Disadvantages of Behavioral approach

- Persuading someone to change their opinion is not always simple. The client might object if you tell them what to do. Senior citizens may object to being 'treated like a child. "It doesn't take the client's opinions or emotions into account".
- It might be perceived as rigid and punitive. Punishment is often used more frequently than rewards
- Could be considered dehumanizing because it reduces our actions to reactions to stimuli suggests that we are only pleasure-seeking animals

2.5.7 Examples of Behavioral Approach

Daycare

Businesses that provide daycare for workers' children practice behavioral management. The theory is that employees will be less distracted at work if they know their kids are safe and close. This is an illustration of trusting that the employee desires to work and providing a work environment that doesn't conflict with family obligations. Giving workers access to daycare is a behavioral strategy for getting the most from them because it puts a strong emphasis on employee satisfaction.

Employee Suggestion Box

Employees may feel that their ideas are important to the business thanks to this electronic suggestion box. A behavioral strategy is to give employees the freedom to propose ideas and start new projects because this makes work more enjoyable and boosts self-esteem. Management can keep an eye on chat rooms and even participate in to promote idea exploration. When a proposal receives enough support, management can convene with a delegation to go over the options.

Flex-time Scheduling

By putting an emphasis on creating a welcoming workplace, employers can attempt to respect individual needs and increase job satisfaction by letting workers choose flexible schedules. This can assist a business in keeping workers and building a positive workplace image. An image like that might draw in top talent. As long as they put in a certain number of hours per week, employees are free to choose their own hours. Employees may even be able to work from home several days a week with flexible timing.

Positive Reinforcement

Positive reinforcement works well with the behavioral strategy to boost output. This type of management focuses more on finding workers who are doing things correctly than on finding those who are not. The manager conveys that such behavior can assist workers in moving up in the company by highlighting the positive behavior and even rewarding it. The use of positive reinforcement necessitates a manager's presence among the workforce to watch as a side benefit. This encourages greater familiarity and may foster good working relationships between managers and workers.

2.5.8 Criticism of Behavioral Approach

The following reasons led to criticism of the behavioral method to management, despite its brilliant contributions to management theories:

- a) It is thought that the methods, analysis of the results, and inferences made as a result are not logically related to one another. In actuality, there is insufficient evidence to back the conclusions.
- b) Simplistic assumptions were used to establish the link between worker satisfaction/happiness and productivity, but behavioral factors make the situation more complicated in reality.
- c) In addition, none of these studies paid attention to how the attitudes of the employees affected their performance and productivity.

The behavioral school of thought benefited greatly from the efforts made by Abraham Maslow, Chris Argyris, Douglas McGregor, and other thinkers. The contributions of Maslow and McGregor take the form of motivational ideas. Maslow concentrated on the significance of human needs, which are the primary motivators of human drive, whereas McGregor made assumptions about people and classified them as belonging to theory X or theory Y.

Theory X basically represents a pessimistic view of people: that people are lazy, lack desire, detest hard work, shirk responsibility, and need guidance in order to function. Contrarily, Theory Y makes the supposition that people are more optimistic, capable of self-control, inventive and creative, and do not innately despise work. We haven't gone into great depth about these theories here. We are merely recognizing their contributions to the system of thought known as behaviorism.

The advances Chris Argyris made to the behavioral school of thought are very significant. His contributions include the Model I and Model II patterns, the integration of personal and organizational objectives, and the maturity-immaturity theory. The maturity-immaturity theory proposes that individuals move from an immature and dependent stage to a mature and independent stage. Organizations that enable their workers to remain in a dependent state stop them from developing to their full potential and allow them to stay immature. He added that a formal organization creates a rigid framework that forces people to act in an immature manner. Individual and organizational objectives become out of sync, which hinders organizational growth, leads to failure, and breeds resentment and conflict.

As a result, people display aggressive, regressive, and suppressive behaviors. There are two distinct presumptions for Model I and Model II patterns. Workers in organizations of the Model I type are driven by the need to control others and defend their own interests, whereas those in organizations of the Model II type are less prone to manipulation and more eager to experiment and take chances. Therefore, Argyris advised managers to always make an effort to build an organization of the Model II variety.

In 1967 and 1954, respectively, Peter F. Drucker and Rensis Likert both made significant advances to this school of thought. Likert blames a typical job-centered supervision approach for the workers' low productivity and low morale. To guarantee greater productivity and raise employee morale, he has recommended some common leadership philosophies. On the other hand, Drucker was a leader in the development of a number of contemporary management ideas, including MBO, organizational design, creativity, and problem solving.

2.6 Contingency Approach to Management

2.6.1 History

Henri Fayol and Frederick Taylor, among other classical management theorists, defined and emphasized management principles that they thought would increase businesses'

chances of success. However, in the 1950s and 1960s, management thinkers criticized the classicists for their rigid strategy and failure to take environmental contingencies into account. However, Taylor emphasized the significance of selecting the general management approach that is most appropriate for a given situation. Fayol discovered that management matters are neither rigid nor absolute. This led to the creation of the contingency school of management, even though the criticisms were mainly unfounded.

It is important to note that concepts similar to these were presented thirty years earlier. Mary Parker Follett connected particular experience to overarching ideas in the 1920s. Her idea of the "law of the situation" meant that one had to behave in accordance with the particular guidelines established by a particular circumstance. She stated that in order to keep productive working relationships, ongoing efforts were required because requirements were constantly changing.

Nevertheless, study in the 1960s and 1970s concentrated on contextual elements that affected the best organizational structure and leadership approaches for various contexts. The development of contingency approaches outside of organization theory and leadership theory has been relatively slow, despite the contingency perspective's claim that it applies to all facets of management, not just organizing and leading. Brief summaries of the contingency viewpoint as it relates to organization theory and leadership are provided in the following sections.

2.6.2 Concept of the Contingency Approach to Management

In his seminal 1964 paper, "A Contingency Model of Leadership Effectiveness," Austrian psychologist Fred Edward Fiedler put forth the contingency theory of leadership. Emerged from managers' real-world experience, which revealed that no singular strategy consistently produced positive results in all circumstances. The fundamental tenet of this strategy is that no management theory or technique is suitable in every circumstance. According to the contingency approach to management, managerial decisions and organizational structures must be suitable for the current circumstance, and a specific course of action is only appropriate in certain circumstances. There is no one best management strategy; it all relies on the circumstances. In other words, management decision-making depends on the outside world. There is no one method that works best in every circumstance. A situation determines what a manager does, and there is a direct link between the factors in a situation and the managerial action. Contingency theory aims to examine and comprehend these interrelationships in order to take the precise managerial measures required to address the

problem. This strategy combines situational analysis with critical thinking in order to produce a workable response to the issue at hand.

The assumption underlying the contingency theory is comparable to that of situation theory in that neither approach is always the best. However, the emphasis of situation theory is more on the leadership behaviors that should be employed. The contingency theory adopts a wider perspective that takes other variables in the circumstance into account in addition to contingent factors regarding leader capability.

2.6.3 Factors that influence the contingency theory

These include the following:

- •The organization's size;
- •The manner in which the business adapts to its surroundings;
- •Variations in the organization's resources and operational tasks
 - Managers' assumptions regarding workers;
- •Techniques;
- •Technologies used

2.6.4 What are the primary characteristics of the Contingency Approach?

The primary characteristics of contingency theory include:

- Management theory is not universal; there is no single optimal method.
- Contingency - Management decisions depend on the circumstances.
- Environment - In order to be successful, managerial policies and practices must adapt to changes in the environment.
- Diagnostics - In order to foresee and be prepared for environmental changes, managers must have and keep developing their diagnostic skills.
- Human Relations - Managers should possess the necessary interpersonal abilities to accept and manage change.
- Information and Communication - Managers need to create a system of communication that can handle environmental shifts.

2.6.5 How do Contingencies Affecting Organizational Structure?

Theorists Burns and Stalker defined two types of organizational structure (mechanistic and (organic)), as well as two categories of the environment, in their text "Management of innovation" (1968). (Stable and dynamic).

In stable settings, mechanistic structures are more prevalent. More typical and appropriate in dynamic environments are organic structures.

The frequently noted factors affecting organizational layout include:

- Individual differences or organizational preferences;
- Business and technology nature (the need for customization);
- Environmental uncertainty

The contingency approach recommends organization designs and management strategies that are most suitable for particular circumstances in addition to defining patterns of internal interaction.

2.6.6 Advantages of Contingency Approach to Management

- A contingency plan must be active. Therefore, it varies depending on the circumstances. It enables managers to alter strategies in response to circumstances.
- The manager can improve their leadership and decision-making abilities by using a contingency strategy.
- The contingency strategy gives employees options, allowing them to develop and contribute their ideas to the company.
- It aids in organizational structure creation and information decision system planning.
- It offers a practical perspective on organization and administration.
- It rejects the applicability of ideas everywhere.
- Situation-focused and free of stereotypes are managers.
- Encourages an innovative and artistic managerial approach.

2.6.7 Disadvantages of Contingency Approach to Management

- The contingency strategy is complicated. The approach's proposal is very straightforward, but in practice it becomes more complicated.
- The contingency strategy is essentially reactive. The management of circumstances can be challenging at times.

- Contingency strategy is hampered by a lack of sufficient literature. The statement "a managerial action depends on the situation" is insufficient. It lacks a formal foundation.
- Executive is not required to suggest a course of action, but is expected to be aware of all available options before acting in a situation where doing so is not always possible.
- Numerous factors can have an impact on a scenario. It is challenging to evaluate each of these variables.

2.6.8 Example of Contingency Approach

The contingency method can be seen in business management, where managers deal with problems as they come up by giving tasks to staff members who have the necessary skills. The coach-and-mentor personality type, which affects a manager's leadership style and capacity for employee motivation, is another example of how the contingency strategy can be used. A manager in a company using a contingency approach might feel under pressure to deliver because he is in charge of giving staff members various responsibilities within each project. If a job is delayed or overdue, the manager could be held accountable. A company using a contingency strategy controls employee behavior through rigid job descriptions, which helps the company succeed. Without this control, the company might fail.

A company that employs the contingency strategy can easily meet challenging project deadlines. Since a business concentrate on current issues while ignoring its responsibility to provide employees with skills that are applicable in the future, this strategy may lead to issues in the long run. Over time, a company might not have enough skilled workers to complete tasks.

An IT manager with a demanding leadership style might struggle to handle staff members who value autonomy and straightforward delegation. It is crucial for a manager to modify his leadership approach to fit the organizational culture and the requirements of the team members.

2.7 Let Us Sum Up

Management thoughts are collections of various ideas which are very helpful for running and managing the business or any organization. As human resource is utmost important resource of organization, Management thoughts guide how to manage the people, so that the productivity of the business should increase. They laid stress that the modern workplace should be employee friendly culture. The behavioral theory suggests that human relations

and the behavior of employees are essential in getting the efficiency in the teams and managing the workplace. Successfully the interactions and motivations are required among the employees for the organization efficiency and success. Hence, increased motivation results in increased productivity. Maslow's has given 5 stages of needs of the human beings. The five specific areas are Physiological, Safety, Need, Belonging and Love needs, Esteem needs and The Last self-actualization needs. These five stages have helped the managers to anticipate the employee's motivation. Behavioral theory believed that a better understanding of human behavior at their workplace such as motivation, conflicts, expectations and group dynamics leads to improved productivity. Along the behavioral approach, contingency approach to management advises that managerial actions and organizational structure must be appropriate to the given situation as it always varies from situation to situation. Contingency approach is dynamic in nature. So, it allows the policies to change according to the situations. This approach also helps the managers to enhance their leadership as well as decision making. It also provides a realistic view of management as well as organization. This approach leads managers to be situation oriented and not to be stereotyped. It helps the managers to be innovative and creative in their management styles. It also leads the managers to develop management skills which helps the managers to handle the situation and also leads the managers to take good risks in the business. The organizations should be compatible to the existing scenario. If the business wants to be successful, they have to be adaptive to the changing situations. It helps the managers to deal with the challenges. It helps the quality of the managers as well as its personality. For any organization to be successful it should be focused on the employee behavior as well as on the situation and make the necessary changes in the organization depending on the current situation.

Check Your Progress

Long Answer Questions

- a) Explain the various stages of hierarchy theory.
- b) Explain the advantages and disadvantages of behavioral approach.
- c) Explain the contingency approach with examples.
- d) Explain the advantages and disadvantages of contingency approach.
- e) Explain the behavioral approach with examples.
- f) What are the primary characteristics of contingency approach?
- g) Elaborate the factors that has influenced on the contingency approach.

- h) Explain the contributions of the behavioral approach.
- i) What are the strengths of behavioral approach?
- j) Explain the criticisms of behavioral approach

Short Answer Questions

- a) Who gave the need hierarchy theory?
- b) Define behavioral approach.
- c) Define contingency approach.
- d) Who developed the behavioral approach?
- e) When does the behavioral approach came into existence?
- f) Who developed the contingency approach?
- g) What is the importance of behavioral approach?
- h) Does the contingency approach depends upon situation? Explain.
- i) List the five stages of hierarchal theory.
- j) What is the difference between behavioral approach and contingency approach?

Glossary

- a) **Human Relation** - Human relations refer to the capacity to engage in constructive communication with others and forge lasting bonds. Human relations objectives might include fostering positive working relationships, offering support to staff members who are confronting difficulties, and acknowledging staff members' accomplishments.
- b) **Behavioral Approach** - It emphasizes personal motivations, deeds, and social interactions. Positive feedback is a typical instance of behaviorism.
- c) **Maslow's Theory** - According to Maslow's hierarchy of needs, a theory of motivation, a person's behavior is determined by five categories of basic human requirements. These needs include those for physiology, safety, affection and belonging, esteem, and self-actualization.
- d) **Contingency Approach** - The situational approach, also known as the contingency approach to management, maintains that there is no one, universal guideline for the ideal method to run an organization.
- e) **Self-Actualization** - The desire that results in the realization of one's complete potential is referred to as self-actualization.

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Unit III: Nature & Importance of Planning, Principles & Process of Planning Types of Plans, Strategic Planning

Structure:

3.1 Introduction

3.2 What Is Planning?

3.3 Nature and Characteristics of Planning

3.4 Importance of Planning

3.5 Limitations of Planning

3.6 Process of Planning

3.7 Types of Planning

3.7.1 Tactical Planning

3.7.2 Long-range Planning

3.7.3 Short-range Planning

3.7.4 Strategic Planning

3.8 Principles of Planning

3.9 Exercise

Check Your Progress

Long Answer Questions

Long Answer Questions

Glossary

References

Objectives

- Explain the meaning, nature and importance of the managerial function of Planning
- Gain familiarity with the various steps of the Planning process
- Describe the major types of Planning-such as Strategic Planning, Tactical Planning
Long-range Planning and Short-range Planning
- Enumerate and explain the principles on which Planning is based.

3.1 Introduction

In the previous unit, you were introduced to the management process and the roles of managers, along with the principles derived from these roles. It was emphasized that Planning, intricately linked to other managerial functions, is a crucial aspect acknowledged at all organizational levels. Recently, there has been a notable global interest in planning, particularly in the realms of corporate, long-range, and strategic planning.

In this unit, you will gain insights into the fundamentals of planning, encompassing its definition, nature, characteristics, significance, and constraints. The unit will also cover the components and stages of the planning process, delving into the role of forecasting in planning. Additionally, you will explore concepts such as strategic planning, tactical planning, long-range planning, short-range planning, and the fundamental principles that underlie effective planning.

3.2 What is Planning?

Many of us are quite familiar with the concept of 'Planning' in our daily lives. We frequently make advance decisions about our activities on a busy workday, and parents often plan ahead for their children's education. As students, you may contemplate in advance how to approach exam preparation or effectively utilize your time. In everyday terms, planning is commonly perceived as a systematic method of deciding and executing tasks in a purposeful manner.

However, within the context of formal organizations and their management, the concept of planning takes on a specific meaning. It involves making advance decisions about future actions for a defined period and then taking the necessary steps to execute those decisions. Planning entails looking ahead into the future, anticipating potential developments, assessing their impact on the organization, determining the direction the organization should take, and preparing for future events. It also involves selecting courses of action from available alternatives to achieve the organization's goals, both in the immediate and long-term future.

The notion of planning evokes images of a systematic, orderly, and disciplined approach to work, behavior focused on achieving goals, and the thoughtful arrangement of things in advance. It also encompasses careful allocation of scarce resources. In essence, planning can be defined as the process of establishing future objectives and deciding on the methods and

strategies to achieve them.

3.3 Nature and Characteristics of Planning

The planning function in management possesses distinct characteristics that set it apart from other managerial functions, while also sharing some similarities. These characteristics collectively define the nature of the planning function and are outlined as follows:

a) Primacy of Planning:

Planning takes precedence over other managerial functions, initiating the management process. It serves as the foundation for organizing, staffing, directing, and controlling, establishing the necessary groundwork for these interconnected functions.

b) Planning as a Process:

Planning is a sequential process involving multiple stages. It constitutes a sub-process within the broader management process, starting with the identification of the organization's mission and goals and concluding with arrangements for plan implementation.

c) Pervasiveness of Planning:

Planning is a pervasive managerial function applicable across all levels of the managerial hierarchy, from top executives to frontline supervisors. Although the content and intensity of planning vary at different levels, it remains an integral aspect of managerial responsibilities.

d) Future Orientation:

Planning is inherently future-oriented, involving the anticipation and preparation for future events and situations. This forward-looking aspect of planning is crucial for dealing with uncertainties and unknowns that may unfold in the future.

e) Information Base:

Planning relies on information, and without it, planning lacks substance. Information about past trends, current conditions, and future possibilities is vital for diagnosing issues, developing alternative courses of action, and making informed decisions.

f) Rationality:

Planning is a rational managerial activity, requiring purposeful and conscious decision-making backed by sufficient information, knowledge, and understanding. Managers involved in planning are objective and unemotional in their approach.

g) Formal and Informal Nature:

Planning has both formal and informal elements. Formal planning involves a systematic and rigorous decision-making process, while informal planning occurs through intuitive processes, often communicated verbally.

h) Intellectual Process:

Planning is an intellectual process demanding conceptual skills. It necessitates the ability to think abstractly and concretely, visualize the future, and formulate ideas and images of anticipated expectations.

i) Pragmatic, Action-Oriented:

Despite its intellectual nature, planning is primarily pragmatic and action-oriented. It precedes action, emphasizing thinking and deciding before acting. Plans are evaluated based on their implementability and reality-oriented outcomes.

j) Planning as a Form of Decision Making: - Planning involves problem-solving and decision-making, focusing on the identification of issues, collection of relevant information, evaluation of alternative courses of action, and selection of the most suitable alternatives.

k) Planning Premises: - Planning is built on assumptions and estimates about future vents and situations, known as planning premises. These assumptions, derived through forecasting, provide a sense of security and certainty amid the uncertainties of the environment.

l) Dynamic Nature: - Planning is a dynamic process that selectively adapts the organization to changes in the external environment. It entails building flexibility and adaptability into the organization's functioning and continuous assessment and reassessment of goals, resources, directions, opportunities, and challenges.

m) Levels of Planning: - Planning is categorized into various levels based on scope, significance, and time span, including corporate planning, sub-corporate or functional planning, strategic planning, tactical or operational planning, and long-range and short-range planning. Coordination among these levels is essential.

n) Types of Plans: - The planning process results in various types of plans, forming a hierarchy of decisions and action packages. These plans include objectives or goals, strategies, policies, programs, budgets, schedules, procedures, methods, and rules, categorized into single-use plans for specific situations and standing plans for repetitive scenarios over time.

3.4 Importance of Planning

The significance of the planning function becomes evident through the content you have encountered thus far. The importance of planning can be outlined as follows:

a) Provides Direction:

Planning offers a clear sense of direction to organizational activities and managerial behavior. It instills confidence by elucidating the organization's trajectory, guiding

decisions on how to propel the organization forward, and determining when to implement measures to achieve organizational goals.

b) Analyzing Alternative Courses of Action:

Planning allows managers to scrutinize and evaluate alternative courses of action, providing a better understanding of their potential outcomes. This enhanced awareness enables managers to exercise judgment, proceed cautiously, and select the most viable and favorable course of action.

c) Reduces Uncertainties:

Planning compels managers to overcome inertia and insular perspectives, encouraging them to look beyond immediate concerns and uncertainties. It prompts a thorough examination of the complexities of the environment, empowering managers to gain control over elements of change.

d) Minimizes Impulsive Decisions:

Planning works to minimize impulsive and arbitrary decisions, reducing reliance on luck and chance elements. It lessens the likelihood of major errors and failures in managerial actions, introducing discipline into managerial thinking and organizational actions. It enhances the organization's ability to take calculated risks within defined limits.

e) King-Pin Function:

Planning serves as a pivotal managerial function, forming the foundation for other managerial functions. Organizational structures and task roles are built around plans, and functions such as motivation, supervision, leadership, and communication are geared towards plan implementation and achieving organizational objectives. Managerial control is meaningful only in the context of managerial planning.

f) Resource Allocation:

Planning facilitates the judicious allocation of strategic and scarce resources for the organization's strategic goals. These resources include funds, competent executives, technological talent, and exclusive networks. Careful planning is crucial to allocate these resources in ways that enhance the organization's overall competitive position.

g) Resource Use Efficiency:

Planning contributes to the efficient functioning of various work units within the organization. It prompts better utilization of existing assets, resources, and capabilities, leading to the closure of gaps, plugging of loopholes, rectification of deficiencies, and reduction of wastage and leakages.

h) Adaptive Measures:

Planning enhances the organization's ability to adapt and adjust its activities and directions in response to changes in the external environment. Adaptive behavior is essential for the organization's survival, particularly in areas such as technology, markets, and products.

i) Proactive Action:

While adaptation responds to external changes, planning stimulates management to take proactive initiatives, anticipate crises and threats, seize opportunities, and gain a competitive lead over competitors. Some organizations establish environmental scanning mechanisms as part of their planning systems to direct and control change rather than being controlled by external forces.

j) Integration: - Planning is a vital process for achieving effective integration of diverse decisions and activities by managers, not only at a given point in time but also over an extended period. Managers make major decisions on organizational activities in an internally consistent manner, referring to the framework provided by planning.

3.5 Limitations of Planning

Now that you have gained an understanding of the nature and significance of planning, let's delve into its limitations:

a) Based on Certain Assumptions:

Planning relies on assumptions or premises derived from forecasts about the likely behavior of future events and variables. If these assumptions prove inaccurate, the foundation of the plans is compromised, recognizing that forecasting is not an exact science.

b) Incomplete Information:

The information required for planning is frequently incomplete, may not be available in a timely manner, and its reliability can be questionable. Managers are often compelled to make planning decisions based on partial knowledge due to time constraints and credibility gaps in information.

c) Lack of Control:

Managers have limited knowledge and control over several elements of the external environment. External situations cannot always be brought under the discipline of planning, as various events such as natural calamities, sudden strikes, and government policy changes can influence organizational activities and plans in unpredictable ways.

d) Difficult to Change with the Changing Environment:

Planning becomes challenging in conditions of rapid changes in the external environment. Plans may become outdated and irrelevant before implementation. While flexible plans can offer some assistance, there are limits to injecting flexibility into organizational plans.

e) Fluid Process:

Planning is inherently a 'fluid' process as it is always in a state of flux, given the constant march of time and subtle changes in the unfolding future. Visualizing an integrated view of the past, present, and future for planning purposes is not easy due to the dynamic nature of the future.

f) Delay in Action:

Planning involves thinking and deciding before taking action, potentially leading to delays. Intellectual exercises like thinking and deciding can be slow, and some managers may prioritize timely action over extensive contemplation.

g) Rigidity:

Plans generated through the planning process may introduce rigidity into the organization's functioning. Managers may insist on strict compliance with pre-determined plans, potentially forgoing new opportunities and better options beyond established ways and routines.

h) Plans Might Remain on Paper: - On the flip side, plans may exist solely on paper, treated as sacred documents but not followed or implemented. They may be seen as detached from realities, making managers view them as 'untouchables,' or managers may be too preoccupied with crises to adhere to planned courses.

i) Difficult to Implement at Unit Level: - While it might be relatively easy to formulate broad plans at the corporate level, challenges may arise when managers attempt to create detailed plans at functional and unit levels for implementation. Detailed plans may not consistently reflect the intentions of broader plans.

3.6 Process of Planning

As mentioned earlier, planning constitutes a series of sequential steps or activities, and there isn't a universally accepted or standard format for the planning process. Different authors have their own conceptualizations of this process. Let's explore one such conceptual scheme:

a) Initiating the Planning Process:

Planning doesn't spontaneously occur or result from a directive issued by the chief executive. It requires careful deliberation and decision-making. The organization's management must instill a culture of planning at all levels by emphasizing its imperatives, virtues, philosophies, and embedded techniques. Managers across departments should be educated through training programs and conferences, enhancing their planning competence. A tailored planning system needs to be designed and activated, especially for new organizations.

b) Appraising the Internal Situation:

Top management collaborates with other managers to analyze the current state of the organization. This involves reviewing existing plans, processes, activities, performance levels, achievements, and challenges. A detailed examination of the organization's strengths and weaknesses in various operational areas, such as products and services, financial position, human resources, and market image, is crucial. Forecasts and projections about the organization's future position and trends in these areas also need to be made.

c) Appraising the External Environment:

Top management is actively involved in analyzing external environmental conditions to understand how elements and events outside the organization influence its present and future operations. Continuous assessment of trends in economic, social, technological, and other relevant aspects is necessary. Systematic scanning and forecasting mechanisms are employed to appraise both current and potential future trends, enabling the identification of opportunities and threats.

d) Definition of Key Areas and Issues for Planning:

The internal and external appraisal guides management in determining the necessary planning adjustments for the organization. Managers need to assess the relevance of existing businesses, products, markets, processes, and practices in light of external factors. This analysis may reveal the need for retaining, strengthening, refining, modifying, or exploring new directions to enhance the organization's competitive position.

e) Development of Alternative Plans for Evaluation and Choice:

Managers employ their creative and innovative skills to generate alternative plans, including missions, objectives, strategies, policies, and programs. These plans are typically corporate-wide and long-range, extending from 5 to 10 years ahead. Intensive thinking and exploration are essential. Evaluation of alternative plans is based on their merits and demerits, leading to decisions that chart the long-range directions of the organization.

f) Formulation of Medium-Range and Short-Range Plans:

The long-range organizational plans serve as the foundation for developing more specific medium-range plans (spanning more than one year but up to three years) and short-range plans (with a duration of one year or less). These plans become progressively more specific than long-range plans. Short-range plans, also known as operational plans, are formulated in functional management areas like manufacturing, marketing, personnel, finance, and R&D.

g) Arrangements for Implementation of Plans:

Effective implementation of plans is the core of the planning process. Since various managers and individuals at different levels are responsible for implementation, top

management must secure their cooperation, participation, and commitment. Specific authority and accountability are designated among managers for plan implementation, resource allocation, decision-making, initiative-taking, and activating the communication system within the organization.

3.7 Types of Planning

Planning can be categorized based on certain variables, and here we will classify planning into four types using two variables: the degree of comprehensiveness and time span. Based on comprehensiveness, planning is divided into strategic planning and tactical planning. Concerning the time span, planning is further divided into long-range planning and short-range planning. Let's briefly explore these four types of planning.

3.7.1 Tactical Planning:

Tactical planning is the process of formulating specific, functional, sub-plans to implement enterprise strategies. It has a more limited scope, consisting of detailed decisions and actions initiated at lower managerial levels to address local operational problems. Tactical plans are sub-corporate wide and involve small, successive steps taken in a coordinated manner. These plans focus on how activities are carried out, performance criteria, and efficient resource utilization. Tactical planning is based on more information, under less risky conditions, and in a more structured manner than strategic planning.

3.7.2 Long-range Planning:

Long-range planning involves formulating the long-range objectives of an organization and determining ways to achieve them. The term "long-range" indicates a future time horizon, which varies from 3 to 5 years for some enterprises to 25 to 30 years or more for others. This planning provides a framework for critical goals such as desired growth rates, new activities, major investments, and areas of development. It enables enterprises to make current major decisions with an awareness of future outlook.

3.7.3 Short-range Planning:

Short-range planning focuses on formulating short-range objectives and deciding on courses of action to achieve them within a time span of one year or less. Typically done within the framework of long-range planning, short-range planning breaks down long-range plans into actionable programs. It is action-oriented, detailed, specific, and quantitative. For example, if a long-range goal is to increase sales volume by 50% in five years, a short-range plan may target a 20% increase in sales turnover for the next year. Short-range planning involves detailed budgets, performance targets, activities, and resource requirements, providing the basis for coordinated performance and implementation of long-range plans. Tactical planning and short-range planning are often

referred to as operational planning as they involve planning detailed operations at lower levels of management.

3.7.4 Strategic Planning:

Strategic planning is a crucial process that organizations undertake to define their direction, allocate resources, and make decisions to pursue a particular strategy. It involves setting goals, understanding the competitive landscape, and devising plans to achieve a sustainable competitive advantage. The process of strategic planning is comprehensive and often long-term, providing a roadmap for the organization's future.

Key Elements of Strategic Planning:

a) Mission and Vision:

- **Mission:** Defines the purpose of the organization, its core values, and the overall impact it seeks to achieve.
- **Vision:** Describes the desired future state, providing a compelling image of what the organization aims to become.

b) Environmental Analysis:

Internal Analysis: Evaluates the organization's strengths and weaknesses, involving an assessment of resources, capabilities, and core competencies.

External Analysis: Examines opportunities and threats in the external environment, considering factors like market trends, competition, regulatory changes, and technological advancements.

c) SWOT Analysis:

Combines findings from internal and external analyses to identify the organization's Strengths, Weaknesses, Opportunities, and Threats (SWOT). This forms a critical foundation for strategy formulation.

d) Setting Objectives:

Establishes specific, measurable, achievable, relevant, and time-bound (SMART) objectives that align with the organization's mission and vision.

e) Strategy Formulation:

Involves developing strategies to leverage strengths, address weaknesses, capitalize on opportunities, and mitigate threats. Common strategies include differentiation, cost leadership, focus, and innovation.

f) Strategy Implementation:

Translates strategic plans into action. It involves aligning organizational structures, systems, processes, and people to execute the chosen strategies effectively.

g) Resource Allocation:

Allocates resources such as finances, personnel, and technology to support the chosen strategies. This step involves prioritizing initiatives and ensuring optimal resource utilization.

h) Monitoring and Evaluation:

Establishes a system for monitoring progress towards strategic objectives and evaluating the effectiveness of implemented strategies. Regular reviews and adjustments are critical to adapt to changing circumstances.

The Process of Strategic Planning:

a) Initiation and Commitment:

- i. Leadership initiates the strategic planning process, emphasizing its importance. There is a commitment to dedicating time, resources, and effort to the planning process.

b) Environmental Scanning:

- i. Analyzes the external environment, identifying opportunities and threats. This involves market research, competitor analysis, and consideration of macroeconomic factors.

c) Internal Analysis:

- i. Evaluates the organization's internal strengths and weaknesses, examining its capabilities, resources, and operational efficiency.

d) SWOT Analysis:

- i. Integrates findings from both internal and external analyses, identifying the organization's strategic position and potential areas for improvement.

e) Strategy Formulation:

- i. Develops strategies based on the SWOT analysis. This involves selecting the most appropriate strategies to achieve long-term objectives.

f) Objective Setting:

- i. Establishes clear and measurable objectives aligned with the organization's mission and vision. These objectives serve as benchmarks for success.

g) Action Planning:

- i. Develops detailed action plans outlining the steps required to implement chosen strategies. This includes assigning responsibilities, setting timelines, and specifying resource requirements.

h) Resource Allocation:

- i. Allocates resources based on prioritized action plans. This involves budgeting, assigning personnel, and ensuring access to necessary technology and infrastructure.

i) Implementation:

- i. Executes the action plans, implementing the chosen strategies. Clear communication, employee engagement, and effective leadership are crucial during this phase.

j) Monitoring and Evaluation:

- i. Regularly monitors progress against objectives, evaluates the effectiveness of implemented strategies, and makes adjustments as needed. Feedback loops and performance metrics are essential for continuous improvement.

k) Feedback and Adaptation:

- i. Gathers feedback from various stakeholders, learns from experiences, and adapts strategies based on changing internal and external factors. This step is integral for the flexibility and resilience of the strategic plan.

l) Review and Update:

- i. Periodically reviews and updates the entire strategic plan to ensure its relevance and effectiveness in the evolving business landscape. Strategic planning is an ongoing, dynamic process that demands thoughtful analysis, foresight, and adaptability. By aligning internal capabilities with external opportunities, organizations can position themselves for sustained success in an ever-changing environment. It serves as a guiding framework,

providing a roadmap for decision-making, resource allocation, and organizational growth.

3.8 Principles of Planning

As planning constitutes a managerial function, adherence to specific principles is imperative to ensure the effective execution of this function. The principles of planning can be outlined as follows:

- a) **Top Management Interest Principle:** The leader of the organization must genuinely engage in planning, adhere to planning discipline, and motivate the team to do the same.
- b) **Long-range View Principle:** Managers at every level should base their decisions on a comprehensive analysis of the long-term repercussions, objectively considering all available facts.
- c) **Contribution to Objectives Principle:** Planning should have a clear purpose, directly contributing to the accomplishment of organizational objectives or desired
- d) **Primacy of Planning Principle:** Planning holds a paramount position in the managerial process, logically considered the initial function from which all other functions emanate.
- e) **Flexibility Principle:** The principal advocates for flexibility in planning, enabling the organization to navigate rapid and unforeseen changes in external events without abandoning predetermined plans or inviting adverse consequences.
- f) **Navigational Change Principle:** Linked to flexibility, this principle emphasizes the continuous monitoring of external events, combined with regular reviews and revisions of plans to achieve desired goals, akin to a navigator adjusting a ship's course based on the behavior of the water mass.
- g) **Commitment Principle:** This principle guides the determination of the planning period, suggesting that planning should cover the time necessary to fulfill the commitments associated with a decision. For instance, if a student decides to pursue a three-year B.Com. Course, the planning period is three years.
- h) **Limiting Factor Principle:** Identifying limiting factors, obstacles that impede the achievement of objectives, is crucial. Managers should diligently address these limiting factors to ensure smooth progress toward achieving goals.

3.9 Let Us Sum Up

Planning is a fundamental function of management that involves setting objectives, identifying actions to achieve those objectives, and allocating resources accordingly. It is a proactive process that helps organizations anticipate and prepare for future challenges and opportunities. Planning provides a sense of direction, reduces uncertainty, facilitates coordination, and promotes efficiency by ensuring that resources are utilized effectively to achieve organizational goals. The principles of planning involve establishing clear objectives, considering both internal and external factors, ensuring flexibility, and involving stakeholders in the planning process. The planning process typically includes several steps: setting objectives, analyzing the current situation, identifying alternative courses of action, evaluating options, selecting the best course of action, implementing the plan, and monitoring progress. There are various types of plans that organizations use to achieve different objectives. These include strategic plans, tactical plans, operational plans, and contingency plans. Strategic plans set long-term goals and provide a framework for overall organizational direction. Tactical plans focus on specific activities to achieve strategic objectives, often covering shorter timeframes and specific departments or functions. Operational plans are detailed plans that guide day-to-day activities and resource allocation. Contingency plans outline responses to unexpected events or emergencies. Strategic planning is a type of planning that focuses on setting long-term goals and developing strategies to achieve them. It involves assessing the organization's current position, analyzing external opportunities and threats, and identifying internal strengths and weaknesses. Strategic planning helps organizations define their vision, mission, and values, and guides decision-making to ensure alignment with strategic objectives. It involves setting priorities, allocating resources, and monitoring progress towards long-term goals. Strategic planning is essential for organizations to adapt to changing environments, maintain competitive advantage, and achieve sustainable growth.

Check Your Progress

Long Answer Questions

- a) Define the concept of planning and explain its salient characteristics.
- b) Comment on the following statements:
 - i. Planning is a pervasive process.
 - ii. Planning is a useless exercise in a situation of rapidly changing environment.
 - iii. Planning and decision making are two sides of the same coin.
- c) Is there any need for planning a plan? Explain
- d) The limitations of planning are too serious to make planning a credible function.
 - i. Do you agree? Why?
- e) What is the difference between strategic and long-range planning?

- f) Discuss the process of planning.
- g) What are planning premises? How are they relevant to planning?
- h) Explain the principles of planning.
- i) Write a detail note on strategic planning and discuss its process
- j) Do you think that planning is a guarantee organizational success? Give reasons

Short Answer Questions

- a) What is the significance of planning in management?
- b) What are the fundamental principles that guide the planning process?
- c) How does tactical planning differ from strategic planning?
- d) What distinguishes long-range planning from short-range planning?
- e) How does strategic planning contribute to organizational success?
- f) Can you outline the typical process involved in planning?
- g) What are the limitations associated with planning?
- h) Why is planning considered an essential aspect of organizational management?

Glossary

- a) **Planning:** Planning is a fundamental managerial function that involves setting goals, determining actions to achieve those goals, and allocating resources accordingly. It is a systematic process that helps organizations anticipate and prepare for the future.
- b) **Principles of Planning:** Principles of planning refer to fundamental guidelines or rules that govern the planning process. These principles include clarity of objectives, consideration of environmental factors, flexibility, and participation of stakeholders in the planning process.
- c) **Tactical Planning:** Tactical planning involves the formulation of specific action plans to achieve short-term goals or objectives. It focuses on the implementation of strategies and the allocation of resources within a relatively short timeframe, typically one to three years.
- d) **Long-range Planning:** Long-range planning, also known as strategic planning, involves setting goals and developing strategies to achieve them over an extended period, usually three to five years or more. It encompasses the organization's overall direction and guides decision-making at the highest level.
- e) **Short-range Planning:** Short-range planning, also referred to as operational planning, involves the development of detailed plans and procedures to achieve specific objectives within a short timeframe, typically one year or less. It deals with day-to-day activities and resource allocation.

- f) **Strategic Planning:** Strategic planning is a comprehensive process of defining an organization's mission, vision, and objectives, and developing strategies to achieve them. It involves assessing the internal and external environment, setting long-term goals, and formulating plans to achieve sustainable competitive advantage.
- g) **Process of Planning:** The process of planning typically involves several steps, including setting objectives, analyzing the current situation, identifying alternatives, evaluating options, selecting the best course of action, implementing the plan, and monitoring progress. It is an ongoing process that requires continuous review and adjustment to adapt to changing circumstances.

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M. COM. (SEMESTER - IV)

COURSE: PRINCIPLES AND FUNCTIONS OF MANAGEMENT (MCMM22403T)

UNIT 4: Concept of decision making, significance of decision making, types of decisions, decision making process, models of decision making, creativity in decision making, quantitative methods of decision making

Structure

- 4.0** Objectives
- 4.1** Introduction
- 4.2** Significance of Decision Making
- 4.3** Types of Decisions
- 4.4** Decision Making Process
- 4.5** Models of Decision Making
- 4.6** Conditions for Decision Making
- 4.7** Creativity and Decision Making
- 4.8** Quantitative Techniques for Decision Making
- 4.9** Decision Tree in Decision Making
- 4.10** Let Us Sum Up
 - Check Your Progress
 - Long Answer Questions
 - Short Answer Questions
 - Glossary

References

4.0 Objectives

- To understand the concept of decision making
- To study the significance of decision making
- To get acquainted with various types of decisions
- To understand the basic procedural steps of decision-making process
- To get a complete awareness about the different decision-making models
- To get basic idea of creativity in decision making
- To understand the various quantitative methods of decision making

4.1 Introduction

Decision making is a fundamental aspect of human life, occurring in various contexts ranging from personal choices to complex organizational strategies. At its core, decision making involves selecting a course of action from among multiple alternatives to achieve a desired outcome or solve a problem. Whether simple or intricate, decision making follows a structured process involving several key steps. To begin with, decision making starts with the identification of a need or opportunity that requires action. This could be prompted by a problem that needs resolution, an opportunity for improvement, or a goal that needs to be achieved. Once the need or opportunity is recognized, the decision maker proceeds to define the objectives they aim to accomplish through the decision-making process.

Next, decision makers gather relevant information and data to understand the situation, assess available alternatives, and predict potential outcomes. This step involves research, analysis, and consultation with stakeholders to ensure a comprehensive understanding of the decision context. With the information at hand, decision makers proceed to generate a range of alternatives or options that could potentially address the identified need or opportunity. Brainstorming, creativity, and critical thinking play crucial roles in this step as decision makers explore diverse possibilities.

Following the generation of alternatives, decision makers evaluate each option based on predefined criteria such as feasibility, effectiveness, risks, and costs. This evaluation process involves weighing the pros and cons of each alternative to determine its potential impact on achieving the defined objectives. After thorough evaluation, decision makers select the most suitable alternative that best aligns with the defined objectives and criteria. This choice may involve trade-offs and compromises as decision makers prioritize certain factors over others.

Once a decision is made, it is implemented through a defined plan of action. This involves allocating resources, assigning responsibilities, and establishing timelines to execute the chosen alternative effectively. Finally, decision makers monitor and evaluate the outcomes of their decision to assess its effectiveness and identify opportunities for improvement. This feedback

loop ensures that decision makers learn from their experiences and refine their decision-making processes over time. In summary, decision making is a dynamic and iterative process that involves identifying needs, gathering information, generating alternatives, evaluating options, making choices, implementing decisions, and learning from outcomes. By following a structured approach to decision making, individuals and organizations can make informed choices that lead to desired outcomes and continuous improvement.

4.2 Significance of Decision Making

The significance of decision making pervades every aspect of human life, from personal choices to organizational strategies. Understanding the importance of decision making can shed light on its critical role in shaping individual and collective outcomes. Here are several reasons highlighting the significance of decision making:

- a) **Achieving Goals:** Decision making is essential for setting and achieving goals. It allows individuals and organizations to identify objectives, evaluate alternatives, and select the most appropriate course of action to reach desired outcomes.
- b) **Problem Solving:** Decision making provides a structured approach to problem-solving. By analyzing situations, generating alternatives, and evaluating options, decision makers can effectively address challenges and overcome obstacles.
- c) **Resource Allocation:** Decisions determine how resources such as time, money, and personnel are allocated. Effective decision making ensures that resources are utilized efficiently and effectively to maximize benefits and minimize waste.
- d) **Risk Management:** Decision making involves assessing risks and uncertainties associated with different alternatives. By identifying potential risks and developing strategies to mitigate them, decision makers can minimize negative consequences and capitalize on opportunities.
- e) **Innovation and Creativity:** Decision making fosters innovation and creativity by encouraging the exploration of new ideas and approaches. By considering diverse perspectives and thinking outside the box, decision makers can generate novel solutions to complex problems.
- f) **Organizational Performance:** Decision making directly impacts organizational performance and success. Well-informed decisions lead to improved efficiency, productivity, and competitiveness, ultimately contributing to the achievement of organizational objectives.

- g) **Adaptability:** In a rapidly changing environment, effective decision making enables individuals and organizations to adapt to new circumstances and seize emerging opportunities. By making timely and informed decisions, they can stay ahead of the curve and remain competitive.
- h) **Leadership Development:** Decision making is a fundamental skill for leadership development. Effective leaders are adept at making decisions under pressure, navigating ambiguity, and inspiring confidence in their teams.
- i) **Accountability:** Decision making promotes accountability by making individuals and organizations responsible for the consequences of their choices. By owning their decisions, decision makers are motivated to act ethically and transparently.
- j) **Personal Empowerment:** Decision making empowers individuals to take control of their lives and shape their destinies. By making conscious choices and taking calculated risks, individuals can create meaningful experiences and achieve personal fulfillment.

In essence, decision making is the cornerstone of human agency and progress. By recognizing its significance and honing decision-making skills, individuals and organizations can navigate uncertainty, capitalize on opportunities, and create positive outcomes in various aspects of life.

4.3 Types of Decisions

Decisions can be categorized into various types based on different criteria such as the impact, time horizon, complexity, and involvement of stakeholders. Here are some common types of decisions:

- a) **Strategic Decisions:** These decisions are high-level and long-term in nature, involving the organization's overall direction, goals, and allocation of resources. Examples include decisions related to market positioning, mergers and acquisitions, and major investments.
- b) **Tactical Decisions:** Tactical decisions are medium-term decisions that focus on implementing strategic objectives. They are typically made by mid-level managers and involve allocating resources and coordinating activities to achieve specific objectives. Examples include decisions regarding product pricing, distribution channels, and marketing campaigns.
- c) **Operational Decisions:** Operational decisions are day-to-day decisions that relate to the routine activities of an organization. They are often made by frontline employees and supervisors to ensure the smooth functioning of business processes. Examples include decisions about production scheduling, inventory management, and customer service.

- d) **Programmed Decisions:** Programmed decisions are routine decisions that are made according to established rules, procedures, or guidelines. They are repetitive and well-structured, allowing for standardized responses to recurring problems or situations. Examples include inventory reordering based on predefined stock levels and routine employee scheduling.
- e) **Non-programmed Decisions:** Non-programmed decisions are unique, complex, and non-repetitive decisions that require a high degree of judgment, creativity, and problem-solving. They typically involve novel or unstructured situations for which there are no established procedures or solutions. Examples include strategic planning for entering new markets, responding to a crisis, or developing innovative products.
- f) **Individual Decisions:** Individual decisions are made by a single person without consulting others. These decisions are often made when the decision-maker has the authority and expertise to make the decision independently, or when the decision does not require input from others.
- g) **Group Decisions:** Group decisions involve multiple individuals or stakeholders who collaborate to make a collective decision. Group decision-making processes can vary, ranging from informal discussions to structured meetings with defined roles and decision-making techniques. Examples include consensus decision-making, voting, and brainstorming sessions.
- h) **Routine Decisions:** Routine decisions are made frequently and have a relatively low impact on the organization. They are typically made using established procedures and guidelines, often by frontline employees. Examples include approving routine expenses, scheduling meetings, and handling minor customer complaints.
- i) **Strategic Decisions:** Strategic decisions have a significant impact on the organization's long-term success and typically involve allocating resources to pursue opportunities or address challenges. These decisions are made by top-level executives and often require extensive analysis and evaluation of alternatives. Examples include entering new markets, developing new products, and restructuring the organization.
- j) **Operational Decisions:** Operational decisions are made to support the day-to-day operations of the organization and ensure that tasks are carried out efficiently. These decisions are typically made by middle managers and frontline supervisors and involve coordinating resources and activities to meet short-term objectives. Examples include scheduling production runs, assigning tasks to employees, and managing inventory levels.

These are just some of the many types of decisions that organizations and individuals make on a regular basis. The type of decision-making process used depends on factors such as the nature of the decision, the level of uncertainty involved, and the preferences and capabilities of the decision-makers involved.

4.4 Decision Making Process

The decision-making process involves several steps aimed at identifying, evaluating, and choosing among alternatives to achieve a specific goal or solve a problem. Here's a generalized breakdown of the decision-making process:

- a) **Identifying the Decision:** Recognize that a decision needs to be made. This could arise from a problem, opportunity, or a need for improvement.
- b) **Defining the Goal:** Clearly articulate the objective or outcome you want to achieve through the decision-making process. Understanding the desired outcome helps in evaluating alternatives effectively.
- c) **Gathering Information:** Collect relevant data and information that will help in understanding the situation, identifying options, and assessing potential outcomes. This may involve research, analysis, and consultation with stakeholders.
- d) **Identifying Alternatives:** Generate a range of possible options or solutions to address the decision at hand. Brainstorming and considering multiple perspectives can help in this stage.
- e) **Evaluating Alternatives:** Assess the pros and cons of each alternative against the defined goal and criteria. Consider factors such as feasibility, effectiveness, costs, risks, and potential consequences.
- f) **Making the Decision:** Select the alternative that best aligns with the defined goal and meets the criteria established during the evaluation stage. This may involve making trade-offs and considering uncertainties.
- g) **Implementing the Decision:** Develop a plan to put the chosen alternative into action. Allocate resources, assign responsibilities, and establish timelines to ensure successful execution.
- h) **Monitoring and Evaluating:** Continuously track the implementation of the decision and its outcomes. Evaluate the effectiveness of the chosen alternative and make adjustments as needed.

- i) **Learning from the Process:** Reflect on the decision-making process to identify lessons learned and areas for improvement. This feedback loop helps in refining future decision-making processes.

It's important to note that decision-making can vary in complexity depending on factors such as the significance of the decision, available resources, time constraints, and the level of uncertainty involved. Additionally, involving stakeholders and considering their perspectives can enhance the quality and acceptance of the decision.

4.5 Models of Decision Making

There are several models of decision-making that have been proposed by scholars and researchers over the years. These models offer different frameworks for understanding how decisions are made and can be applied in various contexts. Here are some of the prominent models:

- a) **Rational Decision-Making Model:** This classical model assumes that decision-makers are rational actors who make decisions by systematically evaluating all available alternatives, considering the consequences, and selecting the option that maximizes utility or benefits. It involves identifying goals, gathering information, evaluating alternatives, and selecting the best option. However, in reality, decision-makers may not always have access to complete information or make perfectly rational choices due to cognitive limitations and biases.
- b) **Bounded Rationality Model:** Proposed by Herbert Simon, this model recognizes that decision-makers have limited cognitive resources and cannot always make fully rational decisions. Instead, they use simplified mental models and heuristics to quickly assess alternatives and make satisfactory decisions that are "good enough" rather than optimal. This model acknowledges the importance of satisficing rather than maximizing.
- c) **Incremental Model:** This model suggests that decisions are often made incrementally, with small adjustments and changes made over time based on feedback and experience. Decision-makers may not consider all alternatives at once but rather make successive modifications to existing strategies or policies.
- d) **Satisficing Model:** Coined by Herbert Simon, this model proposes that decision-makers aim to achieve satisfactory rather than optimal outcomes. Rather than exhaustively evaluating all alternatives, decision-makers set acceptable thresholds or criteria and choose the first option that meets those criteria, even if it may not be the best possible choice.
- e) **Intuitive Decision-Making Model:** This model suggests that decisions are sometimes made intuitively or based on gut feelings and unconscious processes, without conscious

deliberation or analysis. Intuition is often developed through experience and expertise in a particular domain.

- f) **Political Model:** This model views decision-making as a process of bargaining and negotiation among different stakeholders with conflicting interests and preferences. Decisions may be influenced by power dynamics, coalitions, and the distribution of resources and influence within an organization or group.
- g) **Garbage Can Model:** Proposed by Cohen, March, and Olsen, this model depicts decision-making as a messy, non-linear process characterized by ambiguity, uncertainty, and serendipity. Decisions may result from chance encounters, random events, and the convergence of problems, solutions, and decision-makers at certain points in time.

These models provide different perspectives on how decisions are made and can be useful in understanding the complexities of real-world decision-making processes. Depending on the context and characteristics of the decision, different models may be more applicable or useful.

4.6 Conditions for Decision Making

Decision-making conditions refer to the various factors and circumstances that influence how decisions are made. These conditions can include both internal and external factors that affect the decision-making process. Here are some common decision-making conditions:

- a) **Information Availability:** The quality and quantity of information available to decision-makers significantly impact their ability to make informed choices. Decision-makers may face uncertainty if information is scarce, incomplete, or ambiguous.
- b) **Time Constraints:** The amount of time available to make a decision can influence the decision-making process. Urgent decisions may require quick responses, leading to less thorough analysis, while decisions with longer timeframes allow for more deliberation and consideration of alternatives.
- c) **Resource Constraints:** The availability of resources, such as financial, human, or technological resources, can affect the feasibility and implementation of different alternatives. Limited resources may constrain the range of options available to decision-makers.
- d) **Risk Tolerance:** The willingness of decision-makers to accept uncertainty and risk can shape their decision-making behavior. Risk-averse individuals may prioritize minimizing potential losses, while risk-seeking individuals may be more inclined to pursue opportunities with higher potential rewards.

- e) **Stakeholder Preferences:** The preferences, interests, and values of stakeholders involved in or affected by the decision can influence decision-making outcomes. Decision-makers may need to balance competing stakeholder interests and consider the potential consequences of their decisions on various stakeholders.
- f) **Organizational Culture:** The culture and norms of the organization or group in which decisions are made can impact decision-making processes. Organizational cultures that value innovation and risk-taking may encourage more entrepreneurial decision-making, while cultures that emphasize stability and conformity may prioritize cautious decision-making.
- g) **Ethical Considerations:** Ethical principles and moral values may guide decision-making and influence the choices made by decision-makers. Ethical dilemmas may arise when decisions involve trade-offs between competing ethical principles or values.
- h) **External Environment:** External factors, such as economic conditions, market trends, regulatory requirements, and geopolitical events, can create opportunities or threats that influence decision-making. Decision-makers need to consider the broader external context in which decisions are made.
- i) **Decision-Making Authority:** The distribution of decision-making authority within an organization or group can impact how decisions are made. Centralized decision-making structures concentrate authority in the hands of a few individuals or entities, while decentralized structures distribute decision-making power across multiple levels or units.
- j) **Past Experience:** Previous experiences and lessons learned from past decisions can shape decision-making processes and outcomes. Decision-makers may draw on their own experiences or seek guidance from historical data and case studies when making decisions.

Considering these decision-making conditions can help decision-makers navigate complex choices and make more effective and informed decisions.

4.7 Creativity and Decision Making

Creativity and decision making are closely interconnected processes that often complement each other, especially in problem-solving and innovation contexts. Here's how creativity influences decision making and vice versa:

- a) **Generating Alternatives:** Creativity plays a crucial role in expanding the pool of alternatives available for decision making. Creative thinking allows decision makers to explore unconventional solutions and consider possibilities that may not be immediately

obvious. This helps in breaking away from conventional patterns and finding novel approaches to problems.

- b) **Risk-taking:** Creativity encourages risk-taking in decision making. Creative individuals are often more willing to consider innovative but uncertain options, even if they involve some level of risk. This can lead to bold decisions that have the potential for high payoffs, driving innovation and growth.
- c) **Problem Framing:** Creative thinking influences how problems are framed and understood, which in turn affects the decision-making process. By reframing problems in novel ways, decision makers can uncover new insights and identify alternative solutions that may have been overlooked using traditional approaches.
- d) **Divergent Thinking:** Creativity fosters divergent thinking, allowing decision makers to explore multiple perspectives and generate a wide range of ideas. This expansive thinking style is valuable in decision making as it encourages considering diverse viewpoints and weighing different possibilities before settling on a course of action.
- e) **Innovative Solutions:** Creative decision-making leads to innovative solutions that can transform organizations and industries. By integrating creative insights into the decision-making process, decision makers can develop groundbreaking strategies, products, and services that differentiate them from competitors and drive success.
- f) **Flexibility:** Creativity promotes flexibility in decision making by encouraging adaptability and openness to change. Creative individuals are more likely to embrace uncertainty and ambiguity, making them better equipped to navigate complex decision-making environments characterized by rapid change and unpredictability.
- g) **Engagement and Motivation:** Creative decision-making fosters engagement and motivation among decision makers and stakeholders. Involving individuals in the creative process stimulates enthusiasm and commitment, leading to greater buy-in and support for the decisions made.
- h) **Evaluation of Alternatives:** Creativity aids in the evaluation of alternatives by introducing novel criteria and perspectives. Creative decision makers are more inclined to consider qualitative factors such as aesthetics, user experience, and emotional appeal alongside traditional metrics, leading to more comprehensive evaluations.
- i) **Adaptive Problem-Solving:** Creativity enables adaptive problem-solving in dynamic and uncertain environments. Creative decision makers are adept at quickly generating and

implementing innovative solutions in response to changing circumstances, allowing organizations to thrive in turbulent times.

In summary, creativity and decision making are intertwined processes that synergistically contribute to innovation, problem-solving, and organizational success. By fostering a creative mindset and integrating creative approaches into the decision-making process, individuals and organizations can unlock new opportunities, drive positive change, and achieve sustainable growth.

4.8 Quantitative Techniques for Decision Making

Quantitative techniques are valuable tools for decision making as they provide systematic approaches for analyzing data, evaluating alternatives, and making informed choices based on numerical data and mathematical models. Here are some common quantitative techniques used for decision making:

- a) **Decision Trees:** Decision trees are graphical representations of decision problems that help decision makers evaluate alternative courses of action and their potential outcomes. They involve identifying decision points, possible outcomes, and associated probabilities to calculate expected values and select the optimal decision path.
- b) **Linear Programming:** Linear programming is a mathematical optimization technique used to maximize or minimize a linear objective function subject to linear equality and inequality constraints. It is commonly applied in resource allocation problems, production planning, inventory management, and scheduling.
- c) **Integer Programming:** Integer programming extends linear programming by allowing decision variables to take integer values, rather than continuous values. It is useful for addressing discrete decision variables and combinatorial optimization problems where decisions must be made in whole numbers.
- d) **Monte Carlo Simulation:** Monte Carlo simulation involves using random sampling techniques to model uncertainty and variability in decision-making scenarios. It generates multiple simulations of possible outcomes based on probabilistic distributions, allowing decision makers to assess the likelihood of different scenarios and make risk-informed decisions.
- e) **Sensitivity Analysis:** Sensitivity analysis evaluates how changes in input variables or parameters affect the outcomes of a decision model. It helps decision makers understand the robustness of their decisions and identify critical factors that influence the results.

- f) **Decision Analysis:** Decision analysis is a structured approach for evaluating decision problems under uncertainty. It involves defining decision alternatives, identifying possible outcomes, assessing probabilities, and calculating expected values or utility values to determine the optimal decision strategy.
- g) **Queuing Theory:** Queuing theory is used to analyze waiting lines and queueing systems to optimize service levels, resource utilization, and customer satisfaction. It helps decision makers understand the trade-offs between service capacity, waiting times, and costs.
- h) **Inventory Models:** Inventory models use mathematical techniques to optimize inventory management decisions, such as order quantity, reorder points, and inventory holding costs. They help businesses balance the costs of holding inventory against the costs of stockouts and ordering.
- i) **Regression Analysis:** Regression analysis is a statistical technique used to model the relationship between dependent and independent variables. It helps decision makers understand the factors that influence outcomes and predict future trends based on historical data.
- j) **Time Series Analysis:** Time series analysis involves analyzing sequential data points collected over time to identify patterns, trends, and seasonal variations. It helps decision makers forecast future values and make informed decisions based on past performance.

These quantitative techniques provide decision makers with valuable tools for analyzing complex decision problems, identifying optimal solutions, and mitigating risks associated with uncertainty and variability. By integrating quantitative analysis into the decision-making process, organizations can make more informed, data-driven decisions that drive performance and achieve strategic objectives.

4.9 Decision Tree in Decision Making

A decision tree is a visual representation of a decision-making process, often used in fields such as business, economics, engineering, and healthcare. It helps decision makers evaluate multiple alternatives and their potential outcomes to choose the best course of action. Decision trees consist of nodes, branches, and leaves, with each element representing different components of the decision problem:

- a) **Nodes:** Nodes represent decision points or events in the decision-making process. There are two main types of nodes:

- **Decision Nodes:** Decision nodes are represented by squares or rectangles and indicate points where a decision must be made. Each decision node corresponds to a choice between two or more alternatives.
 - **Chance Nodes:** Chance nodes, represented by circles or ovals, represent uncertain events or outcomes with associated probabilities. Each chance node corresponds to a possible outcome of a decision.
- b) **Branches:** Branches emanate from decision nodes and chance nodes, representing the possible choices or outcomes. Each branch leads to another node or a terminal point, indicating the progression of the decision-making process.
- c) **Leaves:** Leaves, also known as terminal nodes, represent the final outcomes or consequences associated with specific decisions or events. They typically include values such as payoffs, costs, profits, or utility, depending on the decision context.

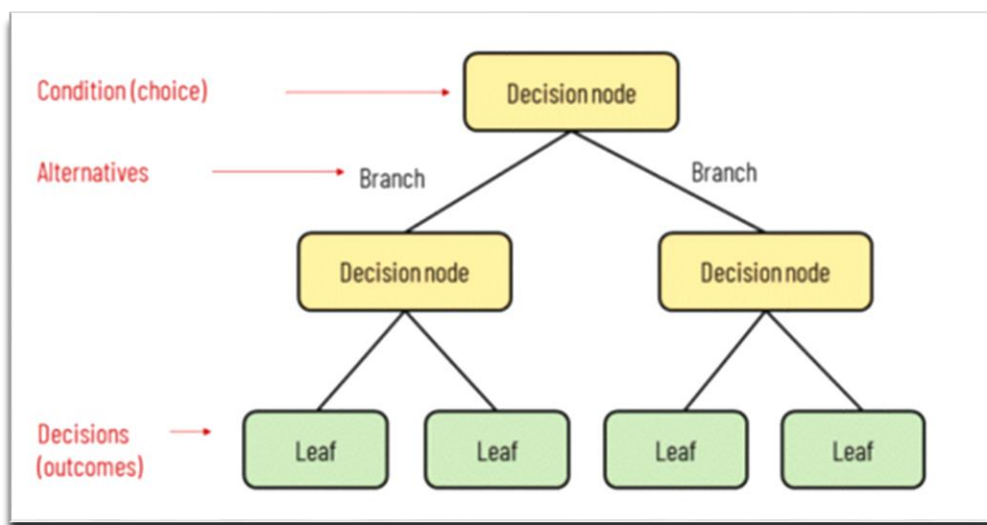


Figure 1: Elements of a Decision Tree

The construction and analysis of a decision tree involve several steps:

- **Problem Definition:** Clearly define the decision problem and its objectives, including the decision alternatives, possible outcomes, and relevant factors or criteria.
- **Identify Decision Points and Events:** Identify the decision points where choices must be made and the uncertain events or outcomes that influence the decision process.
- **Assign Probabilities:** Estimate the probabilities associated with each possible outcome of uncertain events. These probabilities may be based on historical data, expert judgment, or statistical analysis.

- **Calculate Expected Values:** Calculate the expected value for each decision alternative by multiplying the probability of each outcome by its associated payoff or cost and summing across all possible outcomes.
- **Decision Analysis:** Use decision analysis techniques, such as expected value, expected utility, or decision trees, to evaluate and compare decision alternatives based on their expected values and other relevant criteria.
- **Sensitivity Analysis:** Conduct sensitivity analysis to assess the robustness of the decision and identify critical factors that influence the outcomes. This involves varying key parameters or assumptions to understand their impact on the decision results.
- **Decision Implementation:** Based on the analysis, select the decision alternative with the highest expected value or preferred characteristics and implement the chosen course of action.

Decision trees provide decision makers with a structured framework for analyzing complex decision problems, identifying optimal strategies, and communicating the rationale behind decision choices. They are versatile tools that can accommodate various decision contexts, uncertainties, and decision criteria, making them valuable aids in decision making across different domains.

4.10 Let Us Sum Up

Decision making is a fundamental aspect of human life, occurring in various contexts ranging from personal choices to complex organizational strategies. At its core, decision making involves selecting a course of action from among multiple alternatives to achieve a desired outcome or solve a problem. The significance of decision making pervades every aspect of human life, from personal choices to organizational strategies viz. Achieving Goals, problem solving, resource allocation, risk management, innovation and creativity, organizational performance, adaptability, leadership development and accountability. Decisions can be categorized into various types based on different criteria such as the impact, time horizon, complexity, and involvement of stakeholders. Strategic decisions are high-level and long-term in nature, involving the organization's overall direction, goals, and allocation of resources. Operational decisions are day-to-day decisions that relate to the routine activities of an organization. The decision-making process involves several steps aimed at identifying, evaluating, and choosing among alternatives to achieve a specific goal or solve a problem. There are several models of decision-making that have been proposed by scholars and researchers over the years. These models offer different frameworks for understanding how decisions are made and can be applied in various contexts viz. Rational Decision-Making Model, Bounded Rationality Model and Incremental model. Decision-making conditions refer to the

various factors and circumstances that influence how decisions are made. These conditions can include both internal and external factors that affect the decision-making process. Some common decision-making conditions are information availability, time constraints, resource constraints, risk tolerance, stakeholder preferences, organizational culture etc. Creativity and decision making are closely interconnected processes that often complement each other, especially in problem-solving and innovation contexts. Creativity plays a crucial role in expanding the pool of alternatives available for decision making. Creative individuals are often more willing to consider innovative but uncertain options, even if they involve some level of risk. Quantitative techniques are valuable tools for decision making as they provide systematic approaches for analyzing data, evaluating alternatives, and making informed choices based on numerical data and mathematical models. Some common quantitative techniques used for decision making are decision trees, linear programming, integer programming and Monte Carlo simulation.

Check Your Progress

Long Answer Questions

- a) Differentiate between strategic decisions and tactical decisions
- b) Explain the underlying concept of rational decision-making model
- c) State the differences between programmed and non-programmed decisions
- d) What are the essential characteristics of a good decision?
- e) What is the role of creativity in decision making?
- f) Differentiate between bounded rationality model and incremental model of decision making
- g) Explain with the help of examples the significance of decision making.
- h) Discuss in detail the various procedural steps of decision-making process
- i) What is Decision tree? Discuss its role in decision making.
- j) Elaborate in detail the various conditions for decision making

Short Answer Questions

- a) “Decision making is the primary task of the management”. Discuss the statement.
- b) Define the term “Decision Making”.
- c) Enlist the basic elements of decision making.
- d) Define the term “Linear Programming”.
- e) Elaborate the concept of operational decisions
- f) Write a short note on Monte Carlo Simulation.

- g) Explain in brief the Regression Analysis technique of decision making?
- h) Differentiate between decision nodes and chance nodes of decision tree
- i) Enlist the different steps for construction and analysis of a decision tree
- j) Explain in brief Garbage Can Model of decision making

Glossary

- a) **Decision:** A choice made between alternative courses of action in order to achieve a desired outcome or solution to a problem.
- b) **Decision Making:** The cognitive process of selecting a course of action from multiple alternatives to solve a problem or reach a goal.
- c) **Rational Decision Making:** Decision making based on a systematic and logical evaluation of alternatives, considering available information and preferences.
- d) **Optimization:** The process of selecting the best possible alternative from a set of available options, often requiring thorough analysis and consideration of various factors.
- e) **Decision Criteria:** The specific standards or factors used to evaluate alternatives and make decisions, such as cost, quality, time, or risk.
- f) **Decision Tree:** A graphical representation of decision-making scenarios, showing different possible choices and their potential outcomes, often used to assess risk and uncertainty.
- g) **Anchoring:** The cognitive bias where individuals rely too heavily on the initial piece of information (the "anchor") when making decisions, even if that information is irrelevant or misleading.
- h) **Group Decision Making:** Decision making involving multiple individuals or stakeholders, which can lead to a variety of outcomes influenced by factors such as group dynamics, consensus-building, and decision-making processes.
- i) **Intuition:** The ability to make decisions or judgments based on instinctive feelings or unconscious knowledge, often used in situations where analytical reasoning is impractical or insufficient.
- j) **Decision Analysis:** The systematic approach to decision making involving quantitative methods, such as decision trees, probability assessment, and sensitivity analysis, to evaluate alternatives and make informed choices.

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M. COM. (SEMESTER - IV)
COURSE: PRINCIPLES AND FUNCTIONS OF MANAGEMENT (MCMM22403T)

UNIT 5: Management Function: Organizing
Concept, Characteristics & Principles of Organization

Structure

- 5.0** Objectives
- 5.1** Introduction
 - 5.1.1** Definition of Organizing
 - 5.1.2** Importance of Organizing in Management
- 5.2** Characteristics of an Effective Organization
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- 5.4** Types of Organization Structures
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 - 5.5.1** Process of Designing an Organization Structure
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5.0 Objectives

- Define the concept of organizing and explain its importance in the management process.
- Identify and describe the key characteristics of an effective organization, such as division of work, hierarchy, coordination, and flexibility.
- Discuss the principles of organizing, including unity of command, division of work, a span of control, scalar chain, order, equity, stability, and initiative.
- Explain the different types of organizational structures, such as functional, divisional, matrix, and network structures, and their advantages and disadvantages.
- Discuss the role of technology and digitalization in organizing and its potential impact on organizational design.
- Explain the importance of continuous evaluation and improvement of the organization structure to adapt to changing business environments.

5.1 Introduction

5.1.1 Definition of Organizing

Organizing is the management function of arranging and coordinating resources and activities to achieve the objectives of an organization. It involves breaking down tasks into smaller components, grouping them into functional units, assigning them to individuals or teams, and establishing relationships and communication channels among them. The goal of organizing is to create a structure that facilitates efficient and effective use of resources to achieve desired outcomes. This structure includes the allocation of resources, the establishment of roles and responsibilities, the delegation of authority, and the coordination of activities. Effective organizing is essential for the success of any organization as it helps to ensure that resources are used efficiently, tasks are completed on time, and goals are achieved.

In other words, organizing is the process of creating an orderly and logical framework that facilitates the efficient and effective use of resources to achieve desired outcomes. These resources may include people, technology, equipment, facilities, and materials.

The ultimate goal of organizing is to create a structure that supports the achievement of an organization's objectives in a systematic and efficient manner. Effective organizing helps to optimize the use of resources, minimize duplication of effort, and ensure that everyone is working towards the same goals.

Here are some definitions of organizing by notable authors in the field of management:

According to Henri Fayol, "To organize a business is to provide it with everything useful or its functioning - raw materials, tools, capital, and personnel. Organizing is the process of creating a structure that facilitates the effective and efficient use of resources to achieve the

objectives of an organization."

According to Mary Parker Follett, "Organizing is the process of defining and grouping activities and creating authority relationships among them to achieve organizational objectives. It involves identifying common goals, establishing patterns of authority, and creating a system of communication and coordination."

According to Peter Drucker, "Organizing is the process of defining the responsibilities and relationships of the people and groups within an organization so that the work can be accomplished efficiently and effectively."

According to Stephen Robbins and Mary Coulter, "The process of organizing involves setting up people and resources to cooperate in order to achieve an objective. It entails creating relationships between people, organizations, and departments as well as designing jobs and organizing them into manageable units."

Overall, organizing is a critical function of management that involves creating a structure and framework within which all other functions can operate efficiently and effectively.

5.1.2 Importance of Organizing in Management

Organizing is a crucial function of management that plays a significant role in the success of an organization. The importance of organizing in management can be understood through the following points:

- **Facilitates the achievement of goals:** Organizing provides a systematic framework that helps to achieve the objectives of an organization efficiently and effectively. By creating a structure that defines how work will be divided and how resources will be allocated, organizing ensures that everyone is working towards the same goals.
- **Enhances efficiency:** Organizing helps to optimize the use of resources by minimizing duplication of effort, reducing waste, and ensuring that tasks are completed on time. It provides a clear understanding of roles and responsibilities, which helps to avoid confusion and overlapping of tasks.
- **Improves coordination:** Effective organizing establishes communication channels and relationships among individuals and departments, which helps to improve coordination and collaboration. It ensures that all parts of the organization are working together towards common goals.
- **Facilitates delegation:** Organizing involves delegating tasks and responsibilities to individuals or teams with the necessary skills and abilities. It provides a clear understanding of authority and decision-making power, which helps to ensure that tasks are completed efficiently and effectively.

- **Provides a basis for control:** Organizing provides a framework for monitoring and controlling the activities of an organization. By establishing clear lines of authority and responsibility, it makes it easier to track progress, identify problems, and take corrective action when necessary.

In conclusion, organizing is an essential function of management that helps to create a structure and framework within which all other functions can operate effectively. It plays a crucial role in achieving the goals of an organization, optimizing the use of resources, improving coordination, facilitating delegation, and providing a basis for control.

5.2 Characteristics of an Effective Organization

a) Division of Work

Division of work refers to the process of breaking down tasks and assigning them to specific individuals or groups. An effective organization employs a division of work as a key characteristic, and this is because:

- **It promotes specialization:** When tasks are divided and assigned to individuals or groups based on their skills and expertise, it promotes specialization. This specialization enables individuals or groups to focus on their specific tasks, thus increasing their efficiency and productivity.
 - **It promotes efficiency:** Division of work helps to minimize duplication of effort and reduces the time taken to complete tasks. When tasks are assigned to individuals or groups based on their skills, they are likely to complete the tasks faster and with higher quality.
 - **It promotes accountability:** Division of work makes it easier to assign responsibility for specific tasks. This makes it easier to hold individuals or groups accountable for their performance.
 - **It facilitates control:** Division of work facilitates control by enabling managers to monitor the performance of individuals or groups responsible for specific tasks. This monitoring helps to ensure that tasks are completed on time and to the desired quality.
- In summary, division of work is a key characteristic of an effective organization because it promotes specialization, efficiency, and accountability, and facilitates control.

b) Hierarchy

Hierarchy refers to the vertical arrangement of authority and responsibility within an organization. In an effective organization, hierarchy is an important characteristic because:

- **It promotes order:** A clear hierarchy ensures that there is a well-defined chain of command, which promotes order and structure within the organization.
- **It promotes accountability:** A hierarchy ensures that individuals or groups know whom they report to and who they are responsible for. This makes it easier to hold individuals or groups accountable for their performance.
- **It facilitates communication:** A hierarchy provides a clear structure for communication within the organization. Communication flows from the top down and from the bottom up, ensuring that information is transmitted effectively and efficiently.
- **It facilitates decision-making:** A hierarchy ensures that decisions are made at the appropriate level within the organization. This helps to ensure that decisions are made quickly and efficiently.
- **It promotes efficiency:** A clear hierarchy ensures that resources are used efficiently. It helps to prevent duplication of effort and ensures that tasks are completed by the appropriate individuals or groups.

In summary, hierarchy is a key characteristic of an effective organization because it promotes order, accountability, communication, decision-making, and efficiency.

c) **Coordination**

Coordination refers to the process of ensuring that different parts of the organization work together towards a common goal. In an effective organization, coordination is a critical characteristic because:

- **It promotes teamwork:** Coordination ensures that individuals or groups work together towards a common goal. This promotes teamwork and collaboration within the organization.
- **It ensures consistency:** Coordination helps to ensure that different parts of the organization are working towards the same objectives. This helps to ensure consistency in decision-making and in the achievement of organizational goals.
- **It promotes efficiency:** Coordination helps to ensure that resources are used efficiently. This helps to prevent duplication of effort and ensures that tasks are completed in a timely and efficient manner.
- **It facilitates communication:** Coordination requires effective communication between different parts of the organization. This helps to ensure that information is transmitted effectively and that individuals or groups are aware of what others are doing.

d) **Flexibility**

Flexibility refers to the ability of an organization to adapt to changing circumstances. In an effective organization, flexibility is an important characteristic because:

- **It enables the organization to respond to changes in the environment:** A flexible organization can respond quickly and effectively to changes in the market, technology, or other external factors.
- **It promotes innovation:** A flexible organization is more likely to be innovative, as it is able to adapt to new ideas and approaches.
- **It promotes employee satisfaction:** A flexible organization is more likely to provide employees with a positive work-life balance, which can lead to increased job satisfaction and productivity.
- **It enhances organizational resilience:** A flexible organization is better able to withstand disruptions, such as natural disasters, economic downturns, or other unforeseen events.

e) **Clarity**

Clarity refers to the clarity of roles, responsibilities, and goals within the organization. In an effective organization, clarity is an important characteristic because:

- **It promotes accountability:** Clarity ensures that individuals or groups know what they are responsible for. This makes it easier to hold them accountable for their performance.
- **It reduces confusion:** Clarity ensures that there is no confusion about roles, responsibilities, and goals within the organization. This helps to prevent mistakes and misunderstandings.
- **It promotes efficiency:** Clarity helps to ensure that resources are used efficiently. It helps to prevent duplication of effort and ensures that tasks are completed by the appropriate individuals or groups.
- **It facilitates communication:** Clarity ensures that communication within the organization is effective and efficient. It helps to ensure that individuals or groups are aware of what others are doing and what is expected of them.

5.3 **Principles of Organizing**

In addition to the characteristics of an effective organization, there are several principles of organizing that manager should follow to create a successful and efficient organization.

a) Unity of Command

The principle of unity of command states that each employee should report to only one supervisor. This ensures that there is no confusion about who is responsible for giving orders and who is responsible for following them. It helps to prevent conflicts and ensures that everyone in the organization is working towards the same goals.

b) Division of Work

The principle of division of work, also known as specialization, states that each employee should have a specific job or task to perform. This ensures that each employee becomes an expert in their field, which leads to increased efficiency and productivity. It also helps to prevent duplication of effort and ensures that tasks are completed in a timely and efficient manner.

c) Span of Control

The term "span of control" refers to the maximum number of subordinates that a manager can handle successfully. The extent of a manager's authority will vary depending on a number of variables, including the difficulty of the tasks being carried out and the degree of autonomy enjoyed by employees. A manager with a broad span of control will have many subordinates to handle, compared to a manager with a narrow scope of control. The span of control concept helps to prevent managers from becoming overburdened with too many subordinates to oversee.

d) Scalar Chain

The scalar chain principle discusses the structure of power within a company. According to this, there should be a distinct line of command, starting with the top management and ending with the lowest level of employees. This guarantees a distinct chain of command and that everyone in the company is aware of their respective lines of reporting and responsibility.

e) Order

The principle of order refers to the arrangement of resources and activities within an organization. It involves organizing resources and activities in a logical and efficient manner to ensure that they are used effectively. This makes sure that duties are finished promptly and effectively and helps to avoid confusion.

f) Equity

Equity refers to the fair and just distribution of resources and opportunities, regardless of differences in race, gender, ethnicity, religion, or other factors. Some principles of equity include:

- **Inclusion:** This ensures that tasks are completed quickly and effectively and reduces misunderstanding.
- **Diversity:** Organizations should embrace diversity and promote the participation of individuals from diverse backgrounds and perspectives.
- **Accessibility:** Organizations should ensure that their resources and services are accessible to everyone, regardless of any physical, financial, or other barriers.
- **Fairness:** Organizations should treat everyone fairly and without bias, ensuring that individuals are judged based on their abilities and performance, rather than on any personal characteristics or affiliations.

g) Stability

Stability refers to the ability of an organization to maintain its operations and achieve its goals over an extended period of time. To ensure stability, organizations need to establish clear policies and procedures, develop effective management structures, and foster a culture of accountability and transparency. Additionally, organizations must be able to adapt to changes in their environment, whether they be technological, economic, or political. Stability is important because it allows organizations to build trust with stakeholders and maintain their reputation over time.

h) Initiative

The initiative refers to the ability of individuals or groups within an organization to take proactive steps to address challenges or opportunities. The initiative can be fostered through a culture of innovation, where individuals are encouraged to experiment and take risks in pursuit of organizational goals. The initiative is important because it allows organizations to stay competitive and adapt to changing circumstances. By empowering individuals to take ownership of their work and take the initiative to improve processes, organizations can build a culture of continuous improvement and innovation.

5.4 Types of Organization Structures

An organizational structure is a framework that outlines how particular duties are to be completed in order to accomplish a company's goals. These activities may be subject to rules, roles, and duties. The organizational framework of the group also

determines how information is passed between levels of the group. A decentralized structure, on the other hand, distributes decision-making power among various organizational levels, as opposed to a centralized structure that makes decisions from the top down. Companies that use an organizational framework are able to maintain effectiveness and concentration.

a) Hierarchical org structure

The most common organizational system has a supervisor for each employee, with the chain of command running from the top (such as the CEO or manager) to the bottom (such as entry-level and low-level employees).

Pros

- Clearly state the various levels of power and obligation
- identifies to whom each person answers or to whom they should speak about particular projects.
- encourages workers with clear career routes and advancement opportunities
- assigns each worker a specialization
- brings together co-workers from the same area in a friendly environment.

Cons

- can cause greater bureaucracy to impede innovation or significant changes.
- can lead to staff members acting in the department's best interests rather than those of the entire business.

b) Functional Structure

The functional structure is one of the most common organizational structures and is based on the different functions that an organization performs. Based on specialised tasks like finance, marketing, operations, and human resources, departments are established under this framework. The positions with the greatest levels of responsibility are at the top of functional organizational structures, and they work their way down. However, employees are primarily arranged in accordance with their unique skills and the corresponding role within the business. Each distinct section is run separately. For instance, a large pharmaceutical company may have separate departments for research and development, manufacturing, sales, and marketing. The functional structure allows employees to specialize in their respective areas and work more efficiently. However, communication between departments may be limited, and decision-making can be slow.

Pros

- allow workers to concentrate on their roles
- that promotes expertise
- Encourage divisions and teams to feel independent
- is readily scaleable in businesses of any size.

Cons

- can result in organizational divisions
- contact between departments is hindered.
- develops procedures and tactics for various markets or products within a business

c) Divisional Structure

The divisional structure is based on the organization's products, services, or geographic regions. Each division operates as a self-contained entity with its own functions and resources and is responsible for its own profits and losses. For example, a consumer goods company may have separate divisions for food products, personal care products, and household products. Each division would have its own marketing, sales, and production teams, allowing them to focus on their specific products and markets. The divisional structure allows for greater flexibility and responsiveness to local markets, but duplication of resources and lack of coordination can be a challenge.

- **Market-based divisional org structure**

A division's market, company, and customer types are used to define it. A large consumer goods company like Target or Walmart may separate its food or logistics sections from its divisions for durable goods (clothing, electronics, furniture, etc.).

- **Product-based divisional org structure**

Divisions are divided using product categories. For instance, a tech company might have a section devoted to its cloud offerings while the other divisions focus on the different software offerings, like Adobe and its creative suite of programs like Illustrator, Photoshop, InDesign, and others.

- **Geographic divisional org structure**

For better localization and operations, divisions are divided by regions, territories, or districts. In order to maintain a close relationship with their clients, businesses may open satellite locations across the nation or the world.

Pros

- Supports flexibility for big businesses

- Makes it possible to respond to changes in the industry or customer requirements more quickly.
- Encourages personalization, freedom, and autonomy

Cons

- Readily results in the use of duplicate resources
- Can indicate a lack of clarity or communication between the headquarters and its branches.
- Can lead to a business entering a rivalry with itself

d) Matrix Structure

Large companies frequently use the matrix structure, a combination of functional and divisional structures. Employees are organised within this structure according to role, as well as by product, project, or client. For instance, a big engineering firm might have distinct teams for various projects, each team being made up of engineers, project managers, and other experts. The matrix framework enables quicker decision-making, more flexibility, and more effective resource management. However, there may be disagreements between various organization s, and coordination may be difficult.

Pros

- enables managers to choose employees quickly based on a project's requirements
- presents an organization's active side.
- encourages staff to use their skills in jobs other than their primary ones.

Cons

- demonstrates a disagreement between department supervisors and project managers
- can fluctuate more often than other kinds of organizational charts

e) Network Structure

Few businesses today provide all of their services under one roof, making it challenging to handle the numerous suppliers, independent contractors, off-site sites, and satellite offices. A network organizational structure explains resource distribution. It can also be used to describe an internal structure where communication and connections come first rather than hierarchy.

Pros

- **Flexibility:** Because decision-making and communication are decentralized, a network structure can be more flexible and adaptable to changing circumstances than other types of structures.
- **Innovation:** A network structure encourages innovation and creativity by allowing individuals and groups to share ideas and resources freely.
- **Collaboration:** A network structure promotes collaboration and teamwork by breaking down traditional silos and encouraging individuals and groups to work together towards a common goal.
- **Efficiency:** A network structure can be more efficient than other types of structures because it allows resources to be shared across the organization, reducing duplication of effort and minimizing waste.

Cons

- When dealing with numerous offsite procedures, can easily become excessively complex.
- can make it harder for workers to understand who has the ultimate say

5.5 Designing and Implementing Organization Structures

Designing and implementing organizational structures involves creating a framework that defines the roles, responsibilities, and relationships between different functions, teams, and individuals within an organization. This framework helps to facilitate communication, collaboration, and decision-making, which are critical to achieving the organization's goals.

5.5.1 Process of Designing an Organization Structure

- **Define the organization's mission, goals, and objectives:** This step involves defining the purpose of the organization and identifying the goals and objectives that need to be achieved. This helps in identifying the structure that would be most suitable for achieving the objectives.
- **Identify the functions and activities of the organization:** This step involves identifying the tasks that need to be performed by the organization to achieve its objectives.
- **Group the functions and activities:** This step involves grouping similar functions and activities together. This helps in creating departments or divisions within the organization.

- **Determine the reporting relationships:** This step involves identifying who reports to whom within the organization. It helps in creating a clear hierarchy and chain of command.
- **Determine the decision-making authority:** This step involves identifying who has the authority to make decisions within the organization. It helps in creating a clear decision-making process.
- **Determine the communication channels:** This step involves identifying how information flows within the organization. It helps in creating a clear communication process.
- **Review and revise the structure:** This step involves reviewing and revising the organization's structure to ensure that it is aligned with the organization's goals and objectives.

5.5.2 Challenges and Issues in Implementing an Organization Structure

Implementing an organizational structure can be a challenging and complex process. Some of the challenges and issues that organizations may face when implementing an organizational structure include:

- **Resistance to change:** Employees may resist changes in their roles and responsibilities or changes in the reporting structure. This can lead to a lack of buy-in and participation in the new structure, which can ultimately hinder its effectiveness.
- **Lack of communication:** A lack of clear communication about the new organizational structure can lead to confusion and misunderstandings among employees, which can negatively impact their productivity and morale.
- **Resource constraints:** Implementing a new organizational structure may require additional resources, such as new staff or technology, which can be costly and time-consuming to acquire and integrate.
- **Cultural fit:** The new structure may not be compatible with the organization's culture, values, or mission. This can create tension and conflict among employees, which can hinder productivity and the overall success of the new structure.
- **Lack of leadership support:** The success of the new structure depends on the support and commitment of organizational leaders. If they are not fully on board with the new structure, it may not be implemented effectively or may not be sustained over time.

- **Difficulty in measuring success:** It can be challenging to measure the success of a new organizational structure, especially in the short term. This can make it difficult to determine whether the new structure is achieving its intended goals and objectives.
- **Unforeseen consequences:** Implementing a new organizational structure can have unintended consequences, such as decreased productivity or increased employee turnover. Organizations should be prepared to address these consequences as they arise. Overall, implementing a new organizational structure requires careful planning, effective communication, and a commitment to change from all stakeholders in the organization.

5.6 Continuous Evaluation and Improvement of Organization Structure

5.6.1 Importance of Continuous Evaluation and Improvement

Continuous evaluation and improvement of the organization structure is crucial for the long-term success of any organization. It ensures that the organization remains relevant, efficient, and effective in achieving its goals. Here are some key reasons why continuous evaluation and improvement is important:

Adaptability: The business environment is constantly changing, and an organization's structure must be adaptable to remain competitive. Continuous evaluation and improvement help organizations identify and respond to changes in the market, customer needs, and technology.

Efficiency: Evaluating and improving the organizational structure can help identify areas of inefficiency, duplication of effort, and unnecessary bureaucracy. Streamlining the structure can help to improve efficiency, reduce costs, and increase productivity.

Employee Engagement: Involving employees in the evaluation and improvement process can lead to increased employee engagement and a sense of ownership in the organization's success. Employees who feel their opinions are valued are more likely to be motivated and committed to the organization.

Customer Satisfaction: A well-designed organization structure can help to improve customer satisfaction. A structure that is aligned with customer needs and allows for quick response to customer inquiries and complaints can lead to increased customer loyalty and retention.

5.6.2 Tips and Guidelines for Effective Organizing

Effective organizing requires a systematic approach to creating a structure that is efficient, adaptable, and sustainable. Here are some tips and guidelines for effective organizing:

- **Define Your Goals:** Before you start organizing, it's important to define your goals and objectives. This will help you to create a structure that supports your business goals and enables you to achieve them.
- **Analyze Your Current Structure:** Analyze your current structure to identify areas that need improvement. This includes reviewing your processes, systems, and workflow to identify inefficiencies and bottlenecks.
- **Involve Your Employees:** Involve your employees in the process of organizing. This not only helps to increase engagement but also provides valuable insights into how the organization can be improved.
- **Create a Plan:** Develop a plan for organizing that outlines the steps you need to take to achieve your goals. This includes creating a timeline, allocating resources, and identifying key stakeholders.
- **Communicate Clearly:** Communicate the changes you are making to your employees and stakeholders. This helps to build support for the changes and ensures that everyone is aware of their roles and responsibilities.

5.7 Let Us Sum Up

Organizing is a management function that involves arranging resources and activities in a structured manner to achieve the goals of an organization. This function involves the process of defining roles and responsibilities, delegating authority, and establishing a hierarchical structure to ensure that resources are effectively and efficiently used. The organizing function includes several key activities, such as developing organizational charts, creating job descriptions, establishing reporting relationships, determining work flow, and developing policies and procedures. It also involves the coordination of people, resources, and processes to achieve organizational objectives. Effective organizing can help ensure that an organization operates efficiently and effectively, with the right people in the right roles, clear lines of communication, and a focus on achieving strategic goals.

Check Your Progress

Long Answer Questions

- a) What are the key elements of organizational structure? Explain each element in detail.
- b) How can managers ensure effective coordination within an organization? Provide examples of coordination mechanisms.
- c) What are the different types of organizational structures? Discuss the advantages and disadvantages of each.
- d) How can managers determine the optimal span of control within their organization? Explain the factors that should be considered.
- e) What is the role of policies and procedures in organizational effectiveness? Provide examples of policies and procedures that organizations commonly use.
- f) What are the benefits and drawbacks of decentralization? How can managers determine whether decentralization is appropriate for their organization?
- g) How can managers develop and implement effective communication strategies within an organization? Discuss the key elements of communication.
- h) What are the challenges of managing a diverse workforce? How can managers address these challenges and create a culture of inclusivity within their organization?

Short answer questions

- a) What is the difference between delegation and decentralization?
- b) What is the purpose of an organizational chart?
- c) How can managers encourage teamwork and collaboration within an organization?
- d) What are the advantages of a flat organizational structure?
- e) What is the role of standardization in organizational efficiency?
- f) What is a matrix organizational structure?
- g) What is the difference between centralization and decentralization?
- h) What is the span of control?

Glossary

- a) **Organizing:** The process of arranging resources and activities in a structured manner to achieve the goals of an organization.
- b) **Resources:** The assets and capabilities of an organization, including people, equipment, materials, and finances.
- c) **Structure:** The formal arrangement of roles, responsibilities, and relationships within an organization.

- d) **Hierarchy:** A system of levels of authority within an organization, with higher-level positions having more power and responsibility than lower-level positions.
- e) **Job Design:** The process of determining the specific tasks and responsibilities of each position within an organization.
- f) **Job Description:** A document that outlines the duties, responsibilities, and requirements of a particular job.
- g) **Reporting Relationships:** The formal lines of communication and authority within an organization, indicating who reports to whom.
- h) **Work Flow:** The movement of tasks and activities through an organization, from initiation to completion.
- i) **Policies and Procedures:** Formal rules and guidelines established by an organization to guide decision-making and behavior.
- j) **Coordination:** The process of ensuring that different parts of an organization work together effectively and efficiently towards a common goal.

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M. COM.
(SEMESTER - III)

COURSE: PRINCIPLES AND FUNCTIONS OF MANAGEMENT (MCMM22403T)

UNIT 6: Organization Structure: Functional, Hybrid, Matrix, Boundary Less, Authority and Responsibility, Delegation and Decentralization

Structure

- 6.0** Objectives
- 6.1** Introduction
 - 6.1.1** Why Organization Structure is Subject Matter Today?
- 6.2** Functional Structure
- 6.3** Hybrid Organizational Structure
- 6.4** Matrix organization structure
 - 6.4.1** Problems in matrix structure
- 6.5** Boundary-less structures
- 6.6** Authority
 - 6.6.1** Approaches to the study of Authority
 - 6.6.2** Sources of Authority
 - 6.6.3** Delegation
 - 6.6.4** Techniques of Delegation
- 6.7** Responsibility
- 6.8** Centralization versus Decentralization
 - 6.8.1** Advantages of Centralization
 - 6.8.2** Advantages of Decentralization
 - 6.8.3** Delegation vs Decentralization
- 6.9** Let Us Sum Up
 - To Check the Progress
 - Long Answer Types Questions
 - Short Answer Types Questions
 - Glossary

References

6.0 Objective

After studying the Unit, students will be able to understand:

- Concept of Organization Structure
- Why organization structure is subject matter today?
- Various features of Boundary-less structures
- Characteristics and problems in matrix structure
- Advantages of functional structure
- Different examples of hybrid structure
- Authority, Delegation and Responsibility
- Difference between Centralization and Decentralization
- Difference between Delegation and Decentralization

6.1 Introduction

The relationship between an organization's hierarchy and functions is represented by its organization structure. The relationships and connections between different components are patterned by the organization structure. As a result, it explains the connections between different roles and tasks. Since positions are held by individuals within the organization, it is also possible to refer to this as a pattern of relationships within the organization. Organization structure can only be deduced by its operation because it differs from human and engineering structure in that it lacks anatomy. According to Katz and Kahn, "A social system is a structuring of events or happenings rather than of psychological parts and it, therefore, has no structure apart from its functioning".

According to Pierce et al. (2011), "Organization structure includes the interaction patterns that link people to people and people to work and these patterns are continually evolving. An organization structure specifies the various job tasks and shows how the same are formally divided, grouped, and coordinated (Robbins, 1999)".

"Organization structure is a basic framework within which the managerial decision-making behavior takes place" (Prasad, 1995).

Child (1984), "Organization structure designates formal reporting relationship, including the number of levels in the hierarchy and the span of control of managers and supervisors. It identifies the grouping together of individuals into departments and of departments into the total organization and it includes the design of systems to ensure effective communication, coordination and integration of efforts across departments".

An organization's operating and performance modes are determined by its structure. The explicit assignment of duties for various tasks and procedures to various entities, including

the branch, department, workgroup, and individual, is made possible by organization structure. Simple, centralized, bureaucratic, and divisionalized are characteristics of traditional organization structure designs. Establishing the organization structure guarantees that the organization has adequate human resources to carry out the objectives outlined in the yearly plan. Clearly delineating responsibilities is also crucial. Every individual has a job description outlining their responsibilities, and every job has a specific place on the organizational chart of the corporation. Authority interactions are appropriately framed by organization structure. It serves as a tool to assist management in achieving the goals of the company.

6.1.1 Why Organization Structure is Subject Matter Today?

An organization's execution will be sluggish and its resistance to change strong when its structure is out of alignment. Whenever you change the strategy or go to a new stage of the lifecycle, you should always, first, rethink the structure (even if there are no personnel changes). Second, do not prioritize effectiveness-based tasks like R&D, strategy, and training over efficiency-based tasks like operations or quality control. Third, refrain from placing long-term responsibilities like marketing, R&D, and people development behind short-term ones like sales, operations, and engineering. Fourth, recognize when it is necessary to centralize control vs decentralize autonomy, and then design the organization appropriately. Finally, don't assign the incorrect manager style to the newly created structural role just because it has historically happened that way. But for the organization to succeed, the new structure needs to work with the new strategy.

6.2 Functional Structure

Functional structure is the creation of activity units and subunits within an organization based on functions. As a result, specialized departments such as production, marketing, finance, and human resources operate independently inside any industrial organization. Every task associated with each of these functions is grouped together in a single unit. Subunits at lower levels within each unit are formed as activity levels rise, and the number of employees reporting to different managers at different levels increases as well. As a result, the connected positions assume a pyramidal form.

The primary benefit of an organization's functional structure is that each unit has a functional specialist, which increases employee operational efficiency and benefits the company as a whole from specialized operations. The chief executive, who may resolve any inter-functional issues and coordinate the relevant functions, is in close communication with the heads of the functional units. Additionally, the CEO can communicate directly with lower-level subordinates, giving them complete insight into the state of the company.

Though the functional design might work well for small and medium-sized businesses, it cannot handle the growing complexity and difficulties of an organization. While some of the activities tend to be overemphasized, higher-level managers do not give the problems at lower levels enough attention. The management of functional units becomes risky and challenging when a multitude of sub-units undertake a variety of duties. There is less face-to-face interaction between managers and employees, and communication moves slowly, which makes control and coordination issues worse.

6.3 Hybrid Organization Structure

A hybrid structure is one that uses several different organizational reporting structures. Integrating product and functional structures, for instance, results in a hybrid organization structure. Under a hybrid organization structure, workers are expected to work on numerous projects and report to several managers.

In a perfect world, an engineer working on a project would report to his project manager. However, under the hybrid management structure, an employee could be asked to work on a different project for a brief period of time if a need arises, which would put him under the direction of both project managers.

The higher efficiency of a hybrid structure is its main benefit. This structure ensures that the appropriate amount of work is delegated to the appropriate people at the appropriate time, maximizing resource utilization and preventing waste. Even in situations where resources are limited, this structure performs admirably. Because specialized personnel is easily accessible, initiatives can be started more rapidly, which boosts the organization's efficiency.

Examples of a hybrid structure

The following are some hybrid business examples:

- Public service companies that were established by major players in society, including public schools, hospitals, and most social housing providers.
- Public sector entities that function like businesses, like state-owned corporations that engage in market competition. Examples of private sector organizations are business groups, joint ventures, and franchises.
- Trade associations, in example, frequently use a subsidiary, typically a completely owned one, to integrate profit-oriented activities (e.g., events, seminars, consulting) with impact-oriented operations (public relations, lobbying, special interest groups).
- Microfinance establishments.
- Hybrid firms that use corporate social entrepreneurship to make money for shareholders and further social and environmental aims.

6.4 Matrix organization structure

This is a novel organization structure option that is frequently seen in service-related industries like advertising, education, healthcare, construction, R&D, and management consulting. Functional and product departmentalization are largely combined in the Matrix (Refer Fig.1 and Fig.2). As was already said, it has two lines of authority. Functional departmentalization's strength lies in grouping like specialists together to reduce the number needed while, at the same time, enabling the grouping and sharing of specialized resources across products. The main drawbacks are related to how difficult it is to coordinate the work of many functional specialists when factoring in the time and expense involved. Conversely, product departmentalization operates in the exact opposite way. It assigns accountability for all actions associated with a product.

The idea of unity of command is broken, which is one of its biggest drawbacks. There is a dual line of command between an employee's two employers—the functional departmental manager and the product manager. In the end, this structure's true drawback is the power struggle. The matrix organization structure blends divisional/project departmentalization with functional departmentalization. This arrangement establishes two lines of authority or a two-line authority system. One person must report to two superiors under this system, which is against the unity of command principle. The matrix organization structure aids in the coordination of intricate and interconnected tasks. It is helpful if an organization has budgetary and human resource issues. An organization can employ a matrix organization structure if it operates in an uncertain environment and needs to adapt fast to changes.

The matrix structure requires associated support mechanisms and cultural norms in addition to a multitude of directives. Matrix Organization = Matrix structure + Matrix system + Matrix culture + Matrix behavior, claim Davis and Lawrence.

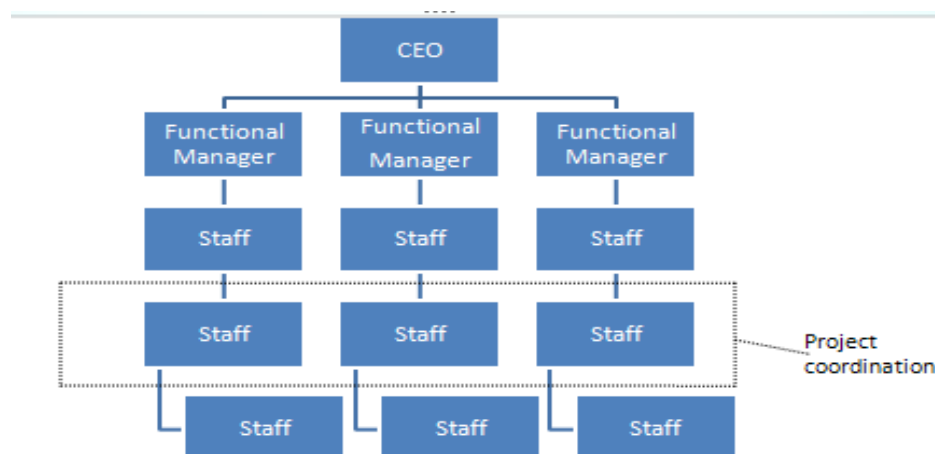


Fig.1: Matrix Structures

The primary characteristics are a dual focus, shared resources, high information processing pressure, and a concentration on professional competence by highlighting knowledge authority rather than position authority.

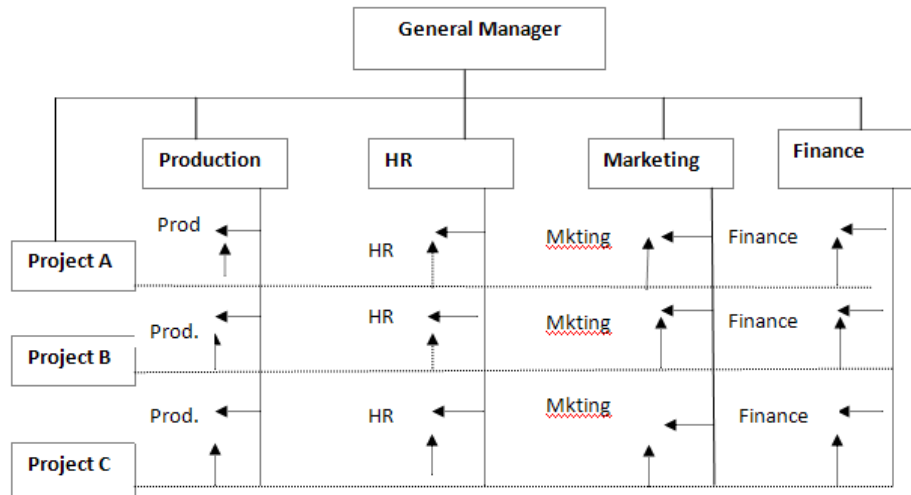


Fig.2: Matrix Structures

6.4.1 Problems in matrix structure:

A power conflict is an issue as a result of dual command. The matrix organization structure's ability to work effectively depends on the balance of power.

b) It's an expensive endeavor.

c) Improper management may cause decision-making to be delayed. Depending on various formalization, departmentalization, hierarchical level, and centralization levels.

6.5 Boundary-less structures

Jack Welch created this phrase while serving as C.E.O. at General Electric (G.E.). These structures, as their name implies, have no boundaries because they do away with conventional divisional walls and barriers that separate the organization from the outside world (Ashkenas et al., 1995). Departments are replaced in these structures with empowered teams, and an attempt is made to make the structures more organic and adaptable. Hierarchical levels and the chain of command are eliminated to get rid of the barriers that come with bureaucratic or mechanical systems. Such businesses still have technology at their core. The main forms of communication among employees are text, email, social media, and other channels. Video conferencing and other collaboration software are used by various organizations' staff members to work on the project. These companies offer flexible working hours to their employees. All workers in boundaryless companies have the power and autonomy to make decisions within the established parameters. There is either very little

or no supervision of the staff.

- Workers in these organizations oversee and plan out their work in addition to managing them. Because the span of control is kept infinite, the structure is flatter. Instead of using standard and clichéd jobs, SMTs (Self Managing Teams) establish their own roles based on circumstances in these kinds of structures.

There are two categories of boundary-less organizations: strategic alliances and modular organizations.

Modular organization

Non-essential tasks are outsourced, and the organization concentrates solely on value-generating activities in a modular setting.

a) Strategic Alliance

In a strategic alliance, two businesses or rivals decide on a joint endeavour or area of cooperation and work towards it, potentially bridging the conventional borders between them. Eliminating both real and intangible boundaries that divide personnel may be a component of boundary-less organizations. Employee cubicles must be removed in order to create physical boundaries. Removing the managerial levels is necessary to remove intangible impediments.

6.6 Authority

In public life, authority is the cornerstone of administration. It is typically used in an organization's formalized hierarchical structure. It is the rightful authority to shape an individual's or a group's behavior. Max Weber defined authority as people's ready and unwavering submission, based on their conviction that it is acceptable for the superior to impose their will on them and unacceptable for them to disobey. "The power to exact obedience and the right to give orders" is how Henry Fayol defined authority. An essential component of the rights that come with a job is authority. These rights do not change, regardless of the individuals occupying the office. Stated differently, legitimacy and positionality define authority.

6.6.1 Approaches to the study of Authority

It is possible to examine the idea of authority in an administrative structure from three key perspectives. They are as follows: The legal dimensions of authority encompass the origins, references, regulations, and standards that establish the extent and boundaries of power. 2) Positional features of authority: This refers to the status and rights of various position holders within an organization as well as their obligations and responsibilities. 3) Human dimensions of authority: This includes issues of acceptance, cooperation, communication, and interpersonal relationships in organizations.

6.6.2 Sources of Authority

In order to manage public affairs, accomplish governmental aims and objectives, and defend the public interest from the acts of vested interests in society, administrative agencies are essential. Within administrative agencies, authority comes from three sources:

a) Law

A great deal of authority originates from the constitution. Different laws and legislative enactments provide other aspects. Administrative staff are also empowered by case laws, precedents, and judicial interpretations. Organizational authority relationships are discussed via the superior-subordinate relationship, hierarchy, and division of labour. They also explain an organization's obligation to comply and the right to command.

b) Tradition

The mere authority granted by law is insufficient to enforce compliance. Traditions are a significant source of authority in administration. Organizations typically establish conventions, rules of conduct, and work habits over time. These standards and guidelines discuss deference to various authorities under various circumstances. For instance, in the event that a specific officer is absent, the organization's norms and codes will determine who would assume that role. Workplace indoctrination and training have a significant role in shaping norms and codes, as do customs and practices. The administrative staff upholds authority as a fundamental value in the administration profession and treats it with the appropriate respect. Various individuals employed by organizations. Various individuals inside organizations acknowledge this power as a crucial component that facilitates the organization's goal-achieving through cooperation.

6.6.3 Delegation

Heads of departments or other high-ranking officials delegate authority to their staff members. As a result, in organizations, delegation is a source of authority. This can be spoken or written, but it is always done with a purpose in mind. Actually, training his staff to take on more responsibility is one of an administrator's tasks. This is accomplished by giving them a portion of the power to carry out an organization's mission. When transferring authority, care must be taken to ensure that everyone sharing the authority is equally responsible for using it wisely for the good of the public. Therefore, the delegation of power to administrative staff is facilitated by law, custom, and tradition.

Quoting the source demonstrates the authority of the official commands. For instance, the person in charge occasionally applies his official seal or stamp. In other instances, phrases like "By order of the government of...." are used to describe the authority in detail. The sources of authority can be inferred from the titles, grades, and positions. To gain acceptance

from the community at large and the people in question specifically, some proof of the authority's source is required. Administrative orders and communication are now more effective as a result.

6.6.4 Techniques of Delegation

Delegation skill frequently depends on the circumstances. Plans alter and individuals change, but it doesn't mean that the worker has to be told every day what's required. It also doesn't mean that there aren't any widely acknowledged methods—discussed below—that can help with the delegation process. The list of dos and don'ts contains more specific recommendations.

Delegation Do's and Don'ts

a) Do's

- As much as feasible, assign clearly and concisely. Give clear directions.
- Describe how each delegation contributes to the objectives of the company.
- Establish performance standards together.
- Specify the desired outcomes.
- Prepare questions in advance and respond to them in a sequential manner for your staff. Discuss issues that keep coming up.
- Ask workers for tips on how to conduct their jobs better.
- Draw attention to the good rather than the bad. Offer assistance. Show that you trust.
- Acknowledge exceptional achievement.
- Fulfil your commitments.

b) Don'ts

- Don't intimidate your employees.
- Leadership abilities are more important for effective delegation than positional power.
- Avoid taking a patronizing stance.
- Don't just provide responses.
- Demonstrate to a worker because a certain action is taken in a particular way.
- Try not to overreact to situations.
- Refrain from making too many progress checks.
- Don't criticize an employee in front of others.

6.7 Responsibility

The obligation to perform duty is known as responsibility. Authority and responsibility are inextricably linked. Taking up responsibility is impossible without authority. An administrator should hold his subordinates accountable in addition to granting them authority.

for wisely and intentionally using one's power. Operational and ultimate responsibility are the two categories of responsibility. Subordinates can be given operational authority by an administrator, but not final authority.

The ultimate responsibility can never be delegated. The three essential components of the administrative process are authority, responsibility, and accountability. Authority is the power to give orders; responsibility is the obligation to carry them out and the accountability is the term used to denote the proper discharge of the duties in both letter and spirit. Line authority and staff authority are two different types of authority relationships that are distinguished by classical administrative philosophy. Direct and ultimate responsibility for attaining results is referred to as line authority. In order to support line authority in its endeavors, staff authority plays a supporting role. Staff authority is equivalent to the authority of the staff, whereas line authority is equivalent to the authority of a supervisor. The authority of staff members is advisory. Determining each employee's place in the chain of command for accomplishing the goals is one method to set them apart from one another.

6.8 Centralization versus Decentralization

The concept of authority delegation is essential to the debates over centralization and decentralization. An organization is typically described as centralized when just a little amount of authority is distributed. An organization is said to be decentralized when a sizable portion of its authority is delegated to lower levels. There are varying degrees of both the opposites, centralization and decentralization. Lower-level employees in a highly centralized organization have little decision-making authority. In contrast, lower-level employees in decentralized organizations have a very wide range of decision-making authority.

It is impossible to categorize any type of centralization as successful or unsuccessful. Decentralization is no exception. Every form is influenced by several elements and has pros and cons. For instance, authority delegation may be impacted by the enterprise's size and complexity. The lack of experience in a vast, diverse organization usually results in the delegation of authority to the leaders of these several divisions. A business is more likely to become decentralized if it is quick to respond to changes and flexible. Decentralization of authority is also favored by geographic dispersion. However, some organizations have very good and quick communication networks, which are more likely to support authority centralization. When there is a lack of sufficient staff, the organization tends to centralize authority.

6.8.1 Advantages of Centralization

a) More consistent policies, methods, and processes

- b) Closer control over operations
- c) Improved use of centralized, specialized specialists

6.8.2 Advantages of Decentralization

- a) Quicker decision-making without requiring input from higher authorities
- b) Outstanding training and learning experience for advancement to management at a higher level
- c) Decisions better adapted to local conditions.

6.8.3 Delegation vs Decentralization

Delegation and decentralization are both concepts related to the distribution of authority and decision-making within an organization, but they have distinct characteristics and implications. Here are the key differences between delegation and decentralization:

a) Definition:

- **Delegation:** Delegation refers to the process of assigning specific tasks, responsibilities, or authority from a higher-level position to a lower-level position within the organizational hierarchy. It involves entrusting someone with a certain level of decision-making power while retaining ultimate accountability.
- **Decentralization:** Decentralization is a broader organization concept that involves the distribution of authority, decision-making, and responsibilities across various levels of an organization. It implies a shift of power and decision-making from a central authority to multiple levels or units.

b) Scope:

- **Delegation:** Delegation typically focuses on specific tasks or functions. It involves giving individuals the authority to make decisions and take actions within a defined scope of work.
- **Decentralization:** Decentralization encompasses a more comprehensive redistribution of power and decision-making across the organization. It involves dispersing authority over a wider range of functions and activities.

c) Decision-Making:

- **Delegation:** In delegation, decision-making authority is transferred from a superior to a subordinate. The superior retains overall accountability for the results but allows subordinates to make decisions within their designated area of responsibility.

- **Decentralization:** Decentralization involves pushing decision-making authority to lower levels or various units within the organization. This allows for more autonomy in decision-making at different levels, reducing the reliance on a central authority.

d) **Control:**

- **Delegation:** Control remains more centralized in delegation, as the ultimate responsibility for the outcomes lies with the higher-level authority. The higher authority monitors and evaluates the performance of the delegated tasks.
- **Decentralization:** Control is distributed across multiple levels or units in decentralization. While there may still be oversight from higher levels, each decentralized unit has a greater degree of autonomy and control over its operations.

e) **Flexibility:**

- **Delegation:** Delegation provides flexibility in managing specific tasks efficiently. It allows for specialization and expertise in particular areas while maintaining a structured hierarchy.
- **Decentralization:** Decentralization offers greater overall organizational flexibility. It enables quicker responses to local or specific needs and conditions, as decision-making is dispersed.

In summary, delegation is a subset of decentralization, focusing on the assignment of specific tasks and authority, while decentralization involves a more extensive distribution of decision-making authority and responsibilities throughout the organization.

6.9 Let Us Sum Up

An organization carries out a variety of tasks. Coordination is necessary for these operations. The purpose of an organization's structure is to divide work, organize related operations, and oversee and manage the organization's tasks. To create an effective and stable structure, a thorough examination of all organization structure's elements and dimensions is necessary. The efficient operation of the organization is facilitated by a well-designed organization structure. In this unit, an attempt has been made to explain the concept of organization structure, why it is a matter of discussion these days. Three important types of organization structure viz. Functional, Hybrid, Matrix and Boundaryless. Further the concept of authority, delegation of authority, responsibility, centralization, and decentralization are discussed. Finally, the unit ends with Differentiation of Delegation and Decentralization. In summary, organization structure defines the framework of an organization, authority establishes the

legitimate power to make decisions, responsibility assigns duties to individuals, delegation transfers authority and responsibility, and decentralization distributes decision-making across the organization for increased flexibility and responsiveness. Together, these concepts shape the dynamics of an organization, influencing how it operates and adapts to its environment.

To Check the Progress

Long Answer Types Questions

- a) Why Organization Structure is Subject Matter Today?
- b) Investigate in detail the various features of boundary less structures.
- c) Differentiate between Modular organization and Strategic Alliance.
- d) Discuss the concept of Matrix organization structure and problems associated with it.
- e) State the differences between functional and hybrid organization structure.
- f) Elaborate in detail various sources of authority in administrative agencies.
- g) What is the importance of delegation in business organization?
- h) What are various Dos and Don'ts of Delegation.
- i) Differentiate between Delegation and decentralization.
- j) Differentiate between centralization and decentralization.

Short Answer Types Questions

- a) Define the term "Organization Structure".
- b) Enlist various examples of hybrid organization structure.
- c) Discuss in brief the underlying concept of Authority.
- d) What are different Approaches to the study of Authority?
- e) Investigate the importance of Responsibility in an Organization
- f) What is the biggest challenge with delegation?
- g) What are do's and don'ts of delegation?
- h) Enlist the various advantages of decentralization.
- i) Why is authority important in an organization?
- j) Define the term "Matrix structure".

Glossary

a) **Organization Structure:** Organization structure refers to the way an organization is designed, including the arrangement of roles, responsibilities, and relationships between individuals and units. It defines the hierarchy, reporting relationships, and communication channels within the organization.

b) **Functional Structure**

Functional structure is the creation of activity units and subunits within an organization

based on functions. As a result, specialized departments such as production, marketing, finance, and human resources operate independently inside any industrial organization.

- c) **A hybrid structure** is one that uses several different organizational reporting structures. Integrating product and functional structures, for instance, results in a hybrid organization structure. Under a hybrid organization structure, workers are expected to work on numerous projects and report to several managers.
- d) **Matrix organization structure** This is a novel organization structure option that is frequently seen in service-related industries like advertising, education, healthcare, construction, R&D, and management consulting. Functional and productive departmentalization are largely combined in the Matrix. As was already said, it has two lines of authority. Functional departmentalization's strength lies in grouping like specialists together to reduce the number needed while, at the same time, enabling the grouping and sharing of specialised resources across products.
- e) **Boundary-less structures**
These structures, as their name implies, have no boundaries because they do away with conventional divisional walls and barriers that separate the organization from the outside world (Ashkenas et al., 1995). Departments are replaced in these structures with empowered teams, and an attempt is made to make the structures more organic and adaptable. Hierarchical levels and the chain of command are eliminated to get rid of the barriers that come with bureaucratic or mechanical systems.
- f) **Authority:** Authority is the legitimate power vested in a position or individual to make decisions, give orders, and enforce compliance. It is a crucial element in organization structure and determines the extent to which individuals can exercise control and influence over others.
- g) **Responsibility:** Responsibility is the obligation or duty of an individual to perform assigned tasks and achieve specific outcomes. It is closely tied to authority, as individuals with the authority to make decisions are also responsible for the consequences of those decisions.
- h) **Delegation:** Delegation is the process of assigning tasks, authority, and responsibility from a higher-level position to a lower-level position. It allows for the distribution of workload and decision-making, empowering subordinates while retaining overall accountability with the delegator.
- i) **Decentralization:** Decentralization involves the dispersal of authority, decision-making, and responsibilities across various levels or units within an organization. It aims to reduce reliance on a central authority, fostering autonomy and responsiveness at lower levels.

Decentralization enhances flexibility and adaptability in addressing diverse organizational needs.

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UNIT 7: Nature, Importance of Staffing and Process of Staffing

Structure

- 7.0** Objectives
- 7.1** Introduction
- 7.2** Meaning and Definitions
- 7.3** Nature of Staffing
- 7.4** Significance of Staffing
- 7.5** Process of Staffing
 - 7.5.1** Manpower Planning
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 - 7.5.3** Recruitment
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 - 7.5.5** Placement
 - 7.5.6** Training and Development
 - 7.5.7** Performance Management
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- 7.6** Let Us Sum Up
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References

7.0 Objectives

- To understand the concept of staffing
- To understand the nature of staffing
- To study the significance of staffing
- To get acquainted with Process of staffing
- To understand the basic procedural steps of staffing Process

7.1 Introduction

Staffing is a fundamental function of management that involves acquiring, deploying, and retaining a workforce to accomplish organizational goals effectively and efficiently. It encompasses the processes of manpower planning, recruitment, selection, training, development, performance appraisal, compensation and retention of employees. Staffing ensures that the organization should have right person at the right place and right time. The objective of staffing is to ensure best Person -job and person -organization fit.

Staffing is a crucial function within any organization, as it directly impacts the organization's ability to achieve its goals and objectives. It involves the acquisition, deployment, and retention of employees who possess the necessary skills, knowledge, and abilities to perform their roles effectively.

7.2 Meaning and Definitions

Michael J. Jucius (1963): "Staffing is the process of determining the manpower needs of an organization and ensuring that the right people, with the right skills, are selected for the right positions at the right time".

Edwin B. Flippo (1984): "Staffing is the process through which an organization ensures that it always has the proper number of employees, with the appropriate skills, in the right jobs, at the right time, to achieve organizational goals".

Gary Dessler (2017): "Staffing is the process by which an organization fills job openings with qualified applicants. This involves recruiting, selecting, training, and placing the right individuals into the right positions".

Robert L. Mathis and John H. Jackson (2019): "Staffing refers to the process of acquiring, deploying, and retaining a workforce of sufficient quantity and quality to ensure the accomplishment of organizational goals".

These definitions provide insights into the multifaceted nature of staffing and highlight its importance in ensuring that organizations have the right people in the right roles to achieve their objectives.

7.3 Nature of Staffing: It encompasses several key aspects that highlight its importance and role within organizations:

- a) **Dynamic and Continuous Process:** Staffing is not a one-time event but an ongoing process that adapts to changing organizational needs, market conditions, and workforce dynamics. It involves activities such as workforce planning, recruitment, selection, training, development, performance management, and retention, all of which require continuous attention and refinement.
- b) **Strategic Function:** Staffing is a strategic function of human resource management that aligns with organizational goals and objectives. It involves identifying and acquiring the right talent to support business strategies, drive innovation, and achieve competitive advantage. Effective staffing practices contribute to organizational success by ensuring that the workforce is strategically aligned with the organization's mission, vision, and values.
- c) **Comprehensive Scope:** Staffing encompasses a wide range of activities aimed at managing the entire employee lifecycle, from recruitment and selection to training, development, performance management, and retention. It involves addressing various workforce challenges and opportunities, such as talent shortages, skills gaps, diversity and inclusion, succession planning, and employee engagement.
- d) **Human-Centric Approach:** At its core, staffing is about managing people and relationships within the organization. It emphasizes the importance of understanding and meeting the needs, aspirations, and motivations of employees to attract, engage, and retain top talent. Staffing practices should be fair, transparent, and supportive, fostering a positive work environment where employees feel valued, respected, and empowered to contribute their best.
- e) **Balancing Efficiency and Effectiveness:** Staffing aims to strike a balance between efficiency and effectiveness in managing human resources. It involves optimizing processes, systems, and resources to achieve desired outcomes in terms of workforce quality, productivity, and performance. Effective staffing practices help organizations maximize the return on investment in their human capital while minimizing risks and costs associated with talent management.
- f) **Adaptability and Flexibility:** Staffing practices need to be adaptable and flexible to respond to changing business needs, industry trends, technological advancements, and workforce demographics. This may involve leveraging new technologies, adopting innovative recruitment methods, implementing agile workforce strategies, and embracing

remote work and flexible work arrangements to attract and retain top talent in a competitive labor market.

7.4 Significance of Staffing

The importance of staffing **within** an organization cannot be overstated, as it plays a crucial role in several aspects of organizational functioning and success. Here are some key reasons why staffing is significant:

- a) **Acquiring Talent:** Staffing ensures that organizations have the right people with the necessary skills, knowledge, and abilities to perform various roles and responsibilities. By recruiting and selecting qualified candidates, organizations can build a talented workforce that can contribute effectively to achieving organizational goals.
- b) **Optimizing Performance:** Effective staffing practices contribute to optimizing employee performance. When employees are well-suited for their roles and provided with adequate training and development opportunities, they are more likely to perform at their best. This leads to increased productivity, efficiency, and quality of work within the organization.
- c) **Promoting Innovation and Creativity:** Staffing processes foster innovation and creativity within the organization by bringing in diverse perspectives, experiences, and skill sets. Hiring individuals with unique backgrounds and capabilities can encourage creative problem-solving and idea generation, driving innovation and competitive advantage.
- d) **Ensuring Organizational Stability:** Staffing helps organizations maintain stability and continuity by ensuring that key positions are filled with competent individuals. Through succession planning and talent management initiatives, organizations can mitigate the risks associated with turnover, retirements, or unexpected departures of key personnel.
- e) **Facilitating Organizational Growth:** As organizations grow and evolve, staffing plays a vital role in supporting expansion and development. By strategically planning for staffing needs, organizations can scale their operations, enter new markets, and pursue growth opportunities more effectively.
- f) **Enhancing Employee Engagement and Satisfaction:** A well-executed staffing process can contribute to higher levels of employee engagement, satisfaction, and morale. When employees feel valued, supported, and empowered in their roles, they are more likely to be motivated, committed, and loyal to the organization.
- g) **Mitigating Risks:** Staffing also helps organizations mitigate various risks associated with human resource management, such as legal compliance, employee misconduct, and performance issues. By implementing fair and transparent staffing practices, organizations

can reduce the likelihood of costly legal disputes, reputation damage, and other potential risks.

7.5 Process of Staffing

The process of staffing involves several sequential steps aimed at acquiring, developing, and retaining a talented workforce to meet organizational objectives. Here's a typical process of staffing:

7.5.1 Manpower Planning: This initial step involves forecasting the organization's future workforce needs based on factors such as business goals, growth projections, technological advancements, and changes in the industry landscape. Manpower planning helps determine the number of employees needed, their skills, and the timing of hiring. Manpower planning ensures it has the right number of people with the right skills, knowledge, and abilities to achieve its strategic objectives. The detailed overview of the steps involved in manpower planning:

- a) **Understanding Organizational Goals:** The process begins with a thorough understanding of the organization's mission, vision, goals, and strategic objectives. This provides the context for manpower planning and helps align workforce requirements with the organization's overall direction.
- b) **Environmental Analysis:** Manpower planners conduct an environmental analysis to identify internal and external factors that may impact workforce needs. Internal factors may include organizational structure, current workforce demographics, turnover rates, and skills gaps. External factors may include economic conditions, industry trends, technological advancements, and regulatory changes.
- c) **Demand Forecasting:** Based on organizational goals and environmental analysis, manpower planners forecast the future demand for labor. This involves estimating the number of employees needed, as well as their skills, qualifications, and roles, to support business growth, expansion, or changes in operations. Demand forecasting may be done for different time horizons (short-term, medium-term, long-term) to accommodate various planning needs.
- d) **Supply Analysis:** In this step, manpower planners assess the organization's current workforce and its ability to meet future demand. This involves analyzing employee demographics, skills inventory, turnover rates, retirement projections, and internal mobility patterns. Supply analysis helps identify potential shortages or surpluses of talent within the organization.

- e) **Gap Analysis:** Manpower planners compare the forecasted demand for labor with the projected supply to identify any gaps or mismatches between the two. A positive gap indicates a shortage of talent, while a negative gap indicates a surplus. Gap analysis helps determine the extent of the workforce imbalance and informs subsequent planning decisions.
- f) **Developing Strategies:** Based on the findings of the gap analysis, manpower planners develop strategies to address workforce imbalances and align supply with demand. This may involve recruitment, hiring, training, development, retention, redeployment, outsourcing, or other workforce management interventions. Strategies may vary depending on the nature of the workforce gap and organizational priorities.
- g) **Implementation:** Once strategies have been developed, they are implemented through various HR processes and initiatives. This may include launching recruitment campaigns, conducting training programs, revising compensation structures, redesigning job roles, or implementing succession plans. Implementation requires collaboration across different departments and stakeholders to ensure alignment with organizational goals.
- h) **Monitoring and Evaluation:** Manpower planning is an ongoing process that requires continuous monitoring and evaluation. HR metrics and key performance indicators (KPIs) are used to track progress, measure the effectiveness of workforce strategies, and identify areas for improvement. Monitoring and evaluation enable organizations to adapt their manpower plans in response to changing business conditions and emerging challenges.

7.5.2 Job Analysis: Job analysis involves systematically gathering, documenting, and analyzing information about the duties, responsibilities, qualifications, and other job-related attributes. This information is used to develop **job descriptions and job specifications**, which serve as the foundation for recruitment and selection processes. It serves as a foundation for various HR functions, including recruitment, selection, performance management, training, compensation, and organizational design. The detailed overview of the steps involved in job analysis:

- a) **Identifying the Purpose:** The first step in job analysis is to define the purpose and scope of the analysis. This involves determining why the job analysis is being conducted and what specific information is needed. For example, the analysis may be conducted to update job descriptions, develop training programs, or evaluate job performance.
- b) **Selecting Jobs to Analyze:** Once the purpose is established, the next step is to identify which jobs will be analyzed. Jobs may be selected based on factors such as their importance

to the organization, frequency of occurrence, level of complexity, or strategic significance. It's important to prioritize jobs that have the greatest impact on organizational success.

- c) **Collecting Data:** Data collection involves gathering information about the job through various methods. Common techniques used in job analysis include:
- **Interviews:** Conducting structured interviews with incumbents, supervisors, and subject matter experts to gather insights into job duties, responsibilities, and requirements.
 - **Questionnaires:** Administering standardized questionnaires to collect information about job tasks, skills, knowledge, and behaviors.
 - **Observation:** Observing employees as they perform their job duties to identify tasks, actions, and behaviors required for job performance.
 - **Job Analysis Workshops:** Facilitating group discussions or workshops with key stakeholders to brainstorm and document job-related information.
- d) **Analyzing Data:** Once the data is collected, it is systematically analyzed to identify key job elements and requirements. This may involve categorizing tasks, skills, and knowledge into different job dimensions or components. Analyzing data helps identify the essential functions of the job, as well as any additional qualifications or requirements needed for successful job performance.
- e) **Documenting Results:** The findings of the job analysis are documented in various forms, such as job descriptions, job specifications, competency profiles, or task inventories. Job descriptions typically include information about job title, summary of duties, responsibilities, qualifications, reporting relationships, and other relevant details. Job specifications outline the knowledge, skills, abilities, and other characteristics required for job success.
- f) **Validating Information:** It's essential to validate the information gathered through job analysis to ensure its accuracy and reliability. Validation may involve reviewing job analysis results with incumbents, supervisors, or subject matter experts to verify their accuracy and completeness. Feedback from stakeholders helps identify any discrepancies or areas for improvement in the job analysis process.
- g) **Maintaining and Updating:** Job analysis is not a one-time event but an ongoing process that requires regular maintenance and updates. Jobs and work environments may change over time due to factors such as technological advancements, organizational restructuring, or changes in business priorities. Therefore, it's important to periodically review and update job analysis data to ensure its relevance and applicability.

7.5.3 Recruitment: Recruitment is the process of identifying and attracting potential candidates to fill vacant positions within the organization. Recruitment strategies may include internal and external methods such as job postings, employee referrals, campus recruitment, social media, and partnerships with recruitment agencies. The goal is to generate a pool of qualified candidates for further evaluation. It is a critical function of human resource management aimed at ensuring that the organization has the right talent in place to achieve its goals and objectives. Here's a detailed overview of the recruitment process:

- a) **Identifying Job Vacancies:** The recruitment process begins with identifying job vacancies or positions that need to be filled within the organization. This may be prompted by factors such as business growth, employee turnover, internal promotions, or organizational restructuring.
- b) **Developing Recruitment Strategy:** Once the job vacancies and job descriptions are defined, organizations develop a recruitment strategy to attract qualified candidates. This involves determining the most effective recruitment methods and channels to reach potential candidates, such as job boards, social media, professional networking sites, employee referrals, career fairs, recruitment agencies, and internal job postings.
- c) **Advertising Job Openings:** Organizations advertise job openings through various channels as part of their recruitment strategy. Job advertisements should be clear, concise, and tailored to attract the desired candidates. They typically include information about the job title, duties, qualifications, application instructions, and contact details for inquiries.
- d) **Screening Applications:** As applications are received, recruiters screen them to identify candidates who meet the minimum qualifications and requirements outlined in the job description. Screening may involve reviewing resumes, cover letters, and application forms to assess candidates' skills, experience, education, and suitability for the position.
- e) **Conducting Interviews:** Qualified candidates are invited to participate in one or more rounds of interviews as part of the selection process. Interviews provide an opportunity for recruiters and hiring managers to assess candidates' qualifications, competencies, personality, and fit for the organizational culture. Interviews may be conducted in-person, over the phone, or via video conferencing.
- f) **Assessment and Evaluation:** In addition to interviews, organizations may use various assessment methods to evaluate candidates' skills, knowledge, abilities, and suitability for the job. This may include technical skills tests, aptitude tests, personality assessments, situational judgment tests, or work simulations designed to assess specific job-related competencies.

- g) **Reference and Background Checks:** Before making a final hiring decision, organizations often conduct reference checks and background checks to verify candidates' employment history, qualifications, credentials, and suitability for the position. Reference checks involve contacting previous employers or professional contacts provided by the candidate to obtain feedback on their work performance and character.
- h) **Making Job Offers:** Once a suitable candidate has been identified and successfully passed through the selection process, the organization extends a job offer. The job offer typically includes details such as the job title, salary, benefits, start date, and any other relevant terms and conditions of employment. The offer may be made verbally or in writing, depending on the organization's practices.
- i) **Onboarding:** After accepting the job offer, the new employee undergoes an onboarding process to integrate them into the organization smoothly. Onboarding may include orientation sessions, completion of paperwork, introduction to colleagues and team members, training on job responsibilities and company policies, and provision of necessary resources and support to facilitate a successful transition into the new role.
- j) **Maintaining Talent Pipelines:** Finally, organizations may engage in ongoing efforts to maintain talent pipelines by building relationships with potential candidates, even if they are not immediately hired. This involves networking, maintaining contact with passive candidates, and keeping them informed about future job opportunities within the organization.

7.5.4 Selection

Selection is the process of identifying and choosing the most qualified candidates from a pool of applicants to fill job vacancies within an organization. It involves assessing candidates' skills, knowledge, abilities, and fit for the job and organizational culture. The selection process typically consists of several stages designed to evaluate candidates thoroughly and make informed hiring decisions. The detailed overview of the selection process:

- a) **Initial Screening:** The selection process often begins with an initial screening of applicants' resumes, cover letters, and application forms to identify candidates who meet the minimum qualifications and requirements outlined in the job description. Screening may involve reviewing candidates' education, work experience, skills, and relevant credentials.
- b) **Pre-Employment Tests and Assessments:** Depending on the nature of the job and organization, candidates may be required to undergo pre-employment tests and assessments to evaluate their skills, aptitude, personality, and fit for the job. These assessments may

include cognitive ability tests, technical skills tests, personality assessments, situational judgment tests, or work simulations designed to assess specific job-related competencies.

- c) **Interviews:** Qualified candidates are invited to participate in one or more rounds of interviews as part of the selection process. Interviews provide an opportunity for recruiters and hiring managers to assess candidates' qualifications, competencies, personality, and fit for the organizational culture. Interviews may be conducted in-person, over the phone, or via video conferencing and may involve various formats, such as structured interviews, behavioral interviews, or panel interviews.
- d) **Reference Checks:** Before making a final hiring decision, organizations typically conduct reference checks to verify candidates' employment history, qualifications, credentials, and suitability for the position. Reference checks involve contacting previous employers or professional contacts provided by the candidate to obtain feedback on their work performance, character, and suitability for the job.
- e) **Background Checks:** In addition to reference checks, organizations may conduct background checks to verify candidates' criminal history, credit history, driving record, or other relevant information. Background checks help ensure the safety and security of the workplace and mitigate potential risks associated with hiring candidates with questionable backgrounds.
- f) **Final Selection and Job Offer:** After completing the selection process, the hiring team evaluates candidates' performance in interviews, assessments, and reference checks to make a final selection decision. The selected candidate is then extended a job offer, which typically includes details such as the job title, salary, benefits, start date, and any other relevant terms and conditions of employment.
- g) **Offer Acceptance and Onboarding:** Upon receiving a job offer, the candidate has the opportunity to review the terms and conditions of employment and decide whether to accept the offer. If the offer is accepted, the new employee undergoes an onboarding process to integrate them into the organization smoothly. Onboarding may include orientation sessions, completion of paperwork, introduction to colleagues and team members, training on job responsibilities and company policies, and provision of necessary resources and support to facilitate a successful transition into the new role.
- h) **Maintaining Talent Pipeline:** Finally, organizations may engage in ongoing efforts to maintain talent pipelines by building relationships with potential candidates, even if they are not immediately hired. This involves networking, keeping in touch with candidates who were not selected for the current position, and keeping them informed about future job opportunities within the organization.

7.5.5 Placement

Once candidates have been selected, they are placed in appropriate positions within the organization. Placement decisions consider factors such as job fit, organizational fit, employee preferences, and developmental opportunities. Proper placement ensures that employees can contribute effectively to organizational goals from the outset.

Placement, in the context of human resource management, refers to the process of assigning newly hired or promoted employees to specific roles or positions within the organization. It involves matching the skills, knowledge, abilities, and preferences of employees with the requirements and responsibilities of available job positions. Placement is a crucial step in the staffing process and contributes to the effective utilization of human resources and the achievement of organizational goals. Here's a detailed overview of the placement process:

- a) **Matching Candidates with Job Positions:** Once candidates have been assessed, the next step is to match them with available job positions based on their qualifications, skills, experience, and preferences. This matching process aims to ensure that each candidate is placed in a role where they can contribute effectively and excel. Factors such as organizational needs, career aspirations, and developmental opportunities are also considered during the placement process.
- b) **Consideration of Organizational Needs:** Placement decisions are made with careful consideration of organizational needs, priorities, and objectives. This may involve aligning candidates' skills and abilities with the requirements of specific job positions, as well as considering factors such as team dynamics, workload distribution, and organizational structure. The goal is to optimize the utilization of human resources and support the achievement of organizational goals and objectives.
- c) **Communication of Placement Decisions:** Once placement decisions are made, candidates are informed of their assigned job positions and provided with relevant information about their roles, responsibilities, reporting relationships, and expectations. Clear and transparent communication is essential to ensure that candidates understand their roles and are prepared for their new positions.
- d) **Orientation and Onboarding:** After placement, newly placed employees undergo orientation and onboarding to familiarize themselves with their new roles, the organization's culture, policies, procedures, and work environment. Orientation and onboarding help employees integrate into their new roles smoothly, build relationships with colleagues, and become productive members of the organization.
- e) **Monitoring and Support:** Following placement, ongoing monitoring and support are provided to ensure that employees are successfully adapting to their new roles and

performing effectively. Managers may provide feedback, guidance, and support to help employees overcome challenges, develop their skills, and achieve their performance goals.

- f) **Adjustments and Realignment:** In some cases, placement decisions may need to be adjusted or realigned based on changing organizational needs, performance feedback, or individual preferences. This may involve transferring employees to different roles, departments, or locations to better match their skills and interests with organizational requirements.

7.5.6 Training and Development: Training and development are essential for enhancing employees' skills, knowledge, and abilities to perform their jobs effectively. Training programs may include orientation sessions, on-the-job training, workshops, seminars, and opportunities for further education or professional development. Developmental initiatives help employees grow and advance in their careers within the organization.

7.5.7 Performance Management: Performance management involves setting performance goals, providing feedback, and evaluating employees' performance against predetermined standards. Performance appraisal systems help identify high performers, address performance issues, and make decisions regarding promotions, rewards, and career development.

7.5.8 Compensation and Benefits: Fair and competitive compensation packages are essential for attracting and retaining talented employees. Staffing involves designing compensation structures that align with the organization's goals, market trends, and employee performance. Additionally, offering competitive benefits such as healthcare, retirement plans, and employee perks can enhance employee satisfaction and retention.

7.5.9 Retention: Retaining talented employees is critical for organizational success. Staffing efforts include creating a positive work environment, providing opportunities for growth and advancement, addressing employee concerns and grievances, and implementing strategies to reduce turnover rates.

7.5.10 Succession Planning: Succession planning involves identifying and developing internal talent to fill key leadership positions within the organization. By proactively grooming employees for future leadership roles, organizations can ensure continuity, stability, and long-term success.

7.6 Let Us Sum Up

Overall, the staffing process is a comprehensive and continuous endeavor aimed at acquiring, developing, and retaining a talented workforce to achieve organizational objectives effectively and efficiently. Each step in the process is interconnected and requires careful planning, execution, and evaluation to ensure the best outcomes for both the organization and its employees.

7.7 To Check the Progress

Long Answer Type Questions

- a) Discuss the significance of staffing in achieving organizational goals.
- b) Highlight the implications of poor staffing practices on organizational performance and employee morale.
- c) Discuss how effective staffing practices contribute to organizational success, productivity, and competitiveness
- d) Explain how staffing ensures that organizations have the right talent to achieve objectives.
- e) Explain the steps involved in the staffing process within organizations.
- f) Discuss the interrelationships between different steps in the staffing process and how they contribute to building and maintaining a talented workforce.
- g) Discuss the nature and significance of Staffing.
- h) “Staffing is a strategic Function”, Comment.
- i) Evaluate the importance of succession planning in the staffing process.
- j) Evaluate the Training and Development function in the staffing process.

Short Answer Type Questions

- a) What is staffing?
- b) What are the key components of the staffing process?
- c) What is the purpose of workforce planning in staffing?
- d) What is recruitment?
- e) What is selection?
- f) Why is training and development an important part of the staffing process?
- g) What is performance management in staffing?
- h) How does compensation play a role in staffing?
- i) What is retention in the context of staffing?
- j) How does staffing contribute to organizational success?

Glossary

- a) **Staffing:** The process of acquiring, deploying, and retaining a workforce to accomplish organizational goals effectively.
- b) **Recruitment:** The process of identifying and attracting potential candidates for job vacancies within the organization.
- c) **Selection:** The process of assessing candidates' qualifications, skills, and suitability for a job and making decisions about who to hire.
- d) **Job Analysis:** The process of gathering and analyzing information about the duties, responsibilities, and requirements of a job to inform staffing decisions.
- e) **Job Description:** A document that outlines the duties, responsibilities, qualifications, and other details of a job position.
- f) **Job Specification:** A document that outlines the qualifications, skills, knowledge, and abilities required for a job position.
- g) **Talent Acquisition:** The process of identifying, attracting, and hiring top talent to meet organizational needs.
- h) **Onboarding:** The process of integrating new employees into the organization, including orientation, training, and socialization activities.
- i) **Retention:** The efforts to keep employees engaged, motivated, and satisfied in their roles to prevent turnover.
- j) **Succession Planning:** The process of identifying and developing internal talent to fill key roles within the organization in the future.

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M.Com - SEMESTER-IV

Course: PRINCIPLES & FUNCTIONS OF MANAGEMENT (BCDB33607T)

Unit 8: Management Function: Directing - Nature, Importance & Principles of Direction
Elements of Direction

Structure:

8.1 Introduction

8.2 Meaning of Direction

8.3 Feature of Directing Function

8.4 Importance of Directing Function

8.5 Principles of Directing

8.6 Elements of Directing

8.6.1 Supervision

8.6.2 Motivation

8.6.3 Leadership

8.6.4 Communication

8.7 Summary

Glossary

Long answer type questions

Short answer type questions

Suggested Readings

8.0 Objectives

- Explain the meaning, nature and importance of directing
- Enumerate the principles of directing
- Explain the meaning of supervision and functions of supervisors
- Describe the significance of the supervisor's role, and the qualities of a good supervisor
- Describe the significance of leadership, communication and motivation in directing function.

8.1 Introduction

In the preceding unit, you acquired knowledge about the essence of the staffing function, encompassing recruitment, selection, and personnel development. The subsequent crucial managerial task pertains to direction, encompassing communication, leadership provision to subordinates, and motivation to inspire them to contribute optimally to the realization of organizational objectives. In this unit, you will gain insights into the nature of the directing function, its significance, underlying principles, and constituent elements.

8.2 Meaning of Direction

Directing is the managerial task involving the guidance, motivation, leadership, and supervision of subordinates to achieve specified objectives. It stands as a pivotal managerial function that kickstarts organizational actions, acting as the connecting and activating link among various management functions. Serving as the nucleus of management in action, directing is instrumental in mobilizing and integrating human resources and efforts to fulfill organizational goals. It can be considered the essence of operations, embodying the process of establishing and implementing an internal organizational environment conducive to leveraging human resources for the attainment of organizational objectives.

Ernest Dale defines directing as the process of instructing individuals on what tasks to perform and ensuring that they execute them to the best of their abilities. This encompasses assigning responsibilities, outlining procedures, rectifying errors, providing on-the-job instruction, and issuing directives. Direction entails communication, leadership provision, and motivation to encourage subordinates to contribute optimally toward the realization of organizational objectives. It encompasses a continuous process involving the issuance of clear and feasible orders, training and instructing subordinates to execute assignments in the current situation, motivating subordinates to meet managerial expectations, and maintaining discipline while rewarding those who perform effectively.

8.3 Feature of Directing Function

The characteristics of the directing function are as follows:

- a) **Continuing Function:** Direction is an ongoing and dynamic aspect of management, constituting the core of managerial practice. The methods and techniques of direction need to adapt to evolving organizational conditions. Managers are required to guide their subordinates in various changing environments, continuously overseeing the execution of orders or instructions while simultaneously providing effective leadership and motivation.
- b) **Provides a Link:** Direction acts as a connecting and activating link among all managerial functions. While planning, organizing, and staffing are preparatory functions, and control involves continuous checking, direction facilitates the coordination of these activities to achieve organizational objectives.
- c) **Concentrates on Performance:** Direction is a creative function that transforms plans into tangible performance. It is performance-oriented and ensures the ongoing continuity of operations. Effective direction plays a crucial role in attaining group goals with minimal costs.
- d) **Pervasiveness of Direction:** Direction is a pervasive managerial function, existing at every level, location, and operation within an enterprise. For instance, a company's chief executive interprets objectives and policies, delegates authority to departmental managers, and the directing function is integral to these activities. Every manager, irrespective of the number of subordinates, is involved in giving instructions, guiding, and motivating for goal achievement.
- e) **Involves Human Factor:** Direction entails the management of human behavior, fostering cooperation and harmony within a group. Managing the human factor has become challenging due to increased awareness among people. Consequently, managers must comprehend the needs, aspirations, and expectations of their subordinates to effectively manage them.

8.4 Importance of Directing Function

Direction holds a significant role within the realm of management, and its importance can be articulated in various aspects. Without proper direction, subordinates might lack clarity regarding organizational goals. It is imperative to communicate these goals, along with outlining the tasks employees need to perform and the methodologies they should employ. Given its direct involvement with human beings, the execution of direction demands careful consideration to achieve the desired objectives. The significance of direction is underscored by the following points:

- a) **Bridging Managerial Decisions and Executions:** Direction serves as the vital link connecting managerial decisions with the actual implementation carried out by individuals.

- b) **Implementation Phase:** It represents the phase where managerial decisions are put into action, making it the proactive component of management.
- c) **Integrating Function:** Direction plays a pivotal role in integrating individual goals with organizational objectives, aligning efforts toward common purposes.
- d) **Facilitating Organizational Change:** It enables the introduction of changes within an organization, a critical function given the inherent resistance to change among individuals.
- e) **Linking Managerial Functions:** Direction establishes connections among all managerial functions, fostering cohesion and alignment in pursuit of organizational goals.
- f) **Central Nucleus:** Acting as a central nucleus, direction becomes the focal point around which all other management functions revolve.
- g) **Synthesis of Elements:** Each element within directing, such as communication, motivation, leadership, and supervision, plays a crucial role in its respective domain. Effective direction requires a seamless synthesis of these elements to successfully achieve organizational goals.

8.5 Principles of Directing

Guiding individuals in their work is a multifaceted function that leans more towards being an art. Nonetheless, the effectiveness of direction can be enhanced when managers adhere to the following principles:

- a) **Effective Communication:** Establishing a systematic flow of communication between superiors and subordinates is crucial for coordination. Effective communication serves as a tool for direction, with two-way communication providing subordinates the opportunity to express their thoughts and enabling the boss to understand their perspectives. This fosters clarity and eliminates misunderstandings.
- b) **Harmony of Objectives:** Every individual is assigned specific tasks, and their performance is likely to improve if they perceive these tasks as contributing to their personal goals, which may differ from organizational goals. Managers should strive to align the personal goals of subordinates with those of the organization.
- c) **Effective Leadership:** Subordinates thrive when they receive effective leadership from their superiors. A manager must possess qualities of a good leader to guide and counsel employees not only on work-related issues but also on personal matters. Building confidence in subordinates makes the process of direction smoother.
- d) **Unity of Command:** This principle advocates that a subordinate should receive orders and instructions from a single superior. Having accountability to one superior help avoid

conflicts and indiscipline that may arise when subordinates are answerable to multiple bosses.

- e) **Direct Supervision:** Hands-on supervision by the boss, along with direct advice to subordinates, is emphasized for effective direction. This ensures that guidance is provided in real-time, contributing to a better understanding of tasks.
- f) **Effective Motivation Techniques:** Motivation plays a crucial role in enhancing job satisfaction. Managers should employ suitable motivation techniques to boost productivity and the quality of work. Understanding both personal and employee attitudes allow managers to effectively motivate their team.
- g) **Follow-Up:** Direction is an ongoing process that entails continuous supervision, coaching, advice, counseling, and support to employees in their activities. Managers should ensure that orders and instructions are well-understood and correctly executed by subordinates. This continual feedback loop enhances employee efficiency, boosts morale, and fosters loyalty, all of which contribute to effective management.

8.6 Elements of Directing

The directing function of management consists of four elements or sub-functions:

- a) Supervision
- b) Motivation
- c) Leadership
- d) Communication.

In this section, we will delve into the topic of supervision, while the other elements have been covered in separate sections.

8.6.1 Meaning of Supervision

Supervision, an integral part of the directing function, involves managerial responsibilities of observing subordinates at work to ensure adherence to the organization's plans and policies within set time schedules. Additionally, supervision encompasses aiding subordinates in resolving work-related challenges.

Managers across all levels maintain direct contact with subordinates, overseeing their performance. Top management supervises middle-level managers, who, in turn, supervise first-line managers or supervisors. First-line managers directly engage with operatives. Thus, all management levels typically partake in supervising their immediate subordinates. However, primary responsibility for supervising employees engaged in basic operations falls on first-line managers, often referred to as supervisors.

A supervisor, designated by various titles like foreman, charge-man, overseer, or section in-charge, is chiefly responsible for the quantity and quality of production, efficient equipment performance, and the efficiency, training, and morale of subordinates. A supervisor derives authority from departmental managers, issuing orders, providing instructions, directing activities, and reporting subordinates' performance.

Supervision involves instructing, guiding, and inspiring individuals for improved performance. Effective supervision relies on suitable leadership, counseling, and communication.

The quality of a supervisor's leadership significantly influences group activity performance. Effective leadership harmonizes individual needs with organizational goals, molding human emotions and sentiments to sustain optimal work performance. Guidance, advice, or counseling of individual employees provide recognition, keep them informed about organizational developments, and aid in resolving human relations problems.

Functions of Supervisors

Supervisors perform all basic management functions—planning, organizing, directing, and controlling. Specifically, they are responsible for achieving work in line with performance standards. To accomplish this, supervisors are expected to specify daily or weekly work schedules, assign work, issue instructions, ensure satisfactory working conditions, regulate worker performance, and take remedial action when necessary. These functions demand skill and competence in the technical aspects of supervised work.

Beyond prescribed responsibilities, supervisors also have implied responsibilities, acting as a vital communication link within the organization. They liaise between top management and workers, conveying company policies and decisions while communicating workers' viewpoints, grievances, and problems to top management.

Significance of Supervisory Role

The significance of the supervisor's role is evident from the nature of their responsibilities. They act as a crucial link between higher-level management and workers, interpreting and explaining management policies and decisions to workers. The supervisor's responsibility is to ensure work is accomplished at the operational level, contributing significantly to worker cooperation and support. The supervisor holds a key position, representing management's ideas to workers and conveying workers' attitudes and opinions to top management. This dual role involves satisfying both company and employee needs.

Scope of Supervisory Responsibilities

The nature of supervisory responsibilities has evolved over time. Historically, supervisors had broad authority over subordinates, managing personnel matters. However, in modern organizations, supervisors are primarily line managers, directly accountable to higher-level management. They receive necessary staff advice and services through specialists like personnel officers, industrial engineers, cost accountants, production controllers, and quality control specialists.

Qualities of a Good Supervisor

Effectively discharging responsibilities requires supervisors to possess certain qualities. Apart from technical competence, supervisors need honesty, integrity, mental alertness, and the ability to make decisions. A human approach to subordinates' problems, impartial dealings, control of temper, and patience are essential traits.

For effective performance, supervisors must satisfy requirements such as technical knowledge, managerial abilities, adherence to position and authority, a human approach, knowledge of rules and regulations, leadership qualities, communication skills, resource use and maintenance skills, and the ability to share non-supervisory duties.

8.6.2 Motivation

The primary responsibility of a manager is to achieve organizational objectives by effectively coordinating the efforts of individuals. Proper motivation of people is crucial to influence their behavior and encourage their contribution to organizational goals. Therefore, every manager is tasked with understanding and influencing the behavior of their subordinates by employing appropriate motivational techniques.

Behavior is fundamentally oriented towards goals, with individuals typically driven by a desire to achieve specific objectives, although the specific goals may not always be consciously known to the individual. This complexity makes understanding behavioral patterns challenging. To predict behavior accurately, managers must identify the motives that prompt certain actions at specific times.

Rensis Likert referred to motivation as 'the core of management,' highlighting its pivotal role in inspiring the workforce. Motivating subordinates and instilling a willingness to work are major responsibilities for every manager. It's crucial to recognize that even if a worker possesses significant capabilities, achieving success is contingent on their willingness to work – a concept encapsulated by the term motivation.

To effectively motivate employees, managers must ascertain the needs of workers and create an environment where suitable incentives are available for their satisfaction. Successful

implementation of this approach enhances workers' willingness to work, thereby increasing organizational efficiency and effectiveness. Improved resource utilization and tapping into workers' abilities and capacities contribute to this enhanced efficiency.

Elevated motivation results in job satisfaction among workers, leading to reduced absenteeism, turnover, and labor unrest. This, in turn, fosters better industrial relations within the enterprise. Providing opportunities in the organization for need satisfaction leads to greater commitment from workers and attracts a more skilled and motivated workforce. Motivation also cultivates team spirit among workers and heightens their loyalty to the work group.

8.6.3 Leadership

Leadership constitutes a vital component of the directing function in management. A manager needs to possess the ability to guide the group working under their supervision, fostering effective teamwork, and ensuring the accomplishment of the enterprise's objectives. Influencing subordinates to work with confidence and enthusiasm is a crucial aspect of effective leadership.

Effective leadership is indispensable for inspiring individuals to work with enthusiasm towards achieving objectives. It serves as a cohesive force that keeps the group united and cultivates a spirit of cooperation. Furthermore, efficient direction of human efforts toward predetermined goals relies heavily on effective leadership. The impact of a leader on the performance of subordinates is substantial, with historical examples, such as in armies, showcasing that some leaders can inspire their teams to achieve remarkable feats willingly. This phenomenon extends to various organizations, including businesses, prompting a desire to identify methods for selecting better leaders and providing effective leadership training for managers.

A proficient leader secures maximum cooperation from group members through two-way communication and by motivating subordinates. Additionally, effective leaders can coordinate the activities of followers to achieve specific goals.

8.6.4 Communication

Communication stands as a pivotal element within the managerial process. The success of any manager is contingent upon their ability to communicate effectively with superiors, peers, subordinates, and external parties. The effectiveness of the managerial function of directing hinges on the process of communication. In the realm of directing, managers must engage in communication with subordinates to issue instructions, provide advice and guidance, and receive reports on their performance. Indeed, managers execute all their functions through interaction and communication with others. Regular interaction with employees enables managers to motivate them and offer effective leadership. Managers are required to seek information pertaining to plans and programs from their superiors and engage in communication with fellow managers to

synchronize activities. Concurrently, essential information must be conveyed to subordinates to foster their cooperation. Conversely, information regarding actual outcomes achieved should also be communicated to managers by their subordinates.

8.7 Let Us Sum Up

Directing is a critical function of management that involves guiding and supervising employees to achieve organizational goals. It encompasses communication of objectives, assigning tasks, providing guidance and support, motivating employees, and leading by example. Effective directing ensures that resources are utilized efficiently, tasks are completed effectively, and employees are engaged and motivated. Managers play a crucial role in directing by communicating expectations clearly, providing necessary resources and support, and fostering a positive work environment. By effectively directing employees, managers can inspire teamwork, enhance productivity, and contribute to the overall success and growth of the organization.

Check Your Progress

Long answer type questions

- a) Explain the nature of the directing function of management.
- b) Discuss the elements involved in the directing process.
- c) Explain in detail the principles of direction.
- d) What is meant by supervision? What are the requisites of effective supervision?
- e) "Orders will be obeyed if they make sense". Comment.
- f) Discuss the importance of supervisors in achieving better human relations in the Organization
- g) Write a note on Motivation
- h) Write a note on Leadership
- i) Write a note on Communication
- j) State the qualities of supervisors

Short answer type questions

- a) What is the primary goal of directing in management?
- b) How does effective communication contribute to the directing function?
- c) Why is motivation crucial in the directing process?
- d) What role does leadership play in directing employees?
- e) How do managers provide guidance and support to their teams?
- f) What are some strategies managers can use to motivate employees?
- g) Why is it important for managers to monitor performance during the directing process?
- h) How do managers handle conflicts within their teams while directing?

- i) What are the key elements of successful directing in management?
- j) How does directing contribute to achieving organizational objectives?

Glossary:

- a) **Directing:** Directing refers to the process of guiding, supervising, and motivating employees to achieve organizational goals. It involves providing clear instructions, setting expectations, and empowering individuals to perform their tasks effectively
- b) **Motivation:** The process of inspiring and incentivizing employees to achieve organizational goals through recognition, rewards, and encouragement.
- c) **Leadership:** The ability to influence and guide others towards achieving common goals, often involving setting a vision, inspiring others, and making decisions.
- d) **Communication:** The exchange of information, ideas, and feedback between managers and employees to ensure clarity of objectives and expectations.
- e) **Delegation:** Assigning tasks and responsibilities to employees, empowering them to take ownership and initiative in completing their work.
- f) **Supervision:** Supervision is a managerial function that involves overseeing and guiding employees in the performance of their tasks to ensure that work is carried out efficiently and effectively.

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UNIT 8: Leading people and organizations, Skills, traits and roles of leader.

M. COM. (SEMESTER - IV)

COURSE: PRINCIPLES AND FUNCTIONS OF MANAGEMENT (MCMM22403T)

Unit 9: Trait, behavioral and contingency theories of leadership

Structure

- 9.0** Objectives
- 9.1** Introduction
- 9.2** Meaning and Definition
- 9.3** Difference between leader and Manager
- 9.4** Skills of Leader
- 9.5** Roles of Leader
- 9.6** Theories of leadership
 - 9.6.1** Trait Theory
 - 9.6.2** Behavioural Theory
 - 9.6.3** Contingency Theory
- 9.7** Let Us Sum Up
- 9.9** To Check the Progress
 - Long Answer Types Questions
 - Short Answer Types Questions
 - Glossary

References

9.0 Objective

After studying the Unit, students will be able to

- Understand the concepts of leadership.
- Understand the difference between leadership and management.
- Know leadership skills.
- Describe the leadership roles.
- Understand the trait theory of leadership and its limitation.
- Understand the essence of behavioural theories of leadership and its limitation.
- Understand the core of contingency theories of leadership.

9.1 Introduction

The first things that spring to mind when we discuss management functions are organizing, directing, planning, and controlling. A directing function involves, among other things, coaching, mentoring, motivating, assisting, and leading. Since in each functional area manager interacts with people first, one of the most crucial functions of every manager is to lead. Do managers, however, make excellent leaders? Or are all successful managers also leaders? Numerous managers might not be effective leaders. However, some people may be excellent leaders even while they are not managers. Therefore, anyone can have leadership qualities or abilities. Thus, it is appropriate to state that management title has no bearing on leadership in general.

As managers need to get work done from employee, therefore they need to influence their behavior or to lead them. As a result, it is crucial that managers possess leadership qualities or educate or teach themselves to do so.

According to well-known author John Kotter, "strong management and strong leadership are necessary for optimum organizational effectiveness but unfortunately most organizations is under led and over managed." Kotter has done considerable study and written extensively about change management. In his statement, Kotter underlined the irony of the current situation and emphasized how desperately we need competent leaders in all fields, including business.

9.2 Meaning and Definition

"There are almost as many definitions of leadership as there are persons who have attempted to define the concept" - Stogdill (1974)

According to Tannenbaum et al. (1961), “Leadership is interpersonal influence exercised in a situation and directed through communication process, towards the attainment of a specified goal or goals”.

"Leadership is a purposeful relationship, which occurs episodically among participants, who use their individual skills in influence, to advocate transforming change."- Michael S. Kearns, 2005

"Leadership revolves around vision, ideas, direction, and has more to do with inspiring people as to direction and goals than with day-to-day implementation. A leader must be able to leverage more than his own capabilities. He must be capable of inspiring other people to do things without sitting on top of them with a checklist"- Bennis, (1989).

"A leader is a dealer in hope" - Napoleon Bonaparte

"The job of the leader is to speak to the possibility"- Benjamin Zander (1939)

Above definitions focus on various aspects of leadership viz. decision making, instilling hope and possibilities among people, about change and inspiration. The most widely accepted definition of leadership is the process through which an individual persuades a group of individuals to pursue a common objective. It is referred to as the "process view of leadership." Another approach to describe leadership is as a combination of innate qualities that define a leader, or another way to say it is that exceptional people make up leaders. This point of view is known as the trait view or approach to leadership.

9.3 Difference between leader and Manager

While the terms "leader" and "manager" are often used interchangeably, they represent distinct roles in an organization, each with its own set of characteristics and functions. Here are some key differences between a leader and a manager:

a) Focus on People vs. Tasks:

- **Leader:** Leaders focus on inspiring and motivating people. They are concerned with the bigger picture, setting a vision, and aligning individuals with common goals.
- **Manager:** Managers are more task oriented. They focus on planning, organizing, and controlling processes to ensure that tasks are completed efficiently and effectively.

b) Direction vs. Control:

- **Leader:** Leaders provide vision and direction. They guide and influence people, encouraging them to contribute their best efforts toward achieving shared objectives.
- **Manager:** Managers emphasize control. They are responsible for organizing resources, monitoring progress, and ensuring that tasks are carried out according to established plans and procedures.

c) Innovation and Change vs. Stability:

- **Leader:** Leaders are often associated with innovation and change. They embrace new ideas, encourage creativity, and are willing to take calculated risks to drive progress.
- **Manager:** Managers are more concerned with stability and order. They focus on maintaining the status quo, implementing processes, and ensuring that tasks are performed in a structured manner.

d) Relationships vs. Authority:

- **Leader:** Leadership is based on relationships. Leaders earn trust and respect, and their influence stems from the personal connections they build with their team members.
- **Manager:** Management is often associated with authority. Managers derive their influence from their position within the organizational hierarchy and their ability to control resources and processes.

e) Long-Term Vision vs. Short-Term Goals:

- **Leader:** Leaders are future-oriented. They set long-term goals, establish a vision for the future, and guide the organization or team toward that vision.
- **Manager:** Managers are often focused on short-term goals. They work to achieve immediate objectives and ensure that day-to-day tasks are completed efficiently.

f) Risk-Taking vs. Risk-Aversion:

- **Leader:** Leaders are often more comfortable with taking risks. They understand that innovation and progress may involve uncertainty and are willing to embrace calculated risks.

- **Manager:** Managers tend to be more risk-averse. They prioritize stability and may be cautious about deviating from established procedures.

g) Inspiration vs. Administration:

- **Leader:** Leaders inspire and motivate. They create a sense of purpose and inspire individuals to contribute their best efforts by appealing to their values and emotions.
- **Manager:** Managers administer and coordinate. They organize resources, distribute tasks, and ensure that work is carried out in an efficient and controlled manner.

In practice, effective leaders often need to incorporate managerial skills, and effective managers should also exhibit leadership qualities. The best outcomes often result from a balance of leadership and management within an organization. Successful organizations recognize the importance of both roles and cultivate individuals who can fulfill both leadership and management functions as needed.

9.4 Skills of a Leader

Leadership skills are a set of abilities and qualities that enable individuals to guide, influence, and motivate others to achieve common goals. Effective leaders possess a combination of interpersonal, strategic, and communication skills. Here are some key leadership skills:

- Communication:** Leaders should be able to articulate their ideas clearly, listen actively, and foster open communication within the team. Effective communication builds trust and ensures everyone is on the same page.
- Vision:** A leader needs to have a clear vision of the future and be able to inspire others to work towards that vision. This involves setting goals, creating a strategic plan, and providing direction.
- Decision-making:** Leaders must be able to make timely and informed decisions. This involves weighing options, considering the potential outcomes, and taking calculated risks when necessary.
- Adaptability:** In a rapidly changing world, adaptability is crucial. Leaders should be flexible and able to adjust their strategies in response to changing circumstances.
- Problem-solving:** Leaders need strong problem-solving skills to address challenges and find effective solutions. This involves analyzing situations, identifying root causes, and implementing corrective actions.

- f) **Empathy:** Understanding and empathizing with team members fosters a positive and collaborative work environment. Leaders who can relate to their team members' perspectives are better equipped to build strong relationships.
- g) **Delegation:** Effective leaders know how to delegate tasks and responsibilities. Delegating allows leaders to focus on high-priority activities and helps team members develop their skills and capabilities.
- h) **Motivation:** Leaders should be able to motivate and inspire their team members. This involves recognizing individual and team achievements, providing positive feedback, and creating a supportive work culture.
- i) **Conflict resolution:** Addressing conflicts in a constructive manner is essential. Leaders should be skilled in mediating disputes, finding common ground, and promoting harmony within the team.
- j) **Integrity:** Trust is fundamental in leadership. Leaders with integrity are honest, transparent, and consistent in their actions. Trustworthy leaders are more likely to gain the respect and loyalty of their team.
- k) **Resilience:** Leadership often involves facing setbacks and challenges. Resilient leaders can bounce back from adversity, maintain a positive outlook, and keep their team focused on the overall mission.
- l) **Innovation:** Encouraging creativity and innovation is important for staying competitive. Leaders should foster an environment where new ideas are welcomed, and team members feel empowered to contribute.

Leadership is a continuous journey of growth and development. Effective leaders are open to learning, feedback, and self-improvement. They adapt to changing circumstances and inspire those around them to achieve their best.

Robert Katz asserts that human, technical, and conceptual skills are the three key competencies that each manager should have.

9.5 Roles of Leader

Henry Mintzberg, a prominent management theorist, identified ten managerial roles in organizations through his study of managerial work. These roles are divided into three categories: interpersonal, informational, and decisional.

Interpersonal Roles:

- a) **Figurehead:** The leader represents the organization in a ceremonial capacity and performs symbolic duties. This role is often associated with formal and social obligations.

- b) **Leader:** In the role of a leader, a manager is responsible for motivating, directing, and facilitating the work of the team or individuals within the organization.
- c) **Liaison:** Managers act as liaisons or connectors between different parts of the organization, as well as between the organization and external stakeholders. Building and maintaining networks is crucial in this role.

Informational Roles:

- a) **Monitor:** Managers continually scan the environment for information relevant to their organization. This involves staying informed about both internal and external factors that could impact the organization.
- b) **Disseminator:** In this role, managers share information from external sources or from within the organization with their team members. Effective communication is essential to ensure that everyone is well-informed.
- c) **Spokesperson:** Managers serve as spokespeople for their organizations, representing and communicating the organization's interests to external stakeholders, such as the media, government, or the public.

Decisional Roles:

- a) **Entrepreneur:** Managers need to be entrepreneurial in identifying opportunities for improvement or innovation within the organization. This involves taking risks and being creative in problem-solving.
- b) **Disturbance Handler:** When conflicts or crises arise, managers must act as disturbance handlers, making decisions to resolve issues and restore stability within the organization.
- c) **Resource Allocator:** Managers make decisions about the allocation of resources, including time, money, and human resources. This involves setting priorities and determining where resources will be best utilized.
- d) **Negotiator:** Managers engage in negotiations on behalf of the organization. This could involve negotiating with suppliers, customers, employees, or other stakeholders to reach agreements that benefit the organization.

Mintzberg's model emphasizes the dynamic and diverse nature of managerial roles, recognizing that managers often need to switch between these roles depending on the situation and context. It's important to note that Mintzberg's model is descriptive and reflects the reality of managerial work as observed in practice.

9.6 Theories of leadership

Different methods, theories, or paradigms of leadership have been developed to reflect how academicians and researchers understand, interpret, and define leadership. Majorly theories of leadership can be classified into three categories namely.

- Trait Theory
- Behavioural Theory
- Contingency Theory

9.6.1 Trait Theory

The Trait approach was the first methodical attempt to examine leadership. The "great man theory," which contends that exceptional leaders might emerge in times of extreme need, was one of the early theories underpinning this strategy. Thomas Carlyle originally put forth the Great Man idea in 1840. This thought held that exceptional individuals make exceptional leaders and placed a strong emphasis on an individual's unique, natural qualities—be they intellectual, physical, or psychological—as the cornerstone of successful leadership. The "Great Man theory" was challenged on the grounds that if exceptional leaders are born, there is no need for leadership education, development, or training. However, it did offer a foundation for research, i.e. However, it did offer a study foundation, namely traits. The trait theory of leadership was the next hypothesis to emerge from "great man theory."

According to the trait theory of leadership, individuals possess innate qualities that set them apart from followers. Almost tens of thousands of studies were conducted in the 1930s and 1940s to compile a comprehensive list of qualities that a leader must possess. Here are some key traits often discussed in trait theory:

a) Intelligence:

Leaders are often assumed to have above-average intelligence. This includes cognitive ability, problem-solving skills, and the capacity to understand complex situations.

b) Confidence:

Effective leaders tend to be confident in their abilities and decisions. Confidence inspires trust and can motivate others to follow the leader's direction.

c) Self-Confidence:

A strong belief in one's own abilities and decisions is considered a leadership trait. Self-confident leaders are more likely to take risks and make decisions decisively.

d) Determination:

Determination and persistence are seen as traits that help leaders overcome obstacles and stay committed to achieving goals despite challenges.

e) Integrity:

Ethical behavior and integrity are often highlighted as crucial leadership traits. Leaders who demonstrate honesty and ethical behavior are more likely to gain the trust and respect of their followers.

f) Sociability:

Leaders are expected to be socially adept. Being able to interact effectively with others, build relationships, and communicate clearly are important traits in this regard.

g) Emotional Stability:

Leaders are often expected to remain calm and composed under pressure. Emotional stability enables leaders to handle stressful situations without succumbing to anxiety or frustration.

h) Charisma:

Charismatic leaders have the ability to charm and inspire others. Charisma can be a powerful trait that attracts followers and fosters a strong sense of loyalty.

i) Openness to Experience:

Leaders who are open to new ideas and experiences are often seen as more innovative and adaptable. This trait is associated with a willingness to embrace change.

j) Assertiveness:

Assertive leaders can communicate their expectations clearly and can make decisions with conviction. This trait is associated with the ability to take charge and lead with authority.

Trait theory was widely accepted in the early 20th century, but due to the non-universality of traits, the trait approach was questioned in the middle of the century (Stogdill, 1949). The trait theory has been criticized for oversimplifying leadership and for not accounting for situational factors and the complexity of human behavior. Additionally, the effectiveness of a leader is not solely determined by inherent traits; skills, behaviors, and situational context also play significant roles.

Modern theories of leadership, such as contingency and transformational leadership, recognize the importance of situational factors and emphasize that effective leadership is a combination of traits, behaviors, and the ability to adapt to different situations. While trait theory has its limitations, it has contributed to the broader understanding of leadership by identifying certain characteristics that are often associated with successful leaders.

9.6.2 Behavioral Theory

Behavioral theories of leadership focus on the actions, behaviors, and styles of leaders rather than on inherent traits. Unlike trait theories, which suggest that certain personality traits make individuals natural leaders, behavioral theories propose that effective leadership is a result of learned behaviors and actions. These theories emerged as a reaction to the limitations of trait theories and emphasize the idea that leadership is not necessarily tied to specific personality traits but can be developed through experience and learning. Two prominent behavioral theories are the Ohio State Studies and the University of Michigan Studies.

Ohio State Studies:

a) Initiating Structure:

- Leaders who initiate structure are focused on organizing work, defining roles, and establishing clear patterns of communication. This behavior is task-oriented and emphasizes the leader's role in providing structure to the work environment.

b) Consideration:

- Considerate leaders are more people oriented. They prioritize building positive relationships, fostering a supportive work environment, and addressing the needs and concerns of team members.

University of Michigan Studies:

a) Employee-Oriented vs. Production-Oriented Leadership:

- Employee-oriented leaders are concerned with the well-being of their team members and emphasize building positive relationships. Production-oriented leaders are more focused on achieving task and production goals.

Iowa studies on effective leadership Styles

Kurt Lewin and associates at Iowa State University investigated three distinct leadership styles in 1939, specifically focusing on decision-making. The following three types of leadership were determined:

- a) Autocratic leadership style
- b) Democratic leadership style
- c) Laissez faire (free-reins leadership style)

Autocratic Leadership:

- The leader makes decisions without seeking input from others.

- Communication is mostly one-way, from the leader to the team.
- This style is effective in situations where quick decisions are needed, but it can lead to low morale and motivation among team members.

Democratic Leadership:

- The leader involves team members in decision-making processes.
- Team members can provide input and share their ideas.
- This style fosters collaboration and creativity, but it can be time-consuming.

Laissez-Faire Leadership:

- The leader provides minimal guidance, allowing team members to make their own decisions.
- This style is effective when working with a highly skilled and motivated team, but it can lead to a lack of direction in less experienced teams.

Robert Blake and Jane Mouton's Managerial Grid:

Leadership grid is extensively used in leadership development programs. Since its initial publication in the 1960s, it has undergone numerous revisions and refinements (1964, 1978, 1985, and 1991). This model was created by University of Texas researchers Robert Blake and Jane Mouton. This paradigm was updated and rebranded as the Leadership Grid in 1991, when Mouton was replaced by Anne Adams McCanse. It describes how leaders use their two orientations—care for people and concern for production—to try to achieve the objectives of an organization.

a) Concern for People vs. Concern for Production:

This grid identifies five leadership styles based on the leader's concern for people and concern for production. The styles include.

- (1, 1) Impoverished management
- (5, 5) Middle of the road managers
- (9, 1) Task leadership (authority-oriented leadership)
- (1, 9) Country club management
- (9, 9) Team management

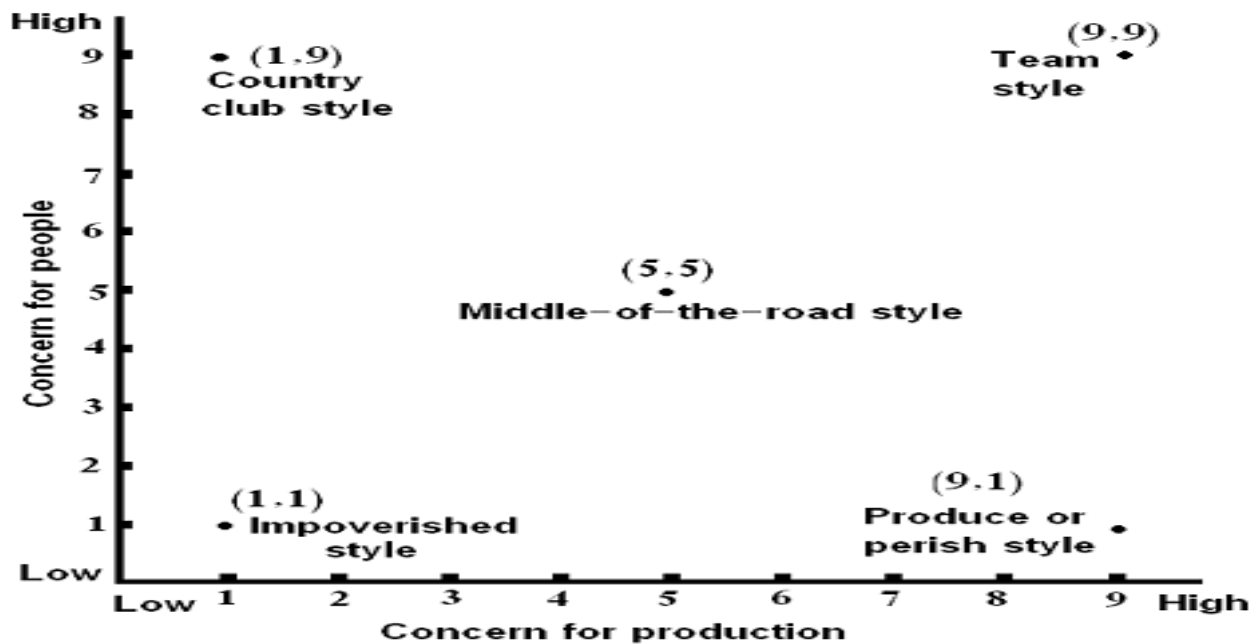


Fig.1 : Blake and Mouton's Managerial Grid

Source: Stephen P. Robbins (2006), Organizational Behaviour- concepts, controversies & Applications

Situational Leadership Theory (Hersey-Blanchard Model):

This theory was created by Paul Hersey and Ken Blanchard in 1969 under the name "Life Cycle Theory." In the mid-1970s, it was renamed the "Situational Leadership Model."

a) Task Behavior vs. Relationship Behavior

This model proposes that leadership effectiveness depends on the leader's ability to match their leadership style to the readiness or maturity of their followers. Task behavior involves directing and guiding followers in task accomplishment, while relationship behavior involves support, encouragement, and communication.

Transactional Leadership:

a) Contingent Rewards:

Transactional leaders focus on contingent rewards and punishments to motivate their followers. They set clear expectations, provide rewards for performance, and administer corrective measures when expectations are not met.

Transformational Leadership:

- a) Inspirational Motivation, Intellectual Stimulation, Individualized Consideration, and Idealized Influence:

Transformational leaders inspire and motivate followers by fostering creativity, challenging assumptions, providing individualized support, and serving as role models. This approach goes beyond transactional exchanges to create a positive and engaging work environment.

Laissez-Faire Leadership:

1. Hands-Off Approach:

Laissez-faire leaders adopt a passive and hands-off approach, providing little guidance or direction. This style can be effective in situations where followers are highly skilled and self-motivated.

Behavioral theories acknowledge that effective leadership is not solely determined by personality traits but also by the actions and behaviors of leaders in various situations. These theories highlight the importance of adapting leadership styles based on the needs of the team and the demands of the situation. Modern leadership thinking often integrates both trait and behavioral perspectives, recognizing the dynamic and situational nature of leadership.

9.6.3 Contingency Theory

Contingency theory of leadership suggests that there is no one-size-fits-all approach to leadership and that the effectiveness of a leader is contingent upon various situational factors. Unlike trait or behavioral theories, contingency theories emphasize the need for leaders to adapt their styles to match the demands of different situations. These theories propose that the most effective leadership style depends on the specific characteristics of the leader, the followers, and the context in which leadership is exercised. Here are two prominent contingency theories:

1. Fiedler's Contingency Model:

Key Concepts:

- **Leadership Style:**
- Fiedler identified two primary leadership styles: task-oriented and relationship-oriented. Task-oriented leaders focus on achieving goals and task accomplishment, while relationship-oriented leaders prioritize building positive relationships with their team.

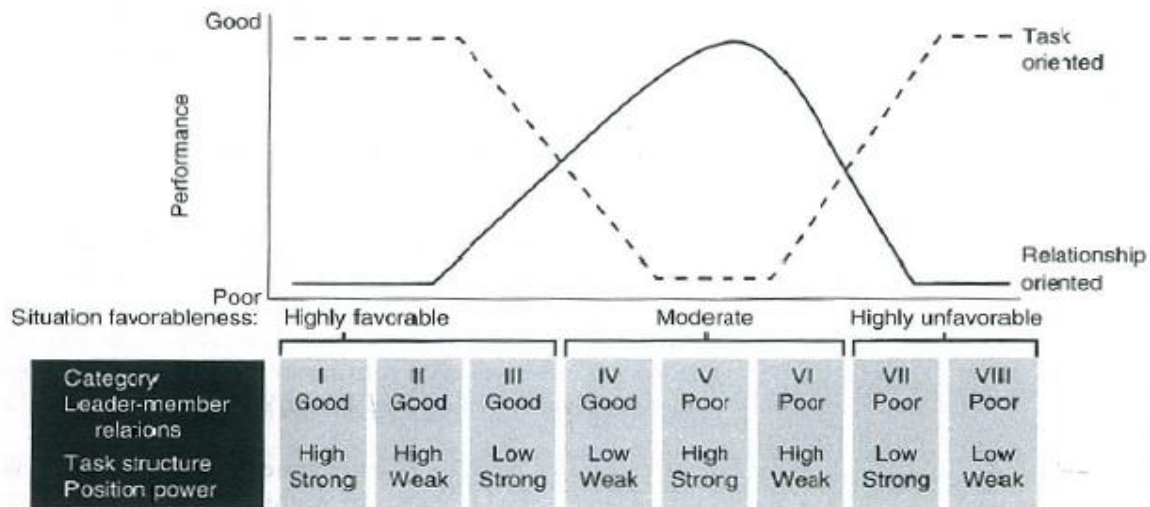


Fig.2: Fiedler's contingency model of Leadership Effectiveness

Source: Stephen P. Robbins (2006), Organizational Behaviour- concepts, controversies & Applications

- **Situational Favorableness:**

The effectiveness of a leader depends on the situational favorableness, which is determined by three factors: leader-member relations, task structure, and position power. These factors collectively define the situational context.

- **Matching Leadership Style to Situation:**

Fiedler argued that leaders should choose their leadership style based on the level of situational favorableness. Task-oriented leaders are more effective in situations of high or low favorableness, while relationship-oriented leaders are more effective in situations of moderate favorableness.

Implications:

- Leaders need to assess the situational favorableness and adapt their leadership style accordingly.
- If the situation is highly favorable or highly unfavorable, a task-oriented style may be more effective.
- If the situation is moderately favorable, a relationship-oriented style may be more effective.

2. Hersey-Blanchard Situational Leadership Theory:

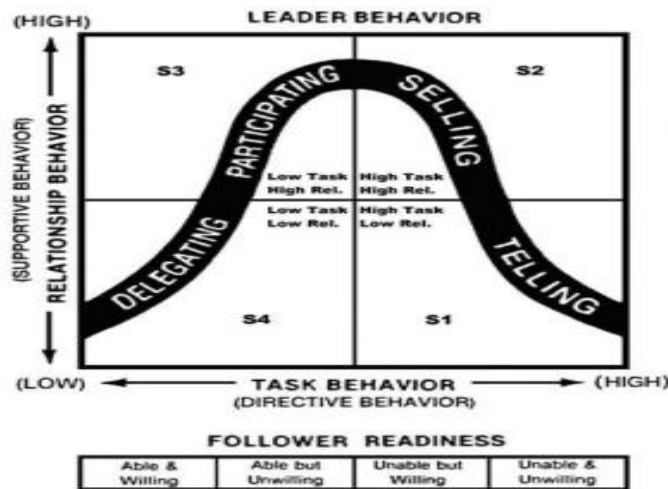


Fig.3 : Hersey Blanchard's Situational Leadership Model

Source: Stephen P. Robbins (2006), Organizational Behaviour- concepts, controversies & Applications

Key Concepts:

- **Leadership Styles:**

- This theory identifies four leadership styles based on a leader's task behavior and relationship behavior: telling, selling, participating, and delegating.

- **Follower Readiness:**

- The effectiveness of a leadership style depends on the readiness or maturity of the followers. Readiness is a combination of the follower's ability and willingness to perform a specific task.

- **Matching Leadership Style to Follower Readiness:**

- Leaders should adapt their leadership style based on the readiness level of their followers. The telling style is appropriate for low readiness, selling for moderate readiness, participating for high readiness, and delegating for very high readiness.

Implications:

- Effective leadership involves assessing the readiness of followers and adjusting leadership styles accordingly.
- Leaders need to be flexible and capable of transitioning between different leadership styles based on the changing needs of followers.

Both Fiedler's Contingency Model and the Hersey-Blanchard Situational Leadership Theory highlight the importance of considering the context and adapting leadership styles to match the demands of specific situations. These theories recognize that effective leadership is contingent on a dynamic interplay of factors and that there is no universally optimal leadership style. Leaders who can assess situations, understand their own strengths and weaknesses, and adapt their approach accordingly are more likely to be successful in a variety of contexts.

9.7 Let Us Sum Up

The art of leadership is to influence people to achieve shared organizational objectives. Various authors define leadership in different ways. The goal of leadership is to produce more leaders rather than followers. Characteristics of a strong leader include having a clear sense of direction, making decisions, using resources efficiently, empowering followers, and inspiring hope in them, among other things. Similar to how not all managers can always be leaders, not all leaders can always be managers. Leading, however, is a crucial aspect of management. The various theories of leadership are Trait, Behavioural and Contingency. First and foremost was the trait theory, which postulates that certain individuals are either naturally gifted or born leaders, or that certain individuals possess unique qualities that set them apart from non-leaders. Various traits as researched by authors are discussed. Theory's detractors, uses, and recent resurrection are highlighted. The next theory focused on what leaders do in their roles and is known as the behavioral theory or style approach. Robert Blake's Managerial Grid, University of Michigan investigations, Ohio State studies on leadership behavior, are the main studies under Behavioral theory of Leadership.

The criticism of behavioral theory also stemmed from the fact that no uniform set of behaviors was identified that could be used in any circumstance. As a result, attention was directed onto situational theory, often known as contingency theory, which holds that leadership is dependent on situations. The situational leadership model developed by Hersey Blanchard and Fiedler's contingency model are covered within the contingency theory of Leadership.

To Check the Progress

Long Answer Types Questions

- a) Are leaders born or made? Comment.
- b) Leadership is not just one skill but rather a combination of several different skills working together. Criticise.
- c) Describe basic managerial skills required for successful management.

- d) Discuss the role of effective leadership in today's scenario.
- e) How does the Behavioural Theory of Leadership differ from that of Trait Theory of Leadership? Which theory is more applicable in a Democratic Society and Why?
- f) Elaborate Hersey and Blanchard's Situational Leadership Theory.
- g) Differentiate between task related and relationship- oriented leadership.
- h) Managerial Grid Model of Leadership
- i) "All leaders can be managers, but all managers cannot be leaders" Comment.
- j) Discuss roles of leaders as propounded by Henry Mintzberg

Short Answer Types Questions

- a) Define Leadership.
- b) Elaborately discuss the leadership style of any of your favourite leader
- c) Enlist the different leadership styles.
- d) Differentiate between Leader and Manager.
- e) What are the three leadership skills as given by Robert Katz?
- f) Explain Figurehead Role of leader.
- g) Differentiate between Disseminator and Spokesperson role of leaders.
- h) Laissez-Faire Leadership
- i) Transformational Leadership
- j) Emotional Stability
- k) Great Man Theory

Glossary

- a) **Figurehead:** The leader represents the organization in a ceremonial capacity and performs symbolic duties. This role is often associated with formal and social obligations.
- b) **Liaison:** Managers act as liaisons or connectors between different parts of the organization, as well as between the organization and external stakeholders. Building and maintaining networks is crucial in this role.
- c) **Spokesperson:** Managers serve as spokespeople for their organizations, representing and communicating the organization's interests to external stakeholders, such as the media, government, or the public.
- d) **Disturbance Handler:** When conflicts or crises arise, managers must act as disturbance handlers, making decisions to resolve issues and restore stability within the organization.

- e) **Resource Allocator:** Managers make decisions about the allocation of resources, including time, money, and human resources. This involves setting priorities and determining where resources will be best utilized.
- f) **Trait Theory of leadership:** According to the trait theory of leadership, individuals possess innate qualities that set them apart from followers.
- g) **Charismatic leaders** have the ability to charm and inspire others. Charisma can be a powerful trait that attracts followers and fosters a strong sense of loyalty.
- h) **Assertive leaders** can communicate their expectations clearly and can make decisions with conviction. This trait is associated with the ability to take charge and lead with authority.
- i) **Behavioral Theory of Leadership:** Behavioral theories of leadership focus on the actions, behaviors, and styles of leaders rather than on inherent traits. Unlike trait theories, which suggest that certain personality traits make individuals natural leaders, behavioral theories propose that effective leadership is a result of learned behaviors and actions.
- j) **Consideration:** Considerate leaders are more people-oriented. They prioritize building positive relationships, fostering a supportive work environment, and addressing the needs and concerns of team members.
- k) **Employee-Oriented vs. Production-Oriented Leadership:** Employee-oriented leaders are concerned with the well-being of their team members and emphasize building positive relationships. Production-oriented leaders are more focused on achieving task and production goals.
- l) **Laissez-Faire Leadership/ Hands-Off Approach:** Laissez-faire leaders adopt a passive and hands-off approach, providing little guidance or direction. This style can be effective in situations where followers are highly skilled and self-motivated.
- m) **Contingency Theory of Leadership:** Contingency theory of leadership suggests that there is no one-size-fits-all approach to leadership and that the effectiveness of a leader is contingent upon various situational factors.

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M. COM.
(SEMESTER - IV)
COURSE: PRINCIPLES AND FUNCTIONS OF MANAGEMENT (MCMM22403T)
UNIT 10: Motivation

Structure

- 10.0** Objectives
- 10.1** Introduction
- 10.2** Meaning and Definition
- 10.3** Difference between Motivation and Inspiration
- 10.4** Types of Motivation
- 10.5** Characteristics of Motivation
- 10.6** Importance of Motivation
- 10.7** Theories of Motivation
 - 10.7.1** Content Theories
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- 10.8** Let Us Sum Up
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10.0 Objective

After studying the Unit, students will be able to

- Understand the concept of motivation.
- Understand the difference between motivation and inspiration.
- Get acquainted with types of motivation.
- Understand the characteristics of the motivation.
- Describe the importance of the motivation.
- Understand classification of different theories of motivation
- Understand various content and process theories.

10.1 Introduction

In the business sector, every organization strives to increase employee performance in order to become more profitable and competitive. One of the most important elements in determining an organization's efficacy and efficiency is motivation, which fosters in workers a desire to effectively accomplish the goal of the company. Have you ever wondered why some individuals approach their work with such enthusiasm, while others are mediocre or even approach it with a lazy attitude? In an organizational set up, certain workers are more productive than others and move up the hierarchical levels more quickly. What differentiates successful people from unsuccessful ones? We refer to it by various colloquial terms, such as vigor, drive, excitement, and occasionally spark. More specifically, it's called motivation. Without encouraging people to use organizational resources in a constructive way, all of them will remain worthless. An essential component of the management process is motivation. Even with the best materials, equipment, and other production tools, an enterprise's resources are useless if they are not used by appropriately motivated individuals.

10.2 Meaning and Definition

Motivation is a psychological state or force that drives and directs behavior, energizing individuals to take certain actions, pursue specific goals, or engage in particular activities. It is the internal or external stimulus that arouses, sustains, and regulates human behavior, influencing the choice, intensity, and persistence of actions. Motivation can be influenced by a variety of factors, including personal goals, needs, desires, values, rewards, and environmental conditions. It plays a crucial role in shaping individuals' thoughts, emotions, and actions, contributing to their overall engagement and achievement in various aspects of life. Various authors have defined motivation in different ways. Let us focus on some of the definitions of motivation as given by various authors.

Fred Luthans defined motivation as a “process that starts with a physiological or psychological deficiency or need that activates behaviour or a drive that is aimed at a goal or incentive”.

Robert Dubin (1970) “Motivation refers to the complex of forces starting and keeping a person at work in an organization. To put it, generally, motivation starts and maintains an activity along a prescribed line. Motivation is something that moves the person to action and continues him in the course of action already initiated”.

According to **Stephen P. Robbins** “motivation is the willingness to exert high levels of efforts toward organizational goals, conditioned by the effort ability to satisfy some individual need”.

According to **Dalton E. McFarland (1974)** “Motivation refers to the way in which urges, drives, desires, aspirations, and strivings or needs direct, control or explain the behaviour of human beings.”

According to **Kreitner (1995)**, motivation has been defined as, “The psychological process that gives behavior purpose and direction.

Gray and Starke have emphasised on processes which are intrinsic to an individual (personality factors, attitude, and beliefs) and extrinsic (organization al or environmental) that stimulate him to do something to achieve a specific goal.

Thus, all these definitions focussed on following aspects of motivation viz. process that starts with physiological or psychological deficiency or need; is something that moves the person to action; processes which are intrinsic and extrinsic to an individual that stimulate him to do something to achieve a specific goal.

10.3 Difference between Motivation and Inspiration

Motivation and inspiration are related concepts, but they have distinct differences in terms of their nature and sources. Here are the key distinctions between motivation and inspiration:

a) **Definition:**

- **Motivation:** Motivation refers to the internal or external factors that drive and direct behavior. It involves the psychological processes that energize individuals to act, pursue goals, or engage in certain activities.
- **Inspiration:** Inspiration, on the other hand, is the stimulation of the mind or emotions to feel a sense of creativity, enthusiasm, or a heightened level of

motivation. It often involves being influenced or uplifted by external stimuli, such as a person, idea, or event.

b) Source:

- **Motivation:** Motivation can arise from internal factors (e.g., personal goals, desires, needs) or external factors (e.g., rewards, recognition, consequences).
- **Inspiration:** Inspiration is often derived from external sources, such as role models, stories of success, art, nature, or profound experiences. It's about being emotionally moved or influenced by something outside oneself.

c) Nature:

- **Motivation:** Motivation is often seen as a driving force that prompts action. It can be intrinsic (arising from within, driven by personal satisfaction or fulfillment) or extrinsic (coming from external rewards or consequences).
- **Inspiration:** Inspiration is more about the emotional or intellectual stimulation that creates a desire to do something or to create. It is often associated with a surge of creativity, passion, or a sense of purpose.

d) Timing:

- **Motivation:** Motivation can be a continuous and ongoing process, influencing behavior over the long term. It is often necessary for sustained effort and goal attainment.
- **Inspiration:** Inspiration can be more momentary or episodic. It may provide a burst of energy or a fresh perspective, often serving as a catalyst for action.

e) Influence:

- **Motivation:** Motivation can be influenced by both positive and negative factors, such as rewards, consequences, or personal goals.
- **Inspiration:** Inspiration is typically associated with positive and uplifting influences that ignite a sense of passion, purpose, or creativity.

f) Application:

- **Motivation:** Motivation is often applied in various contexts, such as work, education, sports, and personal development, to encourage individuals to achieve specific goals or outcomes.

- **Inspiration:** Inspiration is often used to foster creativity, innovation, and a sense of purpose. It can be a powerful force in artistic endeavors, leadership, and personal growth.

While motivation and inspiration are distinct concepts, they can also be interconnected. Inspirational experiences or figures can contribute to motivational processes, and motivation can be sustained or enhanced by ongoing sources of inspiration.

10.4 Types of Motivation

Motivation can be categorized into different types based on various factors, including the source, nature, and direction of the motivational factors. Here are some common types of motivation:

a) Intrinsic Motivation:

- **Definition:** Intrinsic motivation refers to the internal desire or drive to engage in an activity for its own sake, without relying on external rewards. The motivation comes from within, often driven by personal enjoyment, satisfaction, or a sense of purpose.
- **Example:** A person who loves painting and engages in art for the sheer joy of creating without expecting external rewards.

b) Extrinsic Motivation:

- **Definition:** Extrinsic motivation involves engaging in an activity for external rewards or to avoid punishment. The motivation comes from external factors such as money, grades, recognition, or other tangible outcomes.
- **Example:** Studying for a good grade or working hard to receive a promotion and salary increase.

c) Achievement Motivation:

- **Definition:** Achievement motivation is the drive to excel, succeed, or accomplish something significant. Individuals with high achievement motivation often set challenging goals for themselves and strive for success.
- **Example:** A student aiming for the top score in a class or an athlete striving to break a record.

d) Affiliation Motivation:

- **Definition:** Affiliation motivation refers to the desire for social connections, relationships, and belonging. Individuals with high affiliation motivation seek to establish and maintain positive relationships with others.
- **Example:** Joining social clubs, participating in team sports, or actively engaging in group activities.

e) Power Motivation:

- **Definition:** Power motivation involves the desire to influence, control, or have an impact on others and the environment. Individuals with high power motivation are often driven by the need for authority, leadership, or control.
- **Example:** Seeking leadership roles in organizations, pursuing managerial positions, or engaging in activities that allow one to have influence.

f) Fear-Driven Motivation:

- **Definition:** Fear-driven motivation is based on the desire to avoid negative consequences or punishment. It involves taking action to prevent undesirable outcomes.
- **Example:** Studying to avoid failing a course or working hard to avoid negative feedback from a supervisor.

g) Incentive Motivation:

- **Definition:** Incentive motivation involves the desire to obtain rewards or incentives. The focus is on gaining positive outcomes as a result of one's actions.
- **Example:** Working overtime to earn a bonus or putting in extra effort to receive recognition.

h) Fear of Failure Motivation:

- **Definition:** Fear of failure motivation is driven by the avoidance of failure or the fear of not meeting expectations. The primary goal is to prevent negative outcomes.
- **Example:** Avoiding taking risks or challenging tasks due to the fear of failure.

i) Self-Determination Motivation:

- **Definition:** Self-determination motivation is based on the fulfillment of fundamental psychological needs for autonomy, competence, and relatedness. It involves engaging in activities that align with one's values and interests.

- **Example:** Pursuing hobbies, projects, or tasks that provide a sense of personal fulfillment and autonomy.

These types of motivation are not mutually exclusive, and individuals may experience a combination of motivational factors in different contexts and at different times. Additionally, an individual's motivation can evolve and change over time based on experiences and circumstances.

10.5 Characteristics of Motivation

Motivation is a complex psychological construct that drives behavior and influences the direction, intensity, and persistence of an individual's actions. Various theories attempt to explain the characteristics of motivation. Here are some key characteristics:

a) Individual Differences:

- Motivation varies from person to person based on factors such as personality, values, needs, and experiences.
- Different individuals may be motivated by different things, and what motivates one person may not necessarily motivate another.

b) Dynamic Nature:

- Motivation is dynamic and can change over time. Factors such as changing goals, needs, and circumstances can influence a person's motivation levels.

c) Goal-Oriented:

- Motivation is often directed towards achieving specific goals. These goals can be intrinsic (personal growth, self-improvement) or extrinsic (rewards, recognition).

d) Initiates, Guides, and Sustains Behavior:

- Motivation initiates behavior by prompting individuals to take action. It also guides behavior by influencing the choice of activities and the effort invested. Additionally, motivation helps sustain behavior over time.

e) Influenced by Needs and Drives:

- Motivation is often linked to fulfilling basic needs and drives. The hierarchy of needs proposed by Abraham Maslow suggests that individuals are motivated to satisfy physiological, safety, social, esteem, and self-actualization needs.

f) External and Internal Factors:

- Motivation can be influenced by both external factors (e.g., rewards, punishment, social pressure) and internal factors (e.g., personal values, interests, beliefs).

g) Positive and Negative Motivation:

- Motivation can be either positive (seeking rewards, pleasure, or positive outcomes) or negative (avoiding punishment, pain, or negative outcomes). Both types play a role in shaping behavior.

h) Subject to Change:

- Motivation is not static and can change based on circumstances, experiences, and the individual's stage of life. External events, achievements, or setbacks can influence motivational levels.

i) Self-Determination:

- Self-determination theory suggests that people are most motivated when they feel a sense of autonomy, competence, and relatedness. Intrinsic motivation, which comes from within, is often considered more sustainable and fulfilling than extrinsic motivation.

Understanding the characteristics of motivation is essential for individuals, educators, managers, and psychologists as it can provide insights into how to effectively encourage and sustain desired behaviors.

10.6 Importance of Motivation

Motivation plays a crucial role in various aspects of life, influencing individual behavior, performance, and overall well-being. Here are some key reasons highlighting the importance of motivation:

a) Achievement of Goals:

- Motivation serves as the driving force behind setting and achieving goals. It provides the energy and determination needed to overcome obstacles and persist in the face of challenges.

b) Enhanced Performance:

- Motivated individuals tend to perform better in tasks and activities. The enthusiasm and focus that come with motivation contribute to increased effort, efficiency, and effectiveness.

c) Increased Productivity:

- Motivated individuals are often more productive. They are proactive, take initiative, and are more likely to invest time and effort into their work, leading to higher levels of output.

d) Positive Mindset and Resilience:

- Motivation fosters a positive mindset, helping individuals approach challenges with optimism and resilience. Motivated individuals are more likely to bounce back from setbacks and view obstacles as opportunities for growth.

e) Improved Well-Being:

- Motivation is closely linked to a sense of purpose and fulfillment. Pursuing goals that align with one's values and aspirations can contribute to overall well-being, satisfaction, and life enjoyment.

f) Enhanced Creativity and Innovation:

- Motivated individuals are often more creative and innovative. They are willing to explore new ideas, take risks, and think outside the box, contributing to advancements in various fields.

g) Better Health and Fitness:

- Motivation is a key factor in adopting and maintaining a healthy lifestyle. Whether it's staying active, eating well, or managing stress, motivation helps individuals make positive choices for their physical and mental well-being.

h) Effective Learning and Skill Development:

- Motivated individuals approach learning with enthusiasm and curiosity. This intrinsic motivation enhances the acquisition of knowledge and skills, making the learning process more enjoyable and effective.

i) Positive Relationships:

- Motivated individuals often bring a positive and proactive attitude to their relationships. They are more likely to contribute positively to teamwork, collaboration, and social interactions.

j) Career Advancement:

- Motivation is a key factor in career success. Individuals who are motivated to excel in their careers are more likely to seek opportunities for professional development, take on leadership roles, and demonstrate commitment to their work.

k) Adaptability to Change:

- Motivation contributes to adaptability. Motivated individuals are more likely to embrace change, see it as an opportunity for growth, and adjust their goals and strategies accordingly.

l) Community and Societal Impact:

- Motivated individuals often contribute to the betterment of communities and societies. Whether through volunteer work, social initiatives, or advocacy, motivated individuals play a crucial role in driving positive change.

In summary, motivation is a fundamental aspect of human behavior that influences personal and professional success, well-being, and the ability to positively impact the world. Understanding and nurturing motivation can lead to a more fulfilling and purpose-driven life.

10.7 Theories of Motivation

Majorly theories of leadership can be classified into two categories namely

- Content Theories
- Process Theories

10.7.1 Content Theories

The unmet needs or desires to be fulfilled at work is the main focus of content theories. In essence, these theories provide an answer to the query, "What motivates a person?"

Content Theories of Motivation

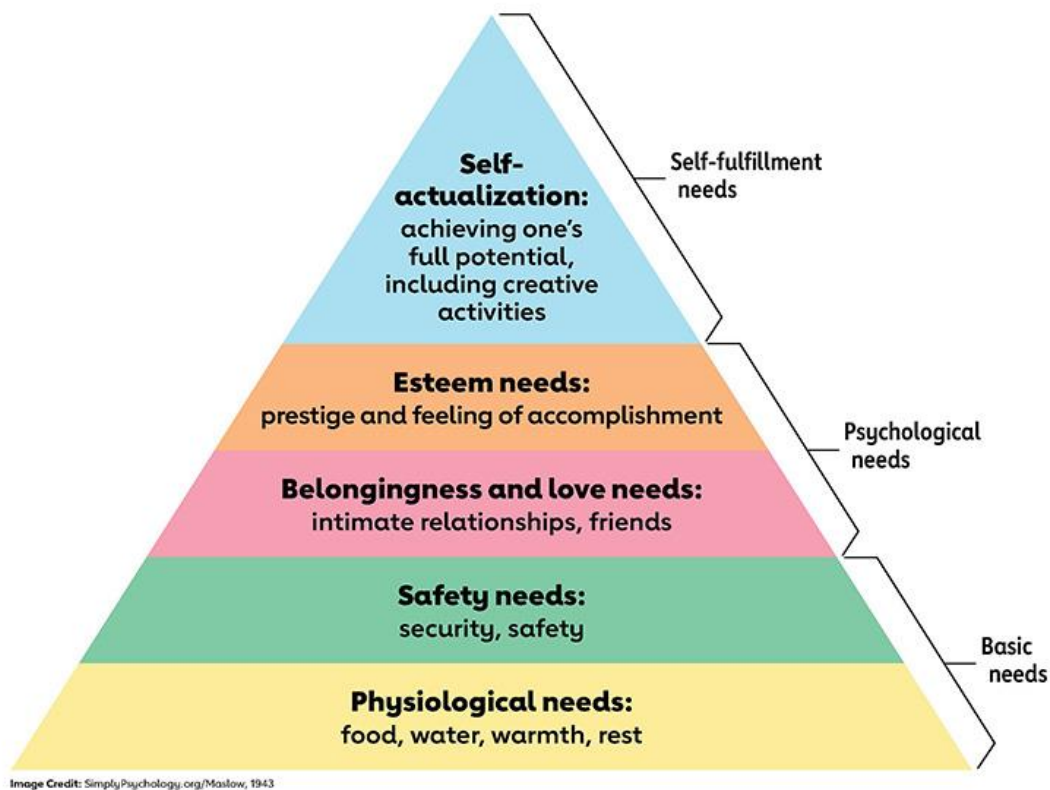
- a) Maslow's Need Hierarchy Theory
- b) Herzberg's two factor theory (Maintenance and Hygiene factor theory/Job satisfaction and dissatisfaction theory)
- c) McClelland's acquired need theory
- d) Alderfer's ERG Theory

Maslow's Need Hierarchy Theory

Abraham Maslow's Hierarchy of Needs is a psychological theory that proposes a five-tier model of human needs, arranged in a hierarchical pyramid. Maslow posited that individuals are motivated to fulfil these needs in a sequential order, with lower-order needs taking precedence before higher-order needs can be addressed. The five levels, from the most basic to the highest, are:

- Physiological needs
- Safety needs
- Social/Belongingness needs

- Self-esteem needs
- Self-actualization needs



Source: <https://www.simplypsychology.org/maslow.html#gsc.tab=0>

Physiological needs are necessities such as sustenance, water, housing, rest, pain management, etc. Within the workplace, having a decent job that meets one's basic needs—such as a sufficient wage to cover basic needs like food and drink, economical comforts, and a decent workspace—is important.

Safety Needs: When one's physical and emotional requirements are satisfied, their focus shifts to safety and security as a means of avoiding danger. Such demands could be met by having a job, health insurance, and a safe place to live. Higher order needs won't get much attention from a person who feels threatened, according to Maslow's hierarchy.

Social needs: are the first set of higher needs that become significant after a person's lower level physiological and safety needs have been satisfied. Social needs include the need for friends, a sense of belonging, and the ability to give and receive affection. They are needs that are associated with interacting with other people.

Esteem Needs: The urge to feel significant emerges when an individual has a feeling of "belonging". There are two types of esteem needs: internal and external. Self-esteem-related needs, such as achievement and self-respect, are known as internal esteem needs. Social status and recognition are examples of external esteem requirements. Self-respect, accomplishment, attention, acknowledgment, and reputation are a few esteem demands.

Self-Actualization: According to Maslow's hierarchy of needs, self-actualization is the highest level. It is the pursuit of realizing one's greatest potential. This desire, in contrast to lower-level needs, is never completely met; as one develops mentally, there are constantly fresh chances to keep developing. Truth, justice, wisdom, and significance are among the wants that self-actualized individuals typically have.

It's important to note that Maslow later added a sixth level, known as "Self-Transcendence," which involves the desire to go beyond the self and contribute to the well-being of others or a larger cause.

While Maslow's Hierarchy of Needs is widely known, it has been criticized for its rigidity and the assumption that all individuals follow the same hierarchical progression. Additionally, some argue that the hierarchy may not be universally applicable across all cultures and contexts. Despite these criticisms, the theory has been influential in understanding human motivation and has practical applications in fields such as psychology, education, and management.

Herzberg's Two Factor Theory:

Research by Frederick Herzberg and colleagues was based on interviews with 200 engineers and accountants from 11 different Pittsburgh-based organizations. Two criteria were used in Herzberg's theory development. Both hygienic and motivating considerations are involved. Because they promote the mental health of the employees, the dissatisfiers are referred to as hygiene factors. High levels of job satisfaction and strong motivation are the main goals of another set of work conditions.

According to Herzberg, hygiene factors are related to the workplace and are external to the job. They cover wages, fringe benefits, status, job security, working conditions, administration, policy, and interpersonal relations. While these elements must be present in a sufficient amount to minimise job dissatisfaction, they do not motivate employees. They won't make the person dissatisfied, even though they are not motivators. The motivators that are necessary to raise employee productivity are known as motivational factors. They are also referred to as satisfiers since they are more focused on the work itself than the surroundings. These elements include recognition, feeling of achievement, responsibility, advancement, opportunity for growth etc.

McClelland Theory:

David McClelland put forth the acquired-needs theory, which postulates that a person's unique requirements are developed over time and influenced by their experiences in life.

Achievement, affiliation, and power can be used to categorize the majority of these wants. These three demands affect an individual's motivation and efficacy in particular work responsibilities. McClelland's theory is also known as the learned needs theory or the three needs hypothesis. According to McClelland's idea, people pick up needs from their culture. According to this idea, the requirements for achievement (n Ach), power (n Pow), and affiliation (n Aff) are the three main needs.

Need for Achievement (n Ach): People with achievement motivation are driven to pursue and accomplish their goals. They prefer having control over the circumstances in which they find themselves. They assume modest risks. They prefer to hear back right away about how they performed. They frequently exhibit a task-orientation toward the work that needs to be completed. Some individuals with strong motivation to succeed are more focused on their own growth than the benefits that come with success.

Need for Power (n Pow)

People who are driven by power perceive nearly every circumstance as a chance to take charge or exert dominance over others. They enjoy having an impact on other people. Whether it's necessary or not, they enjoy switching things around. When a choice needs to be made, they are not afraid to make it.

Need for Affiliation (n Aff)

People who are driven by affiliation tend to be amiable and enjoy interacting with others. This could divert their attention from the demands of their performance. Usually, if you ask them to cooperate, they will.

ERG Theory:

- The hierarchy of needs proposed by Maslow is expanded upon by the ERG theory. Alderfer classified needs into three groups. Instead of listing five categories, Alderfer proposed a three-category system for needs. Existence, relatedness, and Growth are these three categories of needs.

Existence Needs: The needs for material and bodily well-being are known as existence needs. Food, water, air, shelter, working conditions, compensation, and fringe benefits all meet these needs.

Relationship Needs: The need to build and preserve interpersonal relationships is known as a relatedness need. Relationships with coworkers, superiors, friends, and subordinates all help to satisfy these demands.

Growth Needs: The urge to be creative, to contribute in a meaningful and productive way, and to have chances for personal growth are known as growth needs.

10.7.2 Process Theories

The question of "How a person get motivated?" is addressed by process theories of motivation. In essence, process theories concentrate on "process," or the choice of behavior to meet a need. The explanation of motivation by process (or cognitive) theories of motivation centres on the conscious decision-making processes of humans. The goal of process theories is to understand how human cognitive processes—which are particularly volitional and self-directed—energize, direct, and sustain individual behavior. Early cognitive theories, which maintain that conscious decision-making processes produce behaviour, serve as the foundation for process theories of motivation. Process theories of motivation examine the thoughts that go through a person's mind when determining whether or not to exert effort in a given task.

Process Theories are:

- Porter and Lawler's motivation model
- Adam's equity theory
- Vroom's expectation theory (instrumentality theory/expectancy theory/valence theory/path goal theory)
- Goal-setting theory
- Theory of Reinforcement

Victor H. Vroom's (1964) expectancy theory (instrumentality theory/expectancy theory/valence theory/path goal theory)

Also well-known by a number of other names, including instrumentality theory, path-goal theory, expectancy theory, valence theory, and VIE theory. Victor Vroom contends that instrumentality, expectancy, and valence combine to produce motivation. Motivation is equal to Expectancy x Instrumentality x Valence.

The degree of strength, desirability, or personal liking for a specific result is known as valence. A sense of accomplishment or well completed work brings joy to achievers. However, some people could be driven by rewards like money, notoriety, or admiration. Valence, then, is the degree to which the result is deemed beautiful.

Instrumentality (Awareness of Action Sequence) refers to an individual's awareness of the behavioral sequence necessary to accomplish a goal.

Expectancy: The conviction that there is a chance an effort will result in the intended second level outcome.

Ramifications of this theory includes: Incentives ought to be unique and appealing;

Rewards for effort; Belief that employees are able to make the necessary efforts; A firm conviction that hard work would undoubtedly pay off.

Porter and Lawler's Performance-Satisfaction model

Porter and Lawler's Performance-Satisfaction model is another process-based theory of motivation. However, nearly every theory on work motivation held that excellent performance results from motivation, and that contentment at work follows from motivation. However, Porter and Lawler examined motivation, performance, and satisfaction as distinct variables for the first time. The model shows that performance is not directly correlated with efforts; rather, performance is mediated by an individual's abilities and attributes as well as his perception of his position, which is further supported by rewards from the organization. Furthermore, an individual's perception of the equity of the incentives will determine whether they provide them with intrinsic gratification from their work or extrinsic benefits. The worth of the reward and the perceived effort reward probability—which are comparable to Vroom's variables of valence and expectancy, respectively—will determine the amount of effort expended. This theory's implications include: Choosing the right person for the right job; Role clarity; Expected performance levels; customized rewards and Rewards which are valued by employees.

The equity theory of motivation

Developed by J. Stacy Adams in the early 1960s, is a social psychological theory that explains how individuals perceive fairness in their relationships and use this perception to motivate their behavior. The theory is particularly relevant in the context of workplace motivation.

The key idea behind equity theory is that individuals strive to maintain a balance between the inputs (effort, time, skills) they contribute to a situation and the outcomes (rewards, recognition) they receive from it. People compare their own input-output ratio to that of others and assess whether they are being treated fairly. There are three main components in equity theory:

- a) **Inputs:** These refer to the contributions an individual makes to a situation. Inputs can include time, effort, skills, experience, and other resources.
- b) **Outcomes:** Outcomes represent the rewards or benefits an individual receives from a situation. This can include salary, recognition, promotions, and other forms of compensation.
- c) **Comparison:** Individuals compare their own input-outcome ratio to the input-outcome ratio of others. The social comparison can be with coworkers, colleagues, or even with one's own expectations.

Equity theory proposes three possible scenarios based on the individual's perception of fairness:

- **Equity:** The person perceives a balance between their inputs and outcomes compared to others. This results in a sense of fairness and satisfaction.
- **Under-reward:** The person perceives that their inputs are greater than the outcomes received compared to others. This may lead to feelings of inequity and can result in decreased motivation or efforts to restore equity.
- **Over-reward:** The person perceives that their outcomes are greater than the inputs compared to others. This may also lead to feelings of inequity, as individuals may feel guilty or obligated to restore balance by increasing their efforts or contributions.

Organizations need to be aware of equity issues because perceived inequity can lead to reduced motivation, increased turnover, and lower job satisfaction. Managers can address equity concerns by ensuring transparent reward systems, communicating effectively, and addressing issues of perceived unfairness.

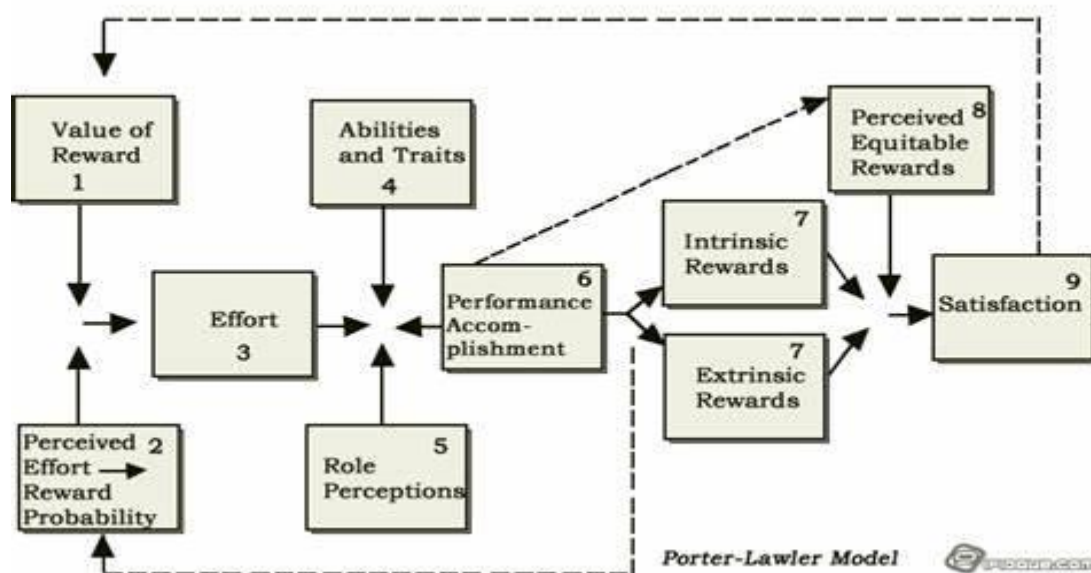
The Goal Setting Theory, developed by psychologist Edwin Locke and Gary Latham, is a motivational theory that emphasizes the importance of setting specific and challenging goals to enhance performance and motivation. The theory was first proposed in the late 1960s and has since become one of the most influential theories in the field of organizational psychology.

Key components of the Goal Setting Theory include:

- a) **Goal Specificity:** According to Locke and Latham, specific and clear goals lead to better performance than vague or general goals. Specific goals provide a clear target for individuals and teams to strive toward.
- b) **Goal Difficulty:** The theory suggests that challenging but achievable goals can lead to higher performance. Goals that are too easy may not provide sufficient motivation, while goals that are too difficult may lead to frustration and a sense of impossibility.
- c) **Goal Acceptance:** For goals to be effective, individuals must accept and commit to them. Involving employees in the goal-setting process and allowing them to have input can increase their commitment to achieving the goals.
- d) **Feedback:** Regular feedback on progress toward the goals is crucial. Feedback helps individuals assess their performance, identify areas for improvement, and stay motivated. It also allows for adjustments to be made if goals are too challenging or not challenging enough.

- e) **Task Complexity:** The complexity of the task can influence the effectiveness of goal setting. For simple tasks, specific and challenging goals are generally effective. However, for complex tasks, a combination of specific goals and learning or process goals may be more appropriate.
- f) **Goal Proximity:** Goals that have a clear and proximal deadline are often more effective than those with distant deadlines. Short-term goals can create a sense of urgency and help maintain motivation.

The Goal Setting Theory has been widely applied in various organizational settings, including business, education, and sports. It is often used as a tool for performance management and motivation. The theory suggests that setting and achieving goals not only improves individual and team performance but also enhances job satisfaction and self-esteem.



10.8 Let Us Sum Up

A company's greatest asset is its motivated workforce. Nothing can replace a motivated and eager workforce. A key factor in improving an organization's performance and productivity is having motivated staff members. Supervisors are constantly looking for new approaches to inspire their staff members. Numerous theories and methods of motivation have been developed since the beginning of time, and as the workplace is changing dramatically, researchers are still trying to come up with fresh ideas for inspiring today's tech-savvy generations. Traditional theories are getting out of date due to the changing environment, and new work behavior patterns are emerging quickly. A discussion of several motivational theories, their critical analysis, and management consequences has been attempted. Under

Content based theories comes theories like Alderfer's ERG theories, McClelland's acquired need, Herzberg's two factor, and Maslow's need hierarchy. Process theories emphasize "How" or the existence of a motive. Here, five process theories are covered.

To Check the Progress

Long Answer Types Questions

- a) Define motivation. Differentiate between motivation and inspiration. Bring out the importance and characteristics of motivation.
- b) Elaborate various content theories of motivation?
- c) Explain Maslow's Hierarchy of Needs theory and compare it with ERG theory.
- d) Elaborate various Process theories of motivation?
- e) Explain Victor H. Vroom's (1964) expectancy theory.
- f) Compare and contrast Content theories of motivation.
- g) Compare and contrast Process theories of motivation.
- h) Explain Porter and Lawler's Model of Motivation.
- i) Explain all need-based motivation theories.
- j) Process theories of motivation are also called cognitive theories "comment.

Short Answer Types Questions

- a) Discuss Herzberg's theory of motivation.
- b) Why to motivate employees?
- c) Why is motivation important?
- d) Explain different types of motivation.
- e) Explain the characteristics of motivation.
- f) Elaborate Maslow's theory and on what grounds it has been criticized.
- g) Explain Maslow theory of motivation.
- h) Herberg's motivation or hygiene theory
- i) What are hygiene factors? Give examples?
- j) Explain Vroom's expectancy theory of motivation.

Glossary

- a) **Motivation:** Motivation refers to the internal or external factors that drive and direct behavior. It involves the psychological processes that energize individuals to act, pursue goals, or engage in certain activities.
- b) **Inspiration:** Inspiration, on the other hand, is the stimulation of the mind or emotions to feel a sense of creativity, enthusiasm, or a heightened level of motivation. It often involves being influenced or uplifted by external stimuli, such as a person, idea, or event.

- c) **Intrinsic Motivation:** Intrinsic motivation refers to the internal desire or drive to engage in an activity for its own sake, without relying on external rewards. The motivation comes from within, often driven by personal enjoyment, satisfaction, or a sense of purpose.
- d) **Extrinsic motivation** involves engaging in an activity for external rewards or to avoid punishment. The motivation comes from external factors such as money, grades, recognition, or other tangible outcomes.
- e) **Achievement motivation** is the drive to excel, succeed, or accomplish something significant. Individuals with high achievement motivation often set challenging goals for themselves and strive for success.
- f) **Affiliation motivation** refers to the desire for social connections, relationships, and belonging. Individuals with high affiliation motivation seek to establish and maintain positive relationships with others.
- g) **Power motivation** involves the desire to influence, control, or have an impact on others and the environment. Individuals with high power motivation are often driven by the need for authority, leadership, or control.
- h) **Equity:** The person perceives a balance between their inputs and outcomes compared to others. This results in a sense of fairness and satisfaction.
- i) **The Goal Setting Theory**, developed by psychologist Edwin Locke and Gary Latham, is a motivational theory that emphasizes the importance of setting specific and challenging goals to enhance performance and motivation.

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SEMESTER - IV

**UNIT 11 – MANAGEMENT FUNCTION: COORDINATION &
COMMUNICATION**

Structure

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11.0 Objectives

After going through this unit, you will be able to:

- Understand need for coordination
- Identify the types of coordination
- Learn about the principles of coordination
- Learn the techniques of coordination
- Understand the importance of effective communication at all levels of the organization
- Understand the communication process model
- Make a comparison of oral versus written communication
- Enumerate various types of communication networks
- Study the informal communication network
- Know the various barriers to effective communication
- Learn how to overcome these barriers
- Set up some guidelines for effective communication

11.0 Introduction

For an organization to run well, there must be good relations between the various divisions and departments. One of the key managerial responsibilities is the idea of coordination. Harmony between individual efforts towards goal accomplishment is achieved through coordination. To achieve shared goals, individual actions must be coordinated and integrated. It is a dynamic idea that denotes a systematic planning of collective activities to guarantee cohesion in action. Based on Henry Fayol. 'To coordinate is to synchronize all of a concern's activities in order to make it easier for it to function successfully.' The requirement for coordination becomes unavoidable as modern organizations grow and become more complicated. Ineffective operations, delays and time wastage are the result of improper coordination.

11.2 Meaning and Definition of Coordination

The synchronization of group efforts to accomplish a shared goal is coordination. E. F. L. Brech defined coordination as "keeping the team balanced and united by guaranteeing appropriate allocation of responsibilities to the individual members and seeing that the tasks are executed with due harmony among the members themselves." "Coordination is the process by which an executive constructs an organized structure of group efforts and ensures unity of action in the pursuit of common objective," says Margaret Farland. According to this definition, coordination is the process of properly matching individual demands with

organizational objectives. The principal focus of managerial responsibilities is coordination. For instance, if departmental plans are not adequately connected and coordinated, planning is inefficient. Planning is necessary in each managerial function.

11.3 Characteristics of Coordination

Following are the characteristics of coordination:

- Coordination is not a separate task. It serves as the foundation of management.
- Achieving the shared goal is the goal of coordination.
- Coordination is a continual, continuous process.
- Coordination does not happen by accident or coercion. It is the outcome of coordinated effort.

11.3.1 Need for Coordination

The presence of dissolving forces underlines the necessity for better coordination between different enterprise units. The collapsing forces might serve as obstacles to efficient cooperation. The following factors highlight the requirement for coordination:

- **Growing specialization:** When the specialization principle is put into reality in a certain field of work, coordination becomes crucial. The unit's actions can be broken out based on the product, function, geography, or in some other way. Every employee's primary focus is the effectiveness of their particular unit. Conflicting interests emerge within the same organization as a result. Effective integration of everyone's efforts to achieve a single goal is made possible by good coordination.
- **Empire-building motivation:** Each worker is driven by how well he performs within the team. Because of this, his personal and professional ego may be satisfied, but he becomes isolated from others. The objectives of the organization cannot be achieved with this type of inclination. To resolve this issue, coordination is necessary.
- **Personal disputes among employees:** Personal rivalries, jealousies, and workplace politics amongst employees will inevitably cause management issues. Conflicts between any two divisions or departments, for instance, can hinder an organization's ability to operate effectively. The organization's group efforts can be more harmonious when there is coordination.
- **Individual interests must be subordinated to organizational goals:** Individual interests are crucial for fostering commitment, honesty, perseverance, initiative, and motivation. Individual interests are far less significant than organizational interests. Individual needs must be subordinated to organizational interests in order to achieve them, as organizational interests come before individual interests. Coordination is done to further organizational interest. There

is no need to overstate the value of coordination. The main responsibility of management is to efficiently coordinate all of the activities. It is a motivating force that inspires staff members to actively, gladly, and voluntarily contribute to group objectives. Employee satisfaction on a personal and social level is made possible via coordination.

11.4 Types of Coordination

Depending upon the nature, coverage and flow, coordination may be divided into

- Internal and external coordination
- Vertical and horizontal coordination
- Procedural and substantive coordination

Internal and External Coordination

Internal coordination is the phrase used to describe coordination within a single organization. In order to improve organizational coordination, it summarizes the actions of several units. Organizations are not immune to the effects of the outside world. Technology, competition, market forces, consumers, and governmental regulations comprise the external environment. All of these forces are intended to be coordinated externally for an organization's benefit.

Vertical and Horizontal Coordination

Vertical coordination is the term used to describe coordination between successively lower levels of hierarchy. It makes sure that everyone, from the top to the bottom, collaborates effectively. A strategy like transferring authority to lower levels of hierarchy considerably facilitates it. Horizontal coordination is the coordination between individuals in the same cadre and between several departments at the same level.

Procedural and Substantive Coordination

Coordination of procedures demands a generic description of the interactions and behaviour of each organization member. Substantive coordination, on the other hand, is focused on the content of organizational actions.

11.5 Principles of Coordination

The following four guidelines were established by Mary Parker Follet for efficient coordination. Any manager can carry out his duties using these ideas.

- **Early Start:** If coordination is done early in the planning process, it becomes quite simple. The free exchange of ideas aids in erasing misunderstandings and dispelling misconceptions. As a result, all parties must be involved in the planning process. If coordination is practised from the beginning, plans will succeed. Later stages, such as when the job is being done, make coordination impossible.
- **Direct Personal Contact:** Coordination places a strong emphasis on the value of direct interaction in resolving disputes and misunderstandings. Direct personal touch is the greatest

way to create effective coordination. The best technique to express true emotions and promote better coordination is through direct conversation.

- **Continuity:** The process of coordination never ends. The management must work tirelessly to keep everything perfectly balanced among the many units and employees. The management can alter the cooperative efforts of the staff by continuously coordinating with them to reduce wastage, misunderstanding, and indifference.
- **Integration:** The fourth coordination principle advocates for integrating activities to accomplish a shared goal. Coordination among all parties involved is necessary for this goal and calls for integrated relationships.

11.5.1 Approaches for Achieving Effective Coordination

Various organizations use various techniques to accomplish efficient cooperation. There isn't a single way to coordinate managerial tasks that can be accepted by everyone. Three significant categories of methods for attaining efficient coordination have been recognized by J.D. Thomson:

a) **Integration through standardization:** It entails the creation of uniform policies and practices through which departments and job holders must guide their operations in order to maintain consistency.

b) **Plans and schedules:** Individual plans and timetables for each department or unit may be created. To get the best results, all programmes are combined and integrated at the corporate level. Since departmental plans are more flexible than standards, coordination is made simple.

c) **Mutual adjustments:** With mutual adjustments among sister units/departments on a case-by-case basis, company activities are coordinated. Here, the needy units' collaboration is guaranteed in order to complete tasks. Coordination is achieved in conventional organizations through planning and standards. For the purpose of solving reoccurring issues, sophisticated systems of rules and procedures are developed in the conventional ways of coordination. The conventional and bureaucratic organization abides by these regulations. By adhering to the guidelines for cooperation amongst the various organizational units, traditional organizations may benefit. Yet, in a dynamic environment, the conventional method to coordination is insufficient to meet the needs of a modern business. The researchers have created more advanced techniques in order to enhance synchronization. For better organizational performance, John Child proposed the following modes of coordination.

- More coordination is facilitated by managers and employees having direct touch in order to comprehend business issues and propose solutions.

- Liaison officers can be appointed for improved coordination even though too much communication between employees and departments is necessary.
- Inter-departmental disputes can frequently result in problems that require the formation of special committees.
- It can be challenging to systematically coordinate the various departments and operations inside a business. To solve this issue, the company can establish a coordinating department to carry out this unique duty on par with other departments. Effective coordination is facilitated by matrix-style organizations. Certain employees' roles within this form of organization might be combined with those of various departments. It promotes good communication between different organizational departments or divisions. This makes it easier for member units of an organization to coordinate more effectively. Three strategies for efficient coordination have been put out by Van de Ven. This is a summary of them.
- **Impersonal mode:** This model foresees the creation of policies, practises, and programmes suited for the efficient operation of the company.
- **Personal mode:** In this mode, people are urged to learn more about how things are going and to determine what to do and what not to do by receiving useful input. Effective coordination undoubtedly benefits from individual participation.
- **Group mode:** One person cannot effectively coordinate a large task. The creation of committees, task forces, and meetings is recommended under this approach. This strategy is justified by the idea that "two brains can think better than one brain." The organization's size, the complexity of its work, the makeup of its workforce, the degree of confidence and uncertainty, and the distribution of authority are all elements that affect coordination. Only when the proper authority is delegated can the coordination process become worthwhile and relevant. Effective coordination is required to reduce the issues caused by departmental interests that conflict with the organizational goal. For instance, a finance manager may decide that no overtime pay be given to the employees. While the production manager gives another instruction to provide employees the right to overtime pay if they meet the output target. This condition leads to misunderstandings and disputes, and the only way to resolve it is through efficient departmental collaboration. Large organizations are now setting up separate departments for coordination to address all of these issues. To reduce issues like red tape trumps goals, blind loyalty, and friction, new rules and processes may be implemented.

11.6 Techniques of Coordination

The methods of efficient coordination are as follows:

- a) **Thorough planning:** Unity of aim is the first essential requirement for efficient

cooperation. Planning aids in combining efforts to achieve goals. A good plan establishes specific goals, coordinated policies, and unified procedures that guarantee uniformity of action.

- b) **Simplified structure:** The hierarchy of the organization, from top to bottom, should be clearly defined. Conflicts within an organization are reduced by well-defined roles and responsibilities.
- c) **Effective communication:** Coordinating effectively depends on effective communication. Regular, open communication between management and staff aids in the exchange of ideas and the settling of conflicts. As a result, communication fosters employee understanding.
- d) **Effective supervision:** Coordination is easier to achieve at the planning and execution stages with effective supervision. A successful manager motivates his staff to work towards a common goal. Good leadership convinces subordinates to share the same perspective on the objective and settles disagreements.
- e) **Related departments:** Contacts between related departments are important for successful cooperation. For instance, there is a relationship between the departments of production, sales, and marketing. In order to coordinate the work of various departments within the given timeframe, special coordinators should be established.

11.7 Communication

The management process's most crucial and effective component is thought to be communication. All managerial operations require interpersonal communication as a core component. All managerial tasks entail some level of direction and feedback communication. Good communication is a prerequisite for effective management. Poor communication is probably the most commonly stated cause of interpersonal conflict. Due to poor communication, misinterpreted messages, and imprecise directions, several operations have failed. As we spend about 70% of our waking hours communicating—writing, reading, speaking, and listening—communication plays a crucial role even in daily life among friends, inside the family, and in all social circles. It is common knowledge that "failure to communicate" contributes to lost friendships, divorces, and the separation of parents and children. In light of this, communication is crucial to both corporate success and life in general. Written and vocal communication skills are essential for both landing a job and working well in it, according to research done by Gary L. Benson using a survey questionnaire distributed to personnel managers of 175 of the biggest corporations in a western American state. The questionnaire included some inquiries about the elements and

competencies most crucial to helping business students find work after graduation. The two were ranked with written communication coming in second and oral communication coming in first.

No group can exist from an organizational point of view without communication that entails information sharing and understanding. Ideas can only be communicated and discussed when meaning is passed from one person to another through communication. It is a meaningful contact between individuals when thoughts are communicated from one person to another in a way that both the sender and the recipient of the communication understand the significance and value of the thoughts. This is a crucial component since, no matter how brilliant an idea, it will be useless until it is shared and properly understood by others.

To ensure that group members are conversing and thinking at the same level, groups are frequently created based on intellectual similarities. There will be communication issues if some group members are highly intellectual or highly technical while others are not.

To efficiently carry out its duties, management must have effective communication. It is a crucial component of relations between management and employees. It appears that there is a direct link between effective staff communication and successful business operations. The best business plan is useless unless everyone is aware of it and working together to attain its goals, a senior executive remarked. All business, no matter how big or little, depends on effective communication. To keep our entire business operating at peak efficiency and to fully utilize our greatest management resource—our people—communications are crucial.

The majority of disagreements in business, in the words of W.R. Spriegal, "are not fundamental, but are generated by mistaken intentions and lack of facts." The friction points that unavoidably develop are minimized by effective communication between interested parties. As a result, the management builds trust with the workforce and educates them about the issues and company regulations through effective communication and information exchange. The following topics are covered by a two-way method of consulting and exchanging information, views, and ideas between management and staff:

- a) An understanding of an organization's goals and policies.
- b) Information on the outcomes and successes of these policies.
- c) Information on future goals and possibilities.
- d) Being aware of the terms of service.
- e) Information on strategies for enhancing productivity and efficiency.
- f) Expertise in all facets of workplace health, safety, and welfare

The management must make sure that employees have all the essential information about these many aspects and have received the necessary feedback. Knowledge and knowledge about all

these factors make the organization's operations relatively trouble-free. A manager, in Peter Drucker's view, does not handle people; rather, he inspires, directs, and coordinates individuals to achieve their objectives. His capacity for good communication with the staff is a key factor in that capacity. Sound management is built on strong communication. Workers learn about their roles and responsibilities, the directives and orders from higher up in the management hierarchy, as well as their own recommendations, complaints, and feedback, through communication.

11.8 Objectives of Communication

As we have previously discussed, management depends upon communication to achieve organizational objectives. Since managers work with and through other people, all their acts, policies, rules, orders and procedures must pass through some kind of communication channel. Also, there must be a channel of communication for feedback. Accordingly, some of the purposes of communication are:

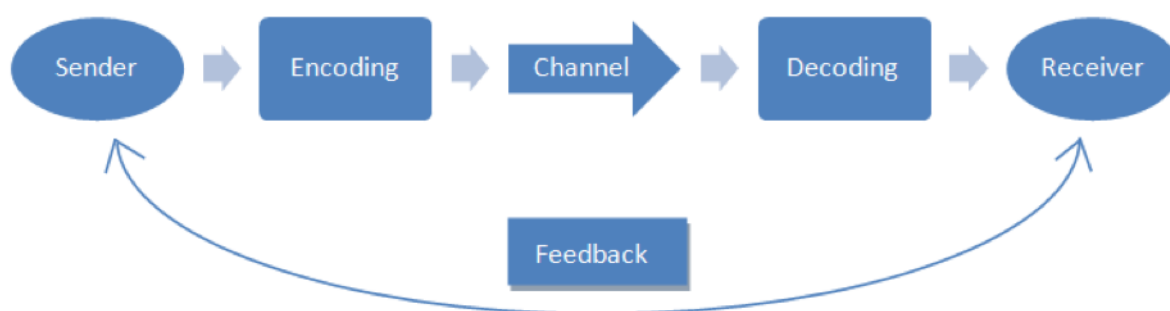
- a) To develop information and understanding among all workers and this is necessary for group effort.
- b) To foster any attitude that is necessary for motivation, cooperation and job satisfaction.
- c) To discourage the spread of misinformation, ambiguity and rumours that can cause conflict and tension.
- d) To provide workers with the required knowledge in advance so they are ready for a shift in working practices.
- e) Encouraging subordinates to offer ideas and suggestions for enhancing the final product or the working environment and thoroughly considering these proposals.
- f) To strengthen labor-management relations by maintaining open lines of communication.
- g) To promote intercommunication among employees in order to foster social relationships. This would fulfil a fundamental human need for companionship and a sense of community.

11.8.1 Communication-Process Model

The model makes the most sense when two people are conversing with one another. The sender, who starts the conversation, has knowledge he wants the recipient, the recipient, to know. The data must first be encoded into a transmittable form, though, before it can be sent. In a straightforward situation, the information is verbally communicated to the recipient. Alternatively, the recipient may receive the information in the form of printed text, tables,

charts, or graphs. In a more complex scenario, the data is transformed into words or images and then into electronic signals that are transmitted to the receiver. The channel is the medium used to transmit the information. Air may carry sound waves, paper may carry text and images, wires or magnetic fields may carry electronic impulses, etc. The management in the first scenario knew that Mathias had been hired and when he would begin. They included such information in a message that was sent to employees because they wanted all of the company's staff to be aware of it.

The receiver performs the opposite action. She gets the message that has been encoded and then decodes it. It implies that she changes the message back into understandable information. In the initial illustration, a worker gets the letter and learns who has been employed as well as his start date. Managers have passed on information to staff members. The sender can receive feedback from the recipient to confirm that the message has been received and to learn how it was perceived in an interactive communication process. The sender may then feel certain that their message has been received and interpreted as intended thanks to the ensuing interactive back-and-forth exchange. The following diagram shows this model.



One person conversing with numerous people can be represented by the two-person model in general terms. It might be someone delivering a speech to a packed audience, a manager emailing staff, a message on Facebook to pals, or a tweet to thousands of followers.

11.9 Means of Communication

In businesses, there are three main ways to communicate. They are spoken, nonverbal, and written. To boost the emphasis or clarity of the material, some of these strategies are frequently combined. The decision of which technique to choose will be influenced by a number of variables, including the recipient's proximity, the message's urgency or secrecy, and the cost of sending the message. The following provides an explanation of these numerous communication methods:

11.9.1 Oral Communication

Oral communication inside organizations is the most common type. It is also referred to as face-to-face communication and can take the form of telephone or intercom system dialogue as well as direct talk and conversation between speakers and listeners who are physically present at the same location. A public address system may be used in oral communication when one-way communication is necessary. Oral communication methods like the informal "grapevine" are also common. The most effective way for leaders to communicate with their followers is through an audio-visual medium or public address system. Because the recipient can see the physical movements used to convey the message as well as variations in tone, pitch, pace, and volume of the spoken word, oral communication is extremely effective. As faith, trust, and sincerity can be assessed considerably more accurately in a face-to-face conversation than in written words, the human voice may convey the message much more forcefully and effectively than the written words, and it is an effective technique of influencing attitudes, beliefs, and feelings.

Advantages Oral Communication is Better

- a) It is the most affordable means of communication and is straightforward, quick, and time-saving.
- b) It allows for feedback and free-form thought, so that if the message is unclear to the recipient, quick response enables early discovery and prompt rectification, as needed.
- c) It helps to minimize delays, red tape, and other formalities because the message is transmitted instantly.
- d) Because of these individualized encounters, it exudes a sense of warmth and friendliness and fosters a sense of belonging.

Disadvantages of Oral Communication

- a) There is no official record of communication, making it impossible to compare any misconstrued message to what was actually communicated.
- b) Certain distortions may occur if the verbal message is transferred along the hierarchical chain of command. The likelihood of distortion increases with the number of people the message must reach.
- c) Verbal communication cannot successfully convey long-distance or distance information.
- d) The message's aim might be misunderstood by the recipient because of how he interprets it.
- e) Impulsive reactions might not be well considered.
- f) Verbal interactions cannot effectively convey the spirit of power.
- g) A speaker's method of speaking, tone of voice, and facial expressions can all transmit more, less, or a different meaning.

11.9.2 Written Communication

A written communication is one that is expressed in writing and typically takes the form of directives, correspondence, memos, official reports, rules and regulations, policy guides, information bulletins, etc. To ensure that the organization operates well, these topics must be covered in writing. It works well when knowledge needs to be shared that will demand future action, as well as when general informative communication is called for. Additionally, it guarantees that everyone is using the same data.

Advantages of Written Communication

It acts as documentation of actions and events.

- a) It offers a permanent record for referencing in the future. The message may be kept in storage indefinitely. It is physically available for later reference if any doubts about the communication's substance emerge, especially when the message is lengthy and complex.
- b) It lessens the possibility of miscommunication and misunderstanding. This is due to the fact that, in general, people are more cautious when writing something down than when speaking it. Thus, the written communication is more likely to be well considered, logical and clear. And the message can be checked for accuracy before it is transmitted.
- c) It can save time when several people need to be reached simultaneously.
- d) It transmits extensive statistical data more reliably.
- e) It presents as authoritative and formal for action.

Disadvantages of Written Communication

- a) It can take a lot of time, particularly for extensive reports.
- b) There is no immediate confirmation that the message has been understood by the recipient.
- c) The effectiveness of confidential written material could be hampered by early disclosure.
- d) It results in overly formal interpersonal interactions.

11.9.3 Non-verbal Communication

Nonverbal cues are used to communicate in certain important ways. Even some spoken statements can be enhanced or undermined by nonverbal cues. These non-verbal cues include bodily movements and facial expressions. Additionally, some external factors like a building or an office setting might send a message about a person's authority. Facial expressions can be divided into eight categories, according to Tipkins and McCarter: interest-excitement, enjoyment-joy, surprise-startle, distress-anguish, fear-terror, shame-humiliation, contempt-

disgust, and anger-rage. Kinesics is the term for bodily motions or body language. The most typical kind of body language is arguably a handshake, which conveys a lot about a person's personality. Similar to this, the most expressive feature of the facial presentation is the eye. There are several ways to communicate, including with a glance, a stare, a grin, or a suggestive movement. Additional instances of body language include head tilts, arm folds, and chair-sitting positions. Our facial expressions can convey feelings that can never be effectively expressed orally or in writing, such as wrath, impatience, arrogance, shyness, and fear. Other body language signs include winking, tapping fingers on tables to show impatience, shrugging shoulders to show indifference, and slapping foreheads to show amnesia. A spacious office with luxurious carpeting and pricey furniture, such as that of a Chief Operations Officer, sends a message of status, authority, and prestige in terms of the atmosphere. On the other hand, in an organizational context, a small metal desk in a corner indicates the status of a low ranking officer. So, nonverbal cues have a big influence on how effectively people communicate.

11.9.4 Communication Network

Members of an organization make contact with one another, and the communication network is the pattern of contacts or information flow. Contacts are made using various patterns, which aids management in getting in touch with staff. The resources can share their data and applications through the network. Based on the number of participants in the communication, the size of the organization, and the type of communication network, the network is segmented. Circuit, chain, wheel, and star networks are examples of frequent network patterns.

a) Chain Network

This network operates on a hierarchical level and obeys a set of instructions. There is no bottom-to-top communication in this situation. The best illustration of this kind of network is when superiors are commanding the subordinates. Another instance of a chain network is a leader leading a group of individuals. The message must be understood verbatim from top to bottom, without any word or meaning changes. To prevent the same, caution should be exercised. Because of the slow speed of this network, few people who don't understand the message will continue to be informed.

b) Circuit Network

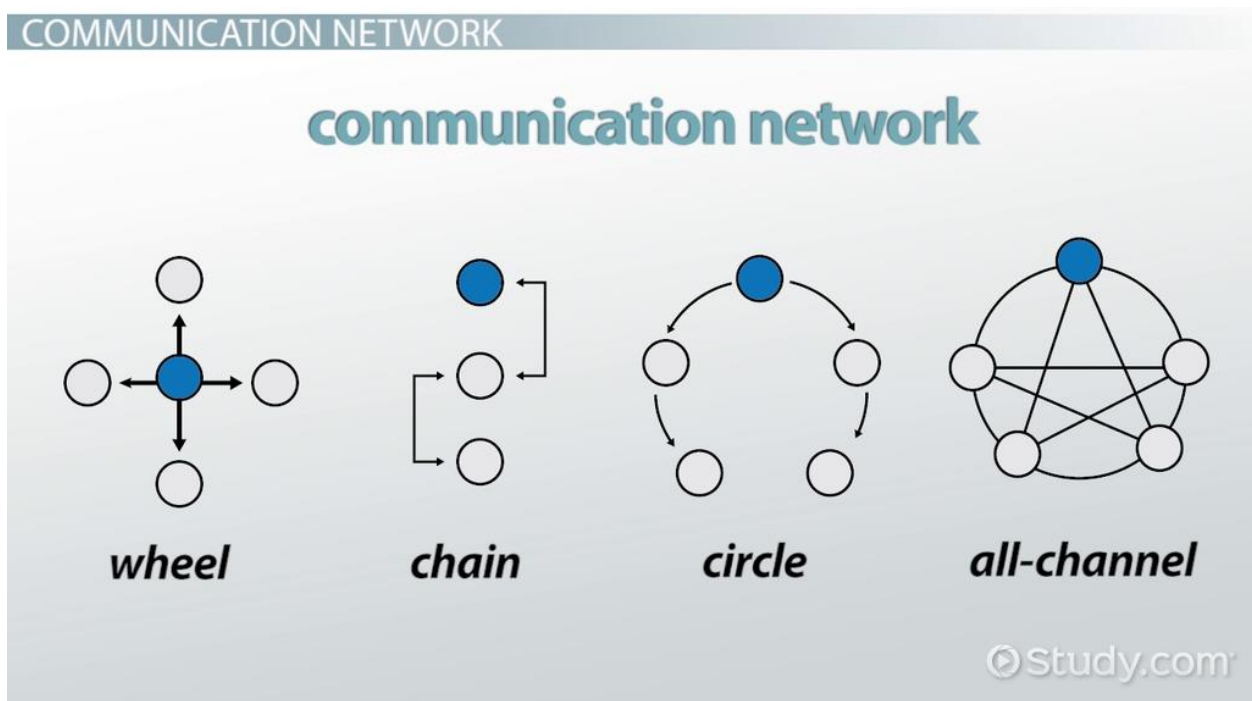
Circuit networks are created when two persons can communicate with one other simultaneously. Although it functions similarly to a vertical network, there are neither superiors nor subordinates, at least not in the traditional sense. In this case, there is two-way communication. The people involved may be at the same level in the hierarchy and the messaging or information reception is continuous.

c) Wheel or Spoke Network

The network's subordinates' function like a wheel, receiving orders or information from a single superior. Once the communication is delivered to the recipient, the entire network operates in a highly centralized structure and anticipates immediate feedback. This communication can therefore be referred to as a form of micromanagement. The Chain Network has been enhanced by this network. There is no danger of a misunderstanding because the information is received straight from the central authority, and the communication is very effective. Most startups employ this kind of network.

d) Star or all Chanel Network

This network consists of many participants, and it has the form of a star. People can communicate with each other or with others who are engaged in the same process thanks to this network. With no single person in charge of directing communication, this network might be seen as an evolution of a wheel network. Everyone is free to talk to whoever they want. There are no limitations that obstruct interpersonal communication throughout the process. By this communication, teamwork is cultivated. A nice example of Star Network is a WhatsApp group that is dedicated to work.



11.9.5 Downward, Upward and Horizontal Communication

The hierarchy's communication between superiors and subordinates is one of the fundamental tenets of organizational operations. When it comes to operational instructions and directives, "downward" communication has traditionally dominated this sort of organizational communication, while "upward" communication has traditionally dominated when it comes to operational reports and other feedback to management.

The downward communication is from the superior to the subordinate or from top

management to employees through the various hierarchical communication centers in between, and it might include such common managerial tools as a statement of the organizational philosophy and objectives, standard operating procedures, standard quality control procedures, safety regulations, and other pertinent information. Work instructions and other information required for exercising the delegated authority are communicated to employees through downward channels. For this communication to be effective, it is necessary to explain to the employees not only what they are to perform but also why their work is crucial to the company. This fosters a greater sense of acceptability among employees. It's crucial that the message is delivered to the workforce in a language they can understand. A machine operator, for instance, might not be very familiar with organizational philosophy or any technical terms related to strategic planning or technology dynamics. The messages from the workers must be delivered in their own words and perspectives. Also, the majority of employees are trained to accept communication from their immediate supervisors; as a result, the message must travel through conventional channels and be altered along the way with the express intent of simplifying wherever necessary without compromising the message's content or intent. Yet, it is crucial that there be no breakdown in communication from any source or at any level. This breakdown could be the result of the message not being received, not being delivered at the appropriate moment, or having faulty coding. Instead, than using the language of the sender, the message must be coded in that of the recipient.

"Upward" communication travels in the opposite direction and is based on the management-designed communication demand system for gathering data from operational levels. This data may include customary reporting materials like production reports. If there is poor or no upward communication, top management who is constantly looking for improvements and higher productivity, or who wants to know how employees are responding to particular productivity, or who wants to know how employees are responding to particular policy or procedure changes, and how well operational instructions are working, will become isolated. Esther R. Becker asserts that upward communication offers a direct path for transferring knowledge, viewpoints, and attitudes up through the company. The organization must create the environment and incentive structure required to promote such upward communication. An "open door" approach that lets employees know that their bosses are always available to talk about issues and concerns can help create this environment. This approach must make sure that managers have a genuine interest in their employees' concerns and the ability to listen to them. The chance for upward communication motivates staff to offer insightful suggestions for enhancing organizational effectiveness. By either informally including subordinates or formally permitting their participation, participative decision-making processes can greatly enhance upward

communication. As a result, decision centers can effectively use the upward informational feedback to evaluate organizational performance and make the appropriate adjustments to achieve organizational goals. There is **'horizontal' or 'lateral' communication** among equals in addition to upward and downward communication. This is more casual in style and essential for fostering a positive workplace culture. For instance, supervisors at the same level but from different departments can talk and plan their operations in such a way that they complement one another and the process is advantageous to the business as a whole over lunch or coffee. It offers a way for managers at the same organizational level to coordinate their efforts without always turning to their superiors. Most frequently, this kind of communication occurs between the staff units and the line. Managers of production and marketing frequently exchange messages. As opposed to being "upward" or "downward," which is intercommunication, Wenburg and Wilmont argue that communication should be "transactional," which is mutual and reciprocal, because "all persons are engaged in sending (encoding) and receiving (decoding) signals concurrently." Everybody is always contributing to the encoding and decoding process, and everyone has an impact on everyone else. In the transactional process, communication involves more than just the exchange of information; it also helps the superior and the subordinate build a personal bond. According to Katz and Kahn, the communication process between superiors and subordinates serves five functions. These are:

- a) To deliver job instructions and directions is one of them.
- b) To provide information about policies and practices inside an organization.
- c) To inform staff members of the significance of their duties.
- d) Provide feedback on performance, including how well subordinates are performing and areas for improvement
- e) To provide ideological knowledge to aid in goal indoctrination.

Only the first two of these five aims are typically achieved in the majority of classical types of organizations. The organizational culture is greatly benefited by focus on the other three reasons. According to Katz and Kahn, "if the individual knows the reasons for his assignment, this would frequently assure that he carrying out the task more efficiently; and if he has a comprehension of what his job is about in relation to his sub-system, he is more likely to identify with organizational goals." Effective superior-subordinate communication that pays close attention to the needs and psychology of the recipient of the communication is required to fulfil these five communication goals. It's important to remember the receiver's significance. The receiver may be impacted by the downward flow of communication in the manner listed below, according to Donald Roberts.

- a) People's perceptions of communication match their attitudes and beliefs.

- b) Due to the fact that most people take the route of least resistance, people typically reject messages and communications that demand abrupt adjustments.
- c) Signals that call for change are most readily accepted when the environment as a whole is changing concurrently.
- d) Even though a message is rational and logical, it will not be accepted if it goes against the receivers' values.
- e) Communications that help the recipient in some way will be more readily accepted.
- f) According to these findings, it is crucial that the superior and subordinate collaborate and have a personal connection in addition to a professional relationship so they may address the issues peacefully and come up with solutions.

11.10 Barriers to Effective Communication

To achieve the desired outcome and prevent a communication breakdown, the communication must be perceived and comprehended in the same way that the sender intended. External barriers to efficient communication include bad timing, a poor choice of communication channel, incomplete, insufficient, or unclear information, and network failure, all of which might interfere with the communication's proper reception. Additionally, depending on the stimuli present, such as emotions, prejudices for or against a concept or ideology, or personal conflicts, a person may interpret a communication differently than how it was intended by the sender. In this case, rather than interpreting the communication's content, the sender's intent may be understood. The efficiency of communication is always influenced by "our very natural desire to judge, to evaluate, to approve or condemn the statement of the other person or other group," claim Rogers and Roethlisberger. This tendency to evaluate could change how the message is understood as a whole. In light of this, management should make an effort to comprehend the perceptions and attitudes of the recipient in addition to trying to remove all external obstacles to clear and concise communication. The communication will then be most effective. The following discussion includes various organizational and interpersonal challenges to successful communication.

11.10.1 Noise Barriers

Any outside element that lessens the efficacy of communication is called noise. The phrase is originated from static or noise in radio wave transmission or telephone conversations. By diverting attention, obstructing a portion of the message, or weakening the transmission, it may interfere with the process of communication. The following are some of the sources of noise:

Bad timing: The manager needs to be aware of when to speak. A message that needs to be implemented in the far future might not be remembered when the time comes. Similar to the last example, a last-minute message with a deadline may place too much pressure on the

recipient and cause anger. To prevent these problems, a message must be delivered at the right time.

Inappropriate channel: The message being misunderstood might also be caused by a poor choice of communication medium. The management must choose whether a written message, a phone call, a face-to-face interaction, or a combination of these channels of communication would be most beneficial. It could be important to affirm the telephone call's message in writing if the contact was started by a phone call. Face-to-face communication highlights the message's power since nonverbal cues like eye contact, hand gestures, facial expressions, and tone of voice are used to reinforce it.

Incorrect or insufficient information: The data must have value to the employee. It must be succinct and precise. Effective communication is endangered by insufficient or excessive information. Avoid using ambiguous language or terms with multiple possible meanings.

Physical stumbling blocks: The management must understand that any interruptions can cause the process of face-to-face communication to break down. Effective communication can be hampered by telephone interruptions, walk-in visitors, or taking care of other business. It is necessary to prevent these outside distractions.

Organizational design: The organizational structure should be set up in a way that makes it apparent who is in charge, how to communicate, who has what authority, and how to track those assignments. If the channels are clogged, the routes are obstructed, there are bottlenecks or dead ends, communication may be disrupted, chaotic, or distorted.

Overload with information Dynamic changes in our lives, our society, and our companies create a deluge of information that must be evaluated in order to make wise decisions. When people are presented with more information than they are able to comprehend, overload occurs. Confusion could arise, or vital information might be overlooked out of convenience.

Network collapse: The network may have collapsed accidentally or as a result of information overload and the urgency with which a communication must be responded.

- Crucial unfavorable information may be suppressed by the managers, which is one element causing such disruptions.
- The secretary might overlook sending a memo.
- There could be workplace envy leading to closed channels.

11.10.2 Interpersonal Barriers

There are various interpersonal barriers that prevent communication from being effective, and they typically entail traits of either the sender or the recipient that impair communication. Some of them are:

Filtering: Filtering is the deliberate withholding or manipulation of information by the sender,

either because the sender thinks the recipient does not need all the information or is better off not being aware of the details of a certain circumstance. The recipient might perhaps just be told what he wants to hear. The organizational structure's level count may also influence the degree of filtering. The likelihood of filtering increases with the number of vertical layers.

Semantic barriers: These obstacles arise as a result of variations in how each person interprets words and symbols. It is important to read the words and paragraphs with the intended meaning in mind. Sometimes, the intended meaning of a statement might be changed by selecting the incorrect word or placing the comma in the incorrect location. Due to bad word choice, we frequently have to clarify that "that was not what I meant," "you misread my message," etc. For instance, the words "Clean and decent dancing every night except Sunday" on a nightclub sign could be interpreted in one of two ways. The first is that dancing is not allowed on Sundays, and the second is that it is allowed but not in a respectable or clean manner. Similar to this, a department head may instruct his assistant to "get rid of the problem" when speaking about a problematic employee. He may have intended to caution the worker or move him to a different department. Yet, the assistant might let the worker go, thinking that this was the message's intended meaning. As a result, it is advisable to confirm any potential misunderstandings with the sender of the message. For instance, if you are providing someone your address over the phone, it is advised that they repeat it so that the sender can immediately confirm its accuracy.

Perception The process through which we take in information from our surroundings, interpret it, and construct a meaningful reality is what is referred to as perception. The same situation could be interpreted differently by different persons. The intention or message can be completely distorted if we just hear what we want to hear and disregard information that contradicts what we already know. The following are a few perceptual circumstances that could mislead a manager's evaluation of individuals and lessen the efficiency of the communication:

- A manager might view people as stereotypes belonging to one category or another rather than as individual, distinctive persons. For instance, he might think that women make for less effective managers or that seniors are less motivated and creative.
- A manager may base his entire evaluation of a person on only one characteristic. A friendly grin could leave a good first impression. In the manager's eyes, punctuality or loyalty alone may produce a favorable impression.
- A manager can presume that his subordinate shares his perspective on events and circumstances. For instance, a boss who enthusiastically accepts new tasks and challenges may anticipate the same behavior from his staff. The manager's capacity to respond to and handle individual variations and various perspectives on workplace circumstances is constrained by this notion. The management must be aware of these discrepancies in

perception and take action to comprehend the surroundings. In order to understand events and situations as precisely and objectively as possible, a successful manager must be aware of the impact of elements that affect perception through interaction with others and should also be able to influence or change other people's perspectives as necessary.

For instance, a worker may reject a message only because he hasn't grown to trust the management as a result of negative encounters in the past. He can try to avoid the contact if he was promised a bonus or promotion for achieving certain goals but did not obtain the incentives. As a result, the management needs to take action to change the employees' impressions of such negative perceptions.

11.10.3 Cultural Barriers

The effectiveness of communication can be negatively impacted by cultural differences, particularly for international corporations and businesses with a multiethnic staff. These are a few instances:

- a) In West Germany, advertisements for Action Man Soldier toys—which featured toy soldiers riding on tanks and brandishing machine guns—were prohibited because they were seen as encouraging violence.
- b) Children are not allowed to appear in television advertising in Austria or France.
- c) The vast majority of Muslims and Jews refrain from working on Friday afternoons.
- d) Most Middle Eastern nations view setting deadlines for completing job projects as impolite.
- e) In certain nations, punctuality is not valued highly.
- f) After speaking with Indian astrologers, numerous significant gatherings and events are planned.
- g) "Coke enhances life" can be mistaken for a tool for a long life.
- h) As a result, management must acknowledge that these barriers are based on cultural differences, identify these gaps, and work to reduce any negative consequences on communication effectiveness.

11.10.4 Sender Credibility

When the message's recipient has strong confidence in the sender, the message is received considerably more seriously and is accepted at face value. The decoding and interpretation of the message will be more closely aligned with the sender's intended meaning if the recipient has confidence, trust, and respect for the sender. In contrast, if the sender is not trusted, the recipient will carefully examine the message and consciously search for hidden meanings or tricks, which could lead to a complete message distortion. Similar to this, the listener may pay close attention and believe the message if the source is regarded as an authority in a particular

field, especially if the message is relevant to the field of expertise. A competent nuclear engineer, for instance, might be taken seriously when it comes to developing a nuclear power plant but might be completely disregarded when it comes to his opinions on abortion.

11.10.5 Emotions

A communication's interpretation is also influenced by the receiver's mental state at the moment the message is received. When the recipient is angry, frustrated, or depressed, he may take the identical communication in a different way than when he is joyful. Strong emotions are most likely to prevent productive communication because they cause emotional judgements to take the place of reasoned ones.

11.10.6 Multi-meaning Words

When employed in various contexts, many terms in the English language have diverse meanings. A manager shouldn't therefore assume that every person who uses a word understands what it implies. According to Lydia Strong's research, there are 4,070 alternative dictionary definitions for the top 500 English terms. For instance, there are 15 different ways to use the word "run." Such instances include:

- Babe Ruth made a "run."
- Did you see him 'run'? She has a "run" in her stocking.
- What news stories would you like to "run" today?
- Today, there was a "run" on the bank.
- This year, who will 'run' for president?
- Please let the water in my bath run.

So, managers must use the word in the same way that the recipient is expected to comprehend it, or else it will prevent the message from being understood as intended.

11.10.7 Feedback Barriers

The final cause of issues with the communication process is feedback, or the lack thereof. The only way to know how the message was received is through feedback. The communication loop is closed through feedback, which is crucial for efficient communication. The importance of considering input is equal. Feedback may be given with the intention of sharing the outcomes of a course of action or it may be used to clarify any ambiguities in communication. If a student doesn't have the option to request clarification after misinterpreting a question on the exam, they risk providing the incorrect response. Because the sender may have another message that depends on how the previous one is received, leaving out feedback can lead to another issue. Thus, no feedback or wrong feedback will create complications with the communication of the consequent message.

11.11 Overcoming Communication Barriers

For operational optimization, it is crucial for management to identify and remove barriers to effective communication. To do this, they must diagnose and analyze situations, design appropriate messages, choose the best channels to deliver them, help message recipients correctly decode and interpret messages, and implement an effective feedback system. Following are a few actions that can be made in this regard:

Feedback and upward communication Feedback minimize misconceptions. When the recipient has the chance to inquire about the message, information is transmitted more precisely. Even though it takes more time, two-way communication reduces mistrust. It fosters openness and trust, which strengthen interpersonal bonds and improve communication. Maintaining an open-door policy and giving employees the chance to provide their suggestions, which management should acknowledge and act upon, strengthen upward communication.

Improve listening skills "Listening is the other half of talking," claims Stuart Chase. It is an essential component of communication. Listening is a cerebral activity that involves more than just hearing. Improved communication and positive interpersonal connections result from effective listening skills.

Rules for Listening Effectively

Listening necessitates the speaker's undivided attention. You won't be able to fully understand the message if you allow your attention to wander or are concerned with anything else.

The appropriate consideration should be given to the language employed, the voice tone, and the emotions. Pay attention to the message's emotional content, and then favorably react to it.

- a) Ask questions to clarify any points that you do not understand. Reflect back to the speaker with your understanding of what has been said.
- b) Ensure that there aren't any interruptions or outside interferences while the dialogue is happening.
- c) Avoid making judgments about the message's importance based on your interactions and experiences with the sender in the past or your positive or negative impressions of him.
- d) Refrain from drawing judgments before the message has been fully conveyed and understood.
- e) Recap and restate the message after it has been delivered to confirm the message's content and intent once again.

Develop writing skills Writing messages clearly can aid in avoiding semantic and perception hurdles. Well-written communication eliminates the chance of misunderstandings and misinterpretations. It is important to be exact while composing messages in order to make the meaning as obvious as possible and achieve the desired result. For good written communication,

Robert Degise suggests the following:

- (a) **Use clear language.** Your thoughts will become more concise as a result, and the recipient will understand your message more readily. If the words are difficult to understand and have multiple meanings, the message will be lost.
- (b) **Avoid getting bogged down in compositional rules.** Grammar and composition conventions must be adhered to, but they shouldn't come before the communication's main goal.
- (c) **Compose succinctly.** Be as succinct as you can. Express your views, opinions, and ideas in the fewest number of words feasible without sacrificing completeness.

11.11.1 Guidelines for Effective Communication

The following recommendations are made to assist management in developing their communication abilities in order to remove any obstacles to efficient communication and to reinforce the foundation for the best results, which depend on a clear knowledge of the desired communication. These recommendations are based in part on the ideas put out by the American Management Association. Which are:

The concepts and statements must be unambiguous, succinct, and direct. The concepts that will be expressed must be carefully thought out and outlined. By doing this, ambiguity will be removed and only one interpretation of the message will be possible. The message must be undistorted and noise-free, clear, exact, and to the point. Also, it should be succinct, using only what is absolutely essential and sufficient, and free of loose ends and pointless language.

Sense for Timing: The message should be delivered on time so that the appropriate decisions and actions can be taken when they are needed. Equally crucial factors include the message's delivery and reception times and the surrounding circumstances. An vital message may lose its impact if it is communicated at the incorrect time or in an unfavorable setting. The environment includes the physical location, such as whether or not the communication is made in secret, as well as the social climate, which governs the work environment and interpersonal interactions.

Integrity For the communication to reach the target recipient, the appropriate channels must be used. The distribution of information must avoid going around certain groups or degrees of individuals. Bickering, mistrust, uncertainty, and conflict result when these concerned levels are neglected or ignored. As a result, the established routes must be utilized when necessary.

Consult with other people who are involved in the communication's planning. People would be greatly motivated to actively support and carry out such communication if they had taken part in the planning process. The scope and objectivity of communication would also be increased with such engagement. The folks who are concerned must be aware of whatever they require and when they require it. The goal of communication must be understood explicitly,

including what is to be accomplished and how.

Be ready to assist the recipient. Consider the interests of the audience when communicating with them, and they will respond more favorably. The management must encourage comments, questions, and feedback while also making any necessary clarifications to the communication. The management must always assist in carrying out the communication's intended message.

The delivery method. The technique of communication is equally as vital and required as the message's clarity of goal and content. Don't say anything like, "I'm not sure if it will work." Be assured and definite. If the communication is verbal, other factors that affect its success include the voice tone, the expressions and emotions made, the receiver's attention, and others. The written communication must be kind and clear.

Use appropriate follow-up. All communications, unless they are one-way and only intended to inform, require a follow-up to make sure they were properly understood and implemented. Sometimes a verbal agreement needs to be confirmed in writing. If an activity was prompt, appropriate, and correct will depend on the response and feedback to the communication. Corrective action should be taken right away to address any inappropriate or tardy responses.

Comprehensive communication should be used. Complete communication should take into account not only the needs of the present but also the needs of the organization and the individual in the future. While organizing and carrying out communication, a fair forecast of the assessment of future needs and environments—both work- and social-related—should be implemented.

11.12 Let Us Sum Up

The coordination of collective efforts for the purpose of accomplishing goals is referred to by the phrase. That is every manager's fundamental duty. That is a never-ending process. When management deals with group efforts but not with individual efforts, the coordination issue is raised. Coordination and cooperation are two different concepts. The importance of coordination leads to effectiveness, morale, and optimal resource use. Coordination can be broken down into internal and external, vertical and horizontal, procedural and substantive categories based on its breadth and coverage.

- Several methods can be used to achieve a higher degree of coordination. Similar to this, many managements employ various strategies to address the coordination issue. Whatever the strategy, it needs to be clear what the manager's responsibilities and authority are.
- The goal of coordination should be to maximize resource use for the organization's overarching goal.
- The foundation of healthy interpersonal relationships and organizational survival and growth are effective and compassionate communication. It is significant in both organizational life and all aspects of human life. The employees learn about their own roles and obligations through

communication, and when their feedback is properly sent to management, it enables management to objectively assess the effectiveness of operations at all organizational levels.

- The sender of the communication who wants to convey his ideas or needs to a predetermined receiver, the encoding of the message in a way that the receiver can understand, a suitable channel of communication, and the assurance that the right action is taken are all included in the communication model.
- Oral or written communication are both acceptable. Even though there is no written record of the message for the purpose of verification, oral communication is very convenient and the strength of the message can be assessed by facial expressions. For lengthy and detailed messages, written communication can appear authoritative and is highly helpful because it leaves a lasting record of the conversation.
- The sort of organizational structure would affect the communication style. For instance, communication occurs from the top down and feedback occurs from the bottom up in a normal bureaucratic system. At all levels of management, there is two-way communication in a typical participative management style. In addition to formal communication networks, there are informal communication networks that are based on member social interactions and are also referred to as the "grapevine." These unofficial routes can sometimes help employees communicate their feelings to management more effectively.
- The receiver must receive the communication exactly as sent, no less, no more, for it to be effective. Yet, due to a number of obstacles that stand between the sender and the recipient of the message, communication may be hindered or diluted along the route. They could be noisy barriers like bad communication time, the wrong channel, insufficient information, actual distractions like phone calls during in-person interactions, organizational structures with unclear communication channels, too much information, and so on. These hurdles may also be of an interpersonal nature, such as semantic barriers or barriers resulting from disparate perspectives and cultural backgrounds, the sender's credibility, the recipient's emotional state at the moment the message is received, and others. In order for the recipient to understand the message's substance and the sender's intention clearly, these obstacles must be removed to the greatest extent feasible. This means that the message should be crystal clear and unambiguous, and the sender may even help the recipient to ensure that he fully knows what is required of him.

Check Your Progress

Long-Answer Questions

- a) Explain how important coordination is.

- b) Talk about the methods for attaining efficient coordination.
- c) Compose brief notes on the upcoming topics:
 - i. Coordination Types
 - ii. Coordination Principles
 - iii. Coordination Approaches
- d) "Communication is regarded as the most crucial and efficient component of the management process," If you concur with this assertion, provide arguments and proof for your position.
- e) Clearly outline the phases of encoding and decoding as they relate to the communication process model.
- f) Describe the major categories of communication networks in depth. Which is more efficient, and why?
- g) How crucial is the organization's informal communication network to smooth and productive operations? Provide instances

Short-Answer Questions

- a) "The essence of management is coordination." Do you agree? Cite arguments.
- b) Go over the qualities of coordination.
- c) What kinds of coordination are there?
- d) What method should be used for efficient coordination?
- e) What are the principal benefits of verbal communication?
- f) Which of the following are the main drawbacks of textual communication?
- g) How crucial is nonverbal communication in the transmission of concepts and directives?
- h) Recognize the differences between transactional, upward, and downward communication.
- i) Describe the numerous noise barriers to clear communication in detail.
- j) What rules can you follow to communicate effectively?

Exercise

Help box

harmony	Direct
beginning	personal
Authority	

- a) Each department works in where operations are well-coordinated.

- b) Individuals join a group to satisfy their..... wants.
- c)Contact is typically regarded as the most efficient form of communication for developing coordination.
- d) It is necessary to delegate in a transparent manner.
- e) Coordination should begin at the very..... of the planning phase.

Glossary

Coordination: Making several people or things work together to achieve a goal or effect is coordination.

Communication: The exchange of messages back and forth between individuals.

Filtering: Information manipulation by the sender to influence how the recipient will perceive it is known as filtering.

Halo-Effect: The practice of basing judgments on a single aspect among a bunch of elements

Stereotyping: Having predetermined notions about others

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