

PRINCIPLE OF MANAGEMENT

Management defined

Perceptive of Managers:

There are many definitions of management but most perceptive managers are convinced that it is an organized effort of people whose purpose is to achieve the objectives and goals of an organization. Of course, it is not that simple. To gain a better understanding of management, let's review the ideas and views expressed by academicians and practitioners.

Management as a "Process":

McFarland defines management as *"A process by which managers create, direct, maintain and operate purposive organization through systematic, coordinated, cooperative human efforts"*.

An important term in this definition is "Process". This term emphasizes the dynamic or on going nature of management, an activity over varying span of time. The dynamic nature implies that change is reality of organizational life. In managing organizations, managers create changes adopt organizations to changes and implement changes successfully in their organizations. Businesses fail and become bankrupt because managers fail in their attempt to cope with the change.

Management as "coordination":

Donally, Gibson and Ivancevich also support the view of management as a process but they stress more on co-ordination. According to them, *"Management is a process by which individual and group effort is coordinated towards group goals"*. In order to achieve goals, coordination is essential and management involves securing and maintaining this coordination. This coordination effort is also stressed in the definition of Koontz and O'Donnell. According to them, *"Management is a process of designing and maintaining an environment in which, individuals, working together in groups efficiently and effectively accomplish group goals"*.

Management as a "Function":

There are those who view management as a function rather than a process. Dunn, Stephens and Kelly contend that *"Management is a role which includes a set of duties, responsibilities, and relationships-involved in work organizations"*. These duties and responsibilities constitute the function a manager performs. The duties and responsibilities a manager performs are quite different from those performed by managerial employees.

Management is getting things done through other people:

A simple definition of management that is often quoted and it sounds very simple. According to this definition, managers do not do things they get other people to do things. If managing is an individual ability to get things done, then it is not a problem. We can plan and perform things according to our own convince and interests. When somebody else is involved and wants to get things done through them, there is a difficulty. All sorts of problems arise; personalities come into contact and conflict.

Interpersonal problems crop up. We have to understand the behavior of other people and must have knowledge as to how to motivate them in order to get things done through them. We have to consider the conveniences and interest of others also in planning and implementing things.

In getting things done through others, people have to be coaxed, they have to be shown, they have to inspired, they have to be motivated and this is what management means. These activities are performed not only by the people at the top but from the chairman of the board to the front line supervisors and foremen. They use the above mentioned methods to get things done through other people.

A comprehensive definition of Management:

In mid 1940s, academic people from various business schools in the United States gathered together with the sole purpose of deciding whether a definition of management could be written that businessmen would accept and practice and academicians would teach. Ultimately they came up with the fallowing definition. No individual is identified with this definition. The definition reads;

“Management is guiding human and physical resources into a dynamic organization units that attain their objectives to the satisfaction of those served and with the high degree of moral and sense of attainment on the part of those rendering the services”

What is Management?

Introduction:

Management is a vital aspect of the economic life of man, which is an organized group activity. A central directing and controlling agency is indispensable for a business concern. The productive resources – material, labour, capital etc. are entrusted to the organizing skill, administrative ability and enterprising initiative of the management. Thus, management provides leadership to a business enterprise. Without able managers and effective managerial leadership the resources of production remain merely resources and never become production. Under competitive economy and ever-changing environment the quality and performance of managers determine both the

survival as well as success of any business enterprise. Management occupies such an important place in the modern world that the welfare of the people and the destiny of the country are very much influenced by it.

Definition:

“Management is the process of getting things done through the efforts of other people in order to achieve the predetermined objectives of organization”.

Management may also be define as:

“The process by which execution of given purpose put into operation and supervise”.

A concise statement:

“The function of executive leadership anywhere”.

Another statement:

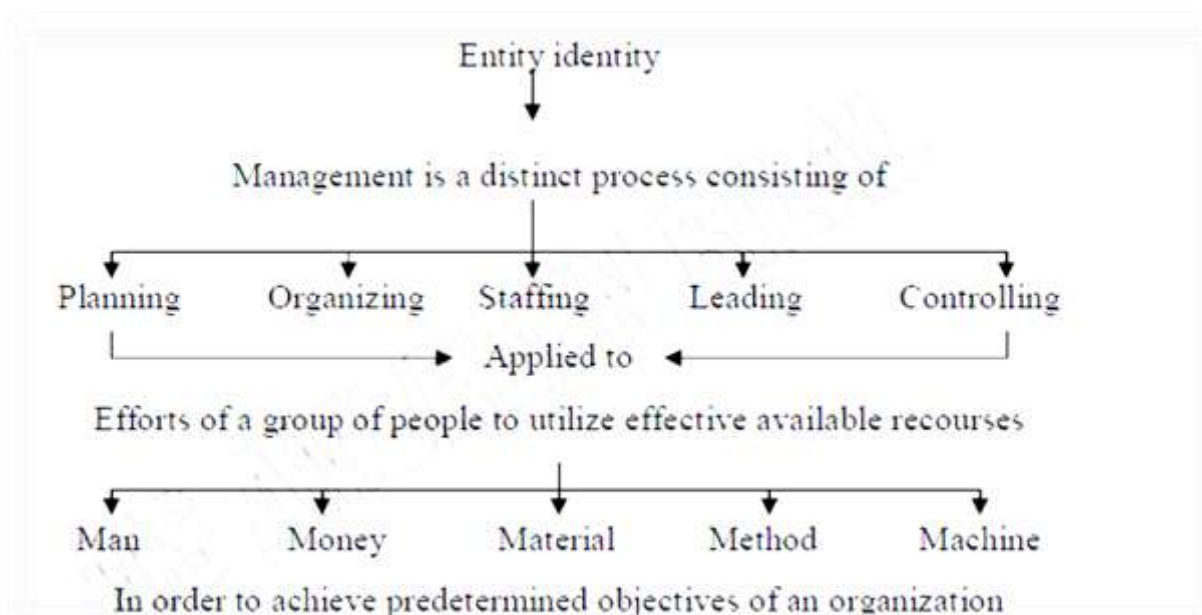
Management may be defined as “A technique by which the purpose and objectives of particular human group are determined, defined, clarified and completed”

From business Pont of view:

“Management is the art of securing maximum results with the minimum of efforts so as to get maximum prosperity and happiness for both employer and employee and give public the best possible service”.

Complete definition of management:

“Management is a distinct process consisting of planning, organizing, staffing, leading and controlling utilizing both in each science and art and followed in order to accomplish predetermined objectives of the organization”.



Necessity of Management:

- (1) Management is an essential activity of all organizational level (Low, middle, and upper level)

(2) Management applies to:

- (i) Small and large Organizations.
- (ii) Profit and nonprofit Organization.
- (iii) Manufacturing Organization.
- (iv) Service rendering Organization.

Manager:

Manager is also known as leader and administrative, Manager is a person who under take the tasks and function of managing at any level, in any kind of enterprise.

Managerial Skills:

There are four skills of managers are expected to have ability of:

(1) Technical skills:

Technical skills that reflect both an understanding of and a proficiency in a specialized field. For example, a manager may have technical skills in accounting, finance, engineering, manufacturing, or computer science.

Human Skills:

Human skills are skills associated with manager's ability to work well with others, both as a member of a group and as a leader who gets things done through other.

Concept Skills:

Conceptual skills related to the ability to visualize the organization as a whole, discern interrelationships among organizational parts, and understand how the organization fits into the wider context of the industry, community, and world. Conceptual skills, coupled with technical skills, human skills and knowledge base, are important ingredients in organizational performance.

Design Skills:

It is the ability to solve the problems in ways that will benefit the enterprise. Managers must be able to solve the problems.

The Skills vary at different levels:

Top management
Middle
Supervisor's

Concept and design Skills.
Human Skills.
Technical skills.

Skills of management at different levels.

The Function of Managers:

There are five functions of managers:

Planning, Organizing, Staffing, Leading, and Controlling.

The functions of managers provide a useful structure for organizing management knowledge.

(1)Planning:

Planning involves selecting missions and objectives and the action to achieve them it requires decision making, that choosing future courses of action from among alternatives. There are five types of planning:

1. Missions and objectives.
2. Strategies and policies.
3. Procedures and rules.
4. Programs.
5. Budgets.

(2)Organizing

Organizing is the part of managing that involves establishing an intentional structure of roles for people to fill in an organization. The purpose of an organization structure is to creating an environment helpful for human performance. It is then management tools and not an end. Although the structure must define the task to be done, the rules so established must also be designed in the light of the abilities and motivations of the people available designing an effective organization structure is not an easy managerial task. Many problems arises in making structures fit situations.

(3)Staffing

Staffing involves filling and keeping filled, the positions in the organization. This is done by identifying the work force requirement inventorying the people available and recruiting, selecting, placing, promoting, appraising, planning the careers, compensating and training.

(4)Leading

Leading is influence people so that they will contribute to organization and group goals. All managers would agree that most problems arises from peoples desires and problems , their behavior as individuals and in groups and that effective managers also need to be effective leaders. Leading involves motivation, leadership styles and approaches and communications.

(5)Controlling:

Controlling is measuring and correcting individuals and organizational performance. It involves measuring performance against goals and plans, showing where the deviations from standards exist and helping to correct them. In short controlling facilitates the accomplishment of plans. Controlling activity generally relates to the measurement of achievement. Some means of controlling like the budget for expenses, inspection, record of labor-hours lost, are generally familiar. Each shows whether plans are working out.

THE EVOLUTION OF MANAGEMENT

The origin of management can be traced back to the days when man started living in groups. History reveals that strong men organized the masses into groups according to their intelligence, physical and mental capabilities. Evidence of the use of the well recognized principles of management is to be found in the organization of public life in ancient Greece, the organization of the Roman Catholic Church and the organization of military forces. Thus management in some form or the other has been practiced in the various parts of the world since the dawn of civilization. With the onset of Industrial Revolution, however, the position underwent a radical change. The structure of industry became extremely complex. At this stage, the development of a formal theory of management became absolutely necessary. It was against this background that the pioneers of modern management thought laid the foundations of modern management theory and practice.

Different authors say that history of management is different. Authors contribute in management. There are so many theories of management that why also called Jungle of management.

Different period of management:

1. Scientific Management:

- (i) Fredrick Taylor.
- (ii) Henry L. Gantt.
- (iii) Frank and Lillian Gilberth.

2. Operational Management

- (i) Henri Fayol.

3. Behavioral Science:

- (i) Munster berg.

4. System Theory.

- (i) Chester Barnard

5. Modern Management /Recent contribution to management thoughts.

- (i) Peter F. Drucker 1974.
- (ii) Edwards.
- (iii) Thomas Peter & Robert Waterman. 1982

1. Scientific Management:

F.W. Taylor and Henry Fayol are generally regarded as the founders of scientific management and administrative management and both provided the bases for science and art of management.

Features of Scientific Management:

1. It was closely associated with the industrial revolution and the rise of large-scale enterprise.
2. Classical organization and management theory is based on contributions from a number of sources. They are scientific management, Administrative management theory, bureaucratic model, and micro-economics and public administration.
3. Management thought focused on job content division of labour, standardization, simplification and specialization and scientific approach towards organization.

Taylor's Scientific Management (USA 1856-1915):

Started as an apprentice machinist in Philadelphia, USA. He rose to be the chief engineer at the Midvale Engineering Works and later on served with the Bethlehem Works where he experimented with his ideas and made the contribution to the management theory for which he is so well known. Frederick Winslow Taylor well-known as the founder of scientific management was the first to recognize and emphasis the need for adopting a scientific approach to the task of managing an enterprise.

He tried to diagnose the causes of low efficiency in industry and came to the conclusion that much of waste and inefficiency is due to the lack of order and system in the methods of management. He found that the management was usually ignorant of the amount of work that could be done by a worker in a day as also the best method of doing the job. As a result, it remained largely at the mercy of the workers who deliberately shirked work. He therefore, suggested that those responsible for management should adopt a scientific approach in their work, and make use of "scientific method" for achieving higher efficiency. The scientific method consists essentially of

- (a) Observation
- (b) Measurement
- (c) Experimentation and
- (d) Inference.

He advocated a thorough planning of the job by the management and emphasized the necessity of perfect understanding and co-operation between the

management and the workers both for the enlargement of profits and the use of scientific investigation and knowledge in industrial work.

He summed up his approach in these words:

- ✓ Science, not rule of thumb
- ✓ Harmony, not discord
- ✓ Co-operation, not individualism
- ✓ Maximum output, in place of restricted output
- ✓ The development of each man to his greatest efficiency and prosperity.

Elements of Scientific Management:

The techniques which Taylor regarded as its essential elements or features may be classified as under:

1. Scientific Task and Rate-setting, work improvement, etc.
2. Planning the Task.
3. Vocational Selection and Training
4. Standardization (of working conditions, material equipment etc.)
5. Specialization
6. Mental Revolution.

1. **Scientific Task and Rate-Setting (work study):** Work study may be defined as the systematic, objective and critical examination of all the factors governing the operational efficiency of any specified activity in order to effect improvement.

Work study includes.

(a) **Methods Study:** The management should try to ensure that the plant is laid out in the best manner and is equipped with the best tools and machinery. The possibilities of eliminating or combining certain operations may be studied.

(b) **Motion Study:** It is a study of the movement, of an operator (or even of a machine) in performing an operation with the purpose of eliminating useless motions.

(c) **Time Study (work measurement):** The basic purpose of time study is to determine the proper time for performing the operation. Such study may be conducted after the motion study. Both time study and motion study help in determining the best method of doing a job and the standard time allowed for it.

(d) **Fatigue Study:** If, a standard task is set without providing for measures to eliminate fatigue, it may either be beyond the workers or the workers may over strain themselves to attain it. It is necessary, therefore, to regulate the working hours and provide for rest pauses at scientifically determined intervals.

(e) **Rate-setting:** Taylor recommended the differential piece wage system, under which workers performing the standard task within prescribed time are paid a much higher rate per unit than inefficient workers who are not able to come up to the standard set.

2. **Planning the Task:** Having set the task which an average worker must strive to perform to get wages at the higher piece-rate, necessary steps have to be taken to

plan the production thoroughly so that there is no bottle neck and the work goes on systematically.

3. **Selection and Training:** Scientific Management requires a radical change in the methods and procedures of selecting workers. It is therefore necessary to entrust the task of selection to a central personnel department. The procedure of selection will also have to be systematized. Proper attention has also to be devoted to the training of the workers in the correct methods of work.

4. **Standardization:** Standardization may be introduced in respect of the following.

(a) **Tools and equipment:** By standardization is meant the process of bringing about uniformity. The management must select and store standard tools and implements which will be nearly the best or the best of their kind.

(b) **Speed:** There is usually an optimum speed for every machine. If it is exceeded, it is likely to result in damage to machinery.

(c) **Conditions of Work:** To attain standard performance, the maintenance of standard conditions of ventilation, heating, cooling, humidity, floor space, safety etc., is very essential.

(d) **Materials:** The efficiency of a worker depends on the quality of materials and the method of handling materials.

5. **Specialization:** Scientific management will not be complete without the introduction of specialization. Under this plan, the two functions of 'planning' and 'doing' are separated in the organization of the plant. The 'functional foremen' are specialists who join their heads to give thought to the planning of the performance of operations in the workshop. Taylor suggested eight functional foremen under his scheme of functional foremanship.

(a) **The Route Clerk:** To lay down the sequence of operations and instruct the workers concerned about it.

(b) **The Instruction Card Clerk:** To prepare detailed instructions regarding different aspects of work.

(c) **The Time and Cost Clerk:** To send all information relating to their pay to the workers and to secure proper returns of work from them.

(d) **The Shop Disciplinarian:** To deal with cases of breach of discipline and absenteeism.

(e) **The Gang Boss:** To assemble and set up tools and machines and to teach the workers to make all their personal motions in the quickest and best way.

(f) **The Speed Boss:** To ensure that machines are run at their best speeds and proper tools are used by the workers.

(g) **The Repair Boss:** To ensure that each worker keeps his machine in good order and maintains cleanliness around him and his machines.

(h) **The Inspector:** To show to the worker how to do the work.

6. **Mental Revolution:** At present, industry is divided into two groups – management and labour. The major problem between these two groups is the division of surplus. The management wants the maximum possible share of the surplus as profit; the workers want, as large share in the form of wages. Taylor has in mind the enormous gain that

arises from higher productivity. Such gains can be shared both by the management and workers in the form of increased profits and increased wages.

Benefits of Scientific Management:

Taylor's ideas, research and recommendations brought into focus technological, human and organizational issues in industrial management. Benefits of Taylor's scientific management included wider scope for specialization, accurate planning, timely delivery, standardized methods, better quality, lesser costs, minimum wastage of materials, time and energy and cordial relations between management and workers. According to Gilbreths, the main benefits of scientific management are "conservation and savings, making an adequate use of every one's energy of any type that is expended".

The benefits of scientific management are:-

1. Replacement of traditional rule of thumb method by scientific techniques.
2. Proper selection and training of workers.
3. Incentive wages to the workers for higher production.
4. Elimination of wastes and rationalization of system of control.
5. Standardization of tools, equipment, materials and work methods.
6. Detailed instructions and constant guidance of the workers.

PLANNING:

What is planning?

There are many definitions of planning. Planning may define as: According to Fayol - "The plan of action is, at one and the same time, the result envisaged, the line of action to be followed, the stages to go through, and the methods to use. It is a kind of future picture wherein proximate events are outlined with some distinctness...." Planning is deciding in advance what is to be done. It involves the selection of

objectives, policies, procedures and programmes from among alternatives. A plan is a predetermined course of action to achieve a specified goal. It is a statement of objectives to be achieved by certain means in the future. In short, it is a blueprint for action.

According to Louis A Allen - *"Management planning involves the development of forecasts, objectives, policies, programmes, procedures, schedules and budgets"*. According to Theo Haimann - *"Planning is deciding in advance what is to be done. When a manager plans, he projects a course of action, for the future, attempting to achieve a consistent, co-ordinated structure of operations aimed at the desired results"*.

According to Koontz O'Donnell - *"Planning is an intellectual process, the conscious determination of courses of action, the basing of decisions on purpose, acts and considered estimates"*.

1. PLANNING IS THE PRE-SELECTION:

Planning is the pre-selection of objectives and outlines the action before starting any business.

2. ANOTHER WORDS

Planning is selection of mission, objectives and true strategies, policies programs and procedure to achieve them.

3. SIMPLEST DEFINITION OF PLANNING:

Planning is decision making in advance.

4. ANOTHER DEFINITION:

Choosing the alternatives and making the decision is called planning.

THE NATURE & PURPOSE OF PLANNING:

The essential nature of planning can be defined by dividing it into four Major aspects.

1. THE CONTRIBUTION OF PLANNING TO PURPOSE AND OBJECTIVE:

Every plan and all its supporting plans should contribute accomplishment of the purpose and objectives of the enterprise. This concept is used in organized enterprise which try to accomplishment of group purpose through deliberate cooperation.

2. THE PRIMACY OF PLANNING:

Since managerial functions like organizing, Staffing, Leading and controlling support to the accomplishment of enterprise objectives, planning logically precedes or helps the accomplishment of all other managerial functions. Because Manager must plan in order to know what kinds of organization relationship and personal qualifications are needed, which method should be followed by subordinates and what kind of control is to be applied. All the other Managerial functions must be planned if they are to be effective.

3. THE PERVASIVENESS OF PLANNING:

Planning is the function of all Managers, although the character and breadth of planning will vary with each Manager's authority and with nature of policies and plans outlined by superiors. If Managers are not allowed a certain degree of discretion and planning responsibility they are not truly Managers.

If we recognize the pervasiveness of planning, we can more easily understand why some people distinguish between the "manager" and the "administrator" or "supervisor" one manager, because of his or her authority or position in the organization, may do more important planning than another, or the planning of one may be more basic than that of another and applicable to a large portion of the enterprise. However, all managers from presidents to first level supervisors plan. Even the head of a road gang or a factory crew plans in a limited area under fairly

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- 33 -

strict rules and procedures. A principal factor in a success of supervisors at the lowest organization level is their ability to plan.

4. THE EFFIENCY OF PLANS

Plans are efficient, if they achieve their purpose at a reasonable cost, when cost is measured not only in terms of times or money or production but also in degree of individual and group satisfaction.

Many managers have followed plans whose costs were greater than the revenue that could be obtained. For example, one airline acquired certain aircraft with costs exceeding revenues. Companies have also tried to sell products that were unacceptable to the market. Plan can even make it impossible to achieve objects if they make enough people in an organization this satisfied or unhappy.

TYPES OF PLANNING

The failure of some managers is inability to recognize the several types of plans. This makes difficulty in making planning effective. Plans are classified as:-

1. PURPOSE AND MISSIONS & OBJECTIVES

This mission identifies the basic functions or tasks of an enterprise. However, an objective is the end toward which an activity is aimed. Objectives in other words. Are ends toward which organizational and individual activities or directed. Objectives are the end point toward which all managerial functions, (Planning, Organizing, Leading, Staffing, and Controlling) are aimed. Objectives form a hierarchy ranging from individual objectives to broad aims.

2. STRATEGIES & POLICIES

Strategies and policies are the basis of operational plans and framework for plans. Both gives direction and are closely related. The word strategy is derived from a

Greek word "STRATEGOS" meaning General. Strategies is the determination of the basic long term objectives of an enterprise and the adoption of courses of action and allocation of resources necessary to achieve these goals policies are general statements or understandings that guide manager's thinking and decision making.

- 34 -

3. PROCEDURE & RULES

Procedures are plans that establish a required method of handling future activities. Briefly, procedures guide actions. Rules are those required actions or non-actions allowing no discretion. Rules are simply called simple plans.

4. PROGRAMMS

Programs are a complex of goals, policies, procedures, rules, tasks and steps to be taken, resources to be employed and other elements necessary to carryout a given course of action and normally supported by capital and operating budgets.

5. BUDGET

A budget is a numerized program. It is a statement of plans and expected results expressed in numerical terms or forms. The budget of an enterprise represents the sum total of income and expenses with profit or surplus.

STEPS IN PLANNING

There are eight applicable steps in planning which should be followed by managers in connection with major programs and in any other through planning.

1. AWARENESS OF OPPERTUNITIES

An awareness of opportunities in the external environment as well as within the organization is the real starting point for planning. All managers should take look at future opportunities and see them clearly and completely. They should know where they stand in light of their strengths and weakness, understand what problems they wish to solve and why, and know what they expect to gain. Setting realistic objectives depends on this awareness.

(i) About market (ii) About expected competition (ii) What customers wants (iv) Awareness about their qualities and weakness

2. SETTING OBJECTIVES

The second step in planning is to establish or set objectives for the entire enterprise and then for each subordinate work unit. Objectives specify the expected results and indicate the end points of (i) What is to be done (ii) Where the primary emphasis is to be placed (iii) What is to be accomplished by the network of strategies, policies, procedures, rules, budgets and programs.

- 35 -

3. DEVELOPING PREMISES

The third logical step in planning is to establish planning premises. Such as forecasts, applicable basic policies and existing company plan. The are assumptions about the environment in which the plan is to be the carried out. It is important for all the managers involved in planning to agree on the premises.

Forecasting is important in premising: What kind of markets will be there? What volume of sales? What prices? What products? What technical developments? What cost? Etc

4. INDENTIFYING ALTERNATIVE COURSES OF ACTION

The forth step in planning is to search and examined alternative courses of actions.

The planner must usually make preliminary examination alternative courses to accomplish the goal.

5. EVALUATING ALTERNATIVE COURSES

After determining alternative courses and examining their strong and weak points, the next step is to evaluate the alternatives. That which alternative will give the best of meeting goals at the lowest cost and highest profit in a given period.

6. SELECTING A COURSE

Selecting an alternative is the real point of decision making. This is the point at which the plan is adopted. After identifying and evaluating alternative the manager has to decide one best alternative or several alternative courses of action.

7. FORMULATING DERIVATIVE PLANS

The seventh step in planning is formulating derivative plans. When a decision is made next step is to formulate a supporting plan, such as to buy equipment, materials, hire and train workers and develop a new product.

8. NUMBERING PLANS BY MAKING BUDGETS

After decision making and formulating plans the final step in planning is to numberise decision and plan by converting them into budgets. The overall budgets of an enterprise represent the sum total of income and expenses with resulting profit.

Budgets are important thing in planning process.

- 36 -

STEPS IN PLANNING

Bing aware of opportunity
in the light of the market
competition what costumer
want our strength our
weakness.

Settings objectives we
want to be and what we
want to accomplished and
when.

Considering planning
premises in what
environment external or
internal will our plan
operates.

Identifying alternatives
what are the most
promising alternatives to
accomplishing to our
objectives.

Comparing alternatives in
light of goals which
alternative will give as the
best of meeting our goals at
the lowest at highest profit.

Choosing and alternative
selecting the course of action
we will pursue.

Formulating supporting plans

such as plans to buy equipment, buy materials, hire and train workers develop a new product.

Numberising plans by making budgets develops such budgets as; volume and price of sales.

Operating expenses expenditures for capital equipment.

- 37 -

THE PLANNING PROCESS

A rational approach to goal achievement planning is a rational approach to accomplishing objectives. The process can be shown by figure.

X

Figure Y

X

n.x

T-n t o

Progress, time, critical planning, premises

In this diagram, progress (toward more sales, higher profits, lower costs, and so forth) is on the vertical axis, and time is on the horizontal axis. Here x indicates where we are (at to or time zero) and y where we want to be at future time (at tn). In short, we are at ax and want to go to y. often we do not have all the data, but we start planning anywhere. We may even have to start our planning study at x (at t-n). the line x y is the decision path.

If the future work completely certain, the line x y would be relatively easy to draw. Because we cannot forecast or consider everything, we try to develop our path x to y in light of the most critical premises.

The essential logic of planning applies regardless of time interval between TO and TN, weather it is five minutes or twenty years. If the time span is long, premises may be unclear, goals may be more difficult to achieve and other planning complexities may be great.

Various critical premises

Various critical premises

- 38 -

MANAGEMENT BY OBJECT (MBO)

Management by objectives (MBO) is now practiced all over the world. Yet, despite its wide applications, it is not always clear what is meant by MBO. Some says that it is an appraisal tool; other sees it is a motivational technique; still others consider MBO a planning and control device. In other words, definitions and applications of MBO differ widely. MBO process consists of setting goals at the highest level of the organization, clarifying the rules of responsible persons for achieving the goals. Some still define MBO in a very narrow, limited way.

BENEFITS OF MBO

There are four benefits of MBO.

1. MBO IMPROVES MANAGEMENT:

All the objectives of management by objective can be summarized by saying that it results in greatly improved Management. objective can not be establish without planning.MBO force Managers to think about planning for results.MBO also requires that Managers think about the way from which they will accomplish results. They will think about need of assistance to achieve the objectives.

2. MBO CLASSIFY ORGANIZATION

MBO classify the organizational roles and structure. It force managers to delegate authority according to the results they expect.

3. MBO INCOURAGE PERSONAL COMMITMENTS;

One of the great advantages of management by objective is that it encourages people to commit themselves to their goals. Because of MBO people can understand their area of discretion, there authority, the part in setting their objectives.

4. MBO DEVELOPES EFFECTIVE CONTROL

MBO help people to develop effective control. As MBO guides in setting result oriented planning. It is also guides people to develop effective control towards the accomplishment of the goals.

- 39 -

WEAKNESSES OF MANAGEMENT BY OBJECTIVES

With all its advantages, MBO has a number of weaknesses. There are several weakness of MBO.

1. MBO FALIURE TO EXPLIAN PHILOSPHY MBO

As MBO emphasis self-control and self direction therefore sometimes managers fail to explain the philosophy of MBO to their subordinates. Managers often fail to explain about MBO that it is? How it works? Why it is being done? What part in performance appraisal? How participants can benefits?

2. MBO FAILURE TO GIVE GUIDE LINES FOR GOAL SETTING

One of the weaknesses of MBO is that it fails to give guide line for goal setting to managers. Managers need planning premises and knowledge of major company polices. People must have some assumptions about future. They should have some understanding about objectives affecting their areas of operations. They should know about objectives and programes.MBO fails to give guideline to Managers.

3. DIFFICULTY OF SETING GOALS

Truly verifiable are difficult to set. MBO difficult and verifiable goals.

4. EMPHASIS ON SHORT TIMES GOALS

In most MBO programs, managers set goals for the short term for yearly or quarterly. Emphasis on short term goals lead to danger more expensiveness as of the longer range.

5. DANGER OF INFLAXIBILITY

In MBO program managers often hesitate to change objectives. Change in objective can affect results. So in MBO managers often hesitate to know flexibility.

OTHER WEAKNESSES

There are some other dangers and difficulties in MBO.

1- There may be a danger of overuse of quantitative goals or low gradation of important goals.

2- Difficulty in applying goal oriented planning.

- 3- Difficulty of converting broad objective into subordinate objectives.
- 4- Difficulty in measuring performance.
- 5- Difficulty in providing feedback.

- 40 -

- 6- Difficulty in setting long-range objectives and planning.
- 7- Difficulty in adjusting to the fast changing environment

DECISION MAKING

Decision making is defined as the selection of course of action from among alternative. It is the core of planning. A plan cannot be said to exist unless a decision has been made.

Managers sometimes see decision making as their central job because they must constantly choose what is to be done, who is to do it and when, where and how it will be done. Decision making is the part of planning and everyone's daily living.

RATIONAL DECISION MAKING;

It is the rational decision making that goals cannot be attain without action.

People acting or deciding rationally are attempting to reach some goal that cannot be attained without action. They must have a clear understanding of alternatives. They must have ability and information to analyze and evaluate alternatives in order to achieve goals. Finally they must have desire to come the best solution by selecting alternative.

STEPS IN DECISION MAKING

There are three steps in decision making.

1- THE SEARCH FOR ALTERNATIVES.

The first steps of decision making are to develop alternatives. There are almost always alternatives to any course of action. If we think of only one course of action, clearly we have not thought hard enough.

The ability to develop alternatives is often as important as being able to select correctly from among them. One of the other hand ingenuity research and common sense will often unearth so many choices that all of them cannot be evaluated. The manager needs help in this situation, and this help can be solved by decision making.

2- EVALUATION OF ALTERNATIVES.

When an appropriate alternative has been found, the next steps in planning one best alternative to achieve the goals. There are three ways of evaluated decision making.

1- QUANTITIVE AND QUALITIVE FACTOR

Quantitative factor can be measured in numerical terms. This factor is vary important but the success of the venture would be endangered qualitative factors were ignored. Qualitative factor are those that are difficult to measure numerically such as the quality of labor relations, the risk of technological change etc.

2- MANAGERIAL ANALYSIS

In evaluating alternatives managerial analysis is very important. Marginal analysis can be used in comparing factors other then costs and revenue. For example to find the best output of a machine, inputs could be varied against outputs until the additional input equals the additional output.

3- COST EFFECTIVENESS ANALYSIS

Cost effectiveness analysis seeks the best ratio of benefits and costs. For example finding the least costly way of reaching objectiveness is a technique for choosing the

best plan.

SELECTING AN ALTERNATIVE

During the selection among the alternatives, managers can use three basic approaches (1) Experience (2) Experimentations (3) research and analysis.

Bases for selecting from among alternatives

Experimentation

How to select from
among alternatives.

Research and
analysis

Reliance on past Choice made

EXPERIENCE

Reliance on past experience plays a larger part in decision making to some extent, experience is the best teacher. The very fact that managers have reached there position appears to justify their past decisions. Moreover, the process of thinking problems through making decisions and seeing programs succeed or fail.

EXPERIMENTATION

One way of deciding among alternatives is to try one of them and see what happens. Experimentation is often used in scientific theory. The experimental technique can be most expensive, especially if a program requires heavy expenditures firm cannot afford to attempt several alternatives.

RESEARCH AND ANALYSIS

One of the most effective techniques for selecting from alternatives is research and analysis of decisions. This approach means solving problems by first comparing it. It is pencil and paper approach to decision making

ORGANIZATION INTRODUCTION

Organization involves division of work among people whose efforts must be coordinate To achieve specific objectives and to implement pre-determined strategies.

Organization is the foundation upon which the whole structure of management is built? It is the backbone of management. After the objectives of an enterprise are determined and the plan is Prepared, the next step in the management process is to organize the activities of the Enterprise to execute the plan and to attain the objectives of the enterprise. The term Organization is given a variety of interpretations. In any case, there are two broad ways in which the term is used. In the first sense, organization is understood as a dynamic process and a managerial activity which is necessary for bringing people together and tying them together in the pursuit of common objectives. When used in the other sense, Organization refers to the structure of relationships among positions and jobs which is Built up for the realizations of common objectives. Without organizing managers cannot function as managers.

Organization is concerned with the building, developing and maintaining of a structure of working relationships in order to accomplish the objectives of the enterprise. Organization means the determination and assignment of duties to People, and also the establishment and the maintenance of authority relationships among these grouped activities. It is the structural framework within which the various efforts are coordinated and related to each other. Sound organization contributes greatly to the Continuity and success of the enterprise. The distinguished industrialist

of America, Andrew Carnegie has shown his confidence in organization by stating that: "Take away our factories, take away our trade, our avenues of transportation, our money, leave nothing but our organization, and in four years we shall have reestablished

ourselves." That shows the significance of managerial skills and organization. However, good organization structure does not by itself produce good performance. But a poor organization structure makes good performance impossible, no matter how good the individual may be.

The term 'Organization' connotes different things to different people. Many writers have attempted to state the nature, characteristics and principles of organization in

- 45 -

their own way. It can be used as a group of persons working together or as a structure of relationships or as a process of management. Now, let us analyze some of the important definition of organizing or organization, and understand the meaning of organization.

ACCORDING TO SHELDON

"Organization is the process of so combining the work which individuals or groups have to perform with facilities necessary for its execution, that the duties so performed provide the best channels for efficient, systematic, positive and coordinated application of available effort."

In the words of Chester I Bernard, "Organization is a system of co-operative activities of two or more persons."

MC FERLAND HAS DEFINED

Organisation as, "an identifiable group of people contributing their efforts towards the attainment of goals".

ACCORDING TO LOUIS A ALLEN,

"Organisation is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority, and establishing Relationships for the purpose of enabling people to work most effectively together in accomplishing objectives.

ACCORDING TO NORTH WHITEHEAD

Organisation is the adjustment of diverse elements, so that their mutual relationship may exhibit more pre-determined quality.

IN THE WORDS OF THEO HAIMANN

Organizing is the process of defining and grouping the activities of the enterprise and establishing the authority relationships among them. In performing the organizing function, the manager defines, departmentalizes and assigns activities so that they can be most effectively executed.

IN THE WORDS OF MOONEY AND RAILEY,

"Organisation is the form of every human association for the attainment of a common purpose."

- 46 -

ACCORDING TO JOHN M PFIFFNER AND FRANK P SHERWOOD,

"Organisation is the pattern of ways in which large number of people, too many to have intimate face-to-face contact with all others, and engaged in a complexity of

tasks, relate themselves to each other in the conscious, systematic establishment and accomplishment of mutually agreed purposes.”

SPAN OF CONTROL

(1) Span of control refers to the number of immediate subordinate who report a manager.

(2) Different level of organization level is also called span of control.

FACTORS DETERMINING AN EFFECTIVE SPAN

There are several factors which influence the span of management.

1- TRAINING OF SUBORDINATES

The better training of subordinates increases the necessary superior subordinate's relationship. Well trained subordinates require less time of their managers also they have less contact with their managers. Training programs increase in new and more complex industries.

2-CLARITY OF DELEGATION OF AUTHORITY

Although training enables managers to reduce the frequency of time consuming contact but delegation of authority should be clear. If a manager clearly delegates authority to task with a minimum of the managers time and attention. But if a manager delegate's authority unclearly than subordinate give his maximum.

3-CLARITY OF PLANS

If plans are well defined if they are workable, if the delegation of authority toward plan is clear, if the subordinate understands what expected than little of a supervisor time will be required on the other hand if plan cannot be drawn accurately and subordinates do much of their own planning, they may require considerable guidance.

4- USE OF OBJECTIVE STANDARD

A manager must find out, either by personal observation or through the use of objective standards, whether subordinates are following plans. Obviously, good objective standards enable managers to avoid many time consuming contact.

- 47 -

5- RATE OF CHANGE

Certain enter rises change much more rapidly than others. The rate of change is very important in formulating and maintaining policies. It may explain the organization structure of company's railroad, banking and public utility companies.

6- COMMUNICATION TECHNIQUES

Communication techniques also influence the span of management. If every plan, instruction, order or direction has to be communicated by personal contact than managers time will be heavily burdened. An ability to communicate plans and instructions clearly and concisely also tends to increase a managers span.

7- AMOUNT OF PERSONAL CONTACT NEEDED

Many instances, face to face meetings are necessary. Many situations cannot be completely policy statements planning documents or other communications that do not involves personal contact. An executive may and valuable information's by meeting to subordinates and by discuss problems with them. Some problems can be handled only in face to face meeting so the best way of communicating problems, instructor, and subordinates is to spend time in personal contact.

8- VARIATION BY ORGANIZATION LEVEL

Several research projects have found that the size of the most effective span differs by

organizational level. For example, it was studied that when a greater number of specialties were supervised, effective spans were narrower at lower and middle levels of organization but were increased at upper levels.

9- COMPETENCY OF MANAGERS

A manager who is competent and well trained can effectively supervise more people than who is not.

10- MATURITY AND MOTIVATION OF SUBORDINATES

The more mature subordinates may delegate more authority, thus widening the span.

- 48 -

TABLE: - FACTORS INFLUENCING THE SPAN OF CONTROL

DEPARTMENTATION:

Departmentation is process of grouping activities and people into departments to make it possible to expand organization. After reviewing the plan, usually the first step in the organization process is departmentalization. Once jobs have been classified through work specialization, they are grouped so those common tasks can be coordinated. **Departmentalization** is the process on which work or individuals are grouped into manageable units. There are five traditional methods for grouping work activities.

Thus workflow analysis can be used to tighten the connection between employees' work and customers needs. Also it can help to make major performance breakthroughs throughout **business process reengineering (BPR)**. A functional rethinking and radical redesign of business process to achieve dramatic improvements in costs, quality, service, and speed. BPR use workflow analysis to identify jobs that can be eliminated or recombined to improve company.

TYPE OF DEPARTMENTATION:

1-DEPARTMENTATION BY NUMBERS:

Departmentation by number is telling off persons who are to perform the same duties and putting them under the superior of a manager the essential fact is not what these people do, where they work? Or what they work with, it is that the success of the

NARROW SPAN RELATED TO: WIDE SPAN RELATED TO:

1-little or no training. 1-through training of subordinate.

2-unclear authority, delegation. 2-Clear delegation of authority.

3-nonverifiable objectives & standard. 3-Will define plans.

4-fast changes in external and internal environment. 4-Slow changes in external and internal

5-use of communication techniques. Environment

6-ineffective interrogation of superior and subordinate. 5-use of appropriate techniques such as written,

7-greater number of specialization at lower and oral communication.

Middle level. 6-effective interaction between superior & superiors.

8-Ineffective meetings. 7-Number of specialist at upper levels.

9-Incompetent & untrained managers. 8-Effective meetings.

10-Complex task. 9-Competent & train managers.

11-Immature subordinate. 10-Simple task.

11-mature subordinates.

- 49 -

understanding depends only on the number of persons included in it. This method is rapidly applying in army.

DISADVANTAGES OR DECLINE REASONS;

There are many reasons of decline of departmentation by numbers.

1-It has declined due to advance technology and demand of specialized and different skills.

2-A second reason is groups composed of specialized personnel are more efficient than those based on number.

3-Departmentation by number is useful only at the lowest level of the organization.

4-Departation by number fails to produce good results

2-DEPARTMENTATION BY TIME

It is grouping activities on the basis of time. It is oldest form of departmentation and it is generally used in low level of departmentation. It is particularly applied in hospitals and steel manufacturing enterprise where continue process of service and manufacturing is used.

ADVANTAGES

1- It is process of working and services throughout 24 hours.

2- It is continuing service process.

3- Expensive machinery is used in shifts.

4- Students can work evening or at night.

DISADVANTAGES

1- There is lacking supervision at night.

2- Exhaustion factor.

3- DEPARTMENTATION BY FUNCTION

It is grouping activities on the basis on function of an enterprise. The basic enterprise functions are production, selling, and financing functional departmentation is bases for organizing activities and in organizational structure. It organizes by function to be performed. The function reflects the nature of the business. The advantage of this type of grouping is obtaining efficiencies from consolidating similar specialties and people with common skills, knowledge and orientations together in common units.

- 50 -

ADVANTAGES

1- It is logical reflection of function.

2- Maintains power of major functions.

3- Simplifies training.

DISADVANTAGES

1- De-emphasis of overall company objectives.

2- Reduces coordination between function.

3- Slow adoption to change in environment.

4- DEPARTMENTATION BY GEOGRAPHY

Departmentation by geography is followed where geographic marked appear to offer advantages. Geographic department most often use in sales and production, it is not use in finance. Departmentalization by geographical regions groups jobs on the basis of territory or geography. For example merek, a major pharmaceutical company, have its domestic sales departmentalized by regions such as Northeast, Southeast, & Northwest

ORGANIZING CHART

President

Manager southern region Manager central region Manager north region

ADVANTAGES

- 1- It emphasis on local markets and problems.
- 2- Improves coordination in a region.
- 3- Better face to face communication.

DISADVANTAGES

- 1- Increases problem of top management control.
- 2- Requires more persons with general manager abilities.

5. DEPARTMENTATION BY CUSTOMER

Departmentalization by customer groups jobs on the basis of a common set of needs or problems of specific customers. For instance, a plumbing firm may group its work according to whether it is serving private sector, public sector, government, or not-

51 -

for-profit organizations. A current departmentalization trend is to structure work according to customer, using **cross-functional teams**. This group is chosen from different functions to work together across various departments to interdependently create new products or services. For example, a cross-functional team consisting of managers from accounting, finance and marketing is created to prepare a technology plan.

ORGANIZING CHART

Executive Manger

Manager Manager Manager Manager

Business loans students loans Personal loans Army loans

There is different difficult decision to be made in separating some type of customer departments from product departments. Business owners and managers arrange activities on the basis of customer requirements. Departmentation by customer can be defined by figure

ADVANTAGES

- 1- Departmentation by customer emphasis on customer needs.
- 2- It develops experience in customer area.

DISADVANTAGES

- 1- It may be difficult to analysis customer demands.
- 2- It requires managers and staff expert in customer problems.
- 3- Customer groups may not always be clearly defined.

6- DEPARTMENTATION BY PROCESS

This type of departmentation is found in production and operative levels. Such type of departmentation can be found in paint or electroplating process. Departmentalization by process groups jobs on the basis of product or customer flow. Each process requires particular skills and offers a basis for homogeneous categorizing of work activities. A patient preparing for an operation would first engage in preliminary

- 52 -

diagnostic tests, and then go through the admitting process, undergo a procedure in surgery, receiver post operative care, be discharged and perhaps receive out-patient attention. These services are each administered by different departments.

PRESIDENT

Manager Purchases Manager Finance Manager Production Manager

Sales

Dept by process Heat treatment welding section Assembling section finishing section

ADVANTAGES

- 1- It simplifies training.
- 2- Achieve economic advantage.
- 3- Uses specialized technology.

DISADVANTAGES

- 1- Coordination of departments is difficult.
- 2- Responsibility for profit is at the top.

7- DEPARTMENTATION BY PRODUCT

This type of departmentation used in organization where more than one product is producing. In this department all the sources and authority are placed under the control of one manager. Departmentalization by product assembles all functions needed to make and market a particular product are placed under one executive. For instance, major department stores are structured around product groups such as home accessories, appliances woman's clothing, men's clothing and children clothing.

- 53 -

PRESIDENT

ADVANTAGES

- 1- Places attention on production.
- 2- Increase growth of product.
- 3- Places responsibility for profit at division level.

DISADVANTAGES

- 1- Requires more persons with general manager abilities.
- 2- Presents problems of top management control.

Marketing Personnel Finance Purchases

Industrial

tool division

Electronic

meter

division

Indicator

light division

Instrument

division

Accounting

Sales

Engineering

Production

Accounting

Sales

Engineering

Production

- 54 -

Formal and Informal Organization

FORMAL ORGANIZATION

Formal organization means the intentional structure of rods informally organized

enterprise. Formal organization must be flexible. Formal organization does not mean that there is anything inflexible. If a manager is to organize well, the structure must furnish an environment in which individual performance, both present and future contributes most effectively to group goals.

President

Marketing Finance Production

President

Cosmetics Clothing Appliances

President

Central Northeast Southwest

President

Receiving Sewing Shipping

President

Governement Industrial consumer

Product

Departmentalization

Geographical

Departmentalization

Process

Departmentalization

Customer

Departmentalization

Functional

Departmentalization

- 55 -

INFORMAL ORGANIZATION

Informal organizational is define by different authors one says, Informal organization is any joint personal activity without conscious joint purpose, even though contributing to joint results. Thus informal relation ships established in the group of people playing chess during lunch time may aid in the achievement of organization goals. It is much easier to ask for help on an organization problem from someone you know personally, even if he or she may be in different departments than from some one you know only as a name on an organization chart. Another author describes informal organization as a network of personal and social relationships not required by the formal organization but arising spontaneously as people but associate with one another.

AUTHORITY & POWER

Power is much broader concept than authority power is the ability of individuals or groups to informal the actions of other persons or groups.

Formal

organization

Informal

organization

:morning Coffee

regular

Informal

organization:

bowling team

Informal
organization:
chess group
President
Voice president
Decision
managers
Department
managers
- 56 -

AUTHORITY

Authority is the legal right to command actions by others and to enforce compliance. Authority may also be defined as the degree of discretion in organizational position conferring on persons occupying these positions the right to use their judgment in decision making.

TOP TO DOWN AUTHORITY

Share holder
Board of director
Chief Executive
Managers
Supervisors

POWER

Power is border concept then authority. I may be defined as a strong influence on direction on individuals is behaviors power may also define as the ability of individuals or groups to influence the action of other persons. There are five bases / sources or kind of power.

1- LEGITIMATE POWE

The official position of a person in an organization is known as legitimate power . for example, a major in army has power over Captain and subordinate.

2- COERCIVE POWER

A person's ability to create fear in other individuals and is based on subordinates expectation that punishment will be received for not completing work. It is closely related to reward power and normally arising from legitimate.

Worker

- 57 -

3- REWARD POWER

Power arises from ability of some people to grant reward reward is known as reward power. University Professors have considerable reward. power they made high grade.

4- EXPERT POWER

Power may also come from the expertness of a person or a group. This power of knowledge. Physician lowers, & university professors may have considerable influence for their special knowledge.

5- REFERENT POWER

This is the power of admiring high esteemed leader by individuals.

6- DECESION MAKING POWER

This power arises from the power of positions. When people speak pf authority in managerial setting, they are usually referring to the decision making power.

LINE & STAFF CONCEPT

LINE AUTHORITY

Line authority gives a superior a line of authority over subordinates. It exists in all organizations. Line authority can also be defined as the superior – subordinate authority relationship where by a superior makes decision and tells them to a subordinate who in turn makes decision and tells to his subordinates and on from a line from top to low level of organization structure. This line of authority is known as line of authority. It is directly from superior to his subordinate.

LINE AUTHORITY chain of command

President

Vice President

Supervisor

Employee

- 58 -

STAFF CONCEPT

The nature of the staff relationship is advisory. The function of people in pure staff capacity is to investigate research and give advice to line managers. In other words, staff functions are those that help the line persons work more effectively in accomplishing the objectives.

PRESIDENT

LINE & STAFF ORGANIZATION OF A TYPICAL MANUFACTURING COMPANY

NATURE OF LINE & STAFF CONCEPT

Line authority gives a superior a line of authority over a subordinate. Line authority is that relationship in which superior exercises direct supervision over a subordinate. On the other hand the nature of the staff relationship is advisory. The function of a person in staff capacity is to investigate research and give advice to line manager.

BENEFITS OF STAFF

1. Provide highly specialized knowledge indifferent areas, i-e- economics, technical, legal etc.

Vice

president

Director

research

Director

Production

Director

public relation

Vice President

Manager

Accountin

g

Manager

Cash

control

Manager

Purchasin

g

Manager

Factory

Manager
Personnel
Manager
domestic
sales
Manager
Advertisig
Manager
foreign
sale
Supervisor
Production
Control
Supervisor Parts
Production
Chief Assembling Chief
maintenance

- 59 -

2. Specialist staff avails lines to analysis collected data and make advice for managers.

3. Staff analysis and advices help in resolving problems arrised during process

WEAKNESSES OF STAFF

1. Danger of understanding line authority.

2. Lake of staff responsibility.

3. Thinking in a vacuum

4. Managerial problems.

1. Prepare

2. Plan

3. Discuss

4. Audit

6. Appreciate

DELEGATION OF AUTHORITY

Delegation is necessary for an organization to exist. Authority is delegated when a superior gives a subordinate discretion to make decision. Clearly , supervisors cannot delegate authority they do not have ,whether they are board members, Presidents, Voice Presidents or superiors.

The process of delegation involves.

1. Determining the results expected from a position.

2. Assigning tasks to the positions.

3. Delegating authority to accomplishment of the tasks.

4. Holding the persons in that position responsible for the accomplishing meat of the tasks.

5. Authority is delegate from higher level to lower level.

- 60 -

STEPS IN DELEGATING

SPLINTERERD AUTHORITY

Splintered authority exits whenever a problem cannot solve. In day to day operations of any company. There are many cases of splintered authority. Many Managerial Conferences are held because of the necessity of splintered authority to make

decisions.

RECOVERY OF DELETED AUTHORITY

A manager who delegates authority does not permanently dispose of it, delegated authority can always be regained. Reorganization involves reorganization, rights are recovered by the responsible head of the firm or a department, to head of a new department may receive authority formally held by other Managers.

THE ART OF DELEGATION OF AUTHORITY

The most failure in effective delegation occurs not because Manager does not understand the nature and principles of delegation because they are unable to apply them. There are many reasons for poor delegation.

PERSONAL ATTITUDE TOWARD DELEGATION

There are many kinds of personal attitudes which cause poor delegation of authority so Managers should follow these steps.

1- RESPECTIVENESS

Decision making always involves some discretion and a subordinate's decision is not likely to be exactly the one superior would have made. The manager who knows how to delegate must be able to help others and to compliment on their ingenuity.

2- WILLINGNESS TO LET GO

A manager who will effectively delegate authority must be willing to release the right to make decisions to subordinates. A major fault of some managers is that they want to continue to make decisions for the positions they have left. Corporate president and vice presidents who insist on confirming every purchase do not realize that doing so takes their time and attention away from more important decisions.

- 61 -

3- WILLINGNESS TO LET OTHER MAKE MISTAKES

Since every one makes mistakes, a subordinate must be allowed to make some, and their cost must be considered an investment in personal development. Serious or repeated mistakes can be largely avoided without multiplying delegation.

4- WILLINGNESS TO TRUST SUBORDINATES

Superiors have no alternative to trusting their subordinates; for delegation implies a trustful attitude among them. A superior may put off delegation with the thought that subordinates have not yet experienced enough, they cannot handle people, they have not developed judgment etc. Sometimes these considerations are true but then a superior should either train subordinates or else select others who are prepared to assume the responsibility.

5- WILLINGNESS TO ESTABLISH AND USE BROAD CONTROLS

Superiors should not delegate authority unless they are willing to find means of getting feedback. Obviously, controls, goals, policies and plans are used as basic standards for judging the activities of subordinates.

GUIDES FOR OVERCOMING WEAK DELEGATION

The following guide can overcome weak delegation.

- 1- Define assignments and delegate authority in the light of results expected.
- 2- Select the person in light of the job to be done.
- 3- Maintain open lines of communication.

- 4- Establish proper control.
- 5- Reward effective delegation and successful assumption of authority.

STAFFING

What is staffing?

Staffing is define as

“Filling and keeping filled, positions in the organization structure”

This process is done by ten concepts.

1. Identifying the work force requirements.
2. Inventorying the people available.
3. Recruiting
4. Selecting candidates.
5. Planning candidates.
6. Promoting candidate.
7. Appraising candidates.
8. Planning careers of candidates.
9. Training candidate.
10. Developing and compensating candidates and current jobholders.

DEFINING THE MANAGERIAL JOB

There is no agreed definition of managerial job of a manager. There are several different definition of managerial job by different writers.

One group of writers studied successful managers and described their behaviors and habits. Although the stories about these people are interesting but authors do not provide a theory to explain the success of these successful managers. Other writers focus on profit maximization, innovation, risk taking and similar activities. Yet another group of writers emphasizes decisions that cannot be easily programmed. Managerial job also define as leadership having power and influence over the environment and subordinates. One says, managerial job is process of observing the activities of managers. However the key tasks of managers are planning, organizing staffing, leading, and controlling.

- 64 -

THE SYSTEM APPROCH TO HUMAN RESOURCE MANAGEMENT

Figure shows the managerial function of staffing relates to the total management. in system approach to staffing enterprise plan or organization plane become important inputs for staffing tasks. The organization structure determines required numbers and kinds of managers. These demands for managers are compared with the available talents through management inventory.

Internal environment

personal policies

reward system

External Environment

Analysis of
present and
future needs
for managers

External
sources Appraisal
Career strategy
Training and

Development
Enterprise
plans
Organizational
plans
Number and
kinds of
manager
required
Manager
inventory
Internal
sources
Recruitment
Selection
Placement
Promotion
Separation
Leading and
controlling

- 65 -

On the basis of this analysis, external and internal resources are utilized in the process of recruitment, selection, placement, promotion and separation. Other aspects of staffing are appraisal, career strategy and training and development of managers. Staffing effects leading and controlling. Well trained managers create an environment in which people working together in the organization setup can achieve enterprise objectives and accomplish personal goals.

Staffing requires an open system approach. It is carried out within the enterprise which is linked to the external environment. Therefore it cannot be carried out within the enterprise which is linked to the internal environment.

ASPECTS IN THE SYSTEM APPROACH TO STAFFING

In system approach to human resource management or staffing the following aspects are to be considered.

1. FACTORS AFFECTING THE NUMBER & KINDS OF MANAGER REQUIRED

The number of managers needed in an enterprise depends on (1) Size of business (2) plans of expansion (3) Rate of turnover of managers (4) Complexity of organization structure.

2. DETERMINATION OF AVAILABLE MANAGERIAL RESOURCES

It is also known as management inventory. It is common for any business and non business enterprises, to keep an inventory of new materials and goods on hand to enable it to carry on its operations.

3. ANALYSIS THE NEED FOR MANAGERS.

Analysis of the need for managers depends upon internal resources.

INTERNAL RESOURCES

1. Plans for growth.
2. Replacement or out replacement staff.
3. demotions
4. Early retirement.
5. External factors.
6. Internal factors.
7. External factors include

- 66 -

ETERNAL RESOURCES

1. Economic factor.
2. Technological factors.
3. Social factors.
4. Political factors.
5. Legal factors.

4. OTHER IMPORTANT ASPECTS

After the need for managerial personnel a number of candidates may have to be.

1. Recruited
2. selected
3. place
4. promote

THERE ARE MANY OBJECTIVES & PURPOSES

OBJECTIVES OF STAFFING

The objective and purpose of managerial staffing is to ensure that organizational positions are filled by the qualified personnel, who are able to willing to occupy them.

2ndly, the purpose / objective of managerial staffing is to define job, performance appraisal training and development of people.

3rdly, the purpose / objective of managerial staffing is to matching the persons with job, identifying job requirement, job, design etc.

SITUATIONAL FACTORS AFFECTING STAFFING

The actual process of staffing is affected by many environmental factors. For example external and internal factors.

EXTERNAL FACTORS

Factors in external environment do affect staffing to various degrees. These influences can be grouped into educational, social cultural, legal political and economic opportunities. External factors include.

1. Well trained managers.
2. Well educated managers.
3. Highly skilled managers.

- 67 -

Ignorance of external factors may keep away an enterprise from growing at design rate

INTERNAL FACTORS

Internal factors include

1. Personal policies.
2. Organizational climate.
3. Reward system.

Internal factors of staffing are required to be taking consideration.

THE SELECTION PROCESS

Selection is the process of choosing from among the candidates, from within the organization or from the outside organization the most suitable person for the current position or for future positions.

THE SELECTION PROCESS

There are many steps in the selection process, for example, the interview of a candidate, tests, assessment centers etc. There are some variations in the steps of

selection process For example the interview of candidate for a first level supervisory position may be relatively simple then interviews for a top level executive. In the selection process firstly, the selection criteria are established in the basis of current and future job requirements. These criteria include.

1. Education, knowledge, skills and experience.
2. The candidate is requested to complete the application form.
3. A screening interview is conducted.
4. Candidates are tested for additional information.
5. Formal interviews conducted on the basis of test.
6. Information provided by candidates are checked and verified.
7. Physical fitness is examined.
8. On the basis of previous step the candidate is offered job or information about that he/she has not been selected for the position. Lets determine some parts of selection process.

- 68 -

INTERVIEW

In a structured interview the Manager ask a set of prepared questions, such as the following.

1. What were your specific duties and responsibilities in your last job?
2. What did you achieve in that job?
3. Who could be asked to verify these achievements?
4. Who are they?
5. What did you like or dislike about your job?
6. Why do you want to change your job?

TESTS

The primary aim of test is to obtain data about the applicants. Some of the benefits from testing include finding the best person for the job obtaining a high degree of job satisfaction for the applicant, and reducing turnover. The most commonly used tests can be classified as follows.

1. INTELEGENCE TEST

Intelligence test are design to measure mental capacity, to test memory , speed of thought and ability to see relationship in complex problem situations.

2. PROFICIENCY TEST

It constructed to discover interest, existing skills and potential for acquiring skills.

3. VOCATIONAL TESTS

Vocational test are designed to show a candidates most suitable occupation.

4. PERSONALITY TESTS

Personality tests are designed to show or discover candidate's personal characteristics.

ASSESSMENT CENTERS

The assessment center is not a location but a technique for selecting and promoting managers. This approach may be used in training assessment centers were first used for selecting and promoting lower level but now they are applied to middle level managers as well.

- 69 -

LIMITATION OF SELECTION PROCESS

There are many limitation of the selection process.

1. There is no one perfect way to select managers.
2. There is distinction between what person can do,
3. Testing process and especially psychological testing is limited.
4. Time and cost involved in making personnel decisions. It is important to identify such factor as advertising expenses, agency fees, cost of test materials, time spent interviewing candidate, costs for reference check etc. When recruiting costs are recognized it becomes evident that turnover can be very expensive to an enterprise.

STEPS/PROCESS/PRINCIPLES OF STAFFING

There are six steps/process or principles of staffing.

1. Principle of job definition
2. principle of managerial appraisal
3. Principle of open competition.
4. Principle of management training & development.
5. Principle of training objectives.
6. Principle of continuing development.

1. PRINCIPLES OF JOB DENIATION

The more precisely the results expected of managers are identified the dimensions of their positions can be defined.

2. PRINCIPLE OF MANAGERIAL APPRASIAL

The more clearly verifiable objectives and required managerial activities are identified.

3. PRINCIPLE OF OPEN COMPETETION

The enterprise encourages open completion among all candidates for management positions. Open competition shows the quality management. Open competition better candidate can be brought in the organization.

- 70 -

4. PRINCIPLES OF MANAGEMENT TARINING & DEVELOPMENT

Training and develop efforts are related to managerial function. Management training and development Leeds to the effective developed programs and activity of an enterprise.

5. PRINCIPLES OF TRAINING OBJECTIVES

The principle of training objectives gives direction to development and facilitates the measurement of the effectiveness of training efforts.

This principle suggest that in a fast changing and competitive environment, manages cannot stop learning. Instead they have to update their managerial knowledge continually and improve their managerial skills and performance to achieve enterprise result.

- 71 -

OUTLINE NO: LEADING

OUTLINE 04

Leading Definition

Ingredients of leadership

- Power
- Fundamental understanding of people

- Ability to inspire followers

- The ability to act in manner

Trait approaches to leadership

Motivation & motivators

Special motivational techniques

- Participation

- Quality of working life

An early behavioral model

- McGregor's theory X and theory Y

- Clarification of theories

The Hierarchy of need theory

- Physical needs

- Security or safety needs

- Affiliation or acceptance needs

- Esteem needs

- Needs for self-actualization

Hygiene approach to motivation

- Frederick Herzberg theory of motivation

- Comparison of Maslow's & Herzberg's theories of motivation

- Job enrichment

- Job enlargement

- 72 -

LEADING

Leading is the process of influence people so that they will contribute to organization and group goals.

DEFINING LEADERSHIP

Leadership has different meanings by different authors.

Leadership is influence. Leadership is the art or process of influencing people so that they will contribute willingly. And whole hardly toward the achievement of group goals. Ideally. People should be encouraged to develop not only zeal and confidence. Zeal is intensity in the execution of works; Confidence reflects experience and technical ability. Leaders help a group to attain objectives through the maximum application of its capabilities. They do not stand behind a group but they inspire the group to accomplish organizational goals. A good example is an orchestra leader, whose function is to produce coordinated sound and correct tempo through the integrated efforts of the musicians. Depended on the quality of director's leadership, the orchestra will respond.

Leadership is a great quality and it can create and convert anything. There are many definitions of leadership. Some of the definitions of leadership are reproduced below:-

"LEADERSHIP" ACCORDING TO ALFORD AND BEATTY

"is the ability to secure desirable actions from a group of followers voluntarily, without the use of coercion".

ACCORDING TO CHESTER I BARNARD

"It (leadership) refers to the quality of the behavior of the individual whereby they

guide people on their activities in organized efforts".

ACCORDING TO TERRY

"a leader shows the way by his own example. He is not a pusher, he pulls rather than pushes".

ACCORDING TO KOONTZ AND O'DONNELL

Managerial leadership is "the ability to exert interpersonal influence by means of communication, towards the achievement of a goal.

- 73 -

Since managers get things done through people, their success depends, to a considerable extent upon their ability to provide leadership".

In the words of R.T. Livingston - Leadership is "the ability to awaken in others the desire to follow a common objective".

ACCORDING TO PETER DRUCKER

Leadership "is not making friends and influencing people i.e., salesmanship. Leadership is the lifting of man's vision to higher sights, the raising of man's performance to higher standards, the building of man's personality beyond its normal limitations".

ACCORDING TO LOUIS A ALLEN

"A leader is one who guides and directs other people. He gives the efforts to his followers a direction and purpose by influencing their behaviour". In the words of THEO HAIMANN

"Leadership is the process by which an executive imaginatively directs, guides and influences the work of others in choosing and attaining specified goals by mediating between the individuals and the organization in such a manner that both will obtain maximum satisfaction".

ACCORDING TO KATZ AND KALM

"In the descriptions of organizations, no word is used with such varied meanings. The word leadership is sometimes used to indicate that it is an attribute of personality; sometimes, it is used as if it were a characteristic of certain positions, and sometimes as an attribute of behaviour". From the above definitions we can conclude that leadership is a psychological process of influencing followers (subordinates) and providing guidance, directing and leading the people in an organization towards attainment of the objectives of the enterprise.

INGREDIENTS OF LEADERSHIP

Every group of people that performs job has same person as its head who is skilled in art of leadership. This skill seems to be a compound at least four major ingredients.

1. Power
2. Fundamental understanding of people.

- 74 -

3. Ability to inspire follower
4. The ability to act in a manner

That will develop a conducive climate to responding and rousing motivations.

1. POWER

The first ingredient of leadership is power. Power may be define as a strong influence on the direction of an individual's behavior. There are five kind of power.

1. LEGITIMATE POWER

The official position of a person in organization is known as legitimate power.

2. COERCITIVE POWER

A person's ability to create fear in other individuals is known as coercive power.

3. REWARD POWER

This power arises from ability of some to grant reward is known as reward power.

4. EXPERT POWER

This power comes from the expertness of a person or a group.

5. REFERENT POWER

This is the power of admiring high esteemed leader by individuals.

6. DECISION MAKING POWER

This power arises from the power of positions.

2- FUNDAMENTAL UNDERSTANDING OF PEOPLE

The second ingredient of leadership is fundamental understanding of people. A manager or any other leader who knows the present state of motivation theory and understands the elements of motivation is more aware of the nature and strength to define and design ways satisfaction.

3- ABILITY TO INSPIRE FOLLOWERS

The third ingredient of leadership is an ability to inspire followers to apply their full capabilities to a project. Inspirations also come from group heads. They may have qualities of charm and appeal that increase loyalty, devotion and strong desire in followers that the leaders want. This is not a matter of need satisfaction; it is a matter of people giving unselfish support to a chosen objective.

- 75 -

THE ABILITY TO ACT IN A MANNER:

The fourth ingredient of leadership is related to style of leader and the climate he or she develops. The strength of motivation greatly depends on expectations, perceived rewards, the task to be done and other factors that are part of an environment as well as an organizational climate.

PRINCIPLE OF LEADERSHIP:

The fundamental is since people tend to follow those who in their view offer them a means of satisfying their own personal goals. The more managers understand what motivates their subordinates and how these motivation operate, and the more they reflect their understanding in carrying out their managerial actions, the more effective they are likely to be as leaders.

TRAIT APPROACHES TO LEADERSHIP

Many studies of traits have been made various researches have identified specific traits related to leadership ability. Five physical traits (such as energy, appearance and height), Four intelligence and ability traits; sixteen personality traits (such as adaptability, aggressiveness, self-confidence etc). Six task related characteristics (Such as achievement drive, persistence and initiative) and nine social characteristic (Such as co cooperativeness, interpersonal skill and administrative ability).

More recently following key leadership traits were identified drive (including achievement, motivation energy, ambition etc). Honest and integrity, self confidence (including emotional stability), cognitive ability and understanding of the business.

Less clear traits is creativity, flexibility etc)

In general, the study of leader's traits has not been a very fruitful approach to explaining leadership. Not all leader possess all the traits and many non leaders may possess most or all of them. Also, the trait approach gives no guidance as to how much of any trait a person should have. Most of these so called traits are really patterns of behavior.

- 76 -

Motivation & Motivators:

Motivation:

Motivation is a general term applying to the entire class of drives, desire needs similar forces. To say that managers motivate their subordinates is to say that they do those things which they hope will satisfy these drives and desire and induce the subordinates to act in a desired manner.

THE NEED WANT SATISFACTION CHAIN:

Motivation can be explained by a chain reaction:

Felt needs give rise to want or goal sought which cause tensions (that is unfulfilled desired), which give rise to action toward achieving goals which finally result in satisfaction. This chain can be explained by figure.

Needs want- satisfaction chain

The chain explanation is complex. In the first place, except for physiological needs, such as food, need are not independent of person's environment. Many physiological needs are stimulated by environmental factors the smell of food may cause hunger, a lower thermometer reaching may cause chills.

Environment has a major influence on our perception of secondary needs. The promotion of a colleague may arouse one's desire for higher position.

In second place, the need want satisfaction chain does not always operate as simply as portrayed. Needs do cause behavior but needs also may result from behavior.

Satisfying one need may lead to a desire to satisfy more needs.

COMPLEXITY OF MOTIVATIONS:

In individuals motives maybe quite complex and often conflicting. A person maybe motivated by a desire for economy goods and services (a better house, a new car or a

Needs Give Rise
to
Wants Which
cause
Tension
Give Rise
to
Action Which
result in
Satisfaction

- 77 -

trip and these desires may be complex and conflicting. Should one buy a new house or a new car?)

Motivators are things that induce an individual to perform motivators sharpen the drive or need to satisfy wants. Motivators are also the means by which conflicting needs may be reconciled.

A manager can do much to sharpen motive by establishing an environment. So the motivator is some thing that influences an individual's behavior. In any organization are any enterprise, managers must be concerned about motivators, and also inventive in their use. People can often satisfy their wants in a variety of ways.

SPECIAL MOTIVATIONAL TECHNIQUES:

There are many motivational techniques:

1: Money:

Money is important in form of wages, price work, stock options, bonuses, company paid, insurance etc. Many are often more than monetary value. It can also mean status or power. Tended to place money high on the scale of motivators or an high score of motivators, while behavioral scientists tends to place it on low scale. But if money is to be kind of motivator then managers must remember several things.

First, money, as money is likely to be more important to people who are raising and family. Second, it is quite true that in most kinds of business and other enterprises, money is used as mean of keeping an organization staffed. Third money becomes dull if salaries of many managers in a company are similar. Fourth, if is to be an effective motivator, people in various positions must be given salaries and bonuses that reflect their individual performance.

It is almost certainly true the money can motivate only if payment is large relative to persons income.

PARTICIPATIONS:

The second motivational technique is increase of awareness and use of participation. Participation is necessary for the solution of problems participation is a mean of recognition. It produces need for affiliation and acceptance. It gives people a sense of accomplishment but encouraging participation should not mean that managers

- 78 -

weaken their position. They should encourage participation of subordinates on matter and they should listen carefully but they should make decision on matters themselves.

QUALITY OF WORKING LIFE:

The third motivational technique is quality of working life program. Quality work life (QWL) is not only a very broad approach to job enrichment but also a field of inquiry and action combining industrial and organization psychology and sociology, industrial engineering, organization theory and development motivation and leadership theory and industrial relations. QWL has received support from a number of sources. Manager use it as a means of dealing with productivity. Workers and union representatives have seen it as a mean of improving working conditions and productivity and as a mean of justifying higher pay.

AN EARLY BEHAVIORAL MODEL:

The nature of people has been expressed in two sets of assumptions developed by Douglas McGregor and commonly known as "Theory X" and "Theory Y" McGregor chosen these terms because he wanted natural terminology. Without any connotation of being "good or bad".

THEORY X ASSUMPTIONS:

The traditional assumptions about the nature of people in theory X are:

1: Average human beings have an inherent dislike of work and will avoid it if they can.

2: Because of this human nature or characteristic of dislike work most people must be coerced, controlled, directed and threatened with punishment to get them to put forth adequate effort toward the achievement of organizational objectives

3: Average human beings prefer to be directed wish to avoid responsibility have relatively little ambition and want security above all

THEORY Y ASSUMPTIONS:

The assumption of theory Y of Mceneyor as follows:

1: the expenditure of physical effort and mental effort in work is as natural as play or rest.

- 79 -

2: External control and the threat of punishment are not the only means for producing effort toward organizational objectives. People will exercise self direction and self control in the service of objectives to which they are committed.

3: The degree of commitment to objective is in proportion to the size of the rewards associated with their achievements.

4: the capacity to exercise high degree of imagination, ingenuity and creativity in solution of organizational problem is widely distributed in the population.

5: Average human being learns under proper conditions not only to accept responsibility but also to seek it.

6: Under the conditions of modern industrial life, the intellectual potentialities of the average human being are only partially utilized.

These two sets of assumptions are fundamentally different theory x is pessimistic, static and rigid. Theory y is optimistic, dynamic and flexible with an emphasis an self directions. There is little doubt that each set of assumption will effect managerial functions and activities of managers.

THE SYSTEM &PROCESS OF CONTROLLING DEFINATIONS

There are many definitions of controlling.

1. Controlling is the process of determining what is being accomplished.

2. Controlling is evaluating the performance and if necessary applying corrective measures so that the performance takes place according to plans.

3. Controlling is measurement and correction of performance in order to make sure that enterprise objectives and the plane advised to attain then are being accomplish.

4. Controlling is looking behind planning bears a close relationship to controlling.

5. Effective controlling assists to regulate actual performance to assure that it takes place as planned.

6. Controlling exists at every management level from president to supervisor of a company

Control is the process through which managers assure that actual activities conform to planned activities.

ACCORDING TO BREACH

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

ACCORDING TO GEORGE R TERRY –

"Controlling is determining what is being accomplished i.e., evaluating the performance and if necessary, applying corrective measures so that the performance takes place according to plans."

ACCORDING TO BILLY E GOETZ

"Management control seeks to compel events to conform plans".

ACCORDING TO ROBERT N ANTHONY –

"Management control is the process by which managers assure that resources are obtained and used effectively and efficiently."

- 86 -

IN THE WORDS OF KOONTZ AND O'DONNELL

"Managerial control implies measurement of accomplishment against the standard and the correction of deviations to assure attainment of objectives according to plans."

IN THE WORDS OF HAYNES AND MASSIE

"Fundamentally, control is any process that guides activity towards some predetermined goal. The essence of the concept is in determining whether the activity is achieving the desired results".

IN THE WORDS OF HENRY FAYOL

"Control consists in verifying whether everything occurs in conformity with the plan adopted, the instructions issued and the principles established. Its object is to find out the weakness and errors in order to rectify them and prevent recurrence. It operates on everything, i.e., things, people and actions".

From the above definitions it is clear that the managerial function of control consists in a comparison of the actual performance with the planned performance with the object of discovering whether all is going on well according to plans and if not why. Remedial action arising from a study of deviations of the actual performance with the standard or planned performance will serve to correct the plans and make suitable changes. Controlling is the nature of follow-up to the other three fundamental functions of management. There can, in fact, be not controlling without previous planning, organizing and directing.

Controlling cannot take place in a vacuum.

THE BASIC CONTROLL PROCESS

The basic control process involves three steps.

1. Establishing standards.
2. Measuring performance against these standards.
3. Correcting variations from standard and plans / correction of deviations.

1. ESTABLISHING STANDARD

Standards are by definition simply criteria of performance. Standards are the selected points in a planning performance at which performance is measured, so that managers can receive signals about how things are going.

- 87 -

There are many kinds of standard.

- (1) Physical Standard (2) cost Standard (3) capital Standard (4) revenue Standard (5) program Standard (6) intangible Standard (7) goals/ objectives

Standard (8) Strategic plans as control point strategic control.

2. MEASUREMENT OF PERFORMANCE

It is the second step of control process. Although such measurement is not always predictable, but if standard are appropriately drawn and if means are available for determining exactly what subordinates are doing then measurement of performance is fairly easy. But there are many activities for which it is difficult to develop accurate standards and there are many activities that are hard to measure. Technical kind of work is hard to measure performance.

3. CORRECTION OF DEVIATIONSS

It is third and last step of control process. If performance is measured accurately, it is easier to correct deviations manager know exactly where the corrective measure must be applied correction of deviations is the point at which contact can be related to the other managerial factions. Managers may correct deviations by redrawing their plans or by modifying their goals or they may correct deviations by clarification of duties.

CRITICAL CONTROL POINTS & STANDARDS

Standards are yardsticks against which expected performance is measured. In simple operation a manager may control through careful observations. But, in most operations this is not possible because of the complexity of the operations. Manager must choose points for special attention and then watch them to be sure that the whole operation is proceeding as planned.

The points selected for control should be critical. With such standards, manager can handle a large group of subordinates and plans are working out the principle or critical. Points control states "effective control requires attention to these factors critical to evaluating performance against plans.

QUESTION OF SELECTED CRITICAL POINT OF CONTROL

In selection of critical control points, manager must ask themselves such questions.

1- What will best reflect the goals of my department?

- 88 -

2- What will best show me when these goals are not being met?

3- What will best measure critical deviation?

4- What will tell me who is responsible for any failure?

5- What standard will cost the least?

6- For what standards is information economically-available?

TYPES OF CRITICAL POINT STANDARDS

There are many types of standards

1- PHYSICAL STANDARDS

Physical standards are non monetary measurements and common at operating level where material is used, labor is employed, services are rendered and goods- are produce-they may-reflect quantities such as labor hours per unit of output, unit of production per machine hour etc. physical standards may also reflect quality such as hardness of bearing, durability of fabric, fastness of color etc.

2- COST STANDARDS

Cost standards are monetary measurements and common at the operating level. Cost standards are widely used to measure direct and indirect costs per unit produced, labor cost per unit or per hour material cost per unit, machine cost per hour etc.

3- CAPITAL STANDARDS

There are varieties of capital standards. These standards are primarily related to the balance sheet rather than to the income statements. Capital standards range from monetary measurements to physical items. These standards may be indifferent ratios such as the ratio of current assets to current liabilities etc.

REVENUE STANDARDS

Revenue standards arise from attaching monetary values to sales. They may include such standards as average sales per customer etc.

PROGRAME STANDARDS

Such standards are determined for installing a variable budget program, for example program for improving the quality of a sale fore.

- 89 -

INTANGIBLE STANDARDS

Sometime it is difficult to establish standards for quantitative and qualitative measurement, especially when human relationships count in performance. It is very difficult to measure human attitudes, in connection with individual's loyalty, efficiency, etc. All this need to be based on intangible standards.

GOALS AS STANDARDS

Goal can be used as performance standards. Both in simple in complex operations quantitative and qualitative Goals represents an important development in the area of standards.

STRATEGIC PLANS AS CONTOL POINTS FOR STRATEGIC CONTROL

Strategic plans require strategic control. Through the use of strategic control awareness about the organizational performance and about ever changing environment by monitoring it.

CONTROL AS A FEED BACK SYSTEM

Many systems control themselves through information feedback, which shows deviations from standards. A simple feedback system can be shown by figure. Any attempt to control without plan is meaningless. Plans furnish the standards of control. Information feedback is like the house thermostat when the house temperature falls below the preset level, an electric message is sent to the heating system, which is then activated. When the temperature increases and reaches the (setlevel) another message shuts off the heater. This continual measurement and training on and off the heater keeps the house at the desired temperature. A similar process activates the air-exceed the preset level, the air conditioning system cool the house to

Implementation
of plans.
Planning Controlling
comparison plans
with result.
Corrective
Action
No
undesirable
deviations
from plans
Undesirable
deviation

- 90 -

the desired temperature. Like wise, in human being body, a number of feedback systems control temperature, blood pressure and another conditions. Management control as a feedback system is similar to the system of feedback in house thermostat. This can be shown by diagram.

CONTROL AS FEEDBACK SYSTEM

This system places control in more complex way. These systems including steps, establishing standards, measuring performance and correcting for deviations. Managers do measure performance, establish standards and identify deviations, they must then to make the necessary corrective action.

RAEL TIME INFORMATION & CONTROL FEEDBACK FORWARD CONTROL

Feed forward control is system that attempts to identify future deviations. This control shows the deficiency of historical data. For example one of the difficulties with such historical data is that they tell business managers is November that they lost money in October or even September because of some thing that was don in July. At this late time such information is only a interesting historical fact. Feed forward control is manager have been so dependent for purposes of control on accounting and statistical data.

CONTROL TECHNIQUES THE BUDGET

A widely used device for managerial control is the budget. Budgeting is the device for accomplishing control.

Desired
Performance.
Actual
Performance.
Measurement of
actual performance.
Comparison of actual
performance against
standard.
Implementation of
corrections.
Program of
corrective action.
Analysis of cause of
deviation.
Identification of
deviations.

- 91 -

THE CONCEPT OF BUDGETING

Budgeting is the formulation of plans for a given future period in numerical terms.

THE PURPOSE OF BUDGETING

Starting plans in terms of numbers and breaking into parts parallel the parts of an organization. Budgets enables managers to see clearly what capital will be spent by whom and where, and what expense, revenue the plans will involve. A budget must reflect the organizational pattern. When plans are completed, co-coordinated and developed a departmental budget can be used as an instrument of control.

TYPES OF BUDGETS

Budgets may be classified in to several basic types

1. REVENUE AND EXPENSE BUDGETS

Revenue and expense budgets are most common budget which are used to make plans for revenue and expenses in dollar terms.

2. TIME , SPACE , MATERIAL &PRODUCT BUDGETS

Many budgets are better expressed in quantities rather than in numerical terms or monetary terms. Although such budgets are usually translated into monetary terms but if they are expressed in terms of quantities, they are most significant at certain stage of planning and control. I.e. machine hours, etc.

3. CAPITAL EXPENDITURE BUDGETS

Capital expenditure budgets shows capital expenditure for plant, machinery, equipment, inventories etc.

4. CASH BUDGETS

The cash budget is a forecast of cash receipts. Cash budgeting shows the availability of excess cash etc.

EFFECTIVE BUDGETARY CONTROL

If budgetary controls are to work well managers have limitations and they must be tailored to each job. There are many effective budgetary controls.

1. TOP-MANAGEMENT SUPPORT

To make most effective budget, administration must receive the whole hearted support of top-management.

- 92 -

2. PARTICIPATION

Real participation in budget making is necessary for success.

3. STANDARDS

One of the key to successful budgeting is to develop and make available standards by which programs and work can be translated in to need for labor, operating expenses , capital expenditures , space and other resources. Many budgets fail for lack of such standards.

4. INFORMATIONS

Finally if budgetary control is to work managers need ready information about actual and forecast performance under budgets by their departments. This information must be designed to show them how well they are doing.

DANGERS IN BUDGETING

Budgets are used for planning and control. Unfortunately, some budgetary control programs are so complete and detailed that they must become meaningless and expensive.

There are many dangers in budgeting.

1. Over budgeting.
2. Hiding influences.
3. Causing inflexibility.
4. Overriding enterprise goals.

METHODS FOR DECREASING DANGERS

1. VARIABLE BUDGETS

Because dangers arise from inflexibility in budgets so these dangers can be decreased by

variable or flexible budgeting?

2. ALTERNATIVE AND SUPPLEMENTARY BUDGETS

Another method of obtaining variable budgeting is to establish alternative budgets and variable budgets can also be obtained by supplementary budgets.

3. ZERO BASE BUDGETING

Another method to obtain budget flexibility is zero- base budgeting.

- 93 -

TRADITIONAL NON BUDGETORY CONTROL TECHNIQUES

There are also many traditional non-budgetary control techniques used for budgetary control. The more important are

1. STATISTICAL DATA

Statistical analysis of an operation and the clear presentation of statistical data (historical forecast nature) are important to control. Most managers understand statistical data best when the data are presented in chart or graphic form. In chart or graphic trends and relationship are easier to see. Moreover, if data are meaningful, when presented on chart then data should be formulated in such a way that comparison with some standard can be made. What is the significance of a 3 or 10 percent rise or fall in sales or costs? Who is responsible for clear presentation of statistical data in chart in an art that requires imagination?

Moreover, since no manager can do anything about history so the data, presented on charts should be made available about information like variations due to accounting adjustment and other periodic difference.

SPECIAL REPORTS AND ANALYSIS

Special reports and analyses help in problems for control purposes. Although accounting and statistical reports give necessary information's but there are some problems in which they are inadequate. One successful manager of a completed operation hired a small staff of trained analysts and gives them no assignment other than investigating and analyzing activities under his control. This group developed of a surprising sense for situations in which things did not seem just right. Almost invariably, their investigation disclosed opportunities for cost improvement.

OPERATIONAL AUDIT

Another effective tool of managerial control is the internal audit or operational audit. Operational auditing is the regular and independent appraisal of the accounting, financial and other operations of an enterprise by a staff of internal auditors. The operational auditors reflect the fact, appraise policies procedure, use of authority, quality of management, effectiveness of methods, special problems and other phases of operations.

- 94 -

PERSONAL OBSERVATION

One should never over-look the importance of control through personal observation. Budgets, charts, reports, ratios, auditors, recommendations and other devices are essential to control. But the manager who depends wholly on these devices and sit cannot make effective control. Managers should have task of seeing the enterprise objectives are accomplished by people. A manager can get information and experience from personal observation.

TIME-EVENT NETWORK ANALYSIS

DEFINATION

Time- event network analysis is a planning & control technique. It is also called (PERT). Performance, evaluation and review technique.

EXPLANATION

What is PERT?

P- Program

E- Evaluation

R- Review

T- Techniques

PERT is a planning and control technique through which we evaluate a program and courses of implementation and on the basic of that evaluation we review over program.

In this time event analysis introduced in PERT from and then introduced further two more techniques.

First is Gantt chart

Second Milestone budgeting.