

Comprehensive Notes



According to the Syllabus of the University of Azad Jammu & Kashmir

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OUTLINE 1: INTRODUCTION

- Define Management?
- Function of Managers
- Evolution of Management
 - Scientific Management
 - Fredrick Taylor
 - Henry L. Gantt
 - Frank & Lillian Gilberth
 - Operational Management
 - Henri Fayol
 - Behavioral Science
 - Munster berg
 - System theory
 - Chester Barnard
- Modern Management/Recent contribution to management though
 - Peter F. Drucker 1974
 - Edwards
 - Thomas Peters & Robert Waterman 1982

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 their stress is 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 following 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:

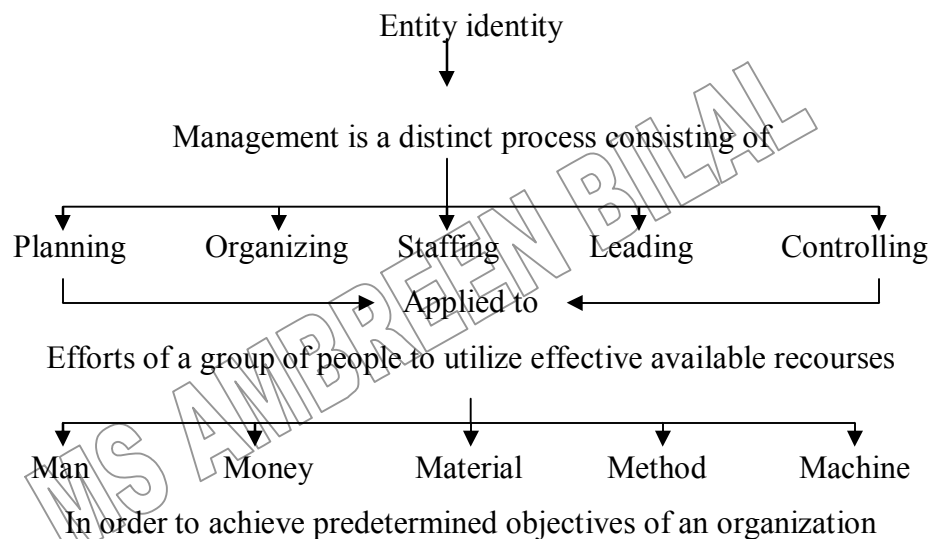
Management may be defined as “A technique by which the purpose and objectives of particular human group are determined, defined, clarified and completed”

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 non profit 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:

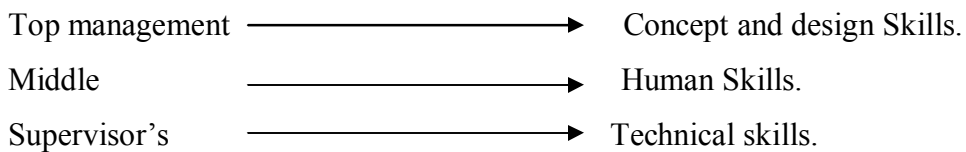
Conceptual skills related to the ability to visualize the organization as a whole, discern interrelationships among organizational parts, and understand how the organization fits into the wider context of the industry, community, and world. Conceptual skills, coupled with technical skills, human skills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



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 polices.
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. Controll activity generally relate to the measurement of achievement. Some means of controlling like the budget for expenses, inspection, record of labors-hours lost, are generally familiar. Each shows whether plans are working out.

THE EVOLVATION 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 on set 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 Author says that history of management is different Author 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 emphasize 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.

7. Establishment of harmonious relationship between the workers.
8. Better utilization of various resources.
9. Satisfaction of the needs of the customers by providing higher quality products at lower prices.

Criticism:

1. Worker's Criticism:

- (a) **Speeding up of workers:** Scientific Management is only a device to speed up the workers without much regard for their health and well-being.
- (b) **Loss of individual worker's initiative:** Scientific Management reduces workers to automatic machine by taking away from them the function of thinking.
- (c) **Problem of monotony:** By separating the function of planning and thinking from that of doing, Scientific Management reduces work to mere routine.
- (d) **Reduction of Employment:** Scientific Management creates unemployment and hits the workers hard.
- (e) **Weakening of Trade Unions:** Under Scientific Management, the important issues of wages and working conditions are decided by the management through scientific investigation and the trade unions may have little say in the matter.
- (f) **Exploitation of workers:** Scientific Management improves productivity through the agency of workers and yet they are given a very small share of the benefit of such improvement.

2. Employer's Criticism:

- (a) **Heavy Investment:** It requires too heavy an investment. The employer has to meet the extra cost of the planning department though the foreman in this department do not work in the workshop and directly contribute towards higher production.
- (b) **Loss due to re-organization:** The introduction of Scientific Management requires a virtual reorganization of the whole set-up of the industrial unit. Work may have to be suspended to complete such re-organization.
- (c) **Unsuitable for small scale firms:** various measures like the establishment of a separate personnel department and the conducting of time and motion studies are too expensive for a small or modest size industrial unit.

Henry Lawrence Gantt (USA, 1861 - 1819):



H.L Gantt was born in 1861. He graduated from John Hopkins College. For some time, he worked as a draftsman in an iron foundry.

In 1884, he qualified as a mechanical engineer at Stevens Institute.

In 1887, he joined the Midvale Steel Company. Soon, he became an assistant to F.W Taylor. He worked with Taylor from 1887 - 1919 at Midvale Steel Company. He did much consulting work on scientific selection of workers and the development of incentive bonus systems. He emphasized the need for developing a mutuality of interest between management and labour. Gantt made four important contributions to the concepts of management:

1. Gantt chart to compare actual to planned performance. Gantt chart was a daily chart which graphically presented the process of work by showing machine operations, man hour performance, deliveries, effected and the work in arrears. This chart was intended to facilitate day-to-day production planning.
2. Task-and-bonus plan for remunerating workers indicating a more humanitarian approach. This plan was aimed at providing extra wages for extra work besides guarantee of minimum wages. Under this system of wage payment, if a worker completes the work laid out for him, he is paid a definite bonus in addition to his daily minimum wages. On the other hand, if a worker does not complete his work, he is paid only his daily minimum wages. There was a provision for giving bonus to supervisors, if workers under him were able to earn such bonus by extra work.
3. Psychology of employee relations indicating management responsibility to teach and train workers. In his paper "Training Workmen in Habits of Industry and Cooperation", Gantt pleaded for a policy of preaching and teaching workmen to do their work in the process evolved through pre-thinking of management.
4. Gantt laid great emphasis on leadership. He considered management as leadership function. He laid stress on the importance of acceptable leadership as the primary element in the success of any business.

Gantt's contributions were more in the nature of refinements rather than fundamental concepts. They made scientific management more humanized and meaningful to devotees of Taylor.

Frank (USA, 1867 - 1924) and Lillian (U.S.A, 1878 - 1912):

The ideas of Taylor were also strongly supported and developed by the famous husband and wife team of Frank and Lillian Gilbreth. They became interested in wasted motions in work. After meeting Taylor, they combined their ideas with Taylor's to put scientific management into effect. They made pioneering effort in the field of motion study and laid the entire foundation of our modern applications of job simplification, meaningful work standards and incentive wage plans. Mrs. Gilbreth had a unique background in psychology and management and the couple could embark on a quest for better work methods. Frank



Gilbreth is regarded as the father of motion study. He is responsible for inculcating in the minds of managers the questioning frame of mind and the search for a better way of doing things.

Gilbreth's contributions to management thought are quite considerable. His main contributions are:

- (a) The one best way of doing a job is the way which involves the fewest motions performed in an accessible area and in the most comfortable position. The best way can be found out by the elimination of inefficient and wasteful motions involved in the work.
- (b) He emphasized that training should be given to workers from the very beginning so that they may achieve competence as early as possible.
- (c) He suggested that each worker should be considered to occupy three positions - (i) the job he held before promotion to his present position, (ii) his present position, and (iii) The next higher position. The part of a worker's time should be spent in teaching the man below him and learning from the man above him. This would help him qualify for promotion and help to provide a successor to his current job.
- (d) Frank and Lillian Gilberth also gave a thought to the welfare of the individuals who work for the organization.

(e) Gilbreth also devised methods for avoiding wasteful and unproductive movements.

He laid down how workers should stand, how his hands should move and so on.

(2) Operational Management

Henri Fayol: The Father of modern operational theory.

Perhaps the real father of modern management theory is the (French industrialist)



Henri Fayol. His acute observations on the Principles of general management first appeared in 1916 in French, under the little “admistration industrielle in generale “.

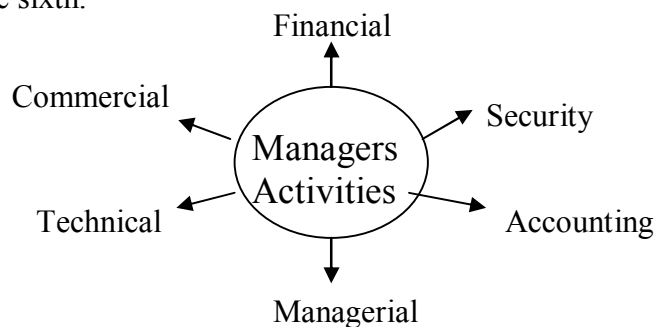
This monograph, reprinted in French several times, was not translated into English until 1929. No English translation was made or published in the US until 1949.

Industrial Activities:

Fayol found that industrial activates could be divided into six groups as shown in figure.

1. Technical (Production)
2. Commercial (buying, Selling and exchanging).
3. Financial (Search for, and optimum use of capital).
4. Security (Protection of property and persons).
5. Accounting (including Statistics).
6. Managerial (Planning, organization, command, contribution and control).

Henri Fayol pointed out that these activities exist in every size of business. Fayol observed that first five were well known and he devoted most of his book to an analysis of the sixth.



Managerial

- Planning, Organization, Staffing, Leading, Control.

Fayol's activities in industrial undertaking:

General Principles of Management:

Fayol listed Fourteen Principles based on experience. He noting that Principles of management are flexible, not absolute and must be usable regard less of changing and special conditions. Some kinds of Principles appeared to be indispensable in every undertaking.

1. Division of Work :-

Fayol applies the principle to all kind of work, management as well as technical.

2. Authority and responsibility :

Henri Fayol finds authority and responsibility to be related with the latter arising from the former. He sees authority as a combination of official factors, manager's position and personal factors, "Compounded of intelligence, experience, moral worth, past services etc.

3. Discipline :

Fayol declares that discipline requires good superiors at all levels.

4. Unity of Command:

This means that employees should receive order from one superior only.

5. Unity Of Direction:

According to this principal, each group of activities with same objective must have one head and one plan.

6. Subordination of individuals to general interest:

When the two are found to differ, management must reconcile them.

7. Remuneration:

Remuneration and method of payment should b fair and have maximum possible satisfaction to employees and employer.

8. Centralization:

Without using the term centralization of authority 'Fayol refers authority dispersed or concentrated.

9. Scalar Chain:

Fayol thinks of this as “Chain of Superior” from highest to low ranks should be short circuited.

10. Order:

Fayol classify this into “material” and “social” order. This is essential principle in arrangement of things and people in an organization.

11. Equity:

Loyalty and devotion should be elected from personnel on biases of kindness and justice, when dealing with subordinate.

12. Stability of tenure:

In bad management, Fayol points out its dangers and costs.

13. Initiative:

Initiative is execution of a plan.

14. Esprit decrops:

This is the principle that in the union there is strength. This principle emphasis on work, Unity of communication. In order to accomplishment of objective.

Element of Management:

Fayol said the element of management is its functions. Planning, Organizing, Staffing, Leading, and controlling. He point out that the principles of management can apply not only to business but also to practical, religious, military and other understanding.

3. Behavioral Science / Behavioral management theory:

The **behavioral management theory** is often called the human relations movement because it addresses the human dimension of work. Behavioral theorists believed that a better understanding of human behavior at work, such as motivation, conflict, expectations, and group dynamics, improved productivity.

The theorists who contributed to this school viewed employees as individuals, resources, and assets to be developed and worked with — not as machines, as in the past. Several individuals and experiments contributed to this theory.

George Elton Mayo (Australia, 1880 - 1949):

Elton Mayo was born in Australia. He was educated in Logic and Philosophy at St.



Peter's College, Adelaide. He led a team of researchers from Harvard University, which carried out investigation in human problems.

Elton Mayo's contributions came as part of the *Hawthorne studies*, a series of experiments that rigorously applied classical management theory only to reveal its shortcomings. The Hawthorne experiments consisted of two studies conducted at the Hawthorne Works of the Western Electric Company in Chicago from 1924 to 1932. The first study was conducted by a group of engineers seeking to determine the relationship of lighting levels to worker productivity. Surprisingly enough, they discovered that worker productivity increased as the lighting levels decreased — that is, until the employees were unable to see what they were doing, after which performance naturally declined.

A few years later, a second group of experiments began. Harvard researchers Mayo and F. J. Roethlisberger supervised a group of five women in a bank wiring room. They gave the women special privileges, such as the right to leave their workstations without permission, take rest periods, enjoy free lunches, and have variations in pay levels and workdays. This experiment also resulted in significantly increased rates of productivity.

In this case, Mayo and Roethlisberger concluded that the increase in productivity resulted from the supervisory arrangement rather than the changes in lighting or other associated worker benefits. Because the experimenters became the primary supervisors of the employees, the intense interest they displayed for the workers was the basis for the increased motivation and resulting productivity. Essentially, the experimenters became a part of the study and influenced its outcome. This is the origin of the term *Hawthorne effect*, which describes the special attention researchers give to a study's subjects and the impact that attention has on the study's findings.

The general conclusion from the Hawthorne studies was that human relations and the social needs of workers are crucial aspects of business management. This principle of human motivation helped revolutionize theories and practices of management.

Max Weber Theory of bureaucracy:



He disliked that many European organizations were managed on a “personal” family-like basis and that employees were loyal to individual supervisors rather than to the organization. He believed that organizations should be managed impersonally and that a formal organizational structure, where specific rules were followed, was important. In other words, he didn’t think that authority should be based on a person’s personality. He thought authority should be something that was part of a person’s job and passed from individual to individual as one person left and another took over. This non-personal, objective form of organization was called a **bureaucracy**.

Weber believed that all bureaucracies have the following characteristics:

- **A well-defined hierarchy.** All positions within a bureaucracy are structured in a way that permits the higher positions to supervise and control the lower positions. This clear chain of command facilitates control and order throughout the organization.
- **Division of labor and specialization.** All responsibilities in an organization are specialized so that each employee has the necessary expertise to do a particular task.
- **Rules and regulations.** Standard operating procedures govern all organizational activities to provide certainty and facilitate coordination.
- **Impersonal relationships between managers and employees.** Managers should maintain an impersonal relationship with employees so that favoritism and personal prejudice do not influence decisions.
- **Competence.** Competence, not “who you know,” should be the basis for all decisions made in hiring, job assignments, and promotions in order to foster ability and merit as the primary characteristics of a bureaucratic organization.
- **Records.** A bureaucracy needs to maintain complete files regarding all its activities.

4. System Approach:

The systems approach to management indicates the fourth major theory of management thought called modern theory. Modern theory considers an organization as an adaptive system which has to adjust to changes in its environment. An organization is now defined as a structured process in which individuals interact for attaining objectives.

Meaning of "System": The word system is derived from the Greek word meaning to bring together or to combine. A system is a set of interconnected and inter-related elements or component parts to achieve certain goals. A system has three significant parts:

1. Every system is goal-oriented and it must have a purpose or objective to be attained.
2. In designing the system we must establish the necessary arrangement of components.
3. Inputs of information, material and energy are allocated for processing as per plan so that the outputs can achieve the objective of the system.

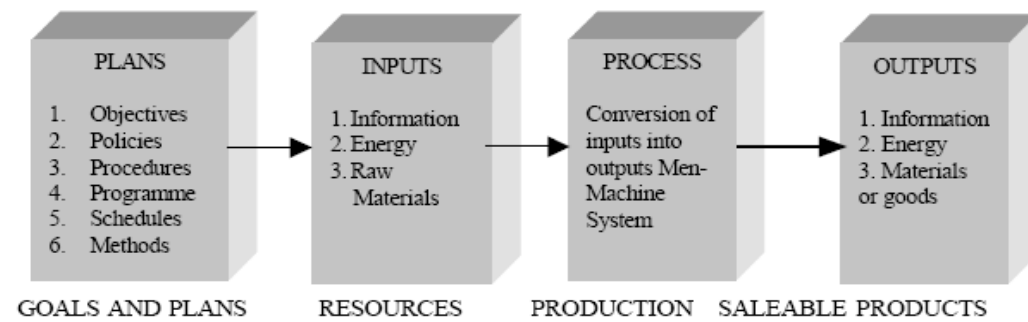


Fig. The Design of a basic system

Chester Barnard (1886 – 1961):

He president of New Jersey Bell Telephone Company, introduced the idea of the



informal organization —*cliques* (exclusive groups of people) that naturally form within a company. He felt that these informal organizations provided necessary and vital communication functions for the overall organization and that they could help the organization accomplish its goals. Barnard felt that it was particularly important for managers to develop a sense of common purpose where a willingness to cooperate is strongly encouraged. He is credited with developing the **acceptance theory of management**, which emphasizes the willingness of employees to accept that managers have legitimate authority to act. Barnard felt that four factors affected the willingness of employees to accept authority:

- The employees must understand the communication.
- The employees accept the communication as being consistent with the organization's purposes.
- The employees feel that their actions will be consistent with the needs and desires of the other employees.
- The employees feel that they are mentally and physically able to carry out the order.
- Barnard's sympathy for and understanding of employee needs positioned him as a bridge to the behavioral school of management, the next school of thought to emerge.

5. Modern Management /Recent contribution to management thoughts:

Peter Ferdinand Drucker (November 19, 1909–November 11, 2005):

He was a writer, management consultant, and self-described “social ecologist.”



Widely considered to be "the father of modern management," his 39 books and countless scholarly and popular articles explored how humans are organized across all sectors of society—in business, government and the nonprofit world.

His writings have predicted many of the major developments of the late twentieth century, including privatization and decentralization; the rise of Japan to economic world power; the decisive importance of marketing; and the emergence of the information society with its necessity of lifelong learning. In 1959, Drucker coined the term “knowledge worker” and later in his life considered knowledge work productivity to be the next frontier of management.

Basic ideas:

- Decentralization and simplification: Drucker discounted the command and control model and asserted that companies work best when they are decentralized. According to Drucker, corporations tend to produce too many products, hire employees they don't need (when a better solution would be outsourcing), and expand into economic sectors that they should avoid.
- Respect of the worker: Drucker believed that employees are assets and not liabilities. He taught that knowledge workers are the essential ingredients of the modern economy. Central to this philosophy is the view that people are an organization's most valuable resource and that a manager's job is to prepare and free people to perform.
- The need to manage business by balancing a variety of needs and goals, rather than subordinating an institution to a single value. This concept of management by objectives forms the keynote of his 1954 landmark *"The Practice of Management"*.

- A company's primary responsibility is to serve its customers. Profit is not the primary goal, but rather an essential condition for the company's continued existence.
- An Organization should have a proper way of executing all its business processes.
- A belief in the notion that great companies could stand among humankind's noblest inventions.

William Edwards Deming (October 14, 1900 – December 20, 1993):

He was an American statistician, professor, author, lecturer, and consultant. Deming



is widely credited with improving production in the United States during World War II, although he is perhaps best known for his work in Japan. There, from 1950 onward he taught top management how to improve design (and thus service), product quality, testing and sales (the last through global markets) through various methods, including the application of statistical methods.

Deming made a significant contribution to Japan's later-renown-for innovative high-quality products and its economic power. He is regarded as having had more impact upon Japanese manufacturing and business than any other individual not of Japanese heritage. Despite being considered something of a hero in Japan, he was only beginning to win widespread recognition in the U.S. at the time of his death.

Deming philosophy synopsis:

The philosophy of W. Edwards Deming has been summarized as follows:

"Dr. W. Edwards Deming taught that by adopting appropriate principles of management, organizations can increase quality and simultaneously reduce costs (by reducing waste, rework, staff attrition and litigation while increasing customer loyalty). The key is to practice continual improvement and think of manufacturing as a system, not as bits and pieces."

In the 1970s, Dr. Deming's philosophy was summarized by some of his Japanese proponents with the following 'a'-versus-'b' comparison:

(a) When people and organizations focus primarily on quality, defined by the following ratio,

$$\text{Quality} = \frac{\text{Results of work efforts}}{\text{Total Cost}}$$

Quality tends to increase and costs fall over time.

(b) However, when people and organizations focus primarily on costs, costs tend to rise and quality declines over time.

Deming's 14 points:

Deming offered fourteen key principles for management for transforming business effectiveness. The points were first presented in his book *Out of the Crisis*.

1. Create constancy of purpose toward improvement of product and service, with the aim to become competitive and stay in business, and to provide jobs.
2. Adopt the new philosophy. We are in a new economic age. Western management must awaken to the challenge, must learn their responsibilities, and take on leadership for change.
3. Cease dependence on inspection to achieve quality. Eliminate the need for inspection on a mass basis by building quality into the product in the first place.
4. End the practice of awarding business on the basis of price tag. Instead, minimize total cost. Move towards a single supplier for any one item, on a long-term relationship of loyalty and trust.
5. Improve constantly and forever the system of production and service, to improve quality and productivity, and thus constantly decrease cost.
6. Institute training on the job.
7. Institute leadership. The aim of supervision should be to help people and machines and gadgets to do a better job. Supervision of management is in need of overhaul, as well as supervision of production workers.
8. Drive out fear, so that everyone may work effectively for the company.

9. Break down barriers between departments. People in research, design, sales, and production must work as a team, to foresee problems of production and in use that may be encountered with the product or service.
10. Eliminate slogans, exhortations, and targets for the work force asking for zero defects and new levels of productivity. Such exhortations only create adversarial relationships, as the bulk of the causes of low quality and low productivity belong to the system and thus lie beyond the power of the work force.
11. (a) Eliminate work standards (quotas) on the factory floor. Substitute leadership.
(b) Eliminate management by objective. Eliminate management by numbers, numerical goals. Substitute workmanship.
12. (a) Remove barriers that rob the hourly worker of his right to pride of workmanship. The responsibility of supervisors must be changed from sheer numbers to quality.
(b) Remove barriers that rob people in management and in engineering of their right to pride of workmanship. This means, inter alia, abolishment of the annual or merit rating and of management by objective.
13. Institute a vigorous program of education and self-improvement.
14. Put everyone in the company to work to accomplish the transformation. The transformation is everyone's work. *"Massive training is required to instill the courage to break with tradition. Every activity and every job is a part of the process."*

In Search of Excellence Thomas Peters & Robert Waterman 1982:

"In Search of Excellence" is an international bestselling book written by Tom Peters and Robert H. Waterman, Jr. First published in 1982 it is one of the biggest selling and most widely read business books ever, selling 3 million copies in its first four years, and being the most widely held library book in the United States from 1989 to 2006 (WorldCat data). The book explores the art and science of management used by

leading 1980s companies with records of long-term profitability and continuing innovation.

Peters and Waterman found eight common themes which they argued were responsible for the success of the chosen corporations. The book devotes one chapter to each theme.

1. A bias for action, active decision making - 'getting on with it'.
2. Close to the customer - learning from the people served by the business.
3. Autonomy and entrepreneurship - fostering innovation and nurturing 'champions'.
4. Productivity through people - treating rank and file employees as a source of quality.
5. Hands-on, value-driven - management philosophy that guides everyday practice - management showing its commitment.
6. Stick to the knitting - stay with the business that you know.
7. Simple form, lean staff - some of the best companies have minimal HQ staff.
8. Simultaneous loose-tight properties - autonomy in shop-floor activities plus centralized values.

OUT LINE NO: 02 PLANNING

Planning

The Nature and purpose of planning

- The contribution of planning to purpose and objectives
- The primacy of planning
- The pervasiveness of planning
- The efficiency of plans

Types of planning

- Purpose, mission and objectives
- Strategies and policies
- Procedures and rules
- Programs
- Budget

Steps in planning

- Awareness of opportunities
- Setting objectives
- Developing performance
- Identifying alternative courses of action
- Evaluating alternative courses
- Selecting a course
- Formulating derivative plan
- Numerising plans by making budgets

The Planning process

Management by objectives (MBO)

- Benefits of MBO
- Weaknesses of MBO

Decision making

- Rational decision making
- Steps in decision making

Quantitative & qualitative factors

Managerial analysis

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, polices programs and procedure to achieve them.

3. SIMPLEST DIFINATION 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 accomplish 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 help 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

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

4. THE EFFICIENCY 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.

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 oppertunities in the external environment as well as within the organization is the real starting point for planning. All managers should take look at future oppertunities 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.

3. DEVELOPING PREMISES

The third logical step in planning is to establish planning premises. Such as forecasts, applicable basic policies and existing company plan. These are assumptions about the environment in which the plan is to be 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. IDENTIFYING ALTERNATIVE COURSES OF ACTION

The fourth step in planning is to search and examine alternative courses of actions. The planner must usually make preliminary examination of 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.

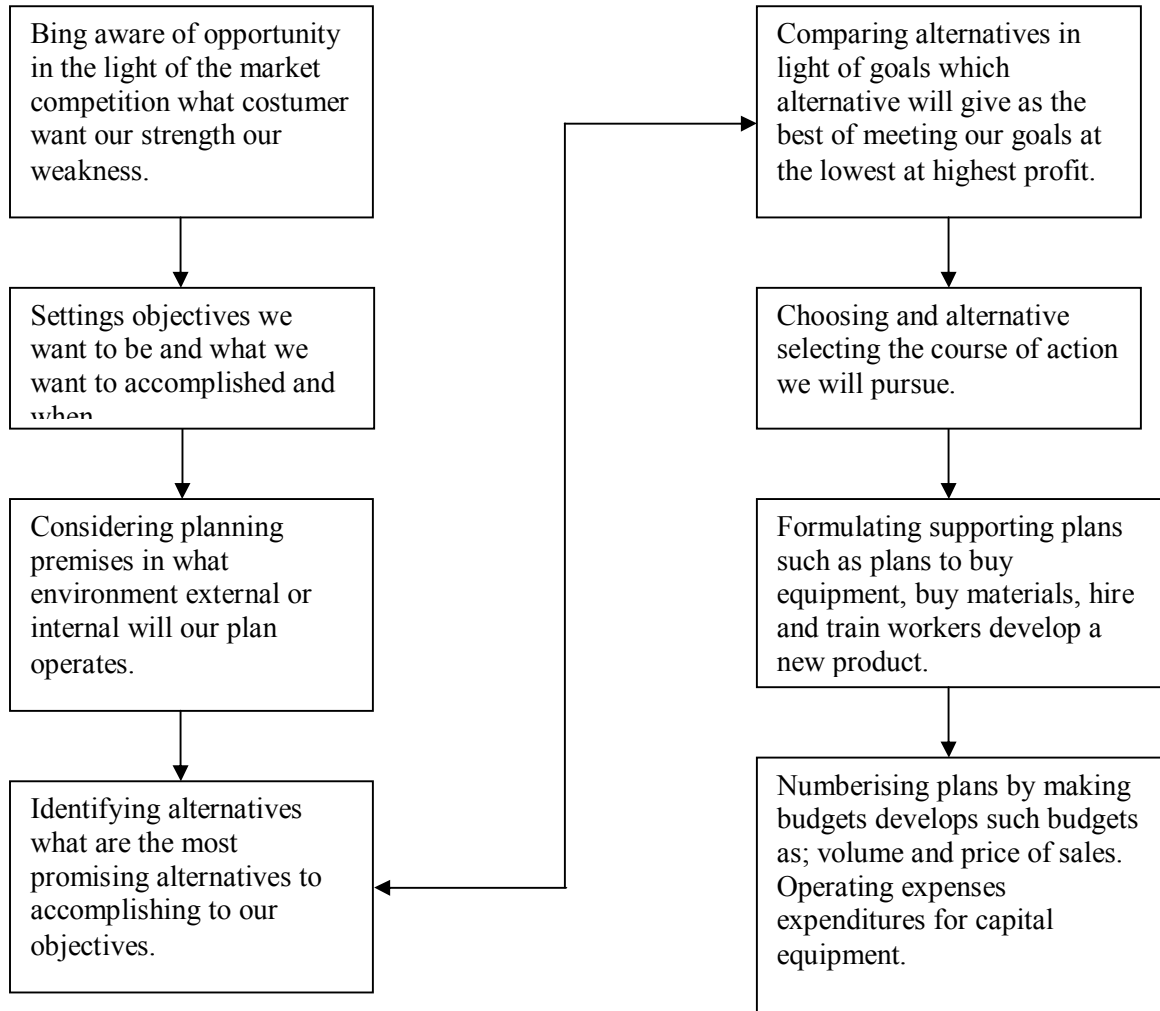
7. FORMULATING DERIVATIVE PLANS

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

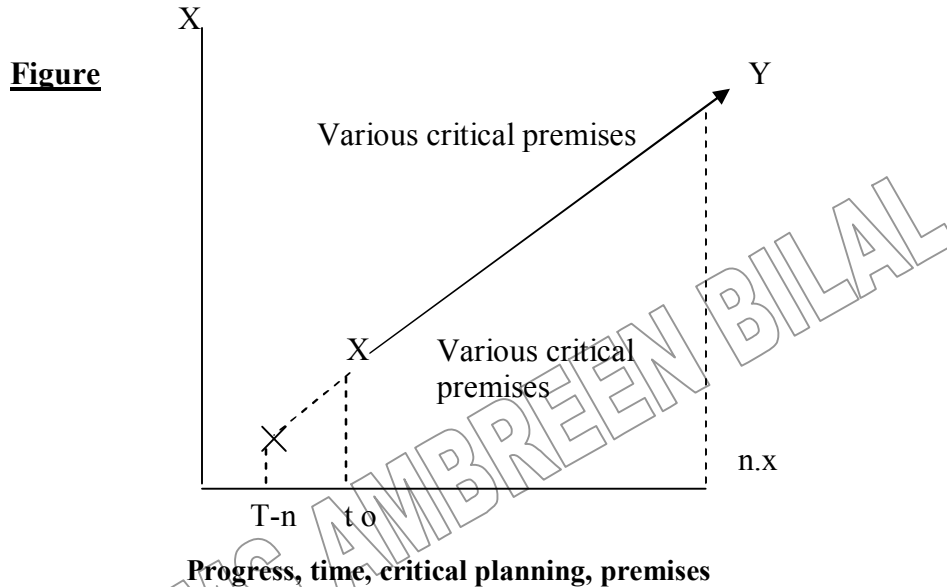
After decision making and formulating plans the final step in planning is to numberise decision and plan by converting them into budgets. The overall budgets of an enterprise represent the sum total of income and expenses with resulting profit. Budgets are important thing in planning process.

STEPS IN PLANNING



THE PLANNING PROCESS

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



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 t_0 or time zero) and y where we want to be at future time (at t_n). 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 T_0 and T_n , whether 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.

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 IMPRVOES 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 DEVLOPES EFFECTVE 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.

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.

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

DECISSION 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- QUANTITATIVE AND QUALITATIVE 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.

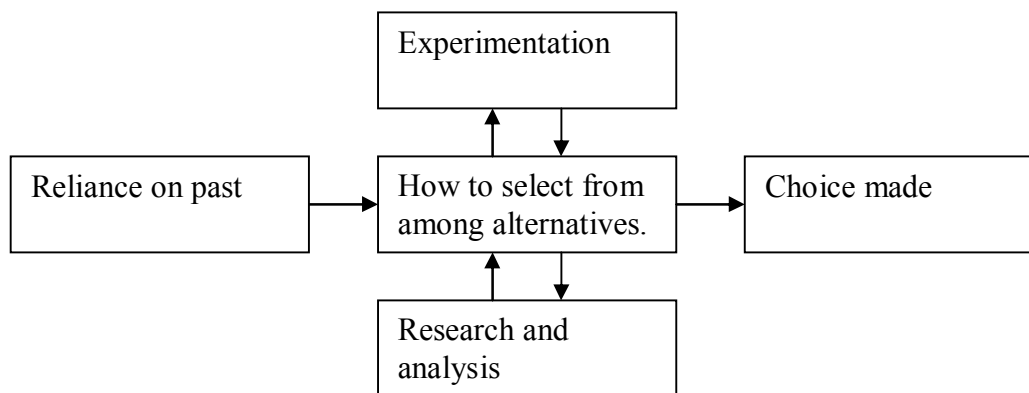
3- COST EFFECTIVENESS ANALYSIS

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

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

OUTLINE NO.03 ORGANIZATION

Span of control

- Factors determining an effective span

Departmentalization

Types of departmentalization

- Departmentalization by numbers
- Departmentalization By time
- Departmentalization By function
- Departmentalization By geography
- Departmentalization By customer
- Departmentalization By process
- Departmentalization By product

Formal & Informal organization

Authority & power

Line and staff concepts

- Line authority
- Staff concept

Line and staff organization of a typical manufacturing company

- Nature of line & staff concepts
- Benefits of staff
- Weaknesses of staff

Delegation of authority

- Splintered authority
- Recovery of delegated authority
- The art of delegation of authority

Personal attitude toward delegation

Guidelines for overcoming weak delegation

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 re-established 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

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."

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.

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.

TABLE: - FACTORS INFLUCING THE SPAN OF CONTROL

NARRO SPAN RELATED TO:	WIDE SPAN RELATED TO:
1-little or no training. 2-unclear authority, delegation. 3-nonverefiyable objectives & standard. 4-fast changes in external and internal environment. 5-use of communication techniques. 6-ineffectiv interrogation of superior and subordinate 7-greater number of specialization at lower and Middle level. 8-Infactive meetings. 9-Incompletent & untrained managers. 10-Complex task. 11-Imature subordinate.	1-through training of subordinate. 2-Clear delegation of authority. 3-Will define plans. 4-Slow changes in external and eternal Environment 5-use of appropriate techniques such as written, oral communication. 6effetive interaction between superior & superiors. 7-Number of specialist at upper levels. 8-Effective meetings. 9-Competent & train managers. 10-Simple task. 11-mature subordinates.

DEPARTEMENTATION:

Departmentation is process of grouping activities and people onto department make it possible to expend organization. After reviewing the plan, usually the first step in the organization process is departmentalization. Once job have been classified through work specialization, they are grouped so those common tasks can be coordinated. **Departmentlization** is the biases 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 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:

Dpartmentation 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

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

DISADVANTAGES OR DECLINES REASONS;

There are many reason 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 then 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.

ADVANTAGES

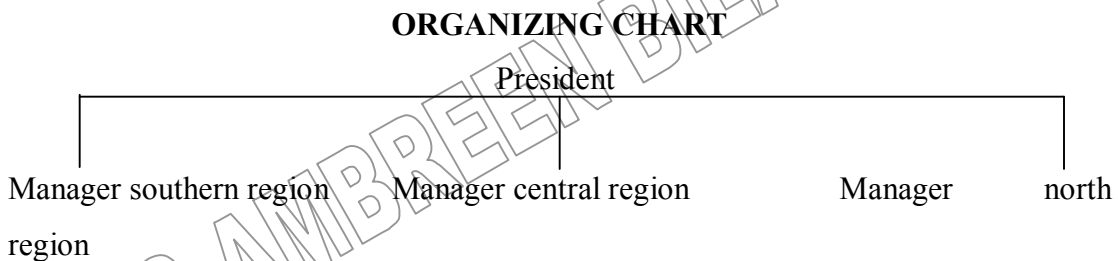
- 1- It is logical reflection of function.
- 2- Maintains power of major functions.
- 3- Simplifies training.

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



ADVANTAGES

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

DISADVANTAGES

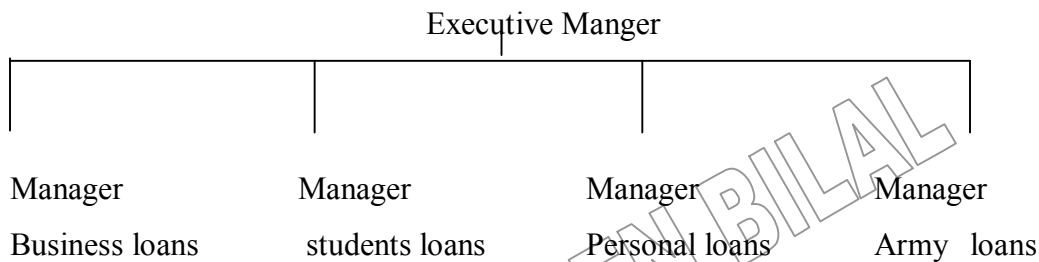
- 1- Increases problem of top management control.
- 2- Requires more persons with general manager abilities.

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-

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



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.

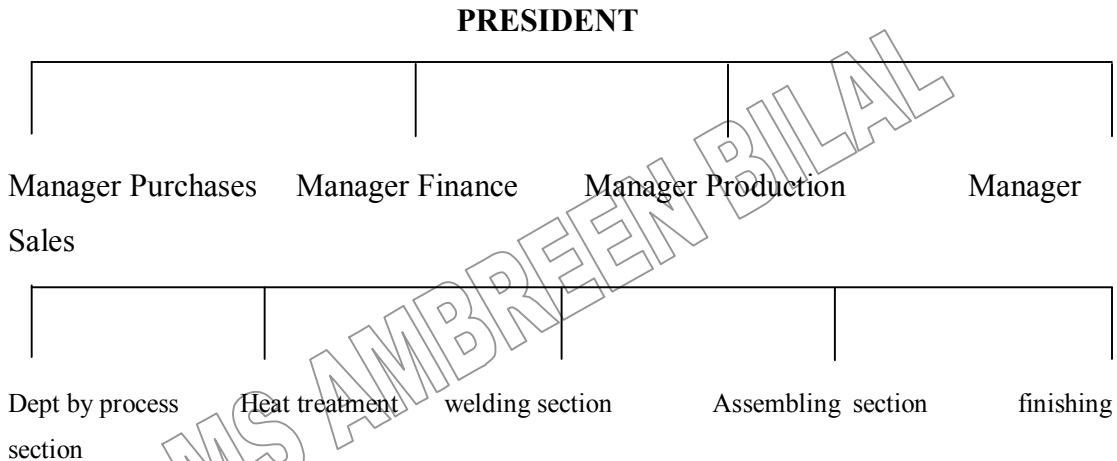
DISADVANTAGES

- 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

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



ADVANTAGES

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

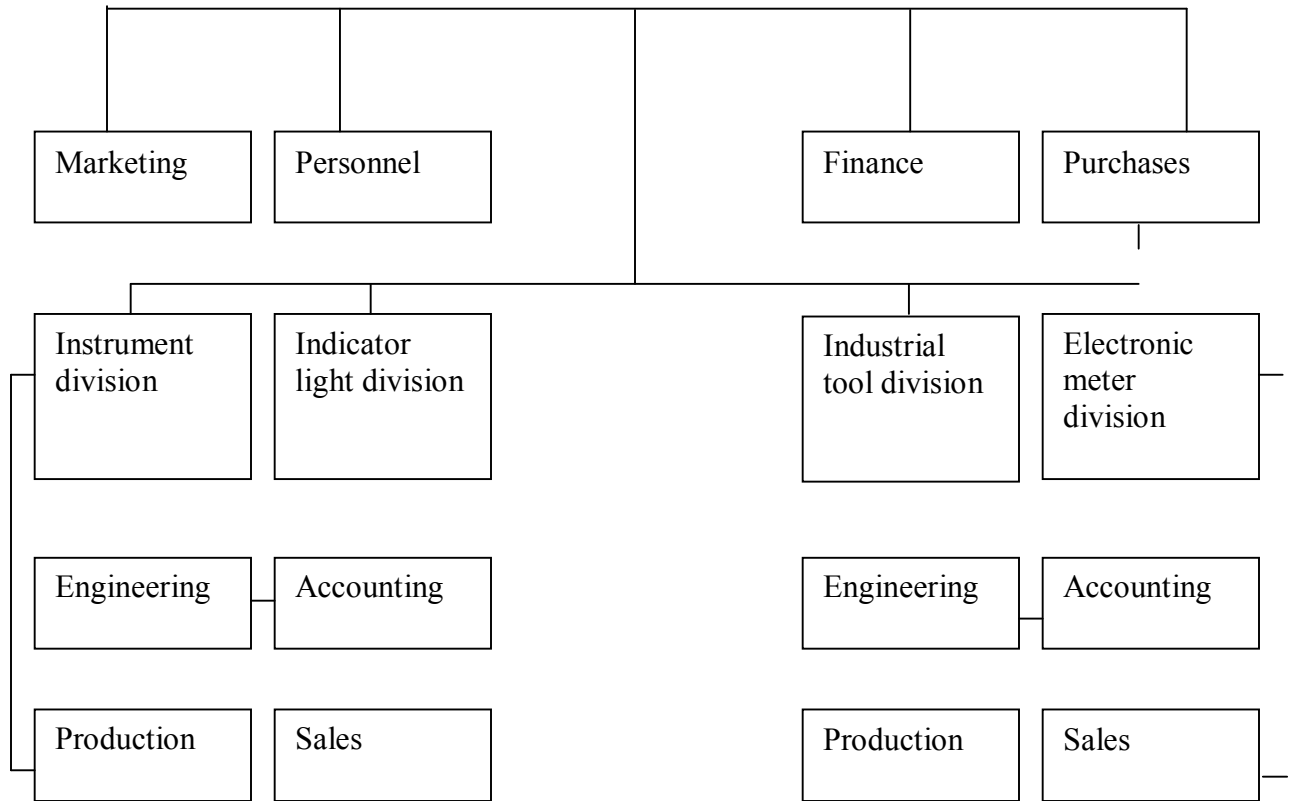
DISADVANTAGES

- 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.

PRESIDENT



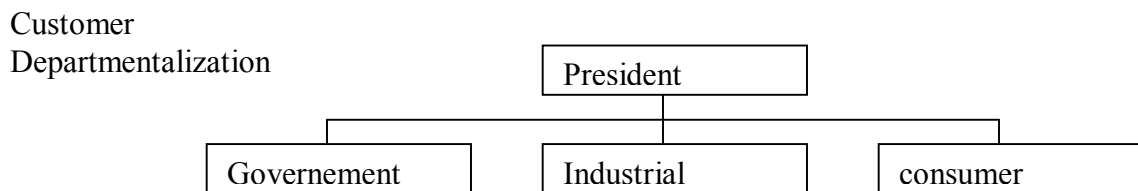
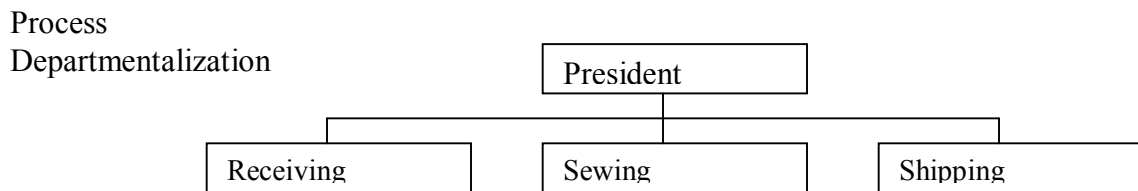
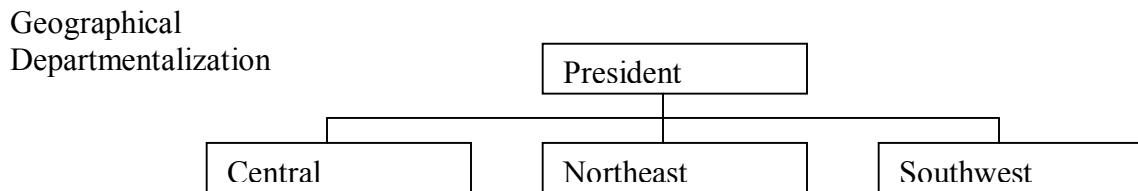
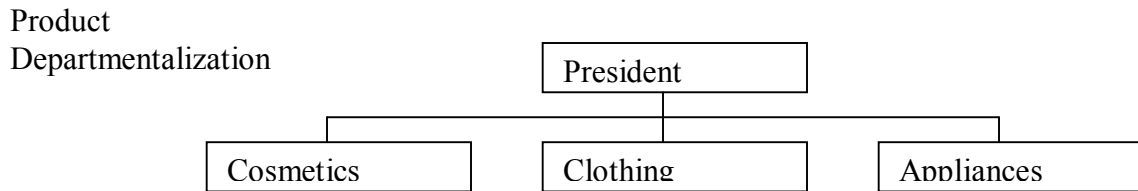
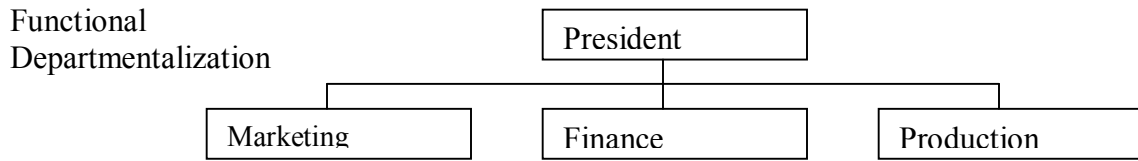
ADVANTAGES

- 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.

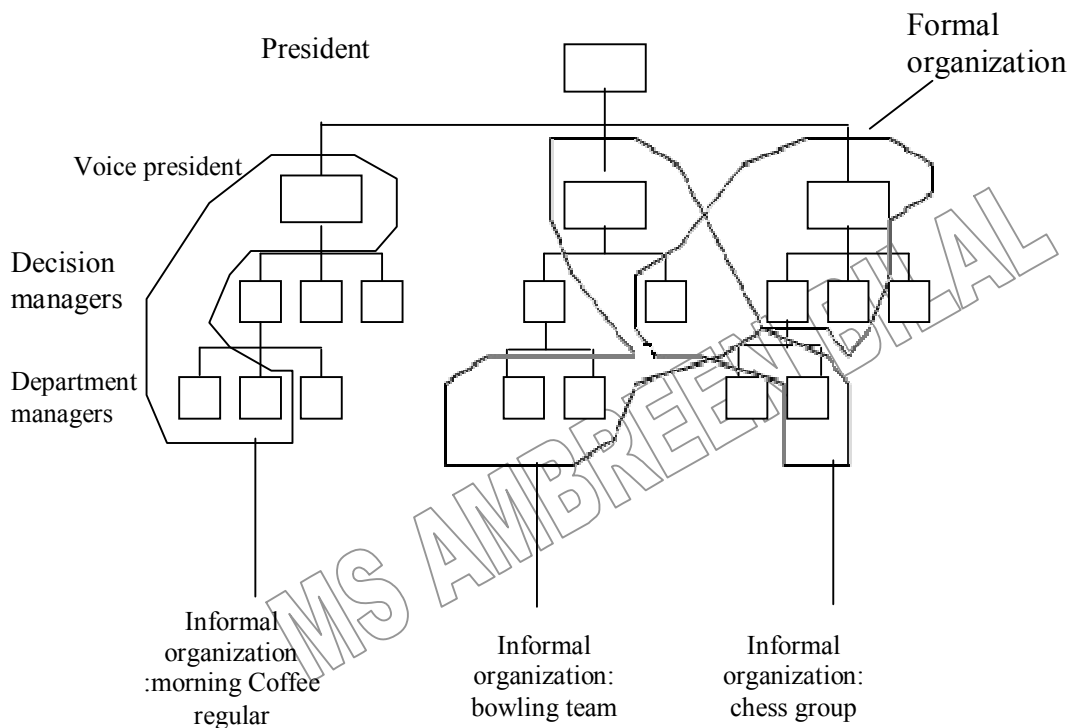
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Formal and Informal Organization

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.



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.

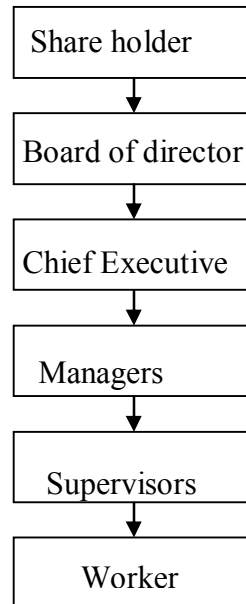
AUTHORITY & POWER

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

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



POWER

Power is broader concept than authority. It may be defined as a strong influence on direction on individuals and behaviors. Power may also be defined 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 POWER

The official position of a person in an organization is known as legitimate power. For example, a major in the army has power over a 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 arises from legitimate power.

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- DECISION MAKING POWER

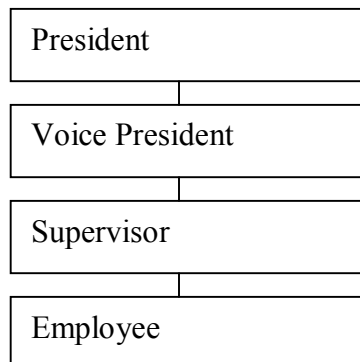
This power arises from the power of positions. When people speak of authority in managerial setting, they are usually referring to the decision making power.

LINE & STAFF CONCEPT

LINE AUTHORITY

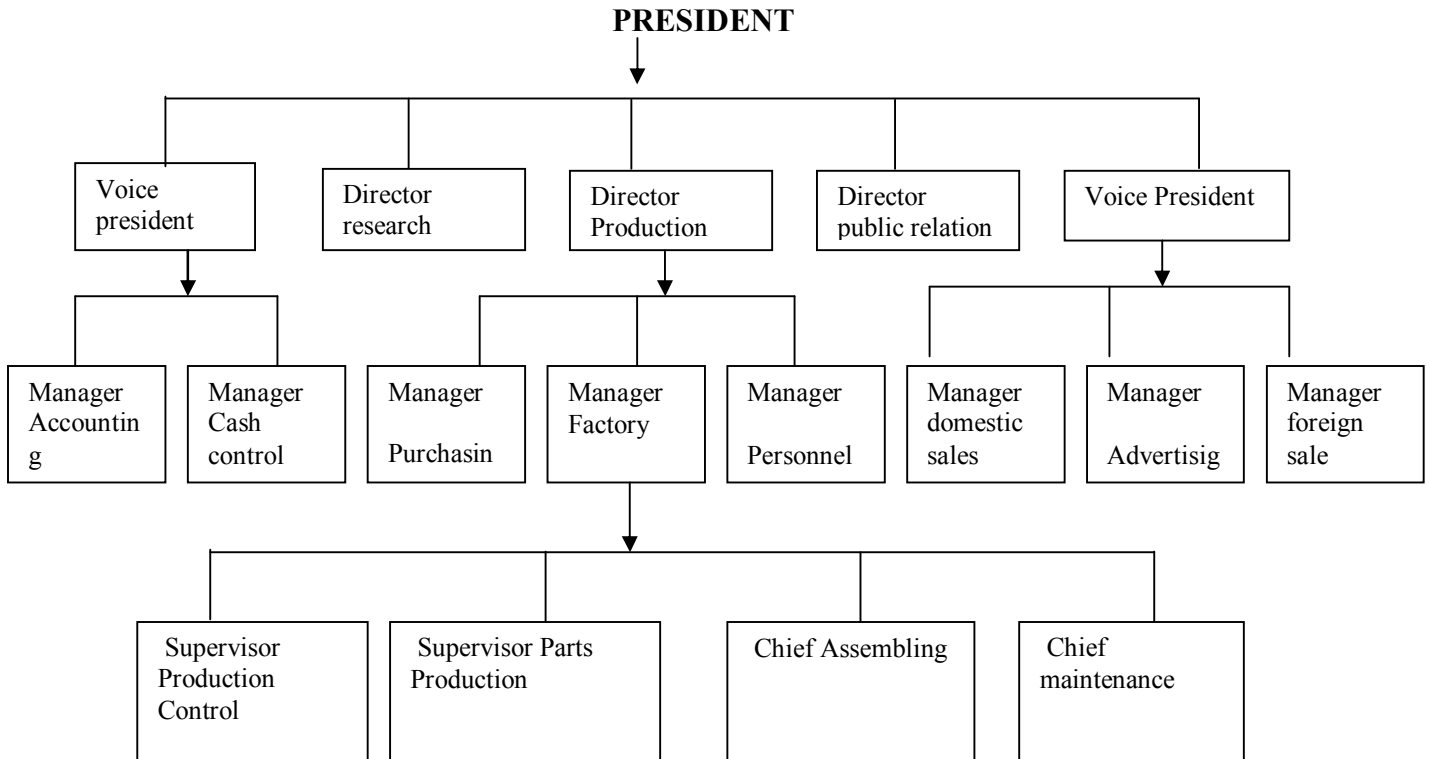
Line authority gives a superior a line of authority over subordinates. It exists in all organizations. Line authority can also be defined as the superior – subordinate authority relationship where by a superior makes decision and tells them to a subordinate who is turn makes decision and tells to his 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



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.



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.

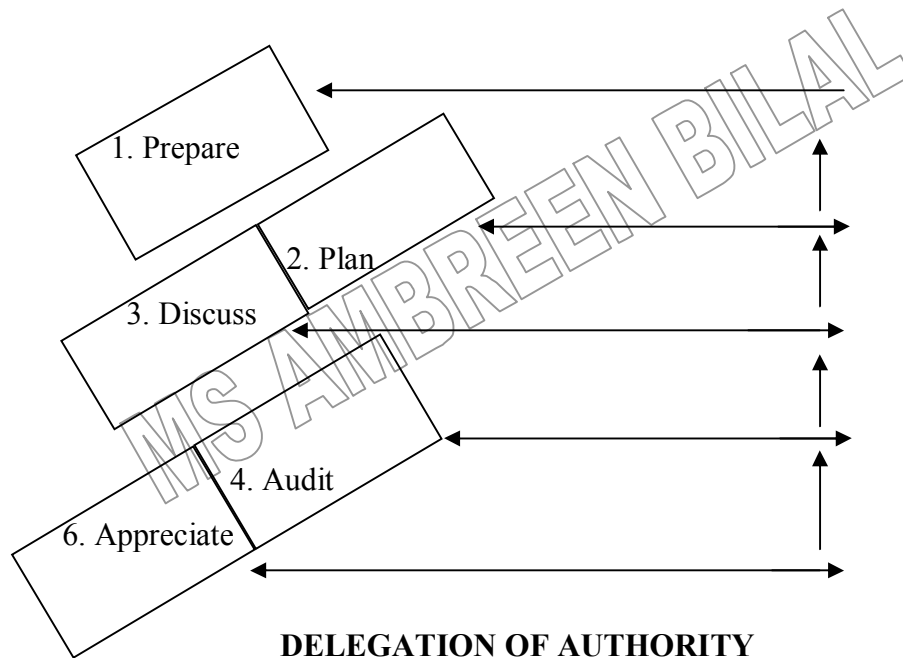
BENEFITS OF STAFF

1. Provide highly specialized knowledge in different areas, i.e. economics, technical, legal etc.

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.



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.

STEPS IN DELEGATING

SPLINTERED AUTHORITY

Splintered authority exists 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 DELEGATED 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 departments, 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 subordinates decision is not likely to be exactly the one superior would have made the manager who known how to delegate must be able to help other 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.

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 or 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 feed back. Obviously, controls cannot goals, policies and plans are used as basic standard 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.

OUTLINE NO STAFFING: 04

1. What is Staffing?
2. Define the nature and task of the manager
3. Defining the managerial job
4. The system approach to human resource management
 - a. Aspects in the system approach to staffing
 - i. Factors affecting the number and kinds of manager required
 - ii. Determination of available managerial resources
 - iii. Analysis of the need for managers
 - iv. Other important aspects
5. Purpose and objectives of staffing
 - a. Situational factors affecting staffing
 - i. External factors
 - ii. Internal factors
6. The selection process
 - a. Definition
 - b. The selection process
 - c. Interviews
 - d. Tests
 - e. Assessment centers
 - f. Limitation of the selection process
7. Steps/process/principles of staffing
 - a. Principle of job definition
 - b. Principle of managerial appraisal
 - c. Principle of open competition
 - d. Principle of management training and development
 - e. Principle of management objectives
 - f. Principle of continuing development

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.

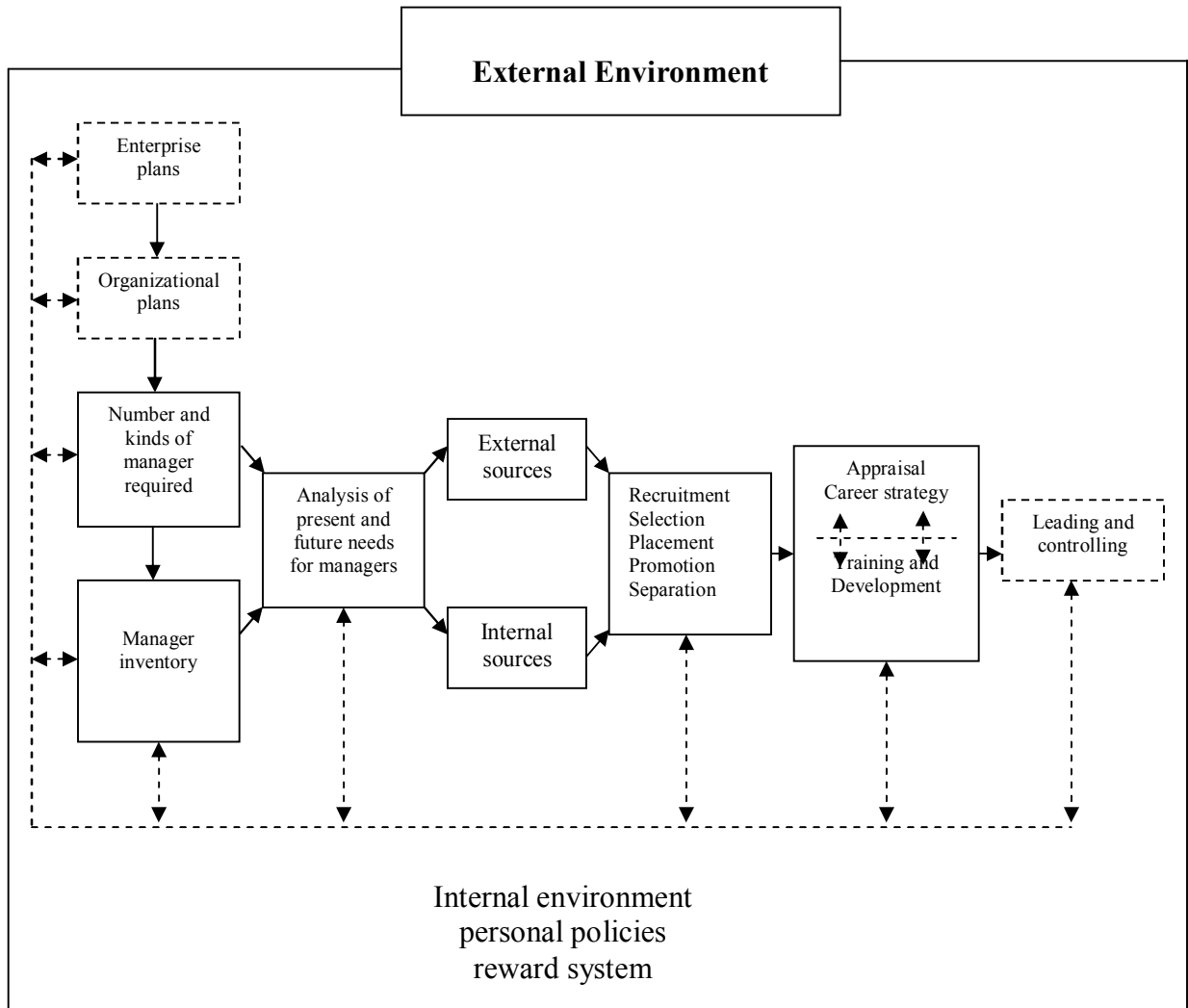
DEFINING THE MANAGERIAL JOB

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.

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.



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

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.

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.

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.

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.

4. PRINCIPLES OF MANAGEMENT TRAINING & DEVELOPMENT

Training and development efforts are related to managerial function. Management training and development leads to the effective development of programs and activities 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 suggests that in a fast-changing and competitive environment, managers cannot stop learning. Instead, they have to update their managerial knowledge continually and improve their managerial skills and performance to achieve enterprise results.

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

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.

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.

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 defined as a strong influence on the direction of an individual's behavior. There are five kinds of power.

1. LEGITIMATE POWER

The official position of a person in an 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 the ability of some to grant reward and is known as reward power.

4. EXPERT POWER

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

5. REFERENT POWER

This is the power of admiring a 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 to satisfy.

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.

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 motivations 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 characteristics (Such as 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.

Motivation & Motivators:

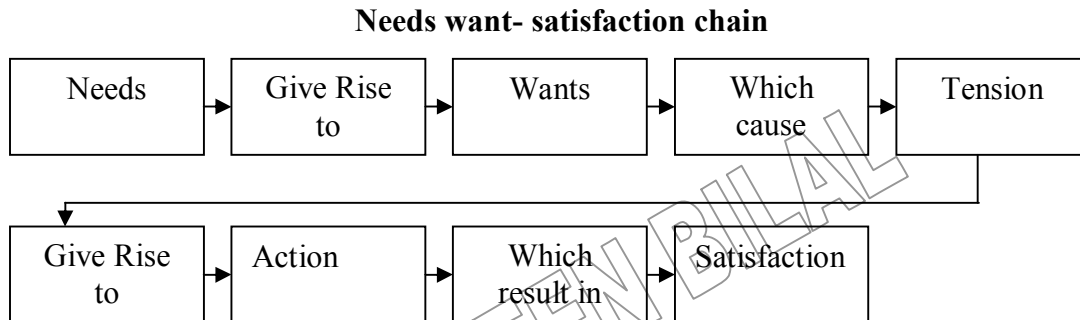
Motivation:

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 explain 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.



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 deed 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

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, prince work, stock options, bonuses, company paid, insurance etc. Many are often more then monetary value. It can also mean status or power. Tended to place money high on the scale of motivators or an high scare of motivators, while behavioral scientists tends to place it on low sale. 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 far 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

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 Dauglas Megrakor and commonly known as "Theory X" and "Theory Y" Megrakor 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.

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 on self directions. There is little doubt that each set of assumption will effect managerial functions and activities of managers.

CLARIFICATION OF THE THEORIES:

The following points will clarify some of the areas of misunderstanding and keep the assumptions in proper perspective

Firstly: Theory X and theory Y are assumptions only. They are not suggestions for managerial strategies. These assumptions are not based on research.

Secondly: theories X and Y do not imply hard or soft management. The hard approach may produce resistance and the soft approach may result in laissez faire management

Thirdly: Theories X and Y are not to be viewed as being on a continuous scale, with x and y on opposite extremes. They are not a matter of degree, they are completely different views of people.

Fourthly: under theory Y, authority is seen as only way a manager exerts leadership

Fifthly: Different tasks and situations require a variety of approaches to management

THE HIERARCHY OF NEED THEORY:

The hierarchy of need theory was presented by Maslow. Abraham Maslow saw human needs in the form of hierarchy, ascending from the lowest to the highest He concluded that when one set of needs is satisfied, this kind of need ceases to be motivators

THE NEEDS HIERARCHY:

The needs placed by Maslow in an ascending order are these.

1: PHYSIOLOGICAL NEEDS:

These are the basic need necessary for human life. Such as food, water, warmth, shelter and sleep Maslow said that until these needs are satisfied to the degree necessary to maintain life their needs, will not motivate people

2: SECURITY OR SALTY NEEDS:

These are the needs to be free of physical danger and of the fear of losing of job, property, food and shelter

3: AFFILIATION OR ACCEPTANCE NEEDS:

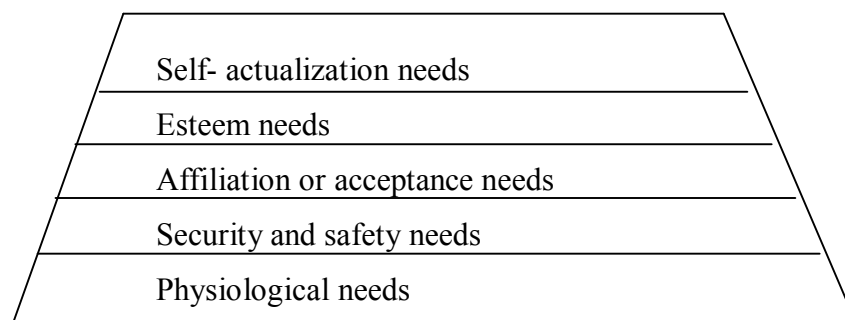
Since people are social beings, they need to belong to be accepted by other

4: ESTEEM NEEDS:

According to Maslow, once people begin to satisfy their need to belong they tend to want to be held in esteem both by themselves and by others. Esteem need produces such satisfactions as power, prestige, status and self confidence.

5: NEED FOR SELF ACTUALIZATION:

Maslow regards this as the highest need in his hierarchy. It is desire to become what one is capable of becoming

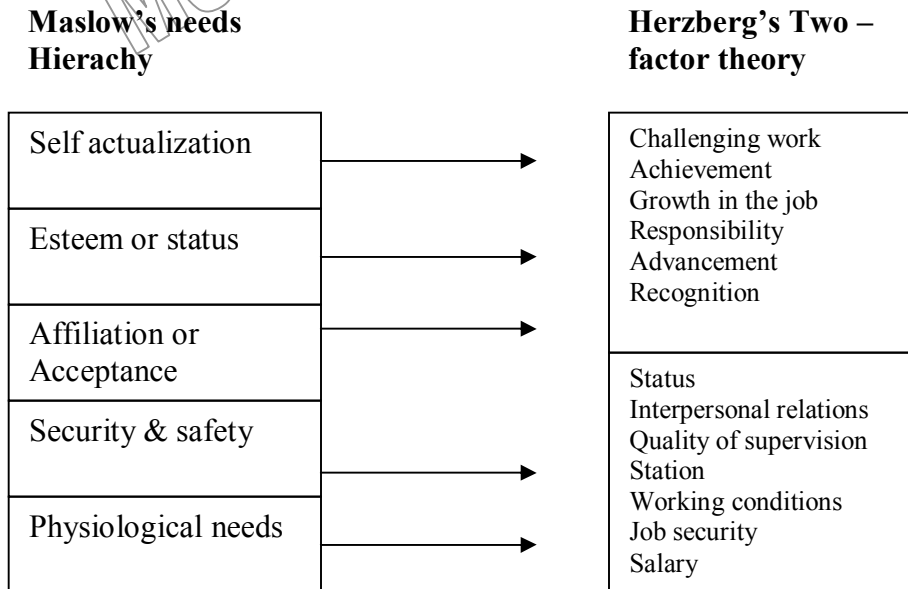


Maslow's Hirarchy of needs

HIGEINE APPROCH TO MOTIVATION

FREDERICK HERZBERY THEORY OF MOTIVATION

Needs theory of Maslow's has been considering modified by Frederick Hizbery and his associates, He grouped the concept into two factor theory of motivation. In one group of needs are such things as company policy and administration, supervision, working conditions, interpersonal relation, salary, status, job security and personal life. This group referred to as dis-satisfies, and not motivators. In other words if they exit in a work environment in high quantity and quality they yield no dis-satisfaction. In second group, Herzberg listed certain satisfier and therefore motivators all related to job content. They include achievement, recognition, challenging work , advancement and growth in the job. There existence will yield feeling of satisfaction or no satisfaction. As figure indicates the satisfiers and dis-satisfiers identified by Herzberg are similar to the factor suggested by Maslow's.



COMPARISON OF MASLOW & HERZBERGS THEORIES OF MOTIVATION.

The first group of factors (the dis-satisfiers) will not motivate people in an organization, dis-satisfaction will arise. The second group or the job content factors by Herzberg is real motivators because they have the potential of yielding a sense of satisfaction. Clearly if this theory of motivation is sound, managers must give considerable attention to upgrading job content.

Some researches challenged Herzberg's theory saying that his investigation method tended to prejudice his result. For example the well known tendency of people to attribute good results to their own efforts and blame others for poor results is thought to have prejudiced. Herzberg's theory has been criticized.

JOB ENRICHMENT

Job enrichment is related to Herzberg's theory of motivation, in which factors such as challenge, achievement, recognition, and responsibility are seen as a real motivators. Even though this theory has not gone unchallenged it has led to widespread interest, both in United States and overseas. Job enrichment aims at making jobs challenging and meaningful. In job enrichment job may be enriched by variety. But they also may be enriched.

- 1- Giving workers more freedom in deciding about such things as work methods sequences and acceptance or rejection of materials'
- 2- Encouraging participation of subordinates and interaction between workers.
- 3- Taking steps to see and solve problems of workers and the welfare of the enterprise.
- 4- Giving workers a feeling of personal responsibility for their work.
- 5- Giving people feedback on their job performance.
- 6- Involving workers in the analysis and change of physical aspects of the work environment such as the layout of the office or plant , temperature lighting and cleanliness.

JOB ENLARGEMENT

Job Enlargement attempt to make a job more varied by removing the dullness associated with performing respective operations. It means enlarging the scope of the job by adding similar task without enchanging responsibility , for example , production line worker may install not only the bumper on a car but also the front hood job enlargement does not increase the workers responsibility.

OUTLINE NO: 06 CONTROLLING

The system & process of controlling

- Definitions
- The basic control process
- Critical control points and standard

Types of critical points standards

Physical standards

- Cost standards
- Capital standards
- Revenue standards
- Program standards
- Intangible standards
- Goals as standards

Strategic plans as control points for strategic control.

- Control as a feedback system
- Feed forward control

Control techniques

The concept of budgeting

The purpose of budgeting

Types of budgets

Effective budgetary control

Dangers in budgeting

Methods for decreasing dangers

Traditional non budgetary control techniques

- Statistical data
- Special reports and analysis
- Operational audit
- Personal observation

Time event met work analysis

THE SYSTEM & PROCESS OF CONTROLLING

DEFINITIONS

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 plans advised to attain them are being accomplished.
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."

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 is 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.

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 functions. 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?

- 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.

PROGRAMME STANDARDS

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

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

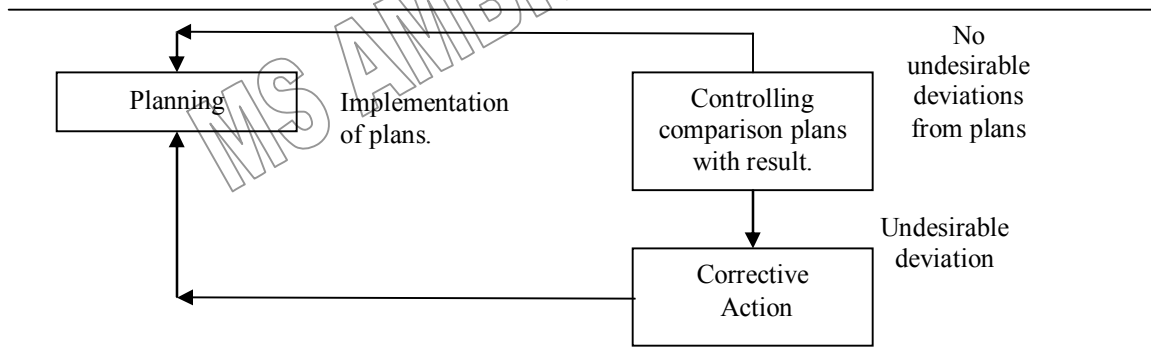
Goal can be used as performance standards. Both in simple in complex operations quantitative and qualitative Goals represents an important development in the area of standards.

STRATEGIC PLANS AS CONTROL 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

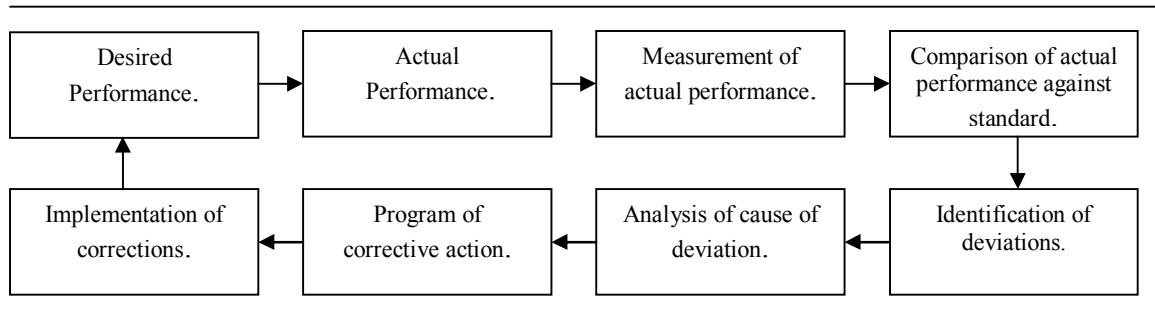
Many systems control themselves through information feedback, which shows deviations from standards. A simple feedback system can be shown by figure.



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 (set-level) 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

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.

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 must 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 fore cast 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.

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 lake 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 thy 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 e decrease 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 obtained budget flexibility is zero- base budgeting.

TRADITIONAL NON BUDGETORY ONTROL 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 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 an 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 gives 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 invariable, 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 polices procedure, use of authority, quality of management, effectiveness of methods, special problems and other phases of operations.

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 NET WORK ANALYSIS

DEFINATION

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

EXPLAINATION

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.