

CHAPTER 1

STAFFING

- 1.0 Objectives
- 1.1 Introduction
- 1.2 Importance
- 1.3 Recruitment and Selection
- 1.4 Process of Selection
- 1.5 Training and Development
- 1.6 Performance Appraisal
- 1.7 Summary
- 1.8 Check your Progress-Answers
- 1.9 Questions for Self-Study
- 1.10 Suggested readings

1.0 OBJECTIVES

Friends after studying this chapter you will be able to :

- explain the meaning of staffing.
- discuss the meaning and importance of recruitment, selection, training and development is staffing.
- explain the concept of performance appraisal.

1.1 INTRODUCTION

Staffing is the managerial function of recruitment, selection, training, developing, promotion and compensation of personnel.

Staffing may be defined as the process of hiring and developing the required personnel to fill in the various positions in the organization. It involves estimating the number and type of personnel required. It involves estimating the number and type of personnel required, recruiting and developing them, maintaining and improving their competence and performance.

Staffing is the process of identifying, assessing, placing, developing and evaluating individuals at work.

Definition:

According to Koontz and O'Donnell:

"The managerial function of staffing involves manuring the organizational structure through proper and effective selection, appraisal and development of personnel to fill the roles designed into the structure."

Staffing is defined as, "Filling and keeping filled, positions in the organizational structure. This is done by identifying work-force requirements , inventorying the people available, recruiting, selecting, placing, promotion, appraising, planning the careers, compensating, training, developing existing staff or new recruits, so that they can accomplish their tasks effectively and efficiently."

1.2 IMPORTANCE

1. Staffing helps in discovering and obtaining competent and personnel for various jobs.

2. It helps to improve the quantity and quality of the output by putting the right person on the right job.
3. It helps to improve job satisfaction of employees.
4. It facilitates higher productive performance by appointing right man for right job.
5. It reduces the cost of personnel by avoiding wastage of human resources.
6. It facilitates growth and diversification of business.
7. It provides continuous survival and growth of the business through development of employees.

1.1 & 1.2 Check your progress:

Fill in the blanks

1. is the managerial function of recruitment, selection, training, developing and promotion of personnel.
2. Staffing involves estimating the number and type of required.
3. Staffing reduces the cost of personnel by avoiding wastage of
4. Staffing facilitates growth and of business.

1.3 RECRUITMENT AND SELECTION

Recruiting involves attracting candidate to fill the positions in the organization structure. Before recruiting, the requirement of positions must be cleared identified. It makes easier to recruit the candidates from the outside. Enterprises with a favorable public image find it easier to attract qualified candidates.

Definitions –

1. Mc Fariand, “The term recruitment applies to the process of attracting potential employees of the company.”
2. Flippo, “Recruitment is the process of searching prospective employees and stimulating them to apply for the jobs in the organization.”

Thus recruitment may be considered as a positive action as it involves attracting the people towards organization.

1.3.1 Need of recruitment

The need of recruitment may arise due to following situations:

1. Vacancies due to transfer, promotion, retirement, permanent disability or death of worker.
2. Creation of vacancies due to expansion, diversification or growth.

1.3.2 Methods and sources of recruitment:

According to ‘Dunn and Stephens’ recruitment methods can be classified into three categories :

- 1) Direct Methods**
- 2) Indirect Methods**
- 3) Third Party Methods**

- 1) Direct Methods include travelling visitors to educational and professional institutions, employee’s contacts with public and manned exhibits and waiting lists.

- 2) Indirect Methods include advertising in newspaper radio, in trade and professional journals, technical journals, brochures etc.
- 3) Third Party Methods includes the use of commercial and private employment agencies, state agencies, placement offices of the colleges and universities, and professional association recruiting firms.

Sources of Recruitment

The various sources of recruitment may be classified as

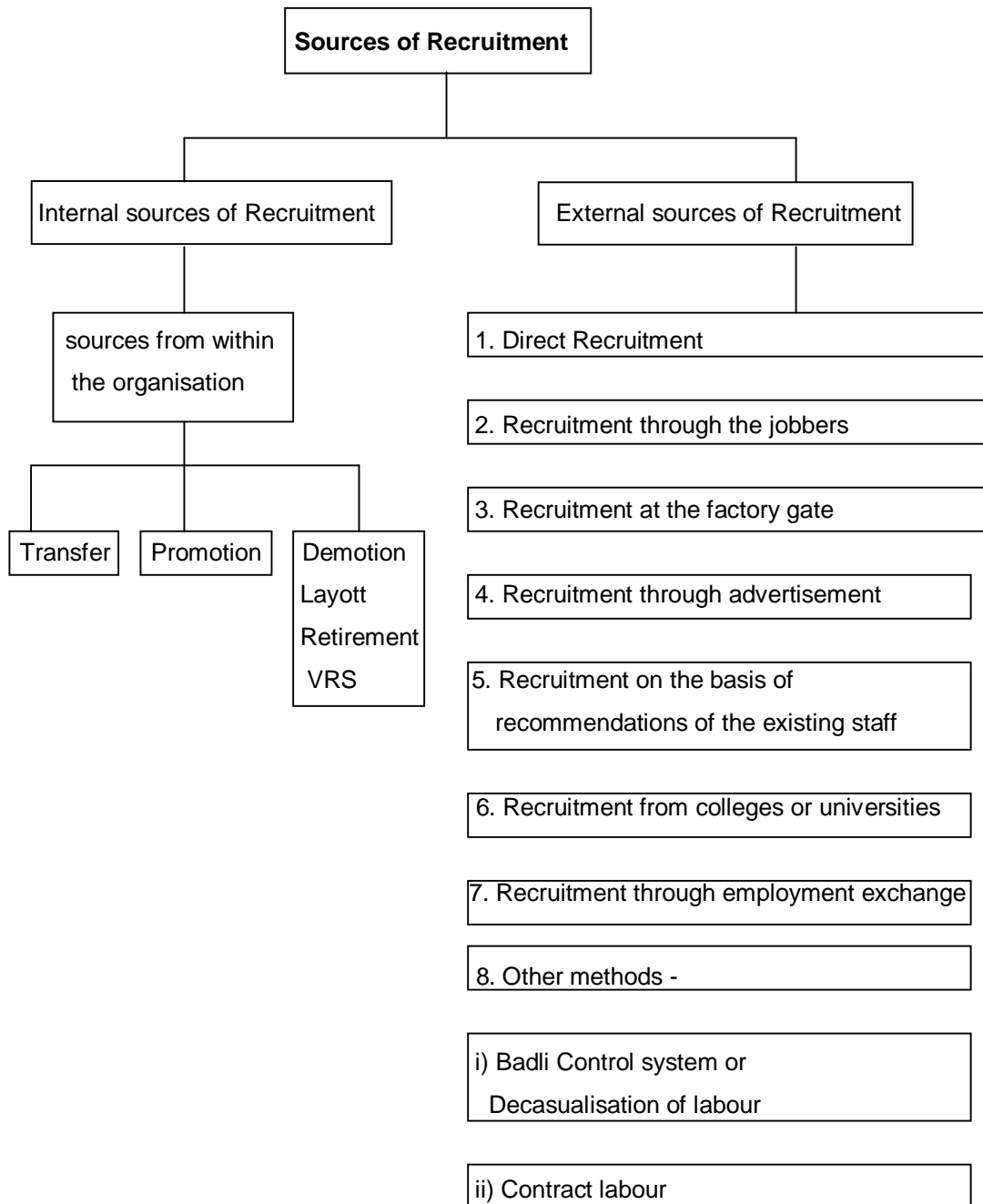
- A. Internal sources or from within the organisation
- B. External sources or recruitment from outside.

A. Internal sources – Many organisations in India give preference to people within the company because the best employees can be found from within the organisation itself. Under this policy, if there is any vacancy the persons already working in the organisation are appointed to fill it. This method is followed mostly in Government organisations.

B. External sources or recruitment from outside – Internal sources may not always fulfill the needs of an organisation. Naturally, most of the concerns have to look for the external sources for recruitment the required number of employees with the requisite qualifications.

The external sources of recruitment include.

1. **Direct Recruitment** – Many organizations having one separate department called personnel department to select right employees. For that organisation may receive direct applications from the candidate. The technical and clerical staff is appointed in this way.
2. **Recruitment through the jobbers or Intermediaries** – In India mostly unskilled or illiterate workers are recruited through this method. Under this system the intermediary keeps a vital link between workers and employers. They are always willing to supply the required number of workers.
3. **Recruitment at the factory gate** – Mostly unskilled workers are appointed through this method. Under this system, large number of unemployed workers assemble at the factory gate for employment. The factory manager, or labour superintendent or some other official may select the necessary workers.
4. **Recruitment through advertisement** – This is most common method for recruiting skilled workers, clerical staff, managerial personnel, technical personnel. The vacancies are advertised in the popular daily newspapers and applications are invited from the persons having required qualifications.
5. **Recruitment through the recommendation of the existing employees** – The existing employees recommend the suitable names for the employment.
6. **Recruitment from colleges or universities or educational institutions** – This method is used in some enterprises or Government department, when the recruitment of persons required for administration and technical personnel.
7. **Recruitment through employment exchange** – The workers who want help in finding jobs make their registration in the nearest employment office where details are recorded. Employment exchanges are the special offices for bringing together those workers who are in need of employment.
8. **Other methods** –
 - i) **Badli Control system or Decasualisation of labour** – It means efforts taken for regularizing the system or recruitment by means of controlling substitute of badli labour. Under this system, on the first day of each month, special badli cards are given to a selected number of persons who are advised to present themselves every morning at the factory when temporary vacancies are filled up from amount them.
 - ii) **Contract labour** – Under this method contractor supplies labours to the industrial enterprises according to their requirement.



Selection:

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

The selection of managers is one of the most critical steps in the entire process of managing.

1.3: Check your progress

Fill in the blanks

1. involves attracting candidate to fill the positions in the organization structure.
2. agencies deal with middle and high level managerial jobs.
3. is the most widely used method for generating applications.
4. refers to sending an employee to another organization for a short duration of two or three years.
5. is the technical term used when employees working elsewhere are attracted to join organization.
6. is the process of choosing the most suitable person for the current position.
7. Enterprises with a favorable public image find it easier to attract candidates.

1.4 PROCESS OF SELECTION

Selection means the taking up the different workers by various acts from the application forms invited through different sources of internal and externals.

According to Dale Yoder, "Selection is the process in which candidates by employment are divided into two classes those who are to be offered employment and those who are not."

Selection Procedure :

Selection of workers is regarded as a policy matter. Every enterprise has its own policy for recruitment. The following procedure is adopted.

- 1) **Receiving and screening the application** : After receiving the applications have to be screened. In this process the applications of candidates without the requisite qualification are rejected.
- 2) **Sending the Blank application form** : After preparing the list of candidates suitable for job, blank application forms will be sent to the candidates. In this application form information should be given about the name and address of the candidate, educational qualification, experience, salary expected etc.
- 3) **Preliminary Interview** : The interviewer has to decide whether the applicant is fit for job or not. By this interview the appearance, attitudes, behaviour of the candidate can be known easily.
- 4) **Administering Tests** : Different types of test may be undertaken. Tests are conducted for the knowledge of personal behaviour, efficiency of work and interest. Generally, following types of tests are conducted.
 - i) Achievement Test
 - ii) Aptitude test
 - iii) Trade Test
 - iv) Interest Test
 - v) Intelligence Test etc.
- 5) **Checking References on Investigation of Previous History** : Applicants are generally asked to give names of at least two persons to whom the firm may make a reference.
- 6) **Interviewing** : Interview is the most important step in the selection procedure. In interview, the intimation given in the application form is checked. Interview

helps in finding out the physical appearance and mental alertness of the candidate and whether he possesses the required qualities.

Interviews may be of various kinds these are

- 1) Direct Interview
 - 2) Indirect Interview
 - 3) Patterned Interview
 - 4) Stress interview
 - 5) Systematic in – depth interview
 - 6) Board of panel interview
 - 7) Group interview
- 7) **Final Selection** : On the basis of results of previous interview the candidate is informed whether he/she is selected for the said post or not.

1.4: Check your progress:

Fill in the blanks

1. Generally a..... interview is held in which the interviewer asks a set of prepared questions.
2. test is conducted to judge the mental capacity of the applicant.
3. test is conducted to measure an applicants' capacity and his potential for growth.

1.5 TRAINING AND DEVELOPMENT

Meaning:

Training is an instrument of developing the employees by increasing their skills and improving their behavior. Technical, managerial skills are needed by the employees for performing the jobs assigned to them. Training is required to be given to new employees as well as existing employees. The methods to be used for training and the duration for which training should be given is decided by the management according to the objectives of the training, the number of persons to be trained and the amount of training needed by the employees.

Training leads to overall personal development. The major outcome of training is learning. Trainees learn new habits, new skills, useful information that helps to improve their performance.

Definition:

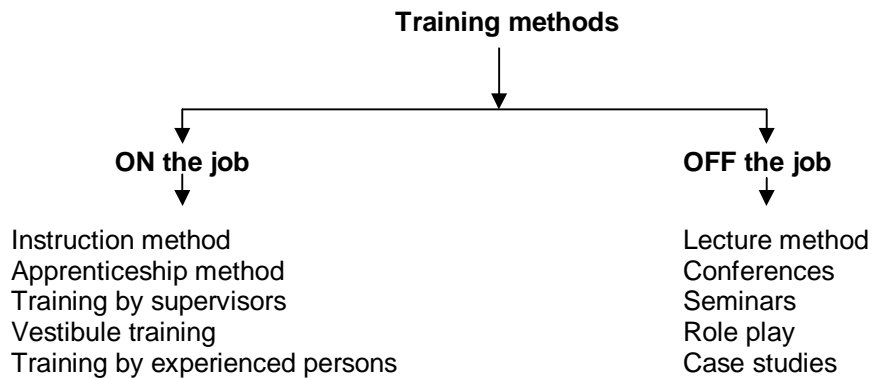
According to Flippo:

“Training is an act of increasing the knowledge and skill of an employee for doing a particular job.”

Importance of training and development:

1. Reduction in learning time
2. Better performance
3. Reduced supervision
4. Increases Morale of the employees
5. Facilitates organizational stability and flexibility
6. Develops employees skills, talents, competency
7. Decreased accidents
8. Better use of raw material and other resources
9. Increase in production

Methods of training:



1.5.1 Development

Development is a continuous process. It is for refreshing information knowledge and skills of the executives. In the case of development, off the job methods are used. It provides wider them capable to face organizational problems and challenges in a bold manner.

Management development is a planned systematic process of learning. It is designed to induce behavioural change in individuals by cultivating the mental abilities and inherent qualities through the acquisition and Understanding of use of new knowledge.

1.5: Check your progress:

Fill in the blanks

1. is an instrument of developing the employees by increasing their skills and improving their behavior.
2. The major outcome of training is
3. is the most widely used method for generating applications.
4. Vestibule training is a part of the job training.
5. Lecture method is a part of the job training.

1.6 PERFORMANCE APPRAISAL

Performance appraisal is one of the oldest and most accepted universal principles of management. It refers to all the formal procedures used in working organizations to evaluate the personalities, contributions and potentials of group members. It is used as a guide by formulating a suitable training and development programme to improve the quality of performance in his present work.

Performance appraisal is the judgment of an employee's performance in a job. It is also called as merit rating. All managers' are constantly forming judgment of their subordinates and are continuously making appraisals.

It is the systematic evaluations of the individuals with respect to his performance on the job and his potential for development. The immediate superior is in-charge of such appraisal. The managerial appraisal should measure both performances in achieving goals and plans as well as all managerial function such as planning, organizing, leading and controlling.

Objectives of performance appraisal:

1. To help a manager to decide the increase in pay on ground of merits.
2. To determine the future use of an employee
3. To indicate training needs.
4. To motivate the employees to do better in his or her present job.
5. To contribute the growth and development of an employee.
6. To identify employees for deputation to other organizations
7. To help in creating a desirable culture and tradition in the organization.
8. To nominate employees for training programmes.

1.7 SUMMARY

Staffing may be defined as the process of hiring and developing the required personnel to fill in the various positions in the organization. It involves estimating the number and type of personnel required. It involves estimating the number and type of personnel required, recruiting and developing them, maintaining and improving their competence and performance.

Recruiting involves attracting candidate to fill the positions in the organization structure. Before recruiting, the requirement of positions must be cleared identified. It makes easier to recruit the candidates from the outside. Enterprises with a favorable public image find it easier to attract qualified candidates.

Methods of recruitment:

- Employment agencies
- Advertisement
- Deputation
- Word of mouth
- Raiding

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

Training is an instrument of developing the employees by increasing their skills and improving their behavior.

Training is required to be given to new employees as well as existing employees. The methods to be used for training and the duration for which training should be given is decided by the management according to the objectives of the training, the number of persons to be trained and the amount of training needed by the employees.

Performance appraisal is the judgment of an employee's performance in a job. It is also called as merit rating. All managers' are constantly forming judgment of their subordinates and are continuously making appraisals.

1.8 CHECK YOUR PROGRESS - ANSWERS

1.1 & 1.2

1. Staffing
2. personnel
3. human resources
4. diversification

1.3 : 1. Recruitment

2. employment
3. advertising
4. deputation
5. raiding
6. selection
7. qualified

1.4 : 1. Structured

2. intelligence
3. aptitude

1.5 : 1. Training

2. learning
3. on
4. off

1.9 QUESTIONS FOR SELF-STUDY

Q.1 Long Answers Questions : (Answers should be in 10-12 lines each)

1. Define Staffing. What is the importance of staffing?
2. What do you mean by selection? Explain the process of selection.
3. What is recruitment? What are the various methods of recruitment?
4. What do you mean by performance appraisal? What are the objectives of it?

Q.2. Short Notes (7- 8 lines each)

1. Importance of staffing
2. Methods of recruitment
3. Importance of training and development
4. Methods of training
5. Performance appraisal

1.10 SUGGESTED READINGS

Principles & Practices of Management : L. M. Prasad

Principles of Management : P. C. Tripathy & P.N. Readdy

Principles of Management : Koontz & O'Donnell



CHAPTER 2

DIRECTING

2.0	Objectives
2.1	Introduction and Definitions of directing
2.2	Nature of Direction
2.3	Importance of Direction
2.4	Principles of Direction
2.5	Elements of Direction
2.6	Summary
2.7	Check your Progress-Answers
2.8	Questions for Self-Study
2.9	Suggested Readings

2.0 OBJECTIVES

Friends after studying this chapter you will be able to :

- explain the meaning of directing.
- discuss nature, elements and principles of directing.

2.1 INTRODUCTION

Directing is a very essence of management. It is the important element of management without which nothing in the managerial process can be successful.

Directing helps to create an appropriate work environment that facilitates efficient discharge of duties to the employees.

Directing and leading comprise the managerial functions of guiding, overseeing and leading people. The primary function of directing is to deal with human elements to build personal relationships.

Directing is concerned with directing human efforts towards organizational goal achievements. The success of these directional efforts determines the satisfactory or unsatisfactory performance within the organization. Thus, directing is the function the will test the managerial capability in running the organization.

Definition:

According to Haimann:

“Directing consists of the process and techniques utilized in issuing instructions and making certain that operations are carried on as originally planned.”

According to Koontz and O’Donnel:

“Direction is the interpersonal aspect of managing by which subordinates are led to understand and contribute effectively to the attainment of enterprise objectives”

According to Urwick and Brech:

“Directing is the guidance, the inspection, the leadership of those men and women that constitute the real course of responsibility of management.”

Direction focused on:

1. To ensures that sub-ordinates do their work.
2. The subordinates do it well not only according to plan but also as per the expectation of management in order to achieve the goals.
3. To develop interpersonal relations n a group.

2.1: Check your progress:

Fill in the blanks.

1. and comprise the managerial functions of guiding, overseeing and leading people.
2. is concerned with directing human efforts towards organizational goals.

2.2 NATURE OF DIRECTION

Directing is the heart & soul of management. Without directing management may come to stand still.

1) Important function of management: -

Any amount of planning, organizing & staffing can be done with proper direction. Responsibility for attaining the objectives must be guided and directed for truthful result.

2) Performed by all levels of management: -

Direction function is performed by top level, middle level or low level. Every superior is expected to provide guidance and direction to those who lose to him for such direction.

3) Continuous process: -

It is an unending process. It goes with work. As long as work is there direction is there.

4) Result oriented: -

- a) To get the work done.
- b) To see the management work more responsibly.

The manager's job is not only to see that the work is completed according to him and proper direction is provided but he has to ensure that the problems faced by men are solved without delay.

5) Provides link between different management functions: -

It provides effective link in planning, organizing, staffing in the organization with proper control.

6) Involvement of human relationship: -

Directing creates co-operation & harmony among the members of the group.

2.2: Check your progress:

Fill in the blanks.

1. Direction function is performed at and level.
2. Direction creates and among the members of the group.
3. Directing is a process.

2.3 IMPORTANCE OF DIRECTION

Direction is described as the heart of the management process. It is the life spark of an organisation which sets the organizational machine into motion. Thus direction is an important function of management on account of following reasons.

- 1) Direction initiates action : Management through direction conveys and motivates individuals in the organisation to function in the desired way to achieve organisational objectives in the absence of direction.
- 2) Direction integrates an effort of employees in order to achieve organisational objectives interrelated activities of all the employees need to by systematically integrated which is done through direction.

- 3) Direction attempts to get maximum from individuals : Individuals in the organisation have enough potentialities and capabilities, which can be used through proper motivation leadership and communication which are the elements of direction.
- 4) Direction facilities changes in the organisation : Organisation is described as a subsystem of a social system, hence any change in the social system, has to be accommodated by the organisation by changing itself. In order to accept and implement these changes management has to motivate the employees affected by these changes, which is the essential part of direction.
- 5) Direction provides stability and balance in the organisation : Direction through effective motivation communication and leadership provides stability in the organisation and helps in maintaining balances between different departments in the organisation. Hence the organisation can function efficiently and effectively over a long period of time.

Thus direction stands out as an important function of management. It has also been observed that there is a high correlation between direction and work performance.

2.4 PRINCIPLES OF DIRECTON

- 1) **Principle of Harmony of objectives: -**
The direction is effective only when the individual objectives are harmonized with group activities. Directing is regarded as essential in personnel management directing helps all the members to satisfy their personal goals as well as organizational goals.
- 2) **Principle of efficiency: -**
The executive should try to motivate sub-ordinates to increase performance & attain objectives at minimum cost; other wise direction will be ineffective.
- 3) **Principle of unity of command: -**
Command must be come from only one executive or one superior. Workers come to know from one of the executives what to achieve & how to achieve. If there is no unity of command there will be a duplication of work.
- 4) **Principle of direct supervision: -**
Direct supervision and advice by the executive will boost the Morale of the workers. This makes the atmosphere trustworthy in the organization.
- 5) **Principle of communication: -**
A good system of communication between executives & sub-ordinates ensures the success. Effective communication serves as an instrument of direction, supervision & advice.
- 6) **Principle of leadership:**
Every one wants a good executive who is interested in the work & who is interested in solving problems faced by workers. Good leadership will lead to co-operation, co-ordination & confidence in the working force.

2.4: Check your progress:

Q.1. Fill in the blanks:

1. Directing helps to satisfy goals as well as goals.
2. Command must come from only superior.
3. Effective serves as an instrument of direction and advice.
4. Good will lead to co-operation, co-ordination and confidence in the working force.

Q.2. Mention any 4 principles of directing.

.....

2.5 ELEMENTS OF DIRECTION

- 1) **Motivation: -**
Employees come forward to work in any organization to satisfy their needs. Motivation relates to continuous attempt made by executives to influence on the behavior without any force.
- 2) **Leadership: -**
Leadership is essential aspect of directing. Inspiring leadership act as a spark plug for lightening the efforts and a desire to work in sub-ordinates. The success depends upon good quality leaders.
- 3) **Communication: -**
It creates mutual understanding between management & other members of the organization. The manager should explain in simple and clear terms what to do, how to do & whom to do to the workers. Modern management needs effective communication as well as active participation by all the members.
- 4) **Co-ordination: -**
It is the essence of management. It is the duty of manager to co-ordinate all the activities within the organization. Co-ordination will lead to unity of direction.
- 5) **Supervision: -**
The supervision means a job of sub-ordinate is supervised by the superior. It is essential part in directing. It is to be done at all levels of management from top to bottom. He gives instructions and guide to the people for attaining the objectives. The supervisory management supervises the workers for solving their problems.

2.5: Check your progress:

Fill in the blanks.

1. is an essential aspect of directing.
2. creates understanding between management and other members.
3. will lead to unity of direction.
4. means a job of a subordinate is supervised by the superior.

2.6 SUMMARY

Direction consists of the process and techniques to issue orders and instructions to the subordinates to achieve goals in prescribed time limit. It also aims in to carry the operations as per plan.

Nature of direction:

- Important function of management
- Performed by all levels of management
- Result oriented
- Continuous process
- Acts as a link between management functions

Principles of Directing:

- Principles of efficiency
- Principle of communication
- Principles of leadership
- Principle of command
- Principle of supervision.

Elements of direction:

- Motivation
- Leadership
- Communication
- Co-ordination
- Supervision

2.7 CHECK YOUR PROGRESS - ANSWERS

- 2.1:** 1. Directing and leading
2. directing
- 2.2:** 1. Top, middle and lower
2. co-operation and harmony
3. continuous
- 2.3:**
- Q.1** 1. personal as well as organizational
2. one
3. communication
4. leadership
- Q.2** Four principles of direction:
Principle of leadership, principle of unity of command, principle of efficiency, principle of direct supervision
- 2.4:** 1. Leadership
2. communication
3. co-ordination
4. supervision

2.8 QUESTIONS FOR SELF- STUDY

Answer the following questions in 10-12 lines each.

1. Elaborate on the following elements of direction:
 - i) Motivation
 - ii) Leadership
 - iii) Communication
2. Explain various principles of Direction.
3. What is directing? Explain the nature and importance of directing.

2.9 SUGGESTED READINGS

Business Management : Dr. P. C. Pardeshi

Management : Tasks, Responsibilities, Practices : Peter Drucker

Management : A Global Perspective : Herold Koontz



CHAPTER 3

COMMUNICATION

3.0	Objectives
3.1	Introduction
3.2	Features of Communication
3.3	Elements of Communication
3.4	Process of Communication
3.5	Importance of Communication
3.6	Principles of Communication
3.7	Types of Communication
3.8	Summary
3.9	Check your Progress-Answers
3.10	Questions for Self-Study
3.11	Suggested Readings

3.0 OBJECTIVES

Friends after studying this chapter you will be able to :

- describe the concept of communication.
- explain the elements and features of communication.
- state various principles of communication.
- describe the different types of communication.
- explain the process of communication.

3.1 INTRODUCTION

The word communication is derived from the Latin word “Communis” which means common i.e. sharing of information. Communication is transferring some information and understanding of that information from one person to another. Communication is the sum of all things one person does when he wants to create understanding in the mind of others. Not only the human beings but also animals, plants communicate between themselves. The main purpose of communication is to convey ideas, thoughts, and opinions from one person to others.

Definition:

According to Keith Devis:

“Communication is the process of passing information and understanding from one person to other. It is essentially a bridge of meaning between people by using this bridge of meaning a person can safely cross the ruin of misunderstanding that separates all people.

According to Leland Brown:

“Communication is the transmission and interchange of facts, ideas, feelings or course of action.

According to George Terry:

“Communication is a continuous and thinking process dealing with the transmission and interchange with understanding of ideas, facts and course of action.

3.2 FEATURES OF COMMUNICATION

1. Necessity of receiver and sender:

Communication cannot place at least there are 2 persons. One is the receiver and other is the sender.

2. Medias of communication:

There are numerous media of communication, e.g. TV, telephone, newspaper, symbols, etc.

3. Continuous process:

Communication is continuous and on going process.

4. Facts and feelings:

Communication deals with exchange and transmission of facts and feelings.

5. Understandable information:

Understandable information should be exchanged in proper communication. If the information is not understood communication cannot take place.

3.1 & 3.2: Check your progress:

Fill in the blanks

1. The word communication is derived from the Latin word
2. The main purpose of is to convey ideas, thoughts and opinions from one person to other.
3. is the transmission and interchange of facts, ideas, feelings and actions.
4. Communication is process.

3.3 ELEMENTS OF COMMUNICATION

1. Sender: The person who speaks out or sends a written message or ideas to other person.
2. Receiver: The receiver is the person to whom the message is communicated.
3. Message of communication: The information order, instruction i.e. to be communicated that exists in the mind of communicator.
4. Encoding: It is the actual content of communication. The communicator organizes his ideas into a series of symbols such as words, signs, actions, pictures, etc. which will be communicated to receiver.
5. Decoding: The receiver converts the symbols received from the sender to give him the meaning of the message.
6. Ideas: It refers to the subject of communication which may include opinion suggestion, ideas, orders, etc.
7. Channel: These symbols are transmitted to the receiver through certain media, for e.g. TV, telephone, radio, etc.
8. Feedback: Feedback refers to the reply or response of the receiver. It is always directed towards sender.

3.3: Check your progress:

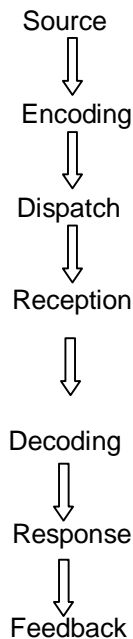
Fill in the blanks

1. The is the person to whom the message is communicated.
2. is the actual content of communication.



3. In the receiver converts the symbols received from the sender.
4. refers to the reply or response of the receiver.

3.4 PROCESS OF COMMUNICATION



1. **Source :**
When an idea or information is generated in the sender's mind the communication cycle begins. If this information is to be communicated to the other person it must have some purpose. The sender should have some important information guidelines which are essential for the receiver.
2. **Encoding :**
The first step of this process is encoding. The sender puts the ideas and thoughts into some form of message which may be oral or written. It may be telegraph, a letter or in a verbal talks.
When the sender sends the information he should be aware that receiver has some knowledge regarding the same. The success of the person in the communication depends upon his writing skills, his reading and speaking abilities, facial expressions, sound words are all signals. The choice of the signals should be made carefully so that they can be properly understandable and suitable for the receiver. Encoding means reducing ideas and transferring them into signals. The most common form of encoding is using words.
3. **Dispatch and reception :**
A message is the actual physical product from encoding .When we speak, speech is the message and when we write, writing is the message. The message is depended upon the symbols and contents used. For sending the message some medium has to be related. It may be face to face communication or written communication. The encoded message is dispatched to its destination depending upon the efficiency of the medium used. There may sometime interval between dispatch and reception. For e.g. face to face communication reach immediately. But a letter takes 2 to 3 days to reach to its proper destination.
4. **Decoding :**
Receiver takes the message and tries to discuss the meaning of it. He translates the symbols, ideas that can be understood by him. The process of retranslation is called as decoding. For that the receiver must be skillful in reading .So if the message is properly encoded by the sender and decoded by the receiver then it is a fair communication.

5. Receiver's response :

When message has been decoded by the receiver he immediately gives the response. This response is present in his mind in the form of ideas and emotions.

6. Feedback :

Feedback is the response which is communicated back to the sender. Feedback again includes the process of encoding, dispatch, reception and decoding. So the receiver of the message becomes sender and original sender becomes the receiver. Feedback can be given by using same signals or different signals. One cycle of the communication is completed by decoding of feedback. In face to face communication both the sender and receiver continuously give feedback. The responses likely to be as rewards are called as positive feedback and the responses likely to be as punishment are called as negative feedback.

3.4: Check your progress:

Fill in the blanks

1. means reducing ideas and transferring them into signals.
2. A is the actual physical product from encoding.
3. The process of retranslation is called as
4. is the response which is communicated back to the sender.
5. The responses likely to be as rewards are called as feedback.
6. The responses likely to be as punishment are called as feedback.

3.5 IMPORTANCE OF COMMUNICATION

1. Communication must be for each and every business. A good business can be done with effective communication only.
2. For maintaining proper co-ordination in various department of business, up to date communication system has to be established.
3. Effective communication reduces the gap between management and employees.
4. Communication plays an important role in negotiation.
5. Acquiring excellent communication skill is an important qualification.
6. It is a tool of collecting information.
7. Communication helps in exchanging ideas and information.

3.6 PRINCIPLES FOR EFFECTIVE COMMUNICATION

1. Principle of clarity :

Whenever an idea or message is ready for the communication the sender should give the attention towards the clarity of message. Because of the clarity the message can be understood by all people at various levels. If it is not understood by the receiver it can be said that there is no effective communication.

2. Principle of consistency :

Any person who wants to communicate should have the idea and thought of the message. There should not be any difference between the statements and action of sender.

3. Principle of completeness :

The messages, ideas, thoughts which are to be communicated should be adequate and complete in all respects. Inadequate statement may lead to unnecessary confusion.

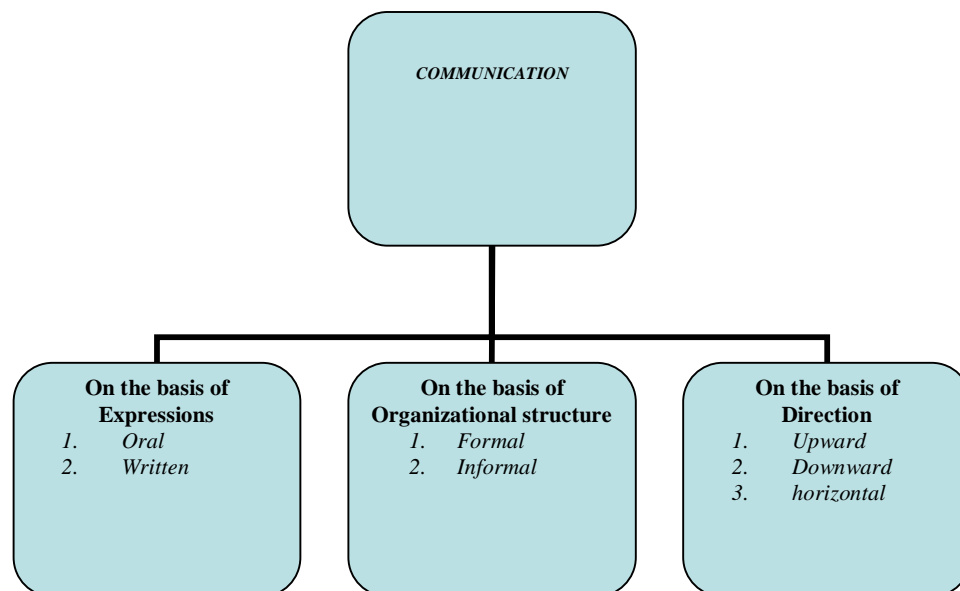
4. **Principle of time element :**
While conveying the message the sender has to take into consideration the time factor. If the message is not conveyed in proper timing it may result in failure of expected results.
5. **Principle of flexibility :**
Any type of organization should have a perfect system of communication. It should be flexible to suit the changing requirements of the business. The organization should be able to adjust according to needed techniques.
6. **Principle of integration :**
For achieving the goals of the organization it is necessary to prepare the Integrated System of communication.
7. **Principle of information :**
Sender of the message must have perfect clarity in his mind about what is to be communicated. There should be sufficient information with the senders so that he can communicate effectively Information plays an important role in communication
8. **Principle of feedback :**
Communication requires good management to operate effectively and efficiently. When the communicators are responded by proper feedback system it enhances the speedy growth or progress of the organization.

3.6: Check your progress:

Fill in the blanks.

1. statement may lead to unnecessary confusion.
2. For achieving the goals of the organization it is necessary to prepare the of communication.
3. plays an important role in communication.

3.7 TYPES OF COMMUNICATION



A. On the basis of expressions:

1. Oral Communication:

This is the important category of communication. Oral communication helps to built up human relationship. Words are the symbols that express our thoughts about what we see or think about.

Purposes:

1. Sharing information
2. Directing employees
3. Decision making
4. Training and development
5. Reporting progress and performance

Advantages:

1. **Saves time and money :**
It saves time and money so it is very economically. There is no other device which is so short and simple.
2. **Personal touch :**
Verbal communication needs a personal touch. It is more effective because of facial expression tones, which make communication effective and efficient.
3. **Easy understanding :**
In verbal communication relations and responses can be quickly and easily accepted doubts are easily cleared. Queries can be easily simplified so communication becomes easy and simple.
4. **More flexibility :**
Oral communication is more flexible. No record of this is kept. One is free to modify his comments.
5. Verbal communication is the only way during the period of emergency.

Disadvantages

1. **Unsuitable for lengthy matter :**
If the matter to be expressed is lengthy or to be communicated to a large number of persons then verbal communication becomes unsuitable.
2. **Absence of any permanent record :**
Verbal communication cannot be produced again and again. If it is to be repeated at intervals it will have to be in writing as proof.
3. **Temporary impact :**
In most of the cases the impact of oral communication is temporary.
4. **Misunderstanding :**
Oral communications are likely to be misunderstood and misinterpreted because it depends upon the nature of the sender and the receiver.
5. **Methods of records :**
When subject matter of communication has to be maintained as record, verbal communication will fail to serve the purpose. For e.g. policy statements, letters, purchase orders should be in writing.
6. **Time consuming :**
Sometime verbal communication becomes time consuming in meeting and conferences when subject matter has to be repeated after certain intervals.

Medias of oral communication

1. Face to face communication
2. Telephonic talk
3. Social gatherings
4. Conferences or meetings
5. Demonstrations
6. Interviews, lectures, etc.

2. Written communication:

When information is conveyed by writing, typing, painting or any other mechanical means it is called as written communication. Speech comes to us naturally

and spontaneously but writing comes after practice and careful organization of thoughts.

Purpose:

1. Clarity of message
2. Completeness
3. Sequence
4. Consistency
5. Accuracy

Advantages:

1. It is convenient for distantly placed people :

The written communication is the only means of communication where the communicator and recipient are at distant place and even telephonic conversation is not very much possible.

2. Suitability :

Where the communication is lengthy and needs a clarification and is meant for large number of persons, written communication is useful.

3. Future reference :

When the subject matter is to be preserved for the future such as policy matters, instructions, secret orders, etc. can only be effectively communicated through written communication.

4. Helpful in remaining disputes :

Written communication provides a permanent record and is helpful in reducing disputes as it can be referred as evidence.

Disadvantages:

1. Time consuming and expensive :

In the case of written communication everything is in writing which takes more time and money. Face to face contact may be short and quick but written communication must be long and meaningful.

2. Additions are difficult :

It is not always possible to reduce anything in writing and if any point is left out additional written communication may become a necessity which is expensive and takes more time.

3. Chances of leakage :

Oral talks may remain secret but there are greater chances of leakage in the case of written communication.

4. No flexibility :

These types of communications are very formal and there is no personal touch. Once it is transmitted it cannot be withdrawn.

Medias of written communication:

1. Letters
2. Handbill
3. Pamphlets and leaflets
4. Memorandum, articles, reports
5. Written speech
6. Telegrams
7. Books, periodicals, magazines, etc.

B. On the basis of organizational structure:

1. Formal Communication:

It is mostly in writing. These are generally associated with the particular position of the receiver in that structure. For e.g. when the general manager instructs his subordinates as a superior authority it is a formal communication.

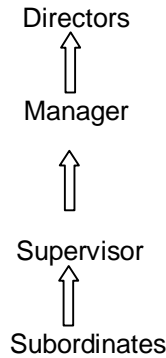
2. Informal Communication:

These communications are free from all the formalities they are based on informal relationships between the parties. It may be conveyed by simple smile, glance or silence.

C. On the basis of direction

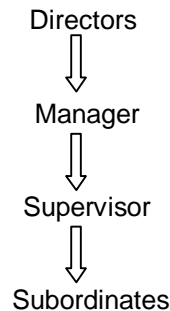
1. Upward communication:

Communication is termed as upward if it flows from subordinates to their superior levels such communication includes reaction and suggestions from employees. This type of communication is considered as a main source of motivation for employer.



2. Downward communication:

Communication is termed as downward if it flows from the uppermost level of management towards the operating level. It includes rules, order, regulations, installations, etc. They are directive in nature.



3. Horizontal communication:

It takes place between two subordinates working at the same level i.e. between two or more persons who are on equal level. All these communication may be verbal or written.

Non-verbal communication:

Communicating a message without using words or sequences of words is termed as non-verbal communication. It is a wordless communication. In simple terms non-verbal communication includes all messages other than those expressed in oral or written words. Non-verbal message express true feelings in more accurate manner than the spoken or written language. Both kinds of data can be transmitted intentionally or unintentionally. Simple symbols or friendliness just expressed in words.

Media of Non-verbal communication:

1. Sign language:

Marks or symbols used to mean something is termed as sign language. For e.g. different traffic symbols, neon signs, etc.

2. Action language:

It is a language of movement. By action one may knowingly or unknowingly be communicate to others. Actions speak louder than words. The language system of deaf people is the example of action language.

3. Objective language:

This medium of non-verbal communication indicates display and arrangement of material things like clothing, ornaments, books, buildings, etc. Dress of political leaders, religious heads, lawyers, doctors, nurses; sportsmen differ from one to another. Objective language is a non verbal message communicated through appearance of objects.

4. Silence:

Silence is an effective way of communication. In the number of situations, no response or no reply is recorded within a specific period then it is a silence. Silence is considered as equivalent to speech.

5. Demonstration:

It is a process of showing how something works. It indicates a display of exhibition of how something works. Demonstration is made as a mean of emphasis on a subject matter under consideration. Demonstration provides a clear and better understanding of a product.

6. Time:

Time also conveys the message. It is an important factor which is precise and valuable. In group activities in any organization in certain situation like arriving at an appointment late or before time communicates something. A telephone call at too early or late night conveys significant message.

Examples of non-verbal communication: traffic signals, pictures, slide show, various

Advantages:

1. Easily visible aspect of communication:

Body language is the most easily understandable and visible aspects of communication. It therefore helps the receiver of the message in decoding it.

2. Improves the overall atmosphere:

People care for body language so it takes a long time to improve the overall atmosphere and looks of the organization. An efficient manager can make very efficient use of it.

3. Adds intensity to communication process:

Body language adds intensity to the process of communication. In the absence of any gestures, poor eye contact, any face to face communication will not be effective.

Limitations:

1. Possibility of misinterpretation:

People belonging to different cultural background sent out different body signals, so there can be misunderstood. One has to be very careful in the use and understanding of body language.

2. Requires extra care in getting the right message:

Facial expressions gestures become in effective if the listener is inattentive. It therefore requires extra care in getting the right message.

3. Ineffective in large gatherings:

Use of body language is not very effective in large gathering. It is effective in face to face situations that means there are only 2 or small no. of participants required in the communication situation.

4. It can't be fully relied on:

Relying on facial expression is not totally possible. Words written or spoken can be taken seriously, but body language can't always be taken seriously.

3.7: Check your progress:

Fill in the blanks

1. communication needs a personal touch.
2. are the symbols that express our thoughts.
3. communication cannot be produced again and again.
4. When information is conveyed in writing, is called as communication.
5. Written communication provides a record.
6. communication is free from all the formalities.
7. Communication is termed as when it flows from subordinates to their superiors.
8. Communication is termed as when it flows from superiors to subordinates.
9. communication takes place between two subordinates working at the same level.
10. Communicating a message without using words is termed as communication.
11. Marks or symbols used to mean something is termed as language.
12. is considered as equivalent to speech.
13. is a process of showing how something works.

3.8 SUMMARY

Communication is transferring some information and understanding of that information from one person to another. Communication is the sum of all things one person does when he wants to create understanding in the mind of others.

“Communication is the process of passing information and understanding from one person to other. It is essentially a bridge of meaning between people by using this bridge of meaning a person can safely cross the ruin of misunderstanding that separates all people.

Features of communication:

- Necessity of receiver and sender
- Media of communication
- Continuous process
- Facts and figures

Elements of communication:

- Sender
- Receiver
- Message
- Encoding
- Decoding
- Ideas
- Channel
- Feedback

Process of communication:

- Source
- Encoding
- Dispatch and reception
- Decoding
- Receiver's response
- Feedback

Principles of communication:

- Clarity
- Consistency

- Completeness
- Flexibility
- Integration
- Feedback

Methods of communication:

- Oral communication
- Written communication
- Formal communication
- Informal communication
- Upward communication
- Downward communication
- Horizontal communication
- Non verbal communication

3.9 CHECK YOUR PROGRESS-ANSWERS

- 3.1** : 1. Communis
- 3.2** 2. Communication
3. Communication
4. continuous
- 3.3** : 1. Receiver
2. encoding
3. decoding
4. feedback
- 3.4** : 1. Encoding 2. Message 3. decoding
4. feedback 5. Positive 6. negative
- 3.6** : 1. Inadequate 2. integrated system 3. information
- 3.7** : 1. Verbal
2. words
3. verbal
4. written
5. permanent
6. informal
7. upward
8. downward
9. horizontal
10. non verbal
11. sign
12. silence
13. demonstration

3.10 QUESTIONS FOR SELF-STUDY

Long Answers Questions : (Answers should be in 10-12 lines each)

1. Define communication. Explain the process of communication in detail.
2. What is communication? What are the principles of communication?
3. Explain in detail various types of communication with its merits and demerits.
4. What do you mean by non verbal communication? Discuss media of non-verbal communication.

Short Notes : (7 – 8 lines each)

1. Features of communication
2. Elements of communication
3. Importance of communication
4. Merits of non verbal communication

3.11 SUGGESTED READINGS

Management : Tasks, Responsibilities, Practices : Peter Drucker



CHAPTER 4

MOTIVATION

4.0	Objectives
4.1	Introduction; Definitions of Motivation
4.2	Objectives of Motivation
4.3	Types of Motivation
4.4	Theories of Motivation
4.5	Techniques of Motivation
4.6	Morale
4.7	Building high Morale
4.8	Morale and Productivity
4.9	Summary
4.10	Check your Progress- <i>Answers</i>
4.11	Questions for Self – Study
4.12	Suggested Readings

4.0 OBJECTIVES

Friends, after studying this chapter you will be able to :

- discuss meaning and objectives of motivation.
- explain various theories of motivation.
- describe different techniques of motivation.
- discuss the concept of morale and relationship between morale and productivity.

4.1 INTRODUCTION

Motivation is a general term that is applicable to the entire class drives, desires, needs wishes and similar forces. Motivation is productivity factor in industry. It is the same total managerial science. Motivating workers is to create desire in the mind of workers for better performance.

One can buy employee's physical presence at work place for a certain time but cannot buy his willingness to work. The capacity to work and willingness to work is important to get better results. Hence, motivation is the function of a manager to induce the employees to work willingly, efficiently, effectively and contribute their best to the achievement of the goals of the organization.

Definition:

Motive:

"An inner state that energizes, activates or moves and that directs or channels behavior towards goals"

According to W.A. Scott:

"Motivation means process of stimulating people to action to accomplishment of desired goals."

Motivation can be defined as: 'willingness to expend energy to achieve goals and getting rewards.'

4.1: Check your progress:

Fill in the blanks.

1. Motivation is factor in industry.
2. The to work and to work is important to get better results.
3. is the function of a manager to induce the employees to work willingly, efficiently and effectively.

4.2 OBJECTIVES OF MOTIVATION

Motivation is one of the primary functions of a manager. He has to motivate his sub-ordinates to perform their activities at high level & to make positive contribution towards the efficient & effective achievement of organizational objectives. The work performance of an individual depends upon motivation as well as his ability and environmental conditions. The performance on the job is determined by following relationship:

$$P = F [M, A \& E]$$

P = Performance
M = Motivation
A = Activity
E = Environment

Using this relationship and employee who can achieve high level of desire & ability to perform his job must be provided with proper material equipment & process. It is the responsibility of the manager to ensure that all these 3 parts are essential i.e. **Motivation, ability & environment.**

Motivation aims at creating an environment which will make the personnel of an organisation.

1. To take initiative
2. To show dynamism and curiosity
3. To work willingly and co – operatively
4. To work in a disciplined manner
5. To take interest in their work
6. To be dynamic and enthusiastic
7. To be responsible and loyal
8. To take pride in their job
9. To have job satisfaction
10. To have personal and group morale satisfaction and
11. To contribute their best to achieve their personal and organizational objectives.

4.2 Check your progress:

Fill in the blanks.

1. The work performance of an individual depends upon motivation as well as his and conditions.
2. The manager has to ensure 3 parts and for better performance.

4.3 TYPES OF MOTIVATION

1) Motivation may be positive or negative: -

Positive motivation is the process which influences the employee through rewards. E.g. Bonus, promotion, permanent settlement, increase in working condition, etc. Negative motivation is based on fear. i.e. fine, discharge, lay-off etc.

2) Motivation may be financial or non-financial: -

Financial motivations are those which are associated with money. It includes wages, salaries, bonus and retirement benefit. Non-financial motivations are not associated with monetary rewards. It includes ego satisfaction, participation in the process of decision making, providing good working conditions and providing more responsibility to them.

3) Primary & secondary motivation: -

Primary motivation relates to satisfying basic human needs & secondary motivation relates to social needs & self acquisition.

4.3: Check your progress:

Fill in the blanks.

1. motivation is the process that influences the employee through rewards.
2. Financial motivators are associated with
3. motivation relates to satisfy basic needs.

4.4 THEORIES OF MOTIVATION

4.4.1 Maslow's Need of Hierarchy Theory : -

Abraham Maslow was the Pioneer in contributing to a system of hierarchy of needs. Maslow's concluded that there are certain needs of employee when he joins an organization. They have certain expectations from the organization where they are motivated to satisfy their own needs.

The following are important positions advocated by Maslow about human behavior.

- 1) Man is a wanting being. Man is a continuously working more & more. What he wants or will want depend upon what he has. As soon as man's one need is satisfied another immediately takes place. It keeps a man to work continuously, demanding more & more.
- 2) A satisfied need is not a motivator where as an unsatisfied needs work as motivator. Hence a man works to satisfy his needs.
- 3) The need of man has hierarchy: -

Maslow thinks that a man's needs are arranged in a series of level. As soon as the need at lower level is satisfied, a worker is motivated to satisfy another need in hierarchy.

Different types of needs: -

1) Physiological needs: -

It is the lowest level in hierarchy. These needs which are most the important in the human life must be satisfied by him. It includes food, clothing, housing, air, water, etc. Physiological needs arise for the survival of human being. Physiological needs are important for every human being.

2) Safety needs: -

Safety needs are known as 'security needs'. These needs are concerned with protection i.e. financial security, job security, emotional harm, etc. As soon as physiological needs are satisfied these needs emerge. It acts as motivating factor.

3) Social needs: -

Social needs relates to love, affection & belonging & social security. Every individual is associated with group members or group of society. He gets affection from his group members. A man is motivated to satisfy his social needs in following ways by :

1. Establishing a team work, team culture & team spirit.
2. Providing proper training facilities.
3. Conducting frequent meetings with team members.
4. Providing extra activities like social, cultural, sports to encourage the people.
5. Arranging periodical get together & participation with managers.

4) Esteem needs: -

It includes two parts i.e. internal esteem & external esteem needs, such as achievement of respect & status. It can be done in following ways by:

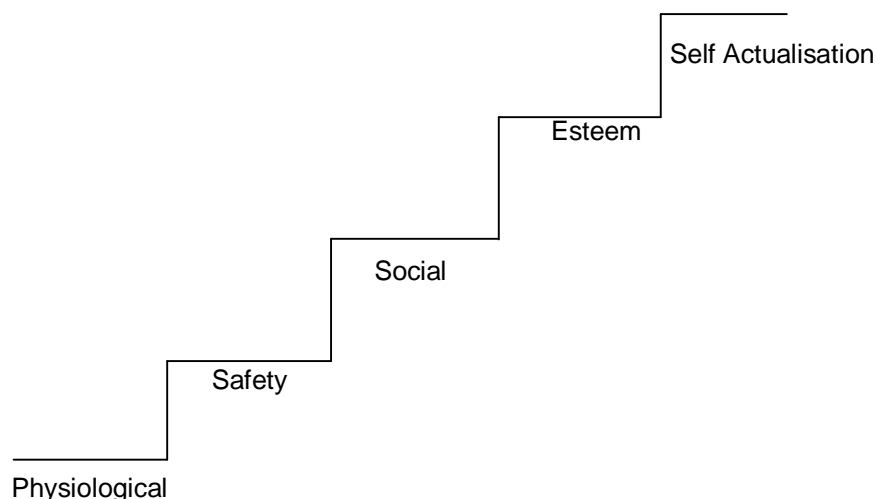
1. Providing higher level of training & better educational facility.
2. Assigning challenging task, high responsibility & position.
3. Delegating some powers to subordinates.
4. Involving sub-ordinates in goal setting & decision making.

5) Self actualization: -

This includes self fulfillment of job growth & achieving once potential.

Some methods to satisfy self actualization needs are: -

1. Involvement of capable people in policy making.
2. Realizing a sense of fulfillment & development.
3. Providing opportunity for involvement.
4. Providing training facility according to capacity.



HIERARCHY OF NEEDS

Limitations / Disadvantages of Maslow's Theory : -

- 1) It is general expression not specific.
- 2) The level in the hierarchy are not fixed, the boundaries are overlapping.
- 3) This approach is related to personal inner action needs. But person does not have any single need at a time. He has many needs.

These limitations should be kept in the mind by the management while preparing any plan for motivation. The people are different in their expectation. The same need can not act as a motivating factor to many people in the same manner.

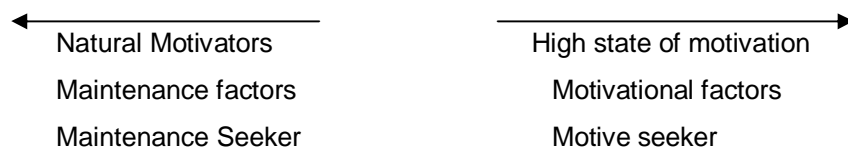
4.4.2 Fredrick Herzberg's two factor theory : -

Maslow Hierarchy of need point out about the behavior of the people. Using this as a base, **Herzberg** & his associates interviewed 200 engineers & accountants. The engineer & accountant describe the factors about the feelings. He asked them what are the good times & the bad times on their jobs. Engineer & accountants brought up the things [bad]. Unfair co policies, poor relationship with boss, low payment etc. They did not mention about good job experience. They talked about the opportunities they got for personal growth & development.

Then they took interview with the workers with different industries. The results were same. So he developed 2 factors theory. As per him a man has two sets of needs:

1. **Lower level needs:** It denotes hygiene, maintenance or environmental factors which do not motivate satisfaction, but their absence causes dissatisfaction.
2. **Higher level needs:** these needs are termed as motivators because they area the real cause of job satisfaction and they lead to better performance.
- 3.

HYGIENE / MAINTENANCE FACTORS	MOTIVATIONAL FACTORS
Company policies and administration	Achievement of a challenging task
Relationship with supervisors	Recognition for accomplishment
Working conditions	Challenging work
Relationship with peers	Increased responsibility
Money, wages and salaries	Opportunity for growth and development
Status	Enriched challenging job
Security	
Personal life	
supervision	
Relationship with subordinates	



Herzberg explains his theory with maintenance seeker & motivation seeker.

Maintenance seekers are explained in natural state of motivation. These are important for the growth of the organization. It mainly satisfies security, psychological, social & esteems needs. In absence of maintenance factor worker may feel dis-satisfied so absenteeism & labour turn over will increase but if they are present it will act as natural motivating factor.

Motivation seekers are explained by him in 6 points in high state of motivation & job satisfaction. However if these factors are not present, they do not lead to strong dis-satisfaction. Maintenance seekers are more important in every organization.

* **Merits: -**

- 1) According to Herzberg one important way to increase job satisfaction is to enhance job enrichment, job enrichment means more challenging work.
- 2) Introducing new & more difficult task not handle earlier.
- 3) Eliminating a layer of supervision.
- 4) Increased worker's autonomy & authority.
- 5) Workers may be given a complete natural unit of work. A natural unit of work helps to increase identity.

* **Demerits: -**

1) **Limited samples: -**

A theory is based on a sample of 200 accountants & engineers. The critical question is that these samples are limited & they are from different occupation.

2) Critical Methodology: -

It suffers from ego defense at work. Motivational & maintenance factors are not completely described.

4.4.3 McGregor’s Theory of X & Theory of Y : -

According to **McGregor’s** theory of X & Theory of Y explains the relationship of man & his behavior. He has explained his theory in 2 terms. They are theory of X & theory of Y.

Theory X has traditional approach where as theory of Y has modern approach. This is traditional theory of human behavior. The management has to motivate human beings in the organization.

Theory X :

It involved certain assumptions are follows: -

1. The average human being has an inherent dislike of work & will avoid it.
2. The average human beings are lazy & avoid responsibility.
3. The average human being is not aware about the goals of the organization.
4. The average human being prefers to be directed.
5. Management is responsible for organization. The elements of production are money, machine, material, people etc.
6. It is the process of directing the people, motivating them & controlling their action by management.
7. Without any intervention by management people would be passive they must be punished, controlled or rewarded.
8. He lacks ambitions; avoids responsibility & prefer to be led.

Some assumptions deal with human behavior, human nature. Some assumptions deal with managerial actions. These all assumptions are negative in their approach. The manager feels that control is the most appropriate for dealing with subordinates. McGregor believes that these assumptions about human nature can not drastically change. There is considerable change.

Theory Y : -

According to McGregor theory of Y has the following assumptions: -

1. The average human being does not inherently dislike work, depending upon controllable condition work may be a source of satisfaction or punishment.
2. The average human being will exercise self direction, self control.
3. Commitment to objective is the function of reward associated with their achievement the human being is directed for self actualization.
4. The average human being likes to accept the responsibility. Avoidance of responsibility is lack of ambition for them.
5. Under the modernization & competitive world potential of the workers should be utilized.

Theory Y produces better results because there is no domination. There is no harsh leadership. It is not optimistic. It is a participative. Theory Y is more realistic so it gives better results than Theory X. So Theory Y should be used frequently in the organization.

Difference between Theory X & Theory Y: -

Theory X

Theory Y

<p>1. Assumption regarding work & human being:</p> <p>Theory X assumes human being to be inherently dislikes the work.</p>	<p>Theory Y assumes that human being work as natural as play.</p>
---	---

<p>2. Motivating factor:</p> <p>In the Theory X motivating factors are the lower needs.</p>	<p>In Theory Y high order needs are more important for motivation. Though unsatisfied lower needs are important.</p>
<p>3. Need for supervision:</p> <p>In Theory X people lack self motivation & required to be control extremely. After strict control large output can be achieved.</p>	<p>In Theory Y people are self directed & prefer self control & are creative.</p>
<p>4. Emphasis:</p> <p>Theory X emphasizes scale system & centralization of authority in the organization.</p>	<p>Theory Y emphasizes decentralization of authority & greater participation in the decision making process.</p>
<p>5. Extent of capacity for creativity: -</p> <p>According to Theory X most people have little capacity for creativity.</p>	<p>According to Theory Y there is capacity as well as creativity in the individual. Many problems can be solved with the capacity of individual.</p>
<p>6. Ambition & responsibility in the job: -</p> <p>Theory X states that people do not have ambitions & they avoid responsibility in job.</p>	<p>Theory Y states that the average human being learns under proper conditions and they take responsibility.</p>

4.4.4 David McClelland's theory of motivation : -

McClelland has made an important contribution in the motivation theory. The need for power is more important according to him his theory is based on following assumption:

1. Divide needs for power, need for achievement & need for affiliation.
2. Only higher needs are highlighted.
3. Higher needs are classified into 3 types: -
 - 1) Power 2) Achievement 3) Affiliation
4. Taken for granted that lower needs are generally satisfied.
5. Higher level needs are always act as motivating factors.
6. Management must take care of power, achievement & affiliation.

According to McClelland, needs motivate every individual. It acts as high motivators. McClelland contributes his need aspect into 3 types of needs:-

The need for power: -

The need for power is inherent in every individual. This is the need to dominate influence or control people. Power means authority but authority is not always related to power. Power can be expert power, reward power, legitimate & coercive power. A person acts as a dominated when he act as a leader even in small group. The need for power is drive for superiority over others. Thus need for power is inherent.

The need for affiliation: -

The need for affiliation is a social need. It is a motivating factor. It is a social motive. The sense of affiliation is essential for every individual who is a high performer. Every human being has social entity, social contact and he involves in social activities.

There is similarity between McClelland affiliation motive & Maslow affiliation needs. Because according to both, people dominated by affiliation needs are attracted towards job. They must establish a bridge between such people.

The need for achievement: -

He has highlighted the needs for achievement. This is the need for challenge, success & accomplishment. Higher achievers are motivated for achievement and can be placed between Maslow esteem needs & self actualization needs. According to McClelland achievement motive is a desire to make the best performer in the term of standard of excellent. So that success can be achieved. He has made study on achievement motives & given following characteristics:

- 1) Higher achievers want feed back on their performance. They want to know how will they are doing.
- 2) High achiever likes to take personal responsibility for finding a solution to problem.
- 3) High achievers like to take risk for achieving the goals. They want to win in the competition.

Limitation: -

- 1) Achievement motivation cannot be taught.
- 2) The evidence supported to this theory is doubtful.
- 3) The use of projective technique is objection.
- 4) Achievement training is time consuming & expensive.
- 5) The theory does not explain the process of motivation & the result of motivation.

4.4.5 The Expectancy Theory of Motivation:

This is a modern expression of what Martin Luther observed centuries ago when he said,

“Everything that is done in the world is done in hope.”

The famous psychologist **Victor Vroom** says that the people’s motivation towards doing anything will be determined by the value they place on the outcome of their efforts, multiplied by the confidence they have that their efforts will materially aid in achieving a goal.

The theory is expressed in mathematical terms as:

$$\text{Force} = \text{valence} * \text{expectancy}$$

Where

Force = the strength of a person’s motivation

Valence = the strength of an individual’s preference for an outcome

Expectancy = the probability that a particular action will lead to a desired outcome.

One of the great attractions of the Vroom theory is that it recognizes the importance of various individual needs and motivation. But it is difficult to apply in practice. Despite it’s difficulty in application, the logical accuracy of Vroom’s theory indicates that motivation is much more complex than the approaches of Maslow and Herzberg.

4.4.6 Equity theory:

An important factor in motivation is whether individual perceives the reward structure as being fair. One way of addressing this issue is through Equity theory, which refers to an individual’s subjective judgments about the fairness of the reward he gets, relative to the inputs in form of efforts he puts in, experience and education he makes use of.

J.Stacy Adams has formulated the above concept as under:

$$\frac{\text{Outcome by a person}}{\text{Inputs by a person}} = \frac{\text{outcomes by another person}}{\text{inputs by another person}}$$

There should be a balance of the outcomes/inputs relationship for one person in comparison with that for another person.

If people feel that they are inequitably rewarded, they may be dissatisfied, reduce the quantity or quality of output or leave the organization. If people perceive the rewards as equitable, they probably will continue at the same level of output. If people think that rewards are greater than what is considered equitable, they may work harder. It is also possible that some may discount the rewards.

One of the problems is that people may overestimate their own contributions and the rewards are received by others. Employees may tolerate certain inequities for some time. But prolonged feelings of inequity may result in strong reactions to an apparently minor occurrence.

4.4.7 Reinforcement Theory :

The psychologist **B.F. Skinner** of Harvard developed an interesting but controversial technique for motivation. This approach is called as positive reinforcement or behavioral modification, states that individuals can be motivated by proper design of their work environment and praise for their performance. However, the punishment for poor performance produces negative results.

Skinner and his followers analyze the work situation to determine what caused workers to act the way they do, and then they initiate changes to eliminate troublesome areas and obstructions to performance. Specific goals are set with worker's participation and assistance. Prompt and regular feedback of results is made available and performance improvements are rewarded with recognition and praise.

Even when performance does not equal goals, ways are found to help people and praise them for the good things they do. It has also been found that it is highly useful and motivating to give people full information on a company's problems, especially those in which they are involved.

This technique sounds almost too simple to work and many behavioral scientists and managers are skeptical about its effectiveness.

However, a number of prominent companies have found this approach beneficial. Perhaps, the strength of this approach is that it is concerned to the requirements of good management.

4.4: Check your progress:

Q.1. Fill in the blanks:

1. was the Pioneer in contributing to a system of hierarchy of needs.
2. Physiological needs are the level in hierarchy.
3. needs arise for the survival of human being.
4. needs are known as "security needs".
5. needs relate to love, affection and belongings.
6. needs denote hygiene, maintenance or environmental factors.
7. Higher level needs are terms as
8. seekers mainly satisfy security, social and esteem needs.
9. According to McClelland higher level needs are classified into 3 types:,,
10. The need for, is the need to dominate and influence or control people.
11. The need for affiliation is a, need.
12. The need for, is the need for challenges, success and accomplishment.
13., has explained this theory in two terms i.e. theory X and theory Y.
14., approach is traditional.
15., approach has modern approach.

16. Theory, is participative.
17. In Theory, people are self directed.
18. According to Theory, most people have little capacity for creativity.
19. Force =, *,
20., has formulated equity theory.

Q.2. Answer the following questions in 1-2 lines.

1) Mention any 2 ways to satisfy esteem needs.

.....

2) Mention any 2 methods to satisfy self actualization needs.

.....

3) Mention any 2 merits of Herzberg's theory.

.....

4) Mention any 2 demerits of Herzberg's theory.

.....

4.5 TECHNIQUES OF MOTIVATION

1) Money: -

Money is a good technique of motivation in any form. Money is important. Money is an urgent means of achieving a good standard of living. Money as a motivator trends to be less by offering similar salaries to various managers. It is a monetary revote leads to increase in the performance. It is the most affecting motivator.

2) Participation: -

The right kind of participation yield motivation. It gives people a sense of accomplishment. Workers participation in decision making act as a good motivator.

3) Quality of working life: -

QWC This program is a system approach to job decision. It promises development in the job enrichment. It is a broad approach. It convinces industrial engineering, organizational theory, sociology, development, motivation & leadership.

Job enrichment: -

As job enrichment aims to build a higher sense of challenges & achievement in the existing job, it can be done by giving workers more freedom in deciding about the methods of working on their own. The participation of sub-ordinates & interaction between workers make them aware about how they lead to welfare of the organization, by giving feedback to the employees about their job performance.

While using motivational techniques, a manager should note that job enrichment is mainly applied to which skill level. Workers may not like to have changes in the basic contents of their job, and also technical consideration put serious limitations to any attempt job enrichment.

4.5: Check your progress:

Fill in the blanks.

1. is an urgent means of achieving a good standard of living.
2. gives a sense of accomplishment.
3. promises development in the job enrichment.
4. aims to build a higher sense of challenges and achievements in the existing job.

4.6 MORALE

Morale is a state of mind. Employees' morale refers to an attitude of satisfaction with a desire to continue and strive for attaining the objectives of a unit.

Employee's enthusiasm, desire to obey orders, willingness to co-operate with co-workers shows good morale. Dissatisfaction, discouragement or dislike of job reflects low morale.

Morale is an intangible factor which is related to individual & group. It is known as discipline & confidence in relation to job. Morale & morale building is very important term. Main functions of supervisor are to develop people & create co-operation. High morale is essential for effectiveness in office, factory, education etc.

Definition:

According to Haimann:

"A state of mind and emotions affecting the attitude and willingness to work which in turn affect individual and organizational objectives."

Importance of Morale: -

1. High morale helps management to overcome many labor problems such as labor turnover, absenteeism & indiscipline.
2. Morale can help to create good industrial relationship.
3. High productivity & good production are direct results of high morale. Higher production can be attained at minimum cost by reducing wastage of machine, material, time.

4.7 BUILDING HIGH MORALE

1. Building effective two way communication: -

There should be two way communications between management & workers. The workers should be kept fully informed about policies of the organization & effective suggestion should be accepted from the workers. There should be informal relationship.

2. Human Relation Approach: -

It suggests that individual should be treated as human being. No individual or group is more important than others. Truthful & co-operative relationship should be created among employees.

3. Management's attitude: -

Morale is contagious in the sense that people learn from each other. However, the attitude of the management influences the sub-ordinates. Hence manager should cultivate favorable attitude among the sub-ordinate.

4. Proper Incentive Scheme: -

There should be provision for proper incentive scheme including financial & non-financial as well as good working condition factors: The following factors regarding the work condition help to increase Morale of employees:

- a) Fair wage

b) Work environment [conditions of work, medical care, location of factory, condition at work place, etc.]

c) Security & opportunity to rise [safety, promotion facility, etc]

5. Suitable & appropriate welfare measures: -

Employees' welfare schemes such as housing, medical benefit, educational facility for children, canteen, sports club, credit facility are helpful in developing positive attitude among employees.

6. Necessary training: -

Workers should be given challenging task to perform job enrichment. It helps to avoid monetary, disinterest, fatigue etc. Their attitude towards work becomes more positive. The worker should be given proper training so that they may perform these jobs without translation.

7. Worker participation in management: -

Management should allow workers in the process of decision making. They should consult management in this process. This will help to build Morale.

Morale improvement program should follow the following basic rules: -

1. Respect individual
2. Fair compensation
3. Give financial & non-financial incentives
4. Adopt open door policy
5. Job security
6. Good working condition

4.6-4.7: Check your progress:

Answer the following questions in 1 - 2 lines each.

1. Mention any 3 factors for building high morale.

.....
.....

2. State the basic rules to be followed in morale improvement program.

.....
.....

4.8 MORALE & PRODUCTIVITY

Morale means satisfaction that a person derives from his job. Satisfaction & happiness is reflected in Morale. If the employee is happy then there is high productivity. Morale is a degree of willingness to work in the organization. If they feel disappointed then there will be low Morale.

Where Morale is high & productivity is high then organization can achieve goals. High Morale & high productivity are co-related. Generally it is assumed that Morale & productivity always go hand in hand. But it is not always so. There are negative relationships also. There are 4 possible ways:

High productivity High Morale	High productivity Low Morale
Low productivity High Morale	Low productivity Low Morale

1) High productivity & High Morale: -

This situation is due to well experienced leader when workers are motivated in a right spirit with right supervision. Proper motivation is essential factor.

2) High Morale & low productivity: -

It is found that men are fully trained at supervisor are not competent to get work done. In this case workers are happy but productivity is low.

3) Low Morale & low productivity: -

In absence of proper motivation Morale & productivity both are low.

4) Low Morale & high productivity: -

This situation happens when management is not co-operating the workers & management is using punishment technique for getting high productivity means management is product oriented.

There is certain co-relation between Morale & productivity.

It is correct to say high Morale lead to high productivity.

4.8: Check your progress:

Fill in the blanks

1. If an employee is happy then there is productivity.
2. High Morale and high productivity are
3. situation is due to well experience leader.
4. happens when management is not cooperative and using punishment technique for getting high productivity.

4.9 SUMMARY

Motivation pertains to various drives, desires, needs, wishes and other forces. Managers motivate employees by providing an environment that induces organization members to contribute.

There are different views and assumptions about human nature. McGregor's called his sets of assumptions about people in Theory X and Theory Y.

Maslow's theory states that human needs form a hierarchy ranging from the lowest level needs to highest level needs including physiological needs, safety needs, security needs, esteem needs and self actualization needs.

According to Herzberg's two factor theory, there are two sets of motivating factors. The first set comprises of dissatisfiers and the second set is comprises of satisfiers related to the job context.

Vroom's expectancy theory of motivation suggests that people are motivated to reach a goal if they think that the goal is worthwhile and can see that their activities will help them to achieve the goal.

Equity theory refers to an individual's subjective judgment about the fairness of the reward received for inputs in comparison with the rewards of others.

Reinforcement theory was developed by Skinner who suggested that people are motivated by praise of desirable behavior. People should participate in setting their goals and should receive regular feedback with recognition and praise.

Special motivational techniques include:

1. Money 2. Participation 3. Improving quality of working life.

Morale is a degree of willingness to work in the organization. , Morale means satisfaction that a person derives from his job. It is an intangible factor.

How to build high morale among employees?

1. Building effective two way communication
2. Human relation approach
3. Management attitude
4. Proper incentive scheme
5. Suitable and appropriate welfare measures

4.10 CHECK YOUR PROGRESS - ANSWERS

- 4.1 : 1. Productivity
2. capacity and willingness
3. motivation
- 4.2 : 1. Ability and environmental
2. motivation, ability and environment
- 4.3 : 1. Positive
2. money
3. primary
- 4.4 :
- Q.1.
- | | |
|---------------------------------------|--------------------|
| 1. Abraham Maslow | 2. lowest |
| 3. physiological | 4. safety |
| 5. social | 6. lower level |
| 7. motivators | 8. maintenance |
| 9. power, achievement and affiliation | 10. power |
| 11. social | 12. achievement |
| 13. Herzberg | 14. Theory X |
| 15. Theory Y | 16. Y |
| 17. X | 18. X |
| 19. force= valence * expectancy | 20. J. Stacy Adams |
- Q.2.
1. Providing higher level of training and better educational facility, assigning challenging task, high responsibility and position.
 2. Involvement of capable people in policy making, realizing a sense of fulfillment and development.
 3. Introducing new and more difficult task not handled earlier, eliminating a layer of supervision...
 4. Limited samples and critical methodology
- 4.5 : 1. Money 2. Participation 3. QWL 4. job enrichment
- 4.6
- 4.7 : 1. Building effective two way communication ; human relation approach ; attitude of management ; proper incentive scheme
2. respect individuals ; fare compensation ; open door policy

4.11 QUESTIONS FOR SELF-STUDY

Long Answers Questions : (Answers should be in 10-12 lines each)

1. Define Motivation. What are the various motives of work? Discuss importance of motivation as a function of Management.
2. Explain Maslow's Need of Hierarchy theory.
3. Discuss Theory of X and theory of Y .
4. Motivation is the Core of Management – Discuss.
5. Explain Herzberg's two factors theory.
6. Explain McClelland's theory of motivation.
7. Define Morale. Is morale related to productivity?

Short Notes : (7 – 8 Lines each)

1. Types of motivation
2. Expectancy theory
3. Equity theory
4. Reinforcement theory
5. Techniques of motivation
6. Factors responsible for building morale

4.12 SUGGESTED READINGS

Principles of Management : Koontz & O'Donnell



CHAPTER 5

LEADERSHIP

5.0 Objectives
5.1 Introduction
5.2 Features of Leadership
5.3 Nature/Characteristics of Leadership
5.4 Principles of Leadership
5.5 Importance of Leadership
5.6 Theories of Leadership
5.7 Styles of Leadership
5.8 Qualities of a Leader
5.9 Summary
5.10 Check your Progress-Answers
5.11 Questions for Self-Study
5.12 Suggested Readings

5.0 OBJECTIVES

Friends, after studying this chapter you will be able to :

- explain the concept of Leadership.
- discuss the theories
- explain the styles of Leadership

5.1 INTRODUCTION

Leadership is the ability to persuade others to seek certain goals. Effective direction is not possible without leadership.

Leadership is a means of direction. It means the activity by the manager for guidance to his sub ordinates for achieving the goal. The qualities of the leader are natural and inborn. It is an art & science. Leaders must maintain his separate identity .Leadership is a dynamic process and it involves influence, direction & guidance.

Definitions:

According to Chester Barnard, "Leadership is the quality of the individual where by he guides the people on there activities in organized efforts."

According to Koontz & Donnell, "Leadership is influencing people to follow you & work willingly for the advancement of common goal."

Leadership is the process of influencing group activities toward achievement of goals in a given situation.

Thus the leadership may be defined as

L	=	F (f, g, w, s)
L	=	Leadership
F	=	is a function of (or depends upon)
f	=	followers
g	=	goal
w	=	willingness on the post of followers
s	=	a given situation

5.2 FEATURES OF LEADERSHIP

1. Co-existence:

Leadership cannot function in isolation and it cannot be conferred or ordered but it must be learned.

2. Functional relationship:

The relationship between a leader and the followers is functional. It is not a mere passive status but provides the basis for some definite activity.

3. **Situational:**
Leadership is the interpersonal influence relationship exercised in a situation and in the abstract. Leadership cannot be same in every situation, but is bound to change according to need of situation.
4. **Communication of interests:**
There must be a proper communication between a leader and his followers. He should try to reconcile differences and bring out a workable compromise between the goals of the organization which he presents.

5.3 NATURE/CHARACTERISTICS OF LEADERSHIP

1. Leadership is a personal quality. It is ability to induce subordinates of followers to work with confidence and zeal towards the achievement of organizational goals. Leadership is the ability to form a group of followers voluntarily, without the use of coercion.
2. The essence of leadership is followers. It is the willingness of people to follow that makes a person a leader. People accept a person as their leader when they feel that he can satisfy their needs and goals.
3. Leadership is a process of interpersonal influence by which one person influences others in a situation to strive willingly towards the realization of common goals.
4. Leadership involves a community of interests between the leader and his followers. The objectives of both are one and the same.
5. Leadership is a continuous process of influencing behaviour of his followers. An individual is a leader when he is accepted as a leader by a group of persons and there is communication between the leader and the group.
6. Leadership is exercised in a particular situation at a given point of time and under a specific set of circumstances. The effectiveness of leadership depends upon the situational variables. Different leadership styles will be appropriate under different circumstances. The leadership is an dynamic art.
- 7 Leadership is a reciprocal relationship. A leader not only influences his group but at the same time is influenced by it

Thus leadership is a psychological process of influencing followers and providing guidance to them. Leadership is essential to influence people to achieve mutually compatible objectives. Hence all organizational success can be attributed to leadership.

5.1, 5.2 & 5.3: Check your progress:

Fill in the blanks.

1. Effective direction is not possible without
2.is a means of direction.
3. Leadership is aprocess.
4. Leadership isrelationship.
5. The essence of leadership is
6. Leadership is a Process of influencing behaviour of his followers.
7. Leadership is a Relationship.

5.4 PRINCIPLES OF LEADERSHIP

Principles are given by Koontz & Donnell: -

1. **Principle of Harmony: -**
The harmony of the objectives must be followed by proper leader. They must see that they have understood their personal goals in the organization, to maintain harmony of objectives in the enterprise.

2. **The principle of motivation: -**
 Motivation is not a simple task. The manager is responsible for this, should make motivational program by:
 A) Carefully giving proper reward structure.
 B) Looking it from a situational point of view.
3. **The principle of supplemental use of informal organization: -**
 The manager should make proper communication with his sub-ordinates. The informal organization works as an effective tool in the organization.
4. **Principle of maximum clarity in the communication: -**
 When there is no proper communication then organization can not achieved its goals. Communication must be clear so that each individual will understood what they want to achieve & he will give proper co-operation.
5. **The principle of leadership: -**
 Manager will act as a effecting leader when he knows correctly the motivating factor & application of it.

5.5 IMPORTANCE OF LEADERSHIP

1. Leadership serves as a motive to group efforts. Management has to provide leadership in the organization in order to get work done by others. Leadership becomes important for teamwork & co-operation. Manager as a leader can influence any group for achieving goals & high level of performance.
2. Leadership is an important authority. A manager can exercise authority in managing the members. Authority helps him for effective leadership. Leadership contains proper direction, inspiration in people & accomplishment of goals.
3. Leadership provides a basis for co-operation in several ways. Two way communications, man to man personal relationship, use of participation & creation of opportunity for needed satisfaction are important. It will lead to increase understanding.
4. In leadership there is emphasis on human performance. Leadership is needed at all levels of management from top to bottom. Management is transformed as a social process with leadership action. It is a social scheme of leadership that to achieve objective with proper utilization of people.

5.4 & 5.5: Check your progress:

Q.1. Fill in the blanks:

1.becomes important for teamwork and cooperation.
2. Leadership provides a basis forin several ways.

Q.2. Mention any 3 principles of leadership.

.....

.....

.....

5.6 THEORIES OF LEADERSHIP

5.6.1 Great man theory of leadership:

One of the early notions of leadership, which is still popular in certain circle, is that leadership is an inborn quality. This is the great man theory of leadership that asserts that leaders are born and not made. According to this theory, leadership calls for certain qualities like charm, persuasiveness, commanding personality , high degree

of intuition, judgment, courage, intelligence, aggressiveness and action orientation are such nature that they cannot be taught or learnt in a formal sense.

In other words, leaders are born or sometimes inherited in family from generation to generation.

It is said that history is nothing but the biographies of great men and women. They were great leaders of their time because they were inherently endowed with leadership traits and skills. They were not trained in leadership nor did they acquire any leadership skills in their lives, such skills were natural to them. They had an instinctive urge to assume leadership and had an inborn will to achieve greatness and success.

The further implications of the theory that leaders are born and not made are:

1. Leaders are gifts of god to mankind. A measure of divinity is attributed to leaders and their actions.
2. Everyone cannot aspire to become a leader and to attain greatness.
3. The inborn leadership qualities alone are necessary and sufficient for a leader to exercise influence over his followers and to become successful.
4. Leadership qualities and effectiveness are independent variables. Situational factors like the nature and needs of followers, the demand of task and the general socio-economic environment have little or no influence on a leader's effectiveness.
5. The theory believes that individual can't be trained for assuming leadership positions and roles. Leadership qualities cannot be transmitted through education and exposure.

Great Man theory of leadership carries some credibility to the extent that leaders in general and great leaders in particular have certain mystique about them and are viewed with respect by their followers.

Criticism:

The theory has no scientific base and empirical validity. It is mere a speculative piece of notion.

A moderate view point is that one may not totally rule out the genetic or inborn nature of some leadership attributes. Just as there are some "precious" and almost born singers, artists and geniuses in various spheres of activities.

5.6.2 Trait theory: (leader oriented approach):

This is the traditional theory of leadership. According to this theory a leader is a person having leader's special characteristics & traits. It is accepted that a leader is a successful leader because he has certain qualities. Following qualities must be possessed by leader: -

1. Physical factor such as height, weight, energy, good personality etc.
2. Intelligence
3. Self confidence.
4. Will.
5. Dominance.
6. Cheerfulness.
7. Enthusiasm
8. Alertness

The psychologist has grouped the various traits of the leadership into 4 categories: -

1. Physical
2. Psychological
3. Intellectual
4. Qualities of character

Trait theory mentions the qualities of leaders. These qualities can be developed by experience and training. Traits are not only inborn but acquired also, but it suffers from following limitations:

1. No room for developing future leaders: -
The theory stresses the inborn qualities of an individual which can not be developed or acquired.
2. No common or universal trait: -
Leadership traits are not common as well as universal like other principles. It is difficult to mix the traits.
3. Trait of individual can not be known: -
Unless the situation arises and individual faces problem then only presence or absence of trait is required, otherwise trait remains unknown.
4. Different role require different traits: -
Even in the same organization at lower level, a manager has to maintain contacts with workers so he must possess technical knowledge. Middle level manager must possess policy making & human relation approaches. Top level manager must possess decision making skills.

5.6.3 Situational theory: (situational approach): -

Leadership is the product of a situation in a particular group. It is assumed that the trait & skills are the characteristics of a good leader. These skills will change from group to group and from situation to situation. A leader in one situation is not necessary a leader in another situation in the same group so that situation oriented approach displays that leadership is the product of situation in particular group. The approach does not believe that the leaders are developed only by trait theory but proper training & development programs are necessary for the development of future leaders. An effective leader according to the situational theory is one who understands the fact of situation & deals with them effectively.

Limitations:-

1. Emphasis on situational aspect: -
The situational theory gives much emphasis on situational aspect & overlooks the qualities needed in a successful leader.
2. Qualities of leader are overlooked: -
Leadership becomes effective when leaders have certain qualities. But this theory has overlooked it.

5.6.4 Behavioral theory: -

This approach is based on simple philosophy. It states that the best way to study leadership is not to study the trait or qualities he possesses, but to study his behavior. According to this approach it is important to study the behavior of a leader in a particular situation. This approach concerns with behavior of a person rather than qualities of leadership. The people by nature are lazy, uncreative, irresponsible etc. Therefore the leaders must be directive. This approach is based on the assumption that good leadership is the result of effective role behavior.

In Michigan studies it is found that more time is spent in planning, greater degree of delegation, employee oriented rather than production oriented. This will help for effective leadership means leadership characteristics are based on behavioral, situational & group leader interaction.

The main limitation of this approach is that it does not consider time factor which is very important in leadership. A particular behavior may be effective in one situation & may not be effective in other. Scientific test can not be applied for the study of behavioral approach. However questionnaires, observations, interviews are universally accepted techniques of this approach.

5.6.5 The Followers Theory:

The Followers theory is also known as "Acceptance Theory."

The followers must accept their leader and his leadership. This theory believes that leadership is developed on the basis of acceptance form followers. A study of the characteristics of followers group is also necessary to understand the nature of

leadership. If a leader is successful in leading his group, satisfying them he is regarded as a good leader.

In India, "Followers Theory" has dominated the Indian political science and its impact on the business and industrial relationship".

5.6.6 Managerial grid theory:

Managerial Grid as developed by Robert Blake and Jane Mouton, is a graphic model of alternative combinations of managerial styles or orientations or behaviors on a two dimensional space.

The dimensions are:

- Concern for production
- Concern for people

Thus, in a matrix of nine rows and nine columns, five combinations of styles are as follows:

- 1,1 - low concern for production and people born
- 1,9 - low concern for production and high concern for people
- 9,1 - high concern for production and low concern for people
- 9,9 - high concern for people and high concern for production
- 5,5 - moderate concern for production and people

Concern For people	9	(1,9)							(9,9)
	8								
	7								
	6								
	5				(5,5)				
	4								
	3								
	2								
	1	(1,1)	2	3	4	5	6	7	8
<i>Concern for production</i>									

1. Impoverished leadership (1, 1)

In this combination, leaders are irresponsible. Their attitude towards getting things done from and maintaining relationships with people are careless and confused.

Such leaders are little concerned with work and with people.

2. Country club leadership (1,9)

In this combination, the leader takes interest in keeping his relationship with people friendly and respectable. Such a leader gives importance to people more than production. Such persons are more human oriented.

The group, not the individual is the key unit in the organization and friendliness and harmony among its members are desired.

3. Task leadership(9,1)

In this combination, leaders takes a dictator's style and gets the things done and does not care for maintaining relations with people. His focus is on task performance by planning and controlling the production environment.

Heavy importance is placed on task and task and job requirements. Human relationships and interactions are minimum. This leader has a very high degree of production concern and a very low degree of people concern.

4. **Middle of the road leader (5,5):**

In this combination, leader is well balanced. He does not push too much in either direction, but achieves a satisfactory balance between the requirements of production and people.

i.e. concern for people and concern for production. This style is labeled as “firm but fair”. It is based on the assumptions that people work willingly and do as they are told if the reasons for doing so are explained to them.

5. **Team management leader (9, 9):**

This is regarded as the most effective leadership. An attempt is made to bring about an integration and harmony between the needs of people and of production. A highly encouraging organizational climate of commitment, cooperation trust and hope are created by the leader.

It integrates a maximum degree of production concern with maximum degree of people concern. This approach considers these two approaches as complimentary.

Conclusion:

Managerial grid is very useful in identifying and classifying managerial styles. This theory considers various alternative combinations to suit the situation, task and subordinates. The five styles have been stated in the graph. In actual practice, a manager has to use combination of these as demanded by the situation.

5.6.7 Path goal theory:

This theory was originally developed by Martin Evans and subsequently refined by Robert House. The theory is related to the situation/expectancy theories of motivation. According to this theory, there is a clear relationship between the behavior of the leader and motivation – performance-satisfaction of the group whom he leads. Members of the group have certain expectations in regard to the behavior of their leaders. But of course, different groups have different expectations.

Four types of leader behavior based on member expectation may be conceptualized:

1. Directive leadership:

The leader is expected to define the tasks and responsibility of his group members, set performance and reward norms, clarify the rules and regulations as applicable, provide guidance advice and instruct as necessary and monitor their performance.

2. Supportive leadership:

The leader establishes warm interpersonal relationships with the group, understands and shares their aspirations and feelings showing concern for their welfare and promotes group cohesiveness.

3. Participative leadership:

The members expect the leader to keep them informed on relevant tasks, goals and situations, involve them in decision making, solicit their ideas and consult with them frequently.

According to this approach the specific style that works best is determined by two types of situational variables.

1) Personal characteristics of the sub – ordinates.

2) Environmental pressure and demands.

1) Personal characteristics of employees : Internally oriented employees who believe that, they can control their own behaviour prefer leaders having supportive style, while externally oriented employees who believe that fate controls their behaviour prefer directive type leadership.

2) Work environment : Environmental factors include subordinates task, formal authority system of the organisation and the primary workgroup. Any of these environmental factors can motivate or constrain the employees. When the task is unstructured worker feels that his path to satisfaction is difficult and hence he

likes to be directed. But if workers are working on structured and well defined tasks, supportive style of leadership is preferred.

Evaluation

The path goal theory is criticised as follows –

1. It is complicated and hence empirical testing becomes difficult due to methodological complexities.
2. Further research studies do not support it.
3. It is a post Hoc theory in the sense that some of the research evidence supporting the theory was also used to construct it.
4. It gives incomplete picture as it provides tentative explanation of leadership styles.
5. The models neglect effects of personal traits that may constrain the selection of leader behaviour.

In spite of these limitations, it is appreciated, because it not only suggests what type of leader may be effective in a given situation but also explain why is he effective. This theory also provides a necessary frame work for new research in the field.

5.6: Check your progress:

Fill in the blanks

1. According to theory a leader is a person having leader's special traits and features.
2. The approach displays that leadership is the product of situation in a particular group.
3. Proper and programs are necessary for the development of future leaders.
4. According to approach it is important to study the behavior of a leader in a particular situation.
5. Path goal theory was developed by
6. theory of leadership asserts that leaders are born and not made.
7. is a graphical model of alternative combinations of managerial styles.
8. In managerial grid, the dimensions are concerned for and
9. combination means high concern for production and low concern for people.
10. combination means moderate concern for production and people.

5.7 DIFFERENT STYLES OF LEADERSHIP

1) Autocratic style: -

Under this style of leadership, all decisions are taken by the leader. The authority & power is vested in the hands of leader. There is no participation by subordinates in decision making process. Leader never allows his subordinates to think or participate in the decision making. He gives order & assign task without taking sub-ordinate into confidence. Normally subordinates dislike this type of leadership.

Advantages: -

1. It provides strong motivation & reward for the leader.
2. No delay in the process of decision making.
3. Responsibility can be easily fixed.

Disadvantages: -

1. It creates low Morale & less confidence in subordinates.
2. Ideas and capabilities of subordinates are not fully utilized.
3. Subordinates will never get an opportunity for development.

Autocratic leadership may be appropriate when subordinates are uneducated, unskilled, lack of knowledge & experience in modern competitive world. This type of leadership becomes less desirable for the employees.

2) Democratic style or participative style: -

The participative leadership allows an active participation of the subordinates in the process of decision making. The leaders adopting this style of leadership always allow participation of his sub-ordinates in the process of decision making. The leaders follow majority of opinions which are expressed in a group & his decision is always depend upon these. The relationship between leaders & sub-ordinate is friendly. It creates positive impact on subordinates. This style of leadership is preferred by the subordinates & managers.

Advantages: -

1. It creates job satisfaction & increases the moral of subordinates.
2. It develops positive attitude & reduces resistance to change.
3. It helps to think over creative ideas of all sub-ordinates.

Disadvantages: -

1. Participative style is time consuming & delays in decision making.
2. These types do not yield positive results.
3. It requires more communication between subordinates & superiors.
4. When leader is incompetent it will create problems.

This type of leadership is considered to be more effective than autocratic style. It is more useful in this competitive world as it helps to increase productivity.

3) Free-rein style: -

Unlike autocratic style free-rein style falls on other extremes. It includes complete surrender of decision making power to a group leader. A leader leaves all the control & decisions with subordinates. Leader leaves all responsibility & most of the work of him to the group, interference of a leader is very less. It is known as lazy fair & permissive style. In this style a leader gives complete freedom to his group & sub-ordinate in their work.

Autocratic	Participation	Free-Rein style
1. Type of style: Task oriented style.	People oriented style.	People oriented style.
2. Nature of discipline: Obedience in order & instruction.	Interchange of idea.	Self discipline & control.
3. Delegation of authority: Strict supervision & no delegation.	Delegation of authority.	Complete delegation of authority.
4. Decision making: Leader is sole decision maker.	Leader makes decision with the help of ideas of sub-ordinates.	Sub-ordinates, they themselves make decisions.
5. Communication: One way downward communication.	Two way communication	Free flow of communication.
6. Motivation technique: Fear & punishment	Reward & involvement	Self direction & self control
7. Needs: Psychological & safety.	Egoistic.	Self actualization.
8. Opportunity to sub-ordinates: No opportunity. This is I style.	This is WE style.	There is complete creativity & it is YOU style leadership.

Advantages: -

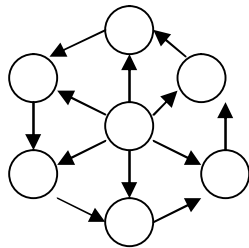
1. Maximum development of sub-ordinate.
2. Full utilization of the capacity of sub-ordinate.
3. It creates job satisfaction & increase Morale of sub-ordinate.
4. This style produces good & quick results when sub-ordinates are highly educated & brilliant.

Disadvantages: -

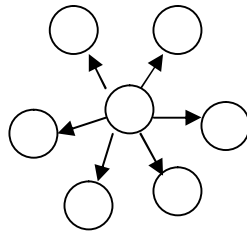
1. Sub-ordinate does not get guidance to leader.
2. It ignores the contribution of leader just as autocratic style where contribution sub-ordinate is totally ignored.

STYLES OF LEADERSHIP

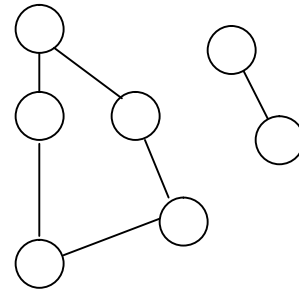
Democratic



Autocratic



Free – Rein



5.7: Check your progress:

Q.1. Fill in the blanks:

1. Under style the authority and power is vested in the hands of leader.
2. The leadership allows an active participation of the subordinates.
3. includes complete surrender of decision making power to a group leader.
4. Free rein style is known as

Q.2. Answer the following questions in 1 – 2 lines each.

1. State 2 merits and 2 demerits of autocratic style of leadership.
.....
.....
2. State 2 merits and 2 demerits of participative style of leadership.
.....
.....
3. State 2 merits and 2 demerits of free- rein style of leadership.
.....
.....

5.8 QUALITIES OF A LEADER

1. Physical and mental vigour:

A leader should be ready to work hard. His physical stamina and mental vigour to sustain long and irregular hour of work is the most required to be successful.

2. Ability to understand others:

A leader should possess emotional feelings such as confidence, respect, love and faith. He should be able to analyze the problems rationally and logically .the leader must share with his followers and at the same time must influence them.

3. Quick grasping:

A leader should understand human psychology. His grasping of situation should be quick and decision should also be communicated at the earliest. He should possess understanding of human behavior, emotions, sentiments, needs, motives etc. This needs maturity of mind and scientific way of approach.

4. Initiative:

The leader must possess certain creative abilities, quality of imagination, invention and courage to face realities of life boldly.

5. Ability to inspire:

The leader must have the knowledge of men working under him. He must be skillful in handling human relations that helps to inspire subordinates.

6. Ability to communicate:

A leader should be good at communication ideas, feelings, decisions, orders etc. He should be a good and effective speaker, writer so that he will be able to inform, stimulate and direct his subordinates.

7. Acceptance of responsibility:

A reliable leader is one who is prepared to shoulder the responsibility for the consequences of any steps he takes. He has to be aware of the duties and obligations associated with the position he holds.

8. Intelligence and technical competence:

A leader should possess a thorough knowledge of the theory and practice of his job. With this quality, he can perform the functions of planning, organizing, directing and controlling.

9. Motivation:

In order to motivate others, one must be well motivated. The desire to lead should come from within. If a person is forced to do his job under the fear, he would behave like a follower than a leader.

10. Flexibility:

A leader should be ready to absorb and adopt new ideas and views of others as per demanded by the situation. He should not be critical of others. He should be ready to accept others' views and alter his decisions. Open-mindedness of a leader makes the leader more identified with the group.

11. Impressive personality:

A leader should have an impressive and pleasing personality. He must possess cheerful and an optimistic outlook. He must have physical and mental health in order to influence others and induce them to work with energy, vigour, energy and creativity.

5.8 : Check your progress:

Fill in the blanks.

1. A should be a good and effective speaker and writer.
2. of a leader makes the leader more identified with the group.
3. A leader should have an impressive and pleasing

5.9 SUMMARY

Leadership is the ability to secure desired actions from a group of followers voluntarily without the use of coercion.

There are three styles of Leadership:

1. Autocratic
2. Democratic
3. Free Rein or Laissez faire

Theories of Leadership:

- Trait Theory
- Situational Theory
- Behavioral Theory
- The great man theory
- Followers theory
- Managerial grid

Qualities of a leader:

- Physical and mental vigour
- Ability to understand emotional feelings
- Quick grasping
- Ability to inspire
- Ability to communicate
- Intelligence
- Motivation
- Flexibility
- Impressive personality

5.10 CHECK YOUR PROGRESS-ANSWERS

5.1, 5.2, 5.3 :

1. Leadership
2. dynamic
3. leadership
4. interpersonal
5. Followers
6. Continuous
7. Reciprocal

5.4, 5.5 :

- Q.1.**
 1. Leadership
 2. Cooperation

Q.2. principle of harmony ; principle of motivation ; principle of maximum clarity in communication ; principle of leadership

5.6 :

1. Trait
2. situation oriented
3. training and development
4. behavioral
5. Martin Evans
6. great man theory
7. managerial grid
8. production and people
9. 9,1
10. 5.5

5.7:

Q.1.

1. Autocratic
2. participative
3. free rein
4. lazy fair

Q.2.

1. Merits: strong motivation; no delay in decision making
Demerits: low morale; less confidence; no opportunity to subordinates
2. Merits: more job satisfaction; increase in morale, develops positive attitude
Demerits: time consuming; incompetent leaders create problems
3. Merits: development of subordinates; full utilization of capacity
Demerits: no guidance of leaders; ignores contribution of a leader.

5.8 :

1. A leader
2. Open mindedness
3. Personality

5.11 QUESTIONS FOR SELF-STUDY

Long Questions Answers : (Answers should be in 10-12 lines each)

1. Leaders are not born but made. – Comment.
2. Explain the different theories of Leadership.
3. What are the different styles of Management? Which one could you prefer and why?
4. What is Managerial grid? How does a Manager select his style according to the grid?

Short Notes : (7 – 8 lines each)

1. Features of leadership
2. Importance of leadership
3. Principles of leadership
4. Autocratic style
5. Participative style
6. Laizze fair style
7. Great man theory
8. Followers theory
9. Behavioral theory
10. Path goal theory
11. Differentiate between different styles of leadership

5.12 SUGGESTED READINGS

Principles of Management : P. C. Tripathy & P.N. Readdy

Principles & Practices of Management : L. M. Prasad

Management : A Global Perspective : Herold Koontz



CHAPTER 6

CONTROLLING

6.0 Objectives
6.1 Introduction
6.2 Features of Control
6.3 Importance of Control
6.4 Steps in Control Process
6.5 Essentials of a Good Control
6.6 Techniques of Control
6.7 Summary
6.8 Check your Progress-Answers
6.9 Questions for Self-Study
6.10 Suggested Readings

6.0 OBJECTIVES

Friends after studying this chapter you will be able to :

- explain the meaning of controlling.
- discuss the essential of a good controls.
- explain traditional as well as modern techniques of control.

6.1 INTRODUCTION

Control is a fundamental managerial function. With the help of controlling, the management measures the performance of the subordinate units.

Controlling is associated with planning. Control can come into effect only when plans have been adopted and instructions are issued to all affected by designing the plans to take appropriate actions. The objective of control is to see that everything is carried out in its predetermined order.

Controlling is a continuous process of measuring actual results of operations of an organization, in comparison with the standards laid down as a guide. Proper Control smoothen the working of an organization. In the process of delegation control is complementary.

Controlling involves setting up standards of individuals and organizational performance and measuring actual performance.

Definitions:

According to George Jerry:

“Determining what is being accomplished, that is, evaluating the performance and if necessary applying corrective measures to see that the performance takes place according to the plans.”

According to Henry Fayol:

“Control consists in verifying whether everything occurs in conformity with the plan adopted, the instructions issued and the principles established.”

According to Koontz and O'Donnell:

“Controlling implies measurement of accomplishment against the standard and the correction of deviations to assure attainments of objectives according to plans.”

6.2 FEATURES OF CONTROL

- 1) Control is the function of Management:

Control is a follow-up action to the other functions of Management. This function is performed by all the managers in the organization.

- 2) Control is a continuous process:
Control process does not stop anywhere. It involves analysis of establishment of standards policies and procedure and taking corrective actions.
- 3) Control is flexible and dynamic process:
It involves continuous review of standard of performance.
- 4) Control is forward looking:
Control is always related to future events as we can't control past events. Corrective measures for wastage and production can be taken for future with past reference. It helps to check individual performance.
- 5) Planning and Controlling are closely related:
Planning is based on control and control on planning. Control includes setting of standards and measurement of performance. So it is more important in planning. It helps in establishing new aims, change in structure, staff pattern and changes in the direction technique.
- 6) The essence of control is action:
Process of control will finish when corrective action is taken. This action is depending upon setting of standard and comparison of standard with actual. Deviation has to be controlled and minimum wastage will be achieved.

6.1 & 6.2: CHECK YOUR PROGRESS:

Q.1. Fill in the blanks:

1. Controlling is associated with
2. Controlling is aprocess of measuring actual results.
3. Proper controlthe working of an organization.
4. Control involvesof standard of performance.
5. Process of control will finish whenaction is taken.

Q.2. Answer the following questions in 1 – 2 lines each.

1. Mention any 3 features of control.

.....
.....

2. Define control.

.....
.....

6.3 IMPORTANCE OF CONTROL

1. **Basis for future action:**
A continuous flow of control information provides the basis for future action. It gives correct action and gives correct picture.
2. **Control helps in decision making:**
The control system helps the management to take right decision. Follow-up action is essential for successful completion of objective.
3. **It helps in decentralization:**
Control helps the top management to get the feedback information which helps them to ensure that the decision taken at the lower level is helpful for implementation of policies.

4. **Helps in co-ordination:**
It helps to each member of organization to move towards common goal with co-ordinate direction. It provides boundaries for pre determined goals and provide guidance for each member.
5. **It has positive impact on employee:**
The existence of control system has positive impact on the behavior of the employee. Employees are cautious because actual results are compared with budgeted one.
6. **Control helps to point out Managerial weakness:**
Control is depend upon proper feedback so it help in to point out managerial weakness.
7. **Control should reflect organization pattern:**
Control should reflect the organization pattern because it is exercised with managerial position. Each managerial position should be provided with adequate authority to exercise self control and take corrective actions.
8. **Control should be economical:**
Control must be worth its cost. A small company cannot afford the extensive control system like large company.
9. **Control should be easy to understand:**
Control system should be simple to understand. This is necessary for smooth working and effectiveness of the system. The system of control should be easily understood by the management.
10. **Control should indicate corrective action:**
Control should detect deviation and also suggest corrective actions promptly.

6.3: Check your progress:

Fill in the blanks.

1. action is essential for successful completion of objective.
2. Control helps in management to get the feedback.
3. Control system should be to understand.
4. Control should detect and also suggest actions promptly.

6.4 STEPS IN CONTROL PROCESS

1. Establishment of standards:

The first step in control process is the setting up of standards of measurement. Standards represent criteria for performance. A standard acts as a reference line or a basis of comparison of actual performance. Standards should be set precisely and preferable in quantitative terms. Different standards of performance are set up for various operations at the planning stage. Establishment of standards in terms of quantity, quality and time is necessary for effective control because it is essential to determine how the performance is going to be appraised.

2. Measurement of performance:

The second step is to measure actual performance of various individuals, groups or units. Management should measure the performance and compare it with the standards. The quantitative measurement should be done in cases where standards have been set in numerical terms. This will make evaluation easy and simple.

On other cases the performance should be measured in terms of qualitative factors e.g. performance of industrial relations manager. His performance can be measured in terms of attitude of workers, frequency of strikes and morale of workers.

3. Comparing performance with standards:

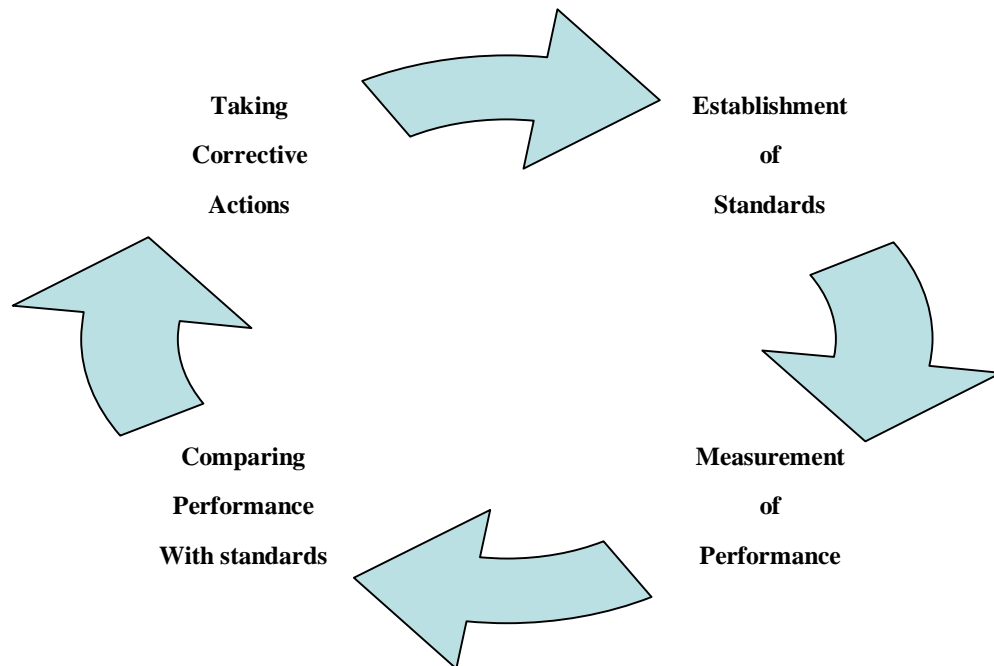
Comparison is easy where standards have been set quantitatively as in production and marketing. In other cases, where results are intangible and cannot be measured quantitatively, direct personal observation, inspection and reports are a few methods used for evaluation. The evaluation will reveal some deviations from the set standards. The evaluator should point out the defects or deficiencies in performance and investigate the causes responsible for these.

4. Taking corrective actions:

The final step in the control process is taking corrective actions so that deviations may not occur again and the objectives of the organization are achieved. This will involve taking certain decisions by the management, replanning or redrawing of GOALS or STANDARDS, reassignment of classification of duties.

Thus, control function may require change in all other managerial functions. If the standards are found to be defective, they will be set up again by observations.

The final test of a control system is to take corrective action at the correct time.



6.4: Check your progress:

Fill in the blanks.

1. The first step in control process is the
2. Standards represent criteria for
3. Standards should be set interms.
4. The second step is to measureperformance of various individuals, groups.
5. Where the results aredirect personal observation, inspection methods are used for evaluation.
6. The final step in the control process is

6.5 ESSENTIALS OF GOOD CONTROL

The following are the requirements of effective control.

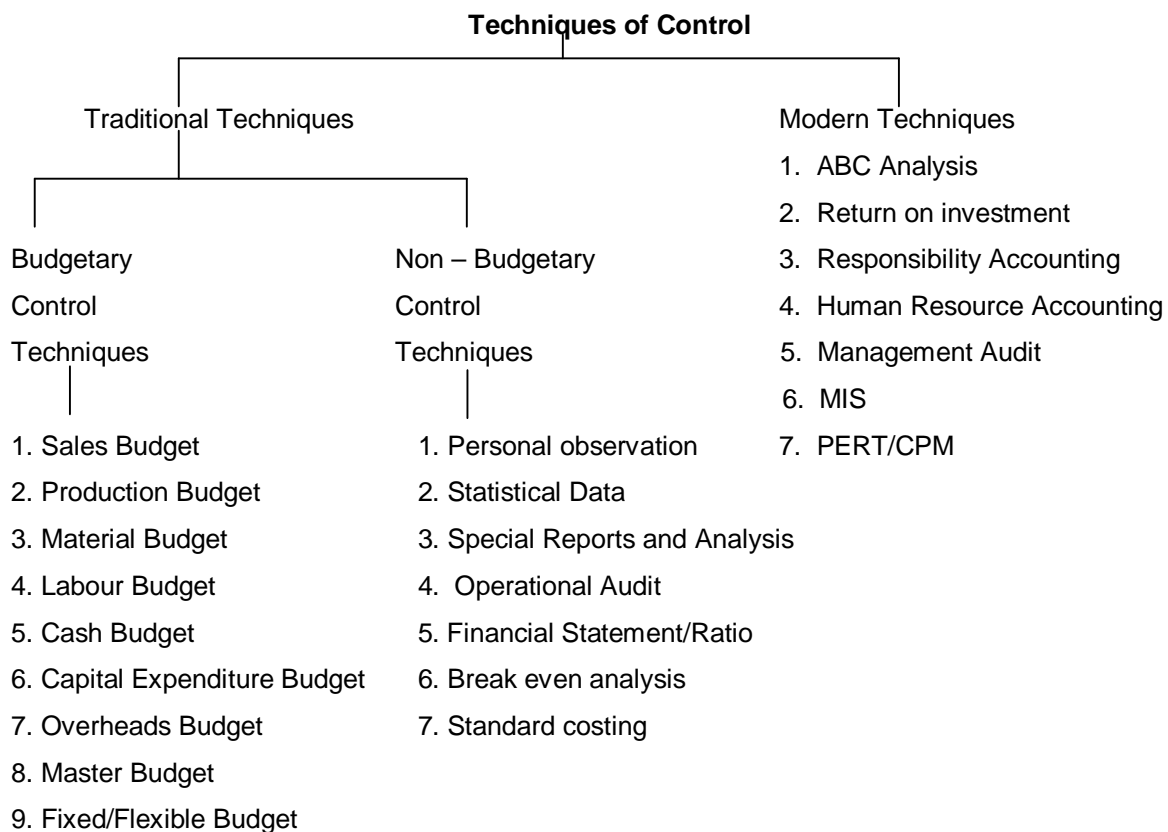
1. **Control should report deviations promptly:**
The ideal control system detects deviation before they actually occur. The manager should be provided with information as early as possible.
2. **Control should be forward looking:**
Managerial control is not same as mechanical or electronic control. It must exist a time lag between recording, reporting and deviation. Those deviations are predicted well in time and corrective actions are taken before deviations occur.
3. **Control must reflect natural and needs of the activity:**
Control must apply with the help of budget, break even points, and standard hours whenever necessary.
4. **Control should be objective:**
The control should be definite, objective and verifiable. It should not be influenced by personality of the superior or subordinate.
5. **Control should be flexible:**
Control is a dynamic process. Plans and Objectives may change according to the needs of the situation and must adjust it to them.

6.5: Check your progress:

Fill in the blanks.

1. Thecontrol system detects deviation before they actually occur.
2. Control should belooking.
3. Theshould be definite, objective and verifiable.
4. Control is aprocess.

6.6 TECHNIQUES OF CONTROL



Traditional techniques:

- a. **Budgetary control**
- b. **Non budgetary control**

(a) Budgetary Control:

Budgetary control means the supervision of output and expenditure by the provision of budgets issued to production departments before work is commenced, authorizing the amount of expenditure to be allowed under each heading.

According to W.W. Bigg:

“The term Budgetary Control is applied to a system of management and accounting control by which all operations and output are forecasted as far ahead as possible and the actual results when known are compared with the budget estimates.”

Objectives of Budgetary Control:

The general objectives of budgetary control are:

1. To Plan the policy of business.
2. To co-ordinate the activities of a business.
3. To control each function so that the best possible results are obtained.

The various objectives of budgetary control may be enumerated as follows:

1. Providing an impersonal control of expenditure.
2. Defining the goals of the enterprise and providing long and short period plans for attaining these goals.
3. Promoting co-operation between executive, in accepting policies and executing plans.
4. Eliminating departmental accumulation of cost and performance data for control purposes.
5. Securing desired performance, both in terms of money, materials, men and physical targets.
6. Helping in determining capital requirements and in controlling the cash position.

(b) Non- budgetary control techniques:

1. **Personal observation:**
This is the most effective means of control. Deviations are discovered much earlier and promptly corrected. It enhances motivation and morale of the employee of the organization.
2. **Statistical data:**
Data presented in the form of charts, graphs and diagrams provide a quick understanding of the problem. This technique is applied specifically in the field of quality control.
3. **Special reports:**
Special reports prepared by experts through special investigations, are useful in specific cases. Sometimes statistical and accounting reports are not satisfactory to control.
4. **Ratio analysis:**
The control of total functioning in an organization becomes possible by an analysis of the profitability, liquidity and solvency ratios. E.g. the “financial statement analysis” facilitates diagnosing the suitability of a business venture.

5. Break even analysis:

The break-even analysis is an analysis of the inter-relationship between cost, volume and profit. It is also called as cost volume profit analysis.

A break even chart is prepared for this analysis. This chart presents graphically the relationship between sales and expenses under different conditions. In other words, it examines the interrelationship of changes in cost volume and profits.

The break even chart shows the break even points, the point of zero profits and zero losses. It can be expressed in terms of units produced. It serves as a control aid in a number of ways, as it predicts the profit at different levels of sales or production volumes.

6. Operational Audit :

Internal Audit or operational audit is carried out by the special staff of the operations and accounts of an enterprise, in order to provide overall review of performance. It is used to check and balance on daily operations.

7. Standard Costing:

This technique is often used for cost reduction and cost control. Under standard costing standards for materials, labour, overheads and other components of total cost are fixed and actual costs are compared with these standard costs and variances are analyzed to find out their causes. Standard costing is also used as the basis for budgeting and incentive plans.

Modern techniques:

1. ABC Analysis:

ABC analysis is a method of material control according to value. The basic principle is that high value items are more closely controlled than the low value items. The materials are grouped according to the value and frequency of replenishment during a period.

- 'A' Class items : Small percentage of the total items, but having higher values.
- 'B' Class items : More percentage of the total items, but having medium values.
- 'C' Class items : High Percentage of the total items, but having low values.

ABC analysis is popularly known as "Always Better Control". It is also known as "Control by Importance and Exception". It is based on the concept of Selective Inventory Management.

In foreign countries, Bin Cards and Stores Ledger Cards are not maintained for 'C' class items. These are issued directly to the production foreman concerned and controlled through norms of consumption based on production targets. By doing this, 70% of the effort required for maintaining the Bin Cards and Stores Ledger Cards are eliminated. With 30% of the effort, an organization will be able to exercise control on the 90% of the inventory values. This reduces the clerical costs and ensures the closer control on costly items in which large amount of capital is invested.

The general procedure for classifying A, B or C items is as under:

1. Ascertain the cost and consumption of each material over a given period of time.
2. Multiply unit cost by estimated usage to obtain net value.
3. List out all the items with quantity and value.
4. Arrange them in descending order in value i.e. ranking according to value.
5. Ascertain the monetary limits for A, B or C classification.
6. Accumulate value and add up number of items of A items. Calculate percentage on total inventory in value and in number.
7. Similar action for B and C class items.

2. Management Audit:

Management Audit is implied as an attempt to evaluate the performance of various management functions and processes with a view to improve its efficiency and productivity on the basis of certain pre-determined acceptable norms or standards. It is an audit, "to examine, review the various policies and actions of the management on the basis of certain objective standards".

According to American Institute of Management:

"Management Audit is a diagnostic appraisal process for analyzing goals, plans, policies and activities in every phase of operation to turnover unsuspected weaknesses and to develop ideas for improvement in areas that has escaped management attention".

Management Audit as a Control Technique:

1. It involves comprehensive examination of organization or part thereof.
2. It is undertaken to check the operations of management and its effectiveness.
3. Such checking or examination has to be based on commonly accepted standards of objective nature.
4. Such examination is to be carried on independently by experts in the area.
5. It involves analyzing goals, policies and activities in every phase of management operation.
6. The objective of such examination is to see whether operations of the management are being carried on in accordance with its plans or objectives or not.
7. It seeks to identify its weaknesses, if any and suggest suitable measures and give recommendations to bring about necessary improvements.

Benefits of Management Audit:

Management Audit is useful in following main areas:

1. **Plans:**
Auditor can assist in establishing and reviewing the system of planning in the organization. Management auditor can assist in developing orderly planning system. He helps in reviewing the progress of planning and evaluating its effectiveness against accepted standards.
2. **Decision Making:**
The management auditor may help in the process of decision making and find out whether sufficient information is available to the management for the purpose of decision making.
3. **Authority structure:**
The management auditor may help the management in proper designing of the authority structure including rendering assistance in strengthening and expending the flow of information between the responsibility centers.
4. **Effective Communication:**
He can assist the management in establishment of effective communication network and bring about necessary improvement in this regard.

Scope of Management Audit:

1. Review of objectives, goals, plans and policies.
2. Appraisal of planning.
3. Review of organizational structure.
4. Review of systems and procedures.
5. Review of office operations.
6. Review of management control systems.
7. Review of operations such as purchasing, manufacturing, selling etc.
8. Review of personnel policies.
9. Review of management information system.
10. Appraisal of management decisions.

3. Responsibility Accounting :

It is a system of accounting where each departmental head is held responsible for the performance of his department. Each department is considered as a responsibility center and its manager is held responsible for the target fixed for his unit. Responsibility centers are of three types.

- A The cost centers
- B Profit centers
- C Investment centers

Each centers is charged with those costs that are within its control.

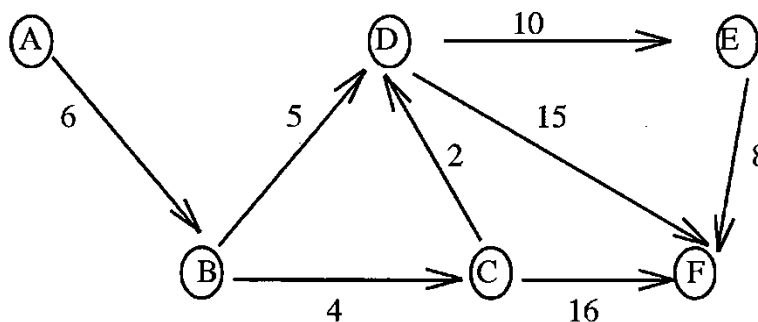
4. PERT & CPM:

Programme Evaluation and Review Technique (PERT) and Critical Path Method (CPM) follow the same principle.

This method was firstly introduced in American Navy in 1958. This method has been utilized to produce equipment in Navy. This is mainly concern with to reduce process time to produce a particular product.

Every work undergoes many processes till completion stage. Every process requires certain time. According to this technique time required is being set. It also shows time required for each event. A map is prepared to show the time required to complete each process.

E.g. to complete a work, A, B, C, D, E following events are required.



In the above figure A, B, C, D, E, F are the processes and arrow shows the time require to complete one even. The starting time and ending time is shown by circles.

E.g. C event require 4 days after B event, but D require 5 days then instead of C, D event is taken place, then time being is saved.

The focus in PERT is on time where as in CPM it is on cost.

5. Return on investment (ROI)

It is also called as Rate of Return. This technique can be used for planning and controlling. It is derived from a ration between the total profit and the total investment of an organization. Return on investment helps to evaluate the functioning of an organization by calculating total profit earned so far. Besides profit planning is also useful and suitable for capital budgeting in particular and for long tem investment.

6. Human resource accounting:

Most of the control techniques calculate financial performance in terms of costs, profits, revenues and other factors. However the most important factor is human resource that is overlooked. The human resource accounting by Likert helps in the calculation of human resources. It involves:

1. Accounting for people as an organizational resource
2. Involving measurement of the cost incurred in the acquisition and development of human asset.
3. The measurement of economic value of employees to an organization.
The value of any individual or employee is defined in terms of its worth of the various services he is supposed to provide to the organization. This value is known as "Individual's Expected Realizable Value."

7. Management Information System (MIS)

For the purpose of efficient control it is necessary to have adequate, reliable accurate and timely information or feed back or operations. It is the quality of data that determines the quality of managerial decision. But data need to be processed to make it information. Electronic Data processing (EDP) devices. Like computer permits economical and quick storage and processing of huge data.

The use of electronic devices has led to the development of integrated information systems which provide regular flow of information required for decision making and control. It is known as MIS. Thus MIS is a system that provides relevant information in the right form and at the right time to different managers for the purpose of planning and control.

MIS is useful in reducing time, cost and energy required for collection, processing and supply of information to various organizational units. By improving the quality and quantity and timeliness of information, MIS makes planning and control more effective and efficient

6.6: Check your progress:

Fill in the blanks.

1.means the supervision of output and expenditure by the provision of budgets.
2.is the most effective means of control.
3.are prepared by experts through special investigations.
4.facilitates diagnosing the suitability of a business venture.
5.is also called as cost volume profit analysis.
6. ABC analysis is popularly known as
7.is undertaken to check the operations of management and its effectiveness.
8. PERT stands for
9. CPM stands for
10. ROI is also called as Rate of Return.
11. The human resource accounting byhelps in the calculation of human resources.

6.7 SUMMARY

Controlling is a continuous process of measuring actual results of operations of an organization, in comparison with the standards laid down as a guide. Proper Control smoothen the working of an organization. In the process of delegation control is complementary.

Controlling involves setting up standards of individuals and organizational performance and measuring actual performance.

Features of control:

1. Function of management
2. Continuous process
3. Flexible and dynamic
4. Planning and controlling are closely related.
5. Essence of control is action.

Importance of control:

1. Basis for future action.
2. Helps in decision making
3. Helps in decentralization
4. Helps in co-ordination
5. Has positive impact on employees
6. Helps to point out managerial weakness
7. Reflects organizational pattern
8. Economical
9. Easy to understand

Steps in control process:

- Establishment of standards
- Measurement of performance
- Comparing performance with standards
- Taking corrective actions

Essentials of a good control:

- Should report deviations promptly
- Should be forward looking
- Must reflect nature and needs of activity
- Should be objective
- Should be flexible

Techniques of control:

- **Traditional technique:**
 - Budgetary control
 - Non budgetary control
 - Personal observation
 - Statistical data
 - Special reports
 - Ratio analysis
 - Break even analysis
 - Standard costing
 - Operational Audit
- **Modern techniques:**
 - ABC analysis
 - Management audit
 - PERT and CPM
 - ROI
 - Human resource accounting
 - MIS
 - Responsibility Accounting

6.8 CHECK YOUR PROGRESS-ANSWERS

6.1,

6.2 :

Q.1

1. Planning
2. continuous
3. smoothens
4. review
5. corrective

Q.2.

1. Features of control:
Function of management; continuous process; flexible and dynamic
2. control consists in verifying whether everything in conformity with the plan adopted, the instructions issued and the principles established.

6.3 :

1. Follow up

2. top management
3. simple
4. deviation and corrective

6.4 :

1. Setting up of standards of measurement
2. performance
3. quantitative
4. actual
5. intangible
6. taking corrective actions

6.5 :

1. Ideal
2. forward
3. control
4. dynamic

6.6 :

1. Budgetary control
2. personal observation
3. special reports
4. financial statement analysis
6. break even analysis
7. management audit
8. program evaluation review technique
9. critical path method
10. rate of return
11. Likert

6.9 QUESTIONS FOR SELF-STUDY

Long Answers Questions : (Answers should be in 10-12 lines each)

1. Explain the need for Control.
2. State the essentials of a good control.
3. What do you mean by controlling? Describe various modern as well as traditional techniques of controlling.

Short Notes : (7 – 8 Lines each)

- a) PERT and CPM
- b) Management Audit
- c) ABC analysis
- d) Characteristics of Control
- e) Benefits of management audit
- f) Human resource accounting
- g) Objectives of budgetary control

6.10 SUGGESTED READINGS

Principles of Management : Koontz & O'Donnell

Management : Tasks, Responsibilities, Practices : Peter Drucker

Principles & Practices of Management : L. M. Prasad

Management : A Global Perspective : Herold Koontz



CHAPTER 7

RECENT TRENDS IN MANAGEMENT

7.0	Objectives
7.1	Introduction
7.2	Business Ethics
7.3	Event Management
7.4	Disaster Management
7.5	T.Q.M (Total Quality Management)
7.6	ISO 9000
7.7	M.B.O (Management by Objectives)
7.8	Stress Management
7.9	Summary
7.10	Check your Progress- Answers
7.11	Questions for Self-Study
7.12	Suggested Readings

7.0 OBJECTIVES

Friends after studying this chapter you will be able to :

- state recent trends in management
- describe the concept of business ethics.
- discuss the concepts of disaster management, event management, total quality management, stress management etc.

7.1 INTRODUCTION

Changes were required to be made in the approaches and techniques of management due to increasing size of the business organization and the increasing complexities involved in conducting the business operations.

There is a team of experts in different fields of management who also possess the necessary experience of managing a large scale organization. This type of management is known as 'professional management'.

E.g. Disaster management is an organized and systematic effort to tackle the situation / condition effectively after the happening of any disaster.

Event Management is the arrangement made to entrust the responsibility of managing a particular event or a function to an outside professional manager.

Total Quality Management (T.Q.M.) is a cost effective system for integrating the continuous quality improvement efforts of people at all levels in the organization to deliver products and services which ensure customer satisfaction.

7.1: Check your progress:

Fill in the blanks.

1. There is a team of experts in different fields of management, which is known as management.
2. management is an organized and systematic effort to tackle the situation.
3. management is an arrangement made to entrust the responsibility of managing a particular event.
4. management is a cost effective system.

7.2 BUSINESS ETHICS

The word 'ethics' is derived from the Greek word 'ethika' or 'ethos'. It refers to character. In simple word ethics means character. But broadly speaking, ethics means the principles of conduct governing an individual or a group.

Ethics means rules or right and wrong. They reflect the discipline what is good and bad, Morale duty and obligation. It deals with truth and justice, fair competition, social responsibilities, consumer autonomy, etc.

Business ethics is nothing but the application of ethics in business. They are the desired norms of behavior exclusively dealing with commercial transactions. It includes values governing commercial transactions not only among persons and organizations but also among the persons within organizations and political processes that regulate such transactions.

Definitions:

1) Oxford Dictionary:

"Business ethics means science of Morale, Morale principles, rules of conduct, whole field of Morale conduct".

2) Dr. C.B. Memoria:

"Businessman's integrity so far as his conduct or behavior is concerned in all fields of business as well as towards the society and other business are business ethics."

Business ethics is mainly concerned with the relationship between business objectives and techniques to the needs of human being and deal with the morality of business.

3) Peter Drucker:

"Business ethics is plain, everyday honesty."

Business ethics is not a special set of ethical ideas different from ethics in general and applicable only to business. If dishonesty is considered unethical there anyone in business who is dishonest with employee, customers, stockholders or competitors is acting unethically and immorally.

Scope of Business Ethics:

Business ethics is mainly concerned with the functional survival of business and to bring benefits to the organization and society. Ethics affect both internal and external relationship of an organization. The scope of business ethics can be stated on following four different levels.

1. Society:

The business taken by the organizations affect society on large scale. It is the duty of an organization to satisfy the needs of society. If it is not done the basic human rights are violated. The organization should take decisions to bring in enormous benefits to a society. Similarly, engaging in socially responsive activities through ethical decisions fall under the ambit of this level. The study of socio ethical systems like preaching of religious leaders, scriptures, analysis of political and economic theories and their relation to ethics, etc. forms an important part.

2. Stakeholders:

The decisions of an organization affect the groups of people such as suppliers, customers, shareholders, bondholders, etc. The business ethics reveal the rules for the organization as well as the stakeholders to deal with each other. There are many such instances. The company should inform its customers about the potential dangers of its products. In the same way, pricing, consumer service, advertising etc. are another areas of business ethics. Ethics always demands betterment in customer service, rendering good customer service always provides a competitive edge. Organizations should avoid deceptive or exaggerated advertisement.

3. Internal Policy:

The third level is related to internal policy. This includes the relationship between the organization and employees. If the working conditions of employees are not good the ethics are low. Organizations should look after the welfare and safety provisions for the workers. Ethically, correct management makes every possible effort to protect its workers. Though there are legal provisions to maintain the minimum standards, companies must think ethically and respond to the situations.

4. Employees:

The fourth level refers to individuals. It gives the guidelines to treat one another within the corporation. It is in respect of individual's duties towards his company, boss, colleagues and subordinates.

7.2: Check your progress:

Fill in the blanks.

1. The word 'ethics' is derived from the Greek word
2. Ethics means
3. is mainly concerned with the relationship between business objectives and techniques.

7.3 EVENT MANAGEMENT

Meaning:

Special events are the phenomenon arising from those non-routine occasions which have leisure, cultural, personal organizational objectives set apart from the normal activity of daily life, whose purpose is to enlighten, celebrate, entertain or change the experience of a group of people.

Definitions:

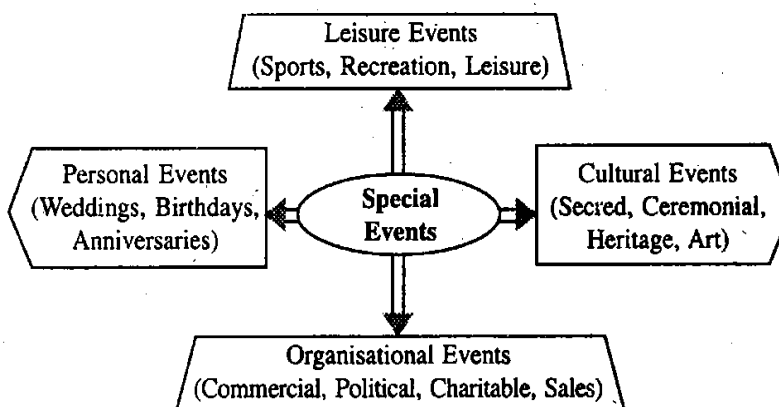
According to Goldbkatt:

"A special event recognizes a unique moment in time with ceremony and ritual to satisfy specific needs."

According to Getz:

"To the customer a special event is an opportunity for a leisure, social and cultural experience outside the normal range of choices or beyond every day experience"

The examples of events are weddings, inaugurations, sports, competitions, product launches, exhibitions, seminars and conferences, festivals, traditional ceremonies, etc. These events can be categorized as shown in figure:



Categories of Special Events

Features:

1. Event management is used majority for arranging certain cultural, social and entertainment programmes.
2. Event management is newly developed management approach.
3. The host may be an individual, a group of persons or an institution, or a company.
4. The Event Manager is also professional with requisite experience of managing the events.
5. Event management is always associated with such programmes, events which should be conducted on a large scale.

Importance:

- 1 As the host is required to supervise the work of the event manager, he gets more time for other work and he can participate in the programme to a greater extent.
- 2 Event management has become a necessity in the present times. It saves the time and labour of the host.
- 3 Event management creates a lot of self employment opportunities for person who has ability and skill to work as the event managers.

7.3: Check your progress:

Answer the following questions in 1 – 2 lines each.

1. State two features of the event management.

.....
.....

2. Define event.

.....
.....

7.4 DISASTER MANAGEMENT

Meaning:

Disaster Management is an organized and systematic effort to tackle the situation or condition effectively after any disaster has happened.

At the organizational level, the management of the unit is responsible for creating arrangements for the disaster management while at state or National level, the State Government, and Central Government respectively have to undertake this responsibility. In India, the Disaster Management Act has been passed in the year 2005.

In India, the concept of Disaster Management is very recent and it has still not fully developed unlike the western countries.

Disaster management can be implemented at two different levels,

- (i) Organizational levels and (ii) State or Central Level.

The Organizational Level disasters include accidents such as fire, leakage of some harmful gas, explosion of a boiler or some machinery etc.

The state or central level disasters include natural calamities such as storm, floods, earthquakes, landslides, eruption of lava, tsunami waves, etc.

It also includes man made disasters such as terrorist activities or error committed by human beings resulting in major train or airplane accident.

All these disaster have made it necessary to create disaster management arrangements / provisions at the unit and state and national levels necessary.

Effects of Disaster:

- (i) It causes loss of human lives,
- (ii) It causes destruction of buildings, roads, bridges, communication lines, water and electricity supply arrangement and health services.
- (iii) It causes destruction of the industries causing loss of production.

Disaster can strike at any time and in any form and due to this, it has become important to prepare the people to face the disaster and to reduce loss of human life as well as economic loss by making effective arrangements for disaster management. People at large should be trained to play their role in properly and orderly manner so that confusion and chaos can be avoided when the disaster occurs.

Features:

- (i) Disaster may be caused by natural causes or it may be caused by man made efforts.
- (ii) Disaster Management can be at unit, state or National Level.
- (iii) In disaster management, plans are prepared to prevent the disaster, and if it is not possible to prevent the disaster, then plans are prepared to minimize its adverse effects.
- (iv) Disaster management also includes preparing the people mentally to face the disaster, and to train them in facing the disaster when it occurs and thereby to minimize the human and property loss.

Importance:

- (i) To prevent the loss of precious human lives, implementations of effective disaster management plan are very essential.
- (ii) To prevent the destruction of buildings, factories, roads, bridges, communication lines, water and electric supply services, health services from the harmful effects of disaster.
- (iii) To reduce the extent of damages and / or losses caused by disaster.
- (iv) To prepare the country's organizational and administrative machinery for facing the disaster, disaster management is very important.

7.4: Check your progress:

Fill in the blanks.

1. The level disasters include accidents such as fire, leakage of some harmful gas etc.
2. The level disasters include natural calamities such as storm, floods, earthquakes etc.
3. The disasters include terrorist activities or error committed by human beings etc.
4. management is an organized and systematic efforts to tackle the situation after any disaster has happened.

7.5 TOTAL QUALITY MANAGEMENT (TQM)

The concept of TQM can be implemented in an organization if and only if there is sufficient involvement, active participation and visible support of all the members of organization including all the workers, supervisors, managers and the top management.

Definitions of TQM: (Total Quality Management) :

According to J.Rampey and H. Roberts:

Total Quality is a people focused management system that aims at continual increase in customer satisfaction at continually lower cost.

According to John Gilbert:

Total Quality Management is a process designed to focus on customer expectations, preventing problems, building commitments to quality in the workforce and promoting open decision-making.

Advantage of TQM:

1. TQM enables the company to cope up with the competition in market successfully. Through production of high quality products; the company can increase the market share, sales and profits.
2. TQM ensures both the aspects of customer satisfaction – highest quality products and competitive prices.
3. According to the customer's demand, the company pays maximum attention towards variety, design, color, size, shape, weight and other attributes of products. Customer satisfaction generates good name and reputation of the company in the market.
4. TQM emphasizes on new economic methods and efficient process control. This helps to reduce rejection rate.
5. TQM ensures best quality products which carry zero defects. This results in reducing customer's complaints.
6. TQM enables the company to enjoy good name and reputation in the market, increased market share, sales and profits. The increased profits can be utilized to provide good salary, better working conditions, transport, training etc. to the employees.
7. TQM facilitates expansion and diversification of the organization. Company can start new plants and introduce more brands in the markets.
8. TQM involves participation of all levels of organization. This increases morale of the workers. Highly motivated workers deliver their services whole-heartedly.

Limitations of TQM:

1. Implementation of TQM is very difficult in India due to conservative attitude of management. The management does not readily encourage change in organization culture, continuous participation of employees and delegation of responsibilities at the hands of subordinates.
2. TQM involves participative management. The trade unions and some workers are interested in their individual benefits. They do not pay attention towards improvement in quality.
3. TQM is a slow process and its fruits can be enjoyed in long-run. Impatience amongst the workers and managers can destroy its very purpose.
4. Product diversification and expansion require heavy investments. Such investment cannot be met through mere profits earned. One cannot implement TQM if there is shortage of finance.
5. Practically it is very difficult to expect team-work and total commitment to quality from the employees all the time which are deciding factors of TQM.

Success of TQM depends on training. Training programmes improve the knowledge and skills of the workers. It enables the workers to understand how to reduce wastage, time and cost in production processes. It teaches them how to improve the quality standards. But, in India, some organizations lack in providing proper training to the employees.

7.5: Check your progress:

Fill in the blanks.

1. is a process designed to focus on customer expectations, preventing problems, building commitments to quality in the work force.
2. Success of TQM depends on
3. Training programs improve the and of the workers.

7.6 ISO 9000

International organisation for standardization is a special international agency for standardization. ISO 9000 standards are the set up for the organisation for different nature of works accepted internationally. ISO 9000 standards provide the essential information needed to take management policy or quality assurance and convert them into action.

The ISO 9000 series is an excellent means of communication within and outside the organisation hence it has international acceptance.

The ISO 9000 concept is oriented towards developing effective management system to improve the performance of business and reducing non productive costs such as repairs, reworks, reinspection complaint handling etc.

The main goal of introduction of ISO in the organisation is to achieve optimum cost through improvement in business practices. Especially by improving production processes, logistic processes, information, communication motivation and working discipline.

The strategy of ISO 9000 Standards aims at disciplined and systematic performance of daily work of all the employees. The ISO 9000 standards have to be implemented perfectly and the employees should obey all the rules and regulations which are necessary to bring about cultural change which is often resisted by the employees. Hence it is necessary that

- i) An extensive information campaign should be held
- ii) Adequate training should be given to the co-workers
- iii) To make ISO 9000 successful, wholehearted supported of all the workers is necessary.

The ISO 9000 is a standard which provides guidance to the organisation on the concepts characteristics, types and use of quality system standards. It also provides guidance for selecting the part of the standard applicable to any organisation, product or service.

- a) ISO 9000 – This standard covers the situation where supplier is responsible for conceptual design and development work, production, inspection, installation and after sales servicing.
- b) ISO 9002 – This standard covers production installation and service only.
- c) ISO 9003 – This standard covers only quality assurance in final inspection and test it is not widely used.
- d) ISO 9004 – This standard provides guidance to the organisation for introducing activities. It covers areas like quality risks, costs and benefits, product safety and liability, personnel motivation, monitoring etc.

Objectives of ISO 9000

- 1) To reduce multiplicity of standards
- 2) To facilitate international trade
- 3) To facilitate implementation of quality management system.
- 4) To provide one standard applicable to all countries.

Benefits of ISO 9000

- 1) Third party audit and certification.
- 2) Recognition of company's quality system.
- 3) Enhances customer confidence
- 4) Opening the gate for export quality system.
- 5) Effective maintenance of quality system.
- 6) Improvement in productivity
- 7) Improvement communications and morale
- 8) Improved vendor relations

Concepts behind ISO 9000

- 1) Self control.
- 2) Do it right first time.
- 3) Customer oriented strategy.
- 4) Co-operation collective wisdom.
- 5) Tran frequency and evidence.
- 6) Kaiser (continuous, improvement).
- 7) Quality everyone's responsibility.
- 8) Use of statistical techniques
- 9) Customer supplier chains.

Thus ISO 9000 deals with specifications for producers and suppliers about the requirements of quality oriented system. It explains procedures and suggests criteria to ensure that the output of the organisation consistently meets the customer requirement.

7.6 : Check your progress :

Fill in the blanks.

- 1) ISO 9000 standards provide the essential Needed to take management policy or quality assurance and convert them into action.
- 2) The main goal of introduction of in the organisation is to achieve optimum cost through improvement in business practices.
- 3) ISO this standard covers production installation and services only.
- 4) Objectives of ISO 9000 is to provide one to all countries.

7.7 MANAGEMENT BY OBJECTIVES (MBO)

Objectives are the end towards which the activities of an organization are directed.

According to Robert Appley:

“Objectives are goals, they are aims which management which organization to achieve.”

Objectives lay down guidelines for various activities of the enterprises and decide the direction, nature and quantum of efforts needed for these activities.

Modern approach to goal setting and performance evaluation is MBO has also been called “may by result.”

The concept of MBO was introduced by Peter Drucker in the year 1954 and it was later developed by various management experts.

Now, it has become a philosophy of managing in many enterprises and it has come to be recognized as the most dynamic and exciting thinking in the area of management.

MBO is a technique and philosophy of management that is based on converting organization objectives into personal objectives on the presumption that establishing personal objectives makes an employee committed which leads to better performance.

The objective setting process of MBO crates an integrated hierarchy of objectives throughout the entire organization. In the process of setting of objectives, superiors and subordinates jointly identify common objectives. Thus, the process

involves participation and collaboration among the various levels of organization with the intention of achieving organizational objectives.

Process of MBO

MBO includes the following steps

- 1) Defining objectives
 - 2) Determining goal of each department
 - 3) Fixing key result areas
 - 4) Setting subordinates objectives or targets
 - 5) Balancing resources with objectives
 - 6) Periodical review of performance
 - 7) Appraisal of activities
 - 8) Reappraisal of objectives
-
- 1) **Defining objectives** – Organisational long term objectives are framed by the top level management and are passed down.
 - 2) **Determining goal of each department** or section on the basis of organisational objectives, the departmental objectives and time period required to achieved them is fixed.
 - 3) **Fixing key result areas** – Taking into consideration organisational objectives key result areas are fixed and arranged on the priority basis. These include profitability market standing, innovation etc.
 - 4) **Setting subordinates objectives or targets** – This step involves setting up objectives for individuals and set standards for evaluating them.
 - 5) **Balancing resources with objectives** – Objectives are framed on the basis of resources, unless adequate resources are available, objectives cannot be accomplished. Thus available resources are properly allocated for achieving goals.
 - 6) **Periodical review of performance** – The superior subordinates hold meeting periodically for discussing the progress of achievement of objectives. If any problems are noticed then they are discussed and their solutions are found out. If necessary the standards of performance may be modified.
 - 7) **Appraisal of activities** – At the end of the fixed period there is discussion with superior regarding subordinates performance against special standards. A supervisor takes action whenever necessary.
 - 8) **Reappraisal of objectives** – Organisation has to function under dynamic environment and its survival and growth depends on its flexibility to adjust according to the changes in the environment. Hence top management has to see that organisational goals are set according to the changing situation.

Advantages:

1. Improvement in productivity
2. Grater sense of identification
3. Helps in locating weak and problematic areas
4. Better device for organizational control
5. Identifies problems of management including structure, strategies and practices
6. Focuses attention and effort on priority areas
7. Planning becomes more precise
8. Provides clear standards of control and facilitates self control
9. Sharpens accountability for performance
10. Emphasizes development and utilization of HR.

Limitations:

1. Time consuming
2. Leads to discomfort
3. More paper work
4. Leads to frustration
5. Lack of proper training
6. No follow up by the superiors

MBO approach is necessary for organizational development. It is proved to be a powerful tool for the management of complex organizations in a changing world. It has a high potential for many positive results. Commitment is considered important for the success of MBO.

7.7: Check your progress:**Fill in the blanks.**

1. are goals.
2. MBO has been called as
3. The concept of MBO was introduced by
4. MBO approach is necessary for development.

7.8 STRESS MANAGEMENT

Meaning:

Stress has become an inevitable part of our life. Individuals are constantly trying to reduce or eliminate stress but are unable to succeed.

Stress is a feeling experienced by an individual at the home to work or during work or on completion of a particular task assigned to him by his superior from time to time.

Stress is harmful to an individual. Following are the reasons of stress:

1. **Environmental causes:**
 - a. economic uncertainty: e.g. changes in business cycles
 - b. new innovations : e.g. use of advanced technology like computers ,robotics
2. **Organizational causes:**
 - a. heavy responsibilities
 - b. conflicting roles in groups
 - c. excessive rules and regulations in organizations
3. **Personal causes:**
 - a. stress prone nature
 - b. changes in one's life such as death of spouse , divorce etc.

But stress should be curtailed due to following reasons:

1. It reduces the capacity of the individual to work hard
2. It is not possible to concentrate on the task due to stress which forces the individual to quit even before he had started.
3. It causes anxiety due to which an individual losses confidence.
4. It can create damaging physiological and psychological effects on a person.
5. It increases employee turnover and results in absenteeism.
6. It may affect individual's health.

Thus proper care should be taken to tackle with stress.

7.8: Check your progress:

Fill in the blanks.

1. is a feeling of being mentally and physically tired.
2. Stress is to an individual.
3. cause of stress is heavy responsibilities.
4. cause of stress is stress prone nature.

7.9 SUMMARY

There is a team of experts in different fields of management who also possess the necessary experience of managing a large scale organization. This type of management is known as 'professional management'.

Ethics means rules or right and wrong. They reflect the discipline what is good and bad, Morale duty and obligation. It deals with truth and justice, fair competition, social responsibilities, consumer autonomy, etc.

Event Management is the arrangement made to entrust the responsibility of managing a particular event or a function to an outside professional manager.

Disaster Management is an organized and systematic effort to tackle the situation or condition effectively after any disaster has happened.

At the organizational level, the management of the unit is responsible for creating arrangements for the disaster management while at state or National level, the State Government, and Central Government respectively have to undertake this responsibility.

Total Quality Management is a process designed to focus on customer expectations, preventing problems, building commitments to quality in the workforce and promoting open decision-making.

MBO is a technique and philosophy of management that is based on converting organization objectives into personal objectives on the presumption that establishing personal objectives makes an employee committed which leads to better performance.

Stress is a feeling experienced by an individual at the home to work or during work or on completion of a particular task assigned to him by his superior from time to time.

7.10 CHECK YOUR PROGRESS- ANSWERS

7.1:

1. Professional management
2. disaster
3. event
4. TQM

7.2:

1. Ethos or ethika
2. character
3. Business ethics

7.3 :

1. Used for arranging certain cultural, social programmes; newly developed management approach; it is always associated with programmes.
2. A special event recognizes a unique moment in time with ceremony and ritual to satisfy specific needs.

7.4 :

1. Organizational
2. state
3. man made
4. disaster

7.5 :

1. TQM
2. training
3. knowledge and skills

7.6 :

1. Information
2. ISO
3. 9002
4. applicable

7.7 :

1. Objectives
2. may by result
3. Peter Drucker
4. organizational

7.8 :

1. Stress
2. harmful
3. organizational
4. personal

7.11 QUESTIONS FOR SELF-STUDY

Long Answers Questions : (Answers should be in 10-12 lines each)

1. What is Disaster Management? Explain effects of disaster; features as well as importance of Disaster Management.
2. Define Business ethics. Explain the scope of business ethics.
3. Define TQM. Explain its merits and demerits.
4. Define stress management. How will you curtail stress: Explain?
5. What is MBO? Discuss merits and demerits of MBO.
6. Explain ISO 9000 along with some benefits of ISO 9000.

Short Notes : (7 – 8 lines each)

1. Disaster Management
2. Event Management
3. Business ethics
4. Stress management
5. TQM
6. ISO 9000

7.12 SUGGESTED READINGS

Principles of Management : Koontz & O'Donnell

Business Management : Dr. P. C. Pardeshi

Principles & Practices of Management : L. M. Prasad



