



ANNAMACHARYA INSTITUTE OF TECHNOLOGY & SCIENCE

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DEPARTMENT OF EEE

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PRINCIPLES OF MANAGEMENT

UNIT-1

1. Introduction to Management

We are all managers of our own lives, and the practice of management is found in every facet of human activity. And we always deal with setting, seeking and reaching objectives.

Your mother's role as a manager: -

- **She forecasts the needs of the household**
- **She takes stocks of her resources**
- **She plans and organizes her resources so that to get maximum benefit out of it.**
- **She monitors and controls the household budgets**
- **She divides the work among other members of the family and coordinate their activities**
- **She is always in search for improvements of the objectives in household.**

All these are management by your mother.

The term MANAGEMENT conveys different meanings depending upon the context in which it is used.

2. Concepts of Management

- ▣ Some of the important concepts of management are as follows-

Management as an art of getting things done

Management as an art of getting things done through others, defined by Mary Parker Follett-, which means that managers achieve organizational objectives by getting work from others, but by their own they do nothing.

However, the above definition speaks that workers are termed as a factor of production only. They have no social and psychological needs. They are supposed to do what they are told and they have no say in the organization. And this misleading the definition.

Thus management is certainly more than just getting work done through others. Harold Koontz defined ***management that- the art of getting things done through and with people, in formally organised groups; which is most appropriate.***

Management as a process

Management is called as a process, because it comprises a series of functions (such as-planning, organizing, staffing, directing and controlling) that lead to the achievement of certain objectives.

Again as a process, management has two broad features, like-

- Management is a continuous process and

- The functions of management are interrelated and interdependent.

Management as a discipline

As management implies a field of study or branch of knowledge, it is known as a discipline. It comprises concepts, theories, principles, skills and problem tackling techniques.

Management as a science and an art

Science is a systematic body of knowledge based on proper findings and verification through different experiments. Here the principles are universally accepted. As management consists of all these activities, it is called up as a science.

Again art means to bring a desired result through the application of skills. Which is nothing but the application of knowledge and skills. And the process of management involves these activities, so called as an art.

Thus management is both as a science and an art.

Management as an emerging profession

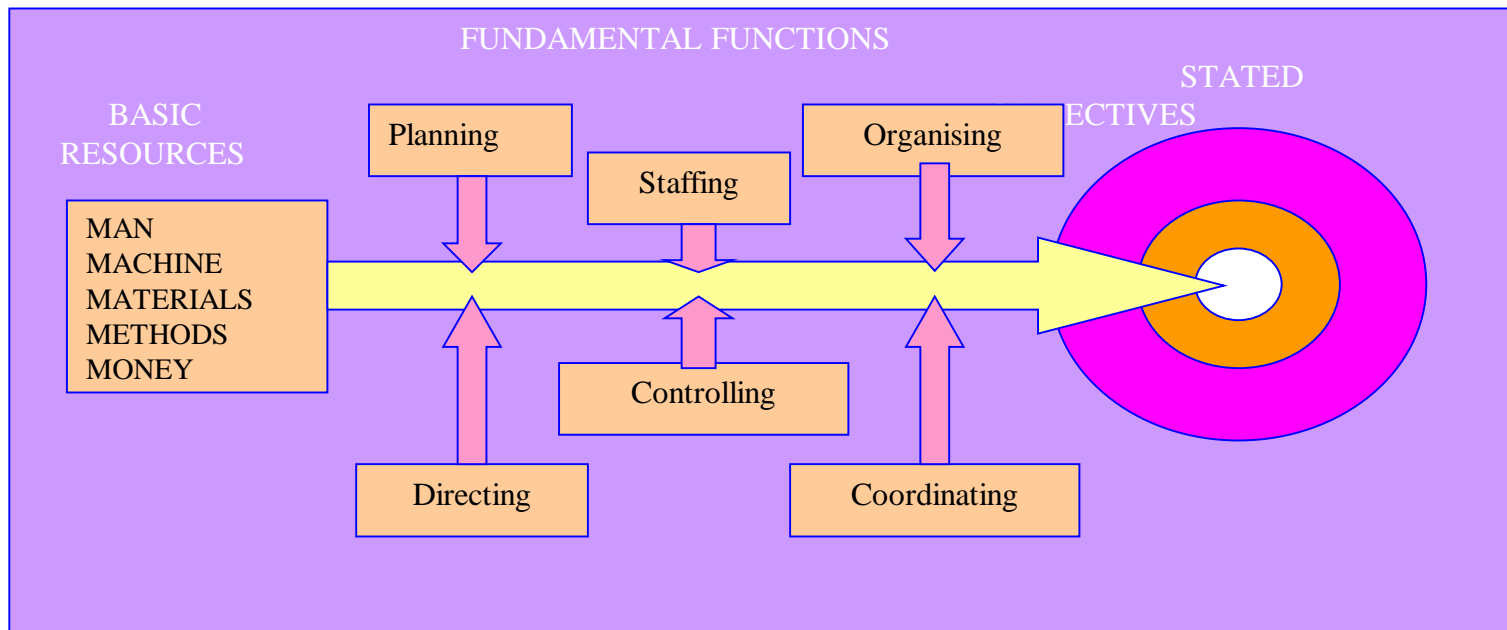
A profession is

- ☐ an occupation backed by specialized body of knowledge,
- ☐ educational requirement and training,
- ☐ having an ethical code of conduct for self regulation,
- ☐ which is duly recognized by the national body & society.

As management covers all the above dimensions, it is widely accepted as a profession.

3. Meaning and Definitions

- Management is a distinct social process- consisting of activities like planning, organizing, staffing, directing, coordinating and controlling; to determine and accomplish the stated objectives with the proper utilization of human beings and other resources.*



And from this it is clear that MANAGEMENT is an activity that converts disorganized human and physical resources into useful and effective results.

Management in the New Millennium



- A firm can be ***efficient*** by making the best use of people, money, physical plant, and technology.
- It is ***ineffective*** if its goals do not provide a sustained competitive advantage.
- A firm with excellent goals would fail if it hired the wrong people, lost key contributors, relied on outdated technology, and made poor investment decisions.

4. Nature of Management/ Salient features of Management

- ***Management is a social process:*** - Because it is concerned with interpersonal relations. It is done by people, through people, with people and for people. It is the development of people not the direction of things.
- ***Management is a distinct process:*** - As all the function sin Management are interwoven that one can't lay down the exact sequence and their relative significance.
- ***Management is a continuous process:*** - When one starts from the first function in management i.e. planning, he has to go for planning again on the basis of his first observation after controlling of the first activity. It's a never-ending process.
- ***Management is an intangible force:*** - But its presence can be felt everywhere in the form of results. During operation of the functions management is intangible but after the results everybody is feeling it.

- ***Management is goal oriented/ purposeful:*** - Management means/exists toward the accomplishment/achievement of specific goals. The success of management is measured by the extent to which the desired objectives are achieved.
- ***Management is an integrative force:*** - The essence of management lies in the coordination of individual efforts into a team. Management reconciles the individual goals with organizational goals.
- ***Management is an economic resource:*** - As management is a factor of production together with land, labour and capital.
- ***Management is situational:*** - Because there is no one best way of doing things. A successful manager must take into account situational differences.
- ***Management is a system of authority:*** - Management is a team of managers; represent a system of authority, a hierarchy of command and control. Authority enables the managers to perform their functions effectively.

- ***Management is a multidisciplinary subject:*** - Management is grown as a field of study taking the help of so many other disciplines such as engineering, sociology and psychology, etc. Much of the management literature is the association of these disciplines.
- ***Management is essentially an executive function:*** - As it deals with active direction and control of the activities of people to attain predetermined activities.
- ***Management is both science and art: - already defined***
- ***Management is universal in nature:*** - Management is required in every form of group activity. The approach/ style of management may differ from one organization to other, but in each case it involves the marshalling of human and physical resources for the attainment of common objectives. The fundamental principles of management are applicable in all areas of organized efforts. Managers at all levels perform the same basic functions.

5.Management Vs. Administration

Points of Distinction	Administration	Management
1. MEANING	Administration is concerned with the formulation of objectives, plan and policies of the organization.	Management is a distinct social process- consisting of activities like planning, organising, staffing, directing, coordinating and controlling; to determine and accomplish the stated objectives with the proper utilization of human beings and other resources.
2. NATURE	It is a determinative or thinking function.	It is an executive or doing function.

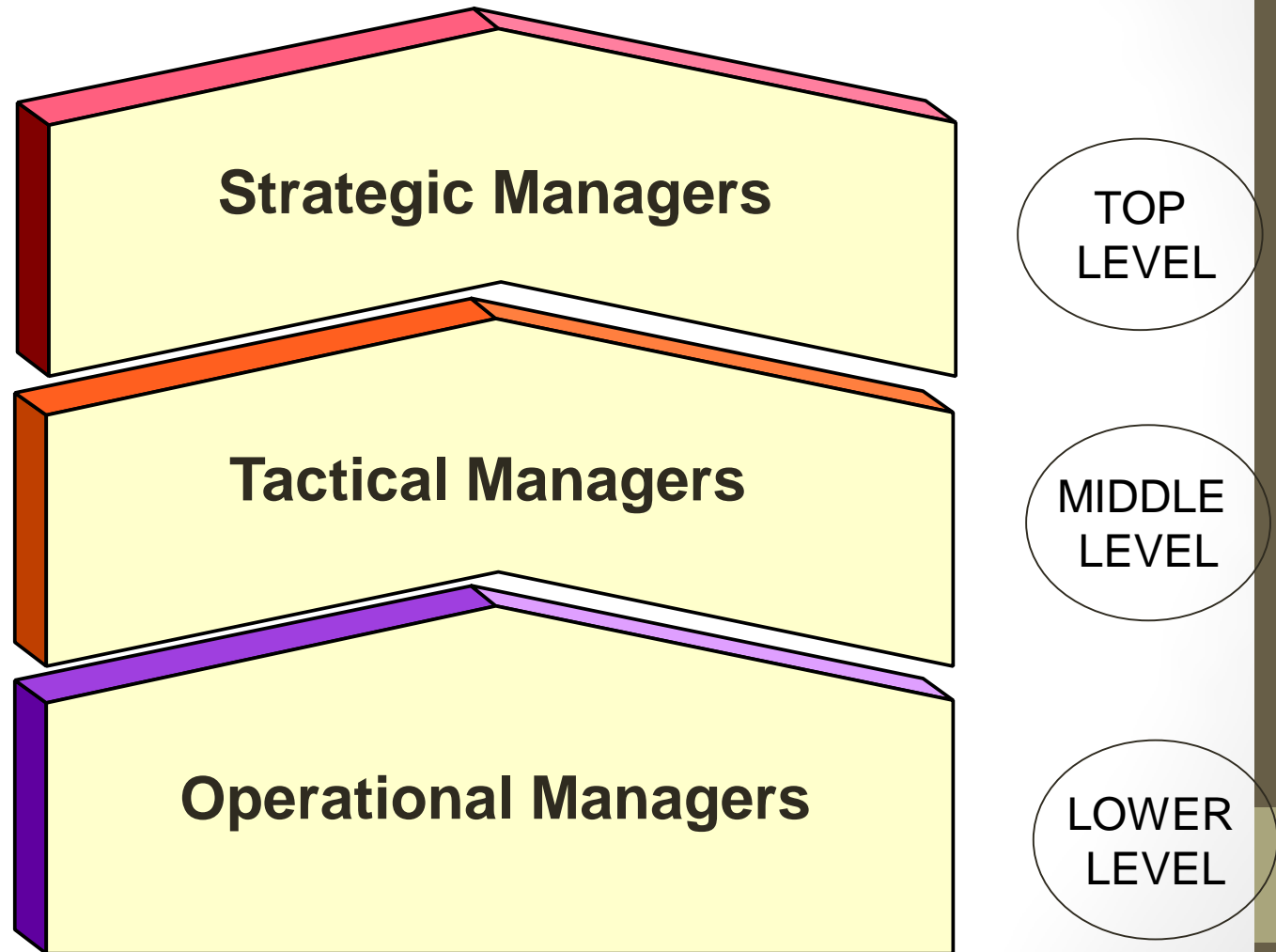
3. SCOPE	It is concerned with the determination of major objectives and policies.	It is concerned with the implementation of policies.
4. LEVEL	It is mainly a top-level function.	It is largely a middle level or lower level function.
5. INFLUENCE	Administrative functions are influenced mainly by public opinion and other outside forces.	Management decisions are influenced by the objectives and policies of the organisation.
6. DECISION-MAKING	Administration determines what is to be done and when is it to be done.	Management decides who shall implement the decisions made.
7. DIRECTION OF HUMAN RESOURCE	It is concerned with leading and motivation of middle level executives. It is not directly concerned with direction of human efforts.	It is concerned with leading and motivation of operative workforce for execution of plans. It is actively concerned with the direction of human efforts in the execution of plans.

8. MAIN FUNCTIONS	Planning and control are the main functions of it.	Directing and organising are the main functions of it.
9. ENVIRONMENT	Administration has direct interaction with external environment of business, which enables it to make strategic plans to deal effectively with the environmental forces.	Management is mainly concerned with internal forces, i.e., objectives, plans and policies of the organisation.
10. SKILLS REQUIRED	Conceptual and human skills are required in administration.	Technical and human skills are required in management.
11. USAGE	Used largely in government, public sector firms and non-business organizations.	Used mainly in private organizations/business organizations.

7. Importance of Management/ Significance of Management

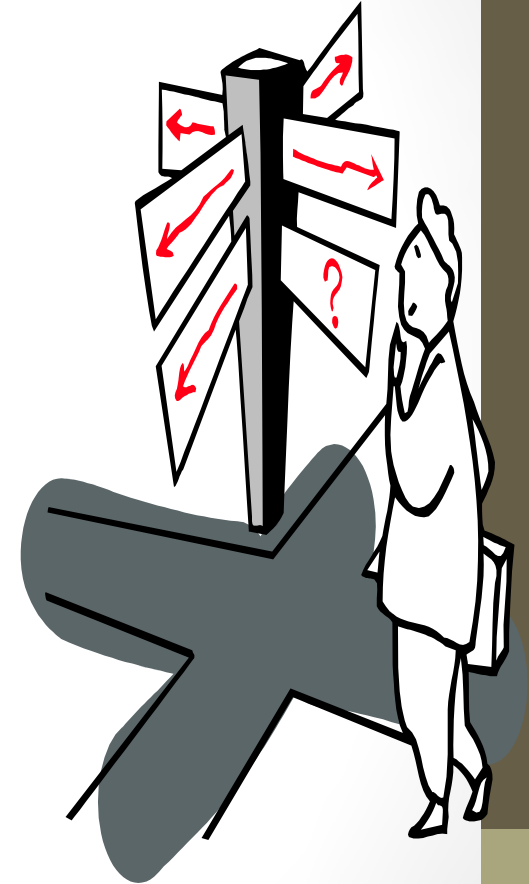
1. The management **determines the objectives of any organization.** No organization succeeds, unless its objectives are clearly identified and defined.
2. Again management is an essential activity to accomplish the objectives of an organization, by **perfect coordination of human and non-human resources.**
3. Management is no more restricted to the mere exercise of authority; it also involves **scientific thinking, deciding & thoughtful organization, direction & control to ensure better results.**
4. Management keeps itself in touch with the **current changing environment** and **supplies foresight** to the organization. It helps **in predicting what is going to happen in future,** which will influence the working of the organization.
5. Management **reconciles the personal interest of people** (attached with the organization) with the organizational objectives.

8. Levels of Management



Strategic Managers

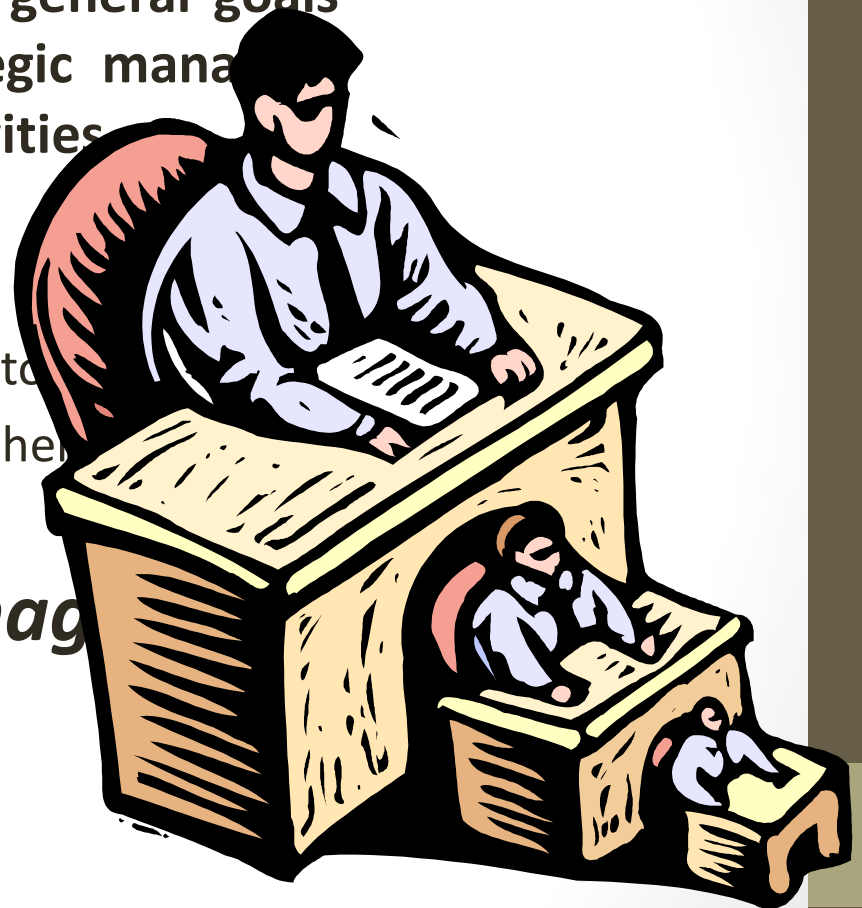
- **The firm's senior executives with overall responsibility for the firm.**
 - Developing the company's goals
 - Focus on long-term issues
 - Emphasize the growth and overall effectiveness of the organization
- **Concerned primarily with the interaction between the organization and its external environment.**



Tactical Managers

- **Responsible for translating the general goals and plans developed by strategic managers into specific objectives and activities**
 - Shorter time horizon
 - Coordination of resources
 - put the top management plans into action
 - coordinate the functioning of their departments

These are *middle managers*

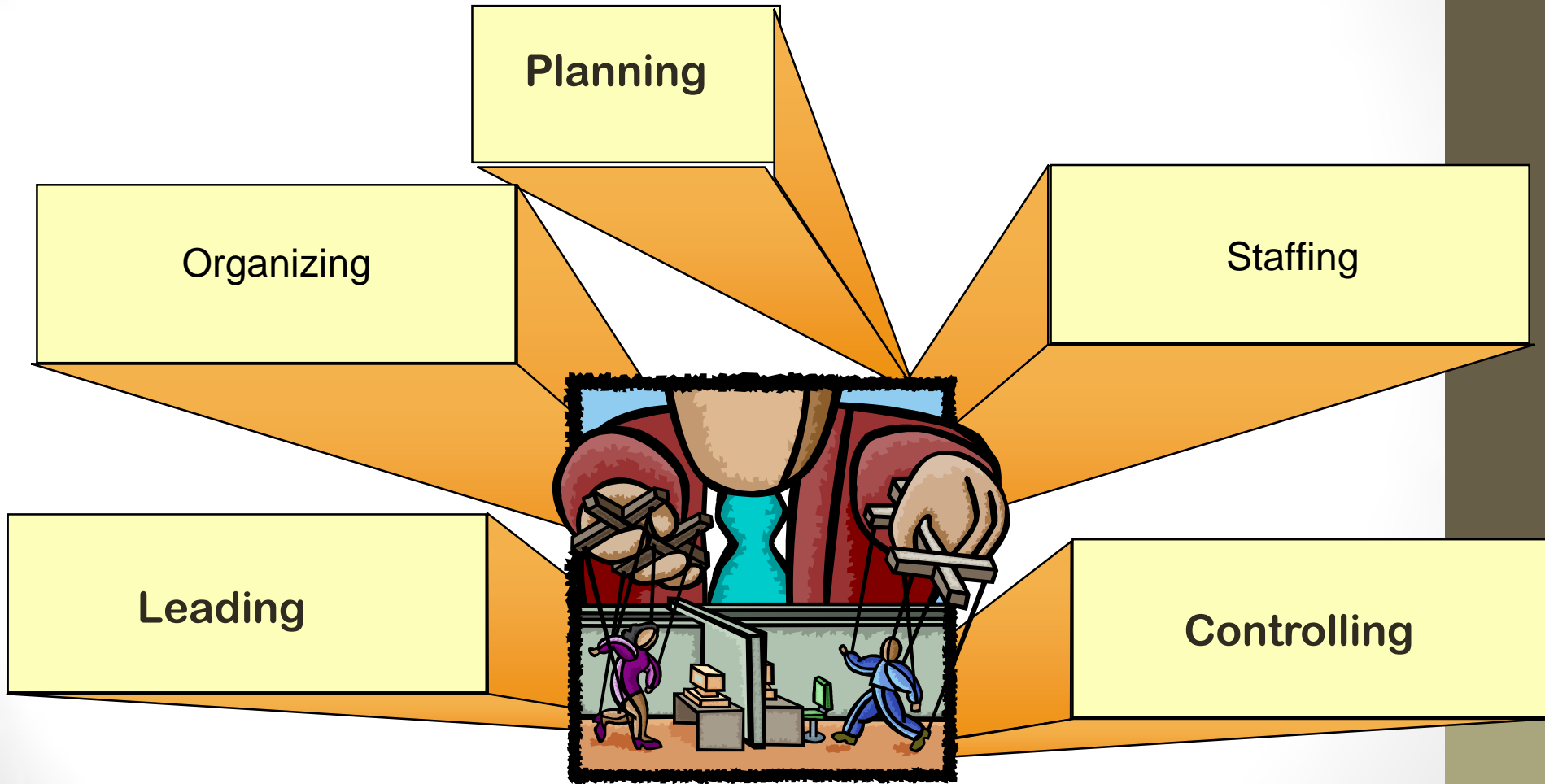


Operational Managers

- **Lower-level managers who supervise the operations of the organization.**
- **Directly involved with non-management employees**
 - Implementing the specific plans developed with tactical managers.
 - This is a critical role to the organization.
 - Operational managers are the management and non-management employees.
 - Plan day-to-day activity within the organization as directed down by the higher levels managements



9. Functions of Management & Interrelationship between them



Planning

- The management function that **assesses the management environment** to set **future objectives** and map out activities necessary to **achieve those objectives**.
- To be effective, the **objectives of individuals, teams, and management** should be coordinated to support the firm's mission.
- It involves deciding in advance –

What to do?

When to do?

Where to do?

How to do?

Who is to do?
the results are evaluated?

And how



Organizing

- The management function that determines how the firm's human, financial, physical, informational, and technical resources are arranged and coordinated to perform tasks to achieve desired goals.
- The deployment of resources to achieve strategic goals.
- Determining and define the resources required for the achievement of goals.
- Grouping the activities into logical and convenient units.



Staffing

- It means the process of filling all positions in the organization with adequate and qualified personnel.
- In management, staffing means, -
 - Manpower planning- involving determination of the number and the kinds of personnel required.
 - Recruitment for attracting suitable personnel to seek jobs in the enterprise.
 - Selection of the most suitable persons for the jobs under consideration.
 - Placement and orientation of employees.
 - Transfer and promotion of employees.
 - Training and development of employees.

Leading

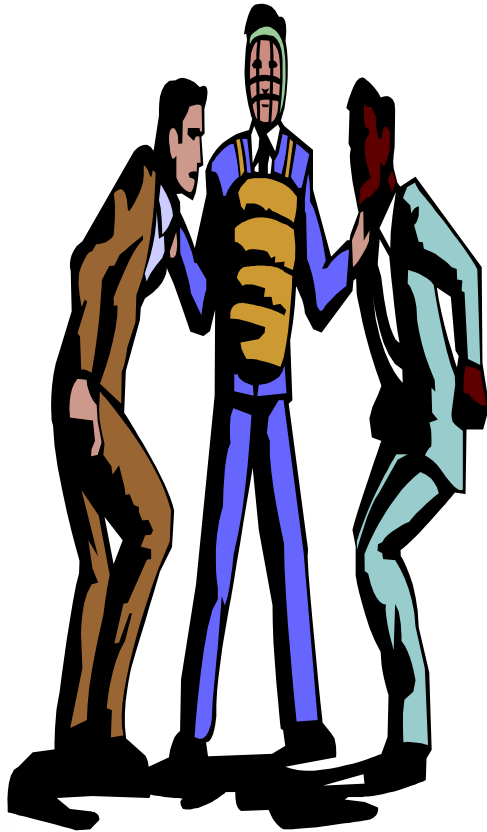
- The management function that energizes people to contribute their best individually and in cooperation with other people.
- It means to guide, supervise, motivate and lead people in organization towards the attainment of stated objectives.

This involves:

- Clearly communicating organizational goals
- Inspiring and motivating employees
- Providing an example for others to follow
- Guiding others
- Creating conditions that encourage management of diversity



Controlling

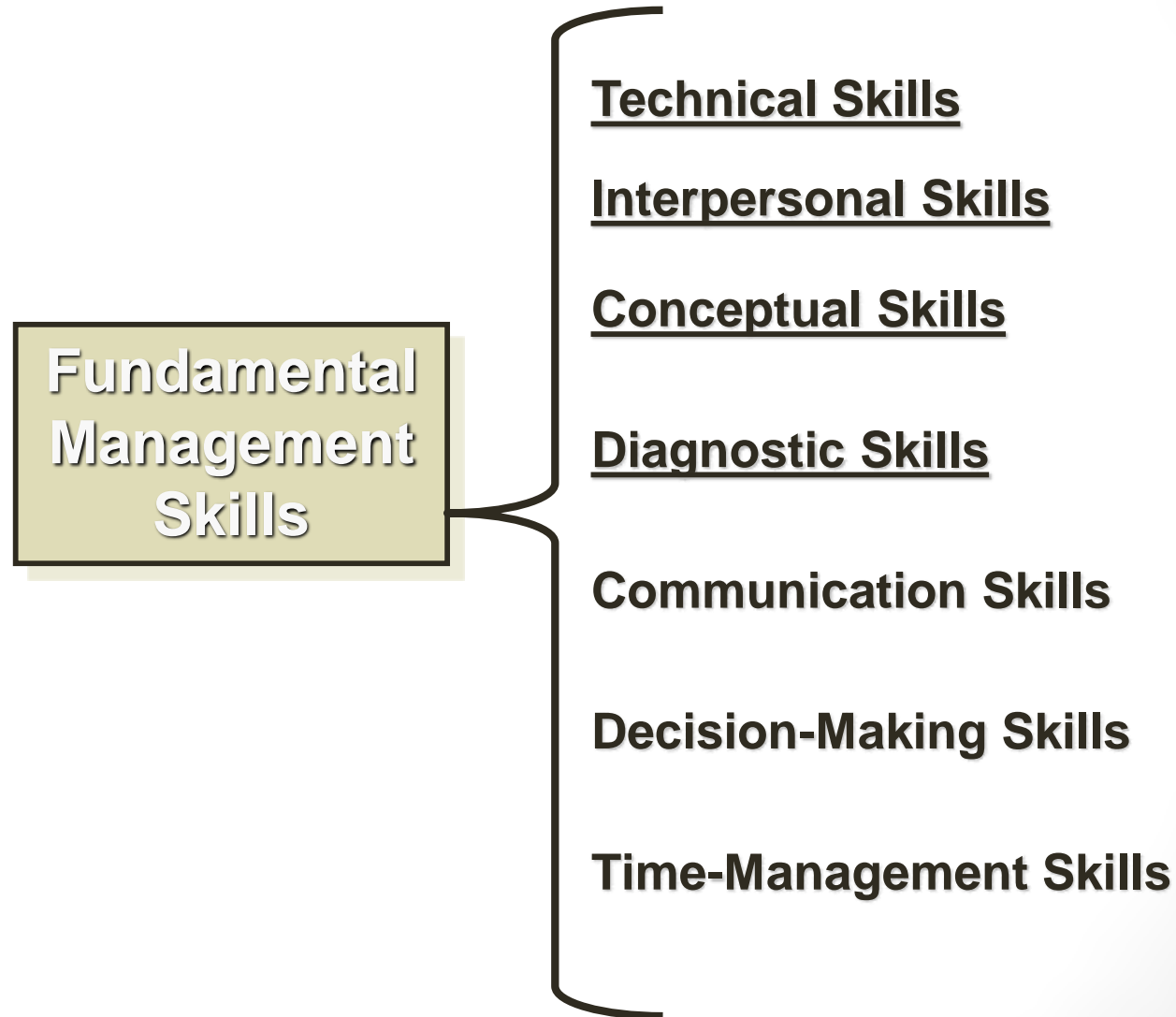


- The management function that measures performance, compares it to objectives, implements necessary changes, and monitors progress.
- It means checking actual performance with the agreed standard that has planned to satisfy the satisfactory performance.
- In management, controlling means-
 - Establishing standards for measuring works performance.
 - Measurement of actual performance and comparing it with the standards
 - Finding the variances between the two and the reason therefore, and
 - Taking corrective action for correcting deviations so as to ensure attainment of objectives.

Functions and Levels of Management



10. Management skills and importance of it at different level



Fundamental Management Skills

- **Technical**

- Skills necessary to accomplish or understand the specific kind of work being done in an organization.

- **Interpersonal**

- The ability to communicate with, understand, and motivate both individuals and groups.

- **Conceptual**

- The manager's ability to think in the abstract.

- **Diagnostic**

- The manager's ability to visualize the most appropriate response to a situation.

Fundamental Management Skills (cont'd)

- **Communication**

- The manager's abilities both to convey ideas and information effectively to others and to receive ideas and information effectively from others.

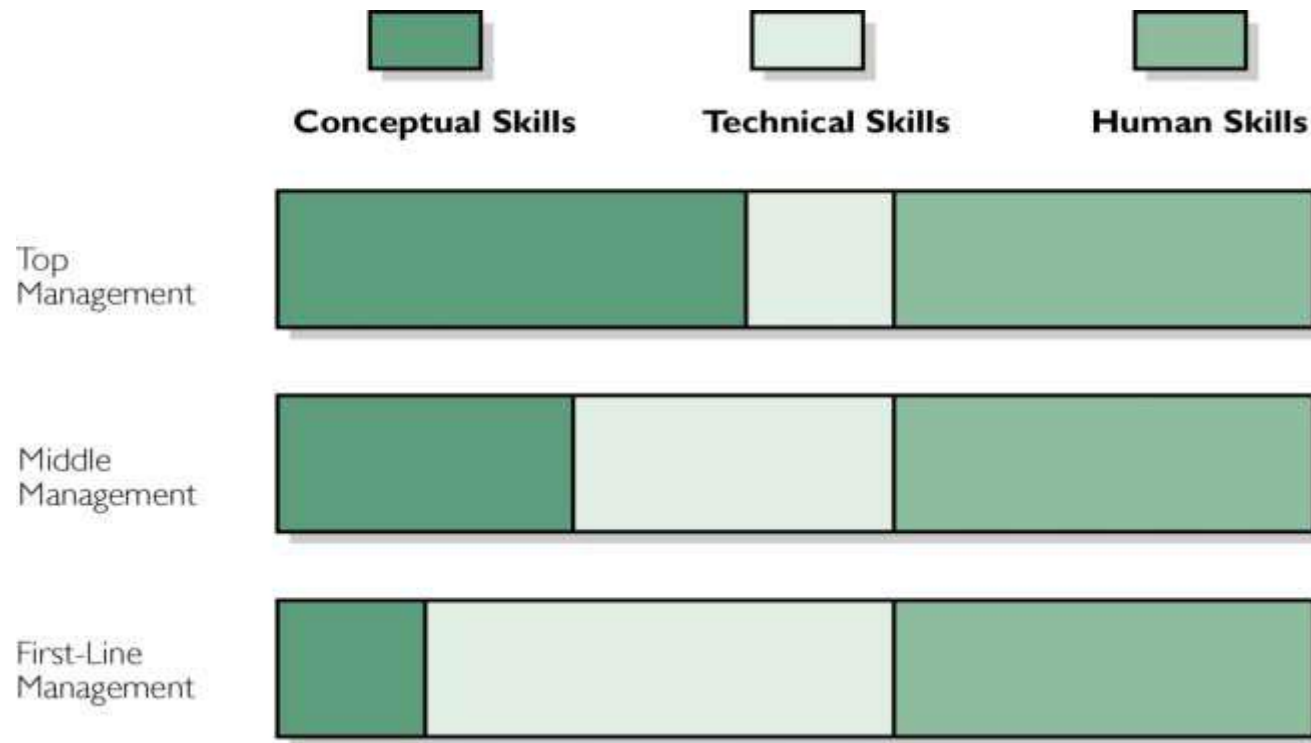
- **Decision-Making**

- The manager's ability to recognize and define problems and opportunities correctly and then to select an appropriate course of action to solve the problems and capitalize on opportunities.

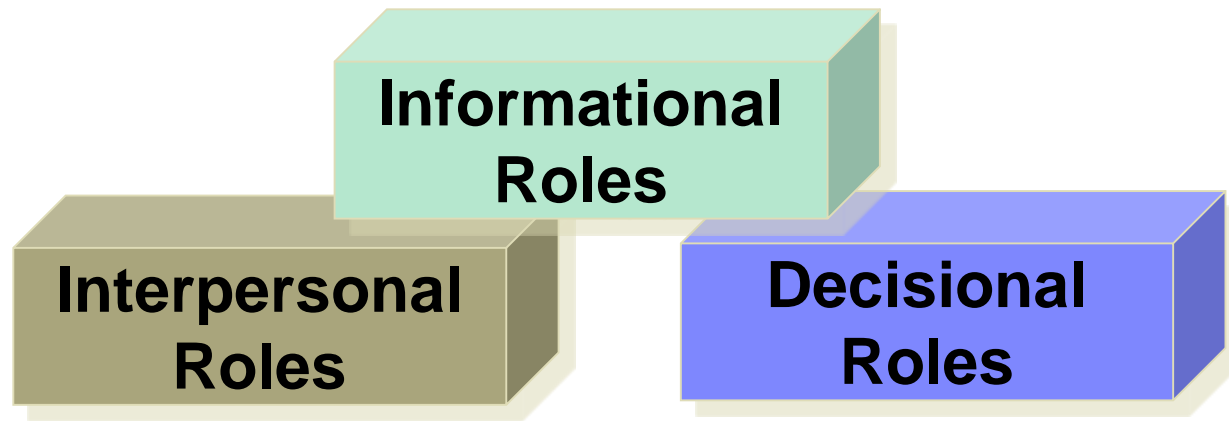
- **Time-Management**

- The manager's ability to prioritize work, to work efficiently, and to delegate appropriately.

Skills & Levels of Management



11. Role of Managers



These include:

Interpersonal roles - communication with superiors, peers, subordinates, and people from outside the organization.

Information Roles - obtaining, interpreting, and giving out information.

Decisional Roles - choosing among competing alternatives.

Sl. No.	ROLES	SUB ROLES	DESCRIPTION	TYPICAL ACTIVITIES
1.	<u>INTERPERSONAL ROLES</u>	Figurehead	Symbolic head; performs routine duties of a legal or social nature.	Ceremony and status requests.
		Leader	Responsible for motivation of subordinates and for staffing and training.	Almost all managerial activities involving subordinates .
		Liaison	Maintains network of outside contacts to obtain favours and information.	Handling mail, external Board work, and telephone calls.

2.	<u>INFORMATIONAL</u> <u>ROLES</u>	Monitor	Seeks and receives information to obtain through understanding of organization and environment.	Reading periodicals and observational tours.
		Disseminator	Transmits information received from outsiders or insiders to other organization and environment.	Forwarding mail, review sessions with subordinates.
		Spokesman	Transmits information to outsiders on organization plans, policies and actions.	Board meetings, handling mail.

3.	DECISIONAL ROLES	Entrepreneur	Initiates and supervises design of organizational improvement projects as opportunities arise.	Strategy and review sessions regarding change efforts.
		Disturbance Handler	Responsible for corrective actions when organization faces unexpected crises.	Strategy and review sessions regarding disturbances.
		Resource allocator	Responsible for allocation of human, monetary and material resources	Scheduling, requests for authorization, budgeting.
		Negotiator	Responsible for representing the organisation in bargaining and negotiations.	Collective bargaining, purchasing.

EVALUATION OF MANAGEMENT

- We will examine the historical roots of management theory and practice and attempt to establish a connection between the theoretical foundations of modern management and the concepts advanced in subsequent chapters of your text.

- **"My Years With General Motors"**

The professional managers are: to manage the facts, not opinions; to put the strengths of people to work; to set the performance example for others, and serve as mentor; to use dissent and conflict to positive advantage, and to always accept a manager's responsibility to be a "servant" of others.



- Effective management played a key role in the construction of the pyramids, the use of communication and control of the Roman Empire, and the legal framework of commerce in 14th century VENICE.



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- The most significant historical point of reference in the evolution of management was the advent of the Industrial Revolution.
 - By the turn of the 20th century the science and practices of management were on a rapid and continuing path of development.

- **Classical** - A focus on developing universal principles for use in various management situations.
- **Human Resource** - A focus on human needs, the work group, and the role of social factors in the workplace.
- **Quantitative or Management Science**
A focus on the use of mathematical techniques for management problem-solving.

- **Modern Approach**

A focus on total systems and contingency thinking, and an awareness of global developments in management.

- **Continuing Directions**

Emphasis on quality and performance excellence, global awareness, and leadership roles for a new management.

- **Basic Assumption: People Are Rational**

People will rationally consider the opportunities available to them and do whatever is necessary to maximize their economic gain.

- **Scientific Management**
- **Administrative Principles**
- **Bureaucratic Organization**



- **Develop a science for every job, including rules of motion, standardized work implements, and proper working conditions.**
- **Carefully select workers with the right abilities for the job.**
- **Carefully train these workers and provide proper incentives.**
- **Provide these workers with the necessary support.**

- **Rules of Mgmt. (5)**

- **Foresight**
- **Organization**
- **Command**
- **Coordination**
- **Control**

- **Principles of Mgmt.**

- **Division of work**
- **Scalar Chain**
- **Unity of Command**
- **Unity of Direction**



- **Dynamic Administration**

- Believed that groups were mechanisms through which diverse individuals could combine their talents for a greater good.
- Placed a high value in the power of **Human Cooperation** and pioneered the concepts and practices of such issues **as Employee-Ownership, Systems Theory, and Social Responsibility.**



An ideal, intentionally rational, and very efficient form of organization founded on principles of logic, order, and legitimate authority.

- **Clear Division of Labor**
- **Well Defined Hierarchy of Authority**
- **Formal Rules and Procedures**
- **Impersonality**
- **Careers Based on Merit**



- **Basic Assumption: People are Social and Self-Actualizing.**
- **The Hawthorne Studies**
 - Established the human resource as an essential concern for management, and one that has unique properties.
 - We learned that the nature of the Work Group should be important.
 - We learned about the tendency of people who are singled out for special attention to perform as anticipated merely because of expectations created by the situation.

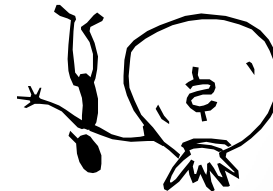
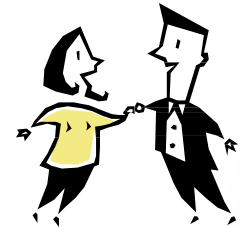
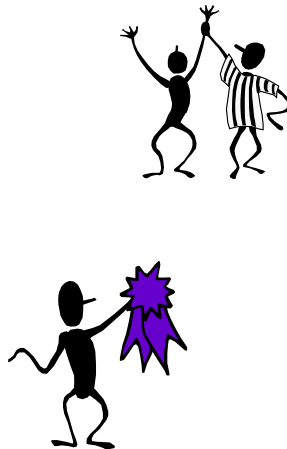
• The Human Relations Movement

- Assertion is that managers who use good human relations in the workplace will achieve productivity.
- This movement has evolved as the field of **Organizational Behavior** - the study of individuals and groups in organizations.



- **Maslow - Theory of Human Needs**

**People act to satisfy "deprived" needs -
needs for which a satisfaction "deficit"
exists.**



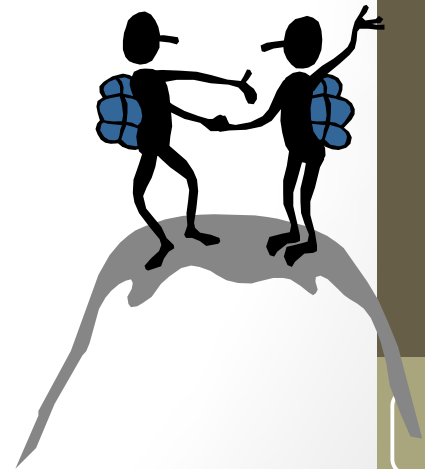
- **Theory X Managers Assume Subordinates**

- Dislike Work
- Lack Ambition
- Are Irresponsible
- Resist Change
- Prefer to be Led



- **Theory Y Managers Assume Subordinates**

- Willing to Work
- Capable of Self-Control
- Willing to Accept Responsibility
- Capable of Imagination, Ingenuity, Creativity.
- Capable of Self-Direction



- Points out that some insights of the Classical Approach are inconsistent with the mature adult personality.
- Suggests that managers who treat people positively and as responsible adults will achieve productivity.
- Advises the expansion of job responsibilities, allow for more task variety, and the adjustment of supervisory styles to include more participation and better human relations.

- **Assumption: People are Complex**
 - **Modern Approaches to management respect the Classical, Human Resources, and Quantitative schools.**
 - **But they recognize that no one approach applies universally in all situations, or the exclusion of the others.**
 - **This Course Is Based On The "Modern Management Approaches"**

- **Systems View**

The organization is seen as a collection of interrelated parts that function together to achieve a common purpose.

An Open System interacts with its environment and a Closed one does not.

- Contingency Approaches to management assert that there is no one best way to manage, and that what is best depends in any given circumstance on the nature of the situation.
- In short the best way depends upon the situation.

- **Quality and Performance Excellence**
- **Global Awareness**
- **Political Sensitivity**
- **Leadership**
- **Technology**
- **Life-long Commitment to Learning**



UNIT-2

Planning: Nature and Purpose – Process

PLANNING

A . What is Planning?

- Managerial function
- Required at all levels
- Involves forecasting
- Involves decision making

FEATURES OF PLANNING

1. Primary / Core function of management
 - ❖ what happens if planning is wrong?
2. Quite adaptive to nature
 - ❖ Plans changes with the change in external environment like competitors policies, strategies, consumer's taste
3. Pervasive
 - ❖ Done in all organization whether small or big, business or non- business
 - ❖ Used in all levels of organization

FEATURES OF PLANNING

- 4. Goal oriented
 - ❖ Planning lays down the goals and ways to achieve it

- 5. Efficient
 - ❖ Time and money are spent on planning to earn future gains

- 6. Flexible
 - ❖ Future is uncertain
 - ❖ Flexible plans required if unexpected changes take place in future

FEATURES OF PLANNING

7. Intellectual Process

- ❖ Managers cannot plan until and unless they analyze the firm's past ,present and future.
- ❖ requires foresightedness, imagination , intuition, judgement

8. Decision making

8. Feedback

- ❖ Controlling function gives feedback to managers about the efficiency of plans.

IMPORTANCE/OBJECTIVES OF PLANNING

1. Achievement of organizational goal
 - ❑ Shows path
 - ❑ Minimum waste of time, money and energy
 - ❑ Acts as a bridge
2. Facilitates decision making
2. Provides stability to organization
 - ❑ Planned organization are found to be stable than others
 - ❑ Foresight of managers helps in problem solving

IMPORTANCE OF PLANNING

- 4. Proper utilization of resources
- 4. Development of managers
 - ❑ Develops the conceptual skills
 - ❑ Helps in coordinating activities with the external environment
- 6. Promotes innovativeness
- 6. Basis for control- no plans then no control

IMPORTANCE OF PLANNING

- 8. Risk reduces
 - A situation where reliable information is available about future but it is incomplete
 - But uncertainty is always there because future is uncertain
- 9. Morale boost up

TYPES OF PLANS

- I. Classification on the basis of levels in organization:
 - a) Strategic plans
 - b) Tactical plans
 - c) Operational plans

- II. Classification on the basis of use
 - 1. Single use plans
 - a) Programmes
 - b) Budgets

TYPES OF PLANS

- c) Strategies
- d) Projects

- 2) Standing plans
 - a) Policies
 - b) Procedures
 - c) Methods
 - d) Rules
 - e) standards

TYPES OF PLANS

III. Classification on the basis of time

1. Long term plans
2. Medium term plans
3. Short term plans

IV. Classification on the basis of functional areas

1. Production plans
2. Marketing plans
3. Financial plans

TYPES OF PLANS

At different levels in an organization, plans are made.

I. **Classification on the basis of levels in organization**

1. **Strategic plans** :

- a) Strategic plans are made to achieve the overall goals in organization
- b) Strategic goals are achieved through allocation of resources over different areas of enterprise
- c) Prepared for Long term plans

- d) Plans are made by top level management
- e) Internal strengths and weaknesses are matched with the external environmental opportunities and threat.

2. ***Tactical Plans*** :

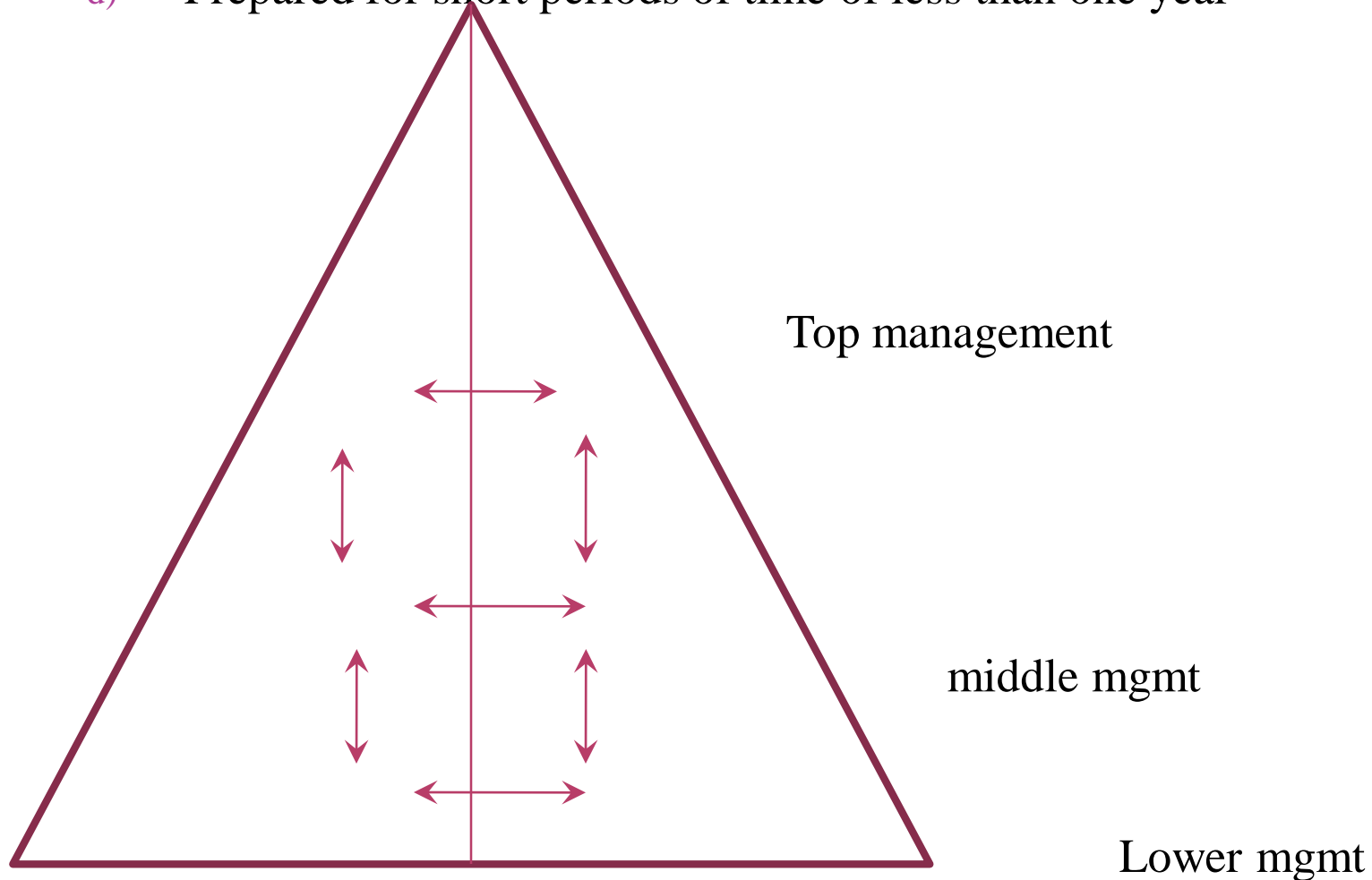
- a) Aimed to achieve tactical goals of an organization
- b) They are related to departmental goals of an organization

- c) They are part of strategic plans.
- d) Mainly framed by middle level management
- e) Prepared for intermediate period of 1 to 5 years
- f) These plans are more specific and concrete

3. **Operational Plans**

- a) Plans meant to support tactical plans
- b) Resources are allocated by strategic plans and their efficient use is done by operational plan
- c) Plans made by lower level managers in consultation with middle level management

d) Prepared for short periods of time of less than one year



II. Classification on the basis of use

1. Single –Use Plans:

- a. These plans carry out activities that are not intended to be repeated
- b. They are made to achieve a specific objective
- c. Basically short lived plans
- d. For eg., purchase of new machinery

e. Different types of single use plans are:

- i. **Programmes** : a programme is a sequence of activities carried to implement a policy or achieve a goal.

For eg., making a training programme for its employees

Steps in making a programme:

1. Dividing the total work into parts
2. Developing the sequence of various parts
3. Determining the responsibility for each part
4. Determining how each part will be completed and arrangement of resources
5. Determine the time required for completion of each part
6. Develop a schedule for implementing each step

Types of programmes:

- a. Major programme- designing of a main programme to achieve goals
- b. Minor programme- mainly designed to achieve the major programme

ii. **Budget-**

- ⦿ is a statement of inflow and outflow of financial resources over a period of time
- ⦿ Features- provides standard of performance, controlling device, future oriented
- ⦿ For eg., monthly budget, six months, yearly budget

iii. **Strategies**

- Provides guide to action
- Selection of a course of action out of various courses
- It is prepared depending upon environmental threats and opportunities
- ONE EXAMPLE OF STRATEGY: company adopts a new technology to reduce their cost of production and sell the products at lower price. Immediately other business will also adopt this strategy.

iv. **Projects**

- is a part of plan with an objective to achieve within a time frame. For eg., project plans are made for preparing an advertisement campaign, building a bridge, flyover etc.
- For instance, company decided to increase its sales by 5% then accordingly they will make a project plan.

2. *Standing Plans :*

- ⦿ Plans made to deal with activities or situations which occur repeatedly in the organisation
- ⦿ They are made to achieve overall organizational goals
- ⦿ For eg., everytime a employee goes on leave, he follows leave rules framed in the standing plans. This helps the top level management from botheration.

◎ Commonly used standing plans are:

a) **Policies:**

- ◎ Are general guidelines
- ◎ It is related to company's overall activities
- ◎ It is formulated by top managers
- ◎ They are flexible
- ◎ Should be easily understandable
- ◎ Policies should be related to facts
- ◎ Features of policies:
 - i. Consistent
 - ii. Flexible- may offer discount if competitors are doing so
 - iii. Writing- avoid confusion
 - iv. One eg., of policy is ; NO RETURN OR EXCHANGE

- iv. Related to facts- not biased
- iv. Related to recurring events- general guidelines repeated everytime the action is repeated
- iv. Feasible- complex policies will make the situation worse.

Types of policies

- a) Departmental policies : made for each departments
- a) Environmental policies : also known as external policies, Made by external parties but affect the internal functioning of business enterprises
- a) Implied policies: not formed consciously by managers but is involved on their own when managers repeatedly make some decisions in similar situations.
- a) Express policies : are written policies which clearly express the intentions of managers.

- e. Specific policies : are not general guidelines to action, used to make decisions in specific situations
- e. Appealed policies : policies are made on the appeal of subordinates, subordinates appeal their superiors to make policies when they face problems in carrying out their tasks.

b) **PROCEDURES :**

- Provides sequential order to a policy
- Policy provides a general guideline to action, procedures defines steps to implement policy
- It relates to overall activities through policies
- It is less flexible
- It is a guide for people at lower levels and generally framed by middle and lower level managers.
- For eg., a policy that states that all appointments shall be made through selection procedure like application form, preliminary interview, conducting tests, cross checking, formal interview

c) **METHODS:**

- ⦿ is a way of doing task to increase efficiency of that task, decrease cost and achieve organizational goals with minimum disturbance.
- ⦿ It is a way of doing an event out of the sequence of events defined in procedure
- ⦿ For eg., one of the selection procedure can be cross checking of the candidate by contacting the previous employer

d) **RULES :**

- ⊙ Are statements that a specific action must or must not taken in a given situation
- ⊙ Must be in writing
- ⊙ Are rigid , inflexible
- ⊙ No discretion can be used following rules. They have to be followed by everyone.

CLASSIFICATION ON THE BASIS OF TIME

1. LONG TERM PLANS:

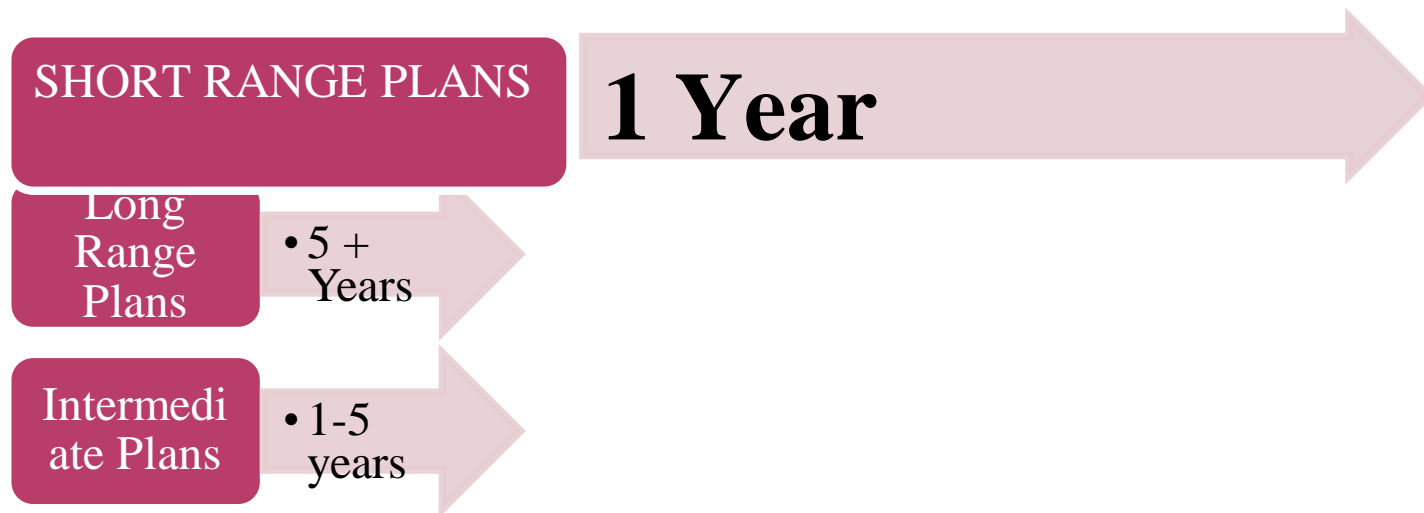
- ⦿ Minimum period of 5 years
- ⦿ Relate to company's goals
- ⦿ For example., investment in fixed assets

2. MEDIUM/ Intermediate TERM PLAN:

- ⦿ 1- 5 YEARS
- ⦿ Eg., impact of ad campaign on expansion of business in new market

3. Short term plan-

- ⦿ Prepared for less than a year
- ⦿ For eg., plans made to retain or promote sales, to train workers



IV. CLASSIFICATION ON THE BASIS OF FUNCTIONAL AREAS FEATURES :

- a) Prepared for short term
- b) Short term objectives
- c) Consider the immediate future
- d) Specific plans to be taken in immediate future by people

1. Production plans :

- ⦿ Consists of planning the process of converting inputs into output.
- ⦿ Plans are made to set targets of production
- ⦿ Plans are designed according to production policy
- ⦿ Eg., use during peak season and also during seasonal fluctuation

② 2. marketing plans:

- ② Designed by marketing managers
- ② Tells sales and marketing personnel who will sell what, where, when, to whom, in what quantity
- ② The production department produces according to the expected sale in the market

3. Financial plans:

- ⦿ *Plans made for raising and utilising/ allocating financial resources effectively*
- ⦿ *All the departments need funds for their effective functioning*

PROCESS OF PLANNING

1. Need for planning

- ⦿ First step to planning
- ⦿ Decrease in sales leads to make plans again in the sales department
- ⦿ Proper structured planning is required with a well communication system.
- ⦿ Organizational resources are identified and allocated to specified areas

PROCESS OF PLANNING

2. Goal identification

- ⦿ What to be achieved through planning?
- ⦿ For eg., if sales declining because of poor promotion policies then what can be the immediate goal???
- ⦿ Objectives must be clear in all departments so that plans can implemented effectively
- ⦿ Communication must be clear to all the organizational members so that plans can be effectively communicated

PROCESS OF PLANNING

3. Analysing the present situation

- ◉ once the objective is clear, planners need to know whether they are equipped or not
- ◉ Planners must analyze the present resource position(physical, financial and human) as well as internal and external environment
- ◉ Internal envt. reveals strengths and weaknesses whereas external environment reveals threats and opportunities
- ◉ PESTL information is provided through external environment
- ◉ Through secondary data, informations can be collected about internal and external environment

PROCESS OF PLANNING

4. Identification of barriers to planning:

- Reasons behind Ineffective planning can be due to lack of planning skills, Unwillingness to set goals, unwillingness to accept changes by the members.
- Managers identify the barriers to achievement of goals.
- Helps in identifying the area where objectives can be continued, modifications required and where new objectives can be achieved.

PROCESS OF PLANNING

5. Development of planning premises

- ⦿ Process of planning is based upon estimates of future as plans are made to achieve goals in future.
- ⦿ Future estimates of market, consumer preferences, political and economic environment are planning premises on which business plans are based.
- ⦿ Planning premises are the anticipated environment in which plans are expected to operate.
- ⦿ These forecast environmental factors which affects organization plans and reduces the chances of failure of plans

PROCESS OF PLANNING

6. Development of alternative course of action

- ⦿ After clarity of goals, managers must make alternative plans of action
- ⦿ All possible alternatives should be considered by managers in order to achieve the objectives
- ⦿ For instance, if an organization wants to grow its operation then alternative plans should be prepared like entering into new lines of business ,expanding the same lines of business in new market, offering discounts etc.

PROCESS OF PLANNING

7. Evaluation of course of action

- ⑦ The managers finally evaluate the best course of action out of alternative plans
- ⑦ The most appropriate plan is selected which will adjust to the internal and external environment
- ⑦ Such plans should be accepted which can give maximum returns.

PROCESS OF PLANNING

8. Selection of course of action

- ⦿ The best course of action should be finally selected as it is determined.
- ⦿ Each plan should be supported by sub plans which is called derivative plans.
- ⦿ For instance, what can be the derivative plan of a production plan???
- ⦿ A personnel plan can have derivative plans ???

PROCESS OF PLANNING

9. Feedback

- ◉ Is the final response
- ◉ Once the plan is selected and implemented, the manager receive information about the success or failure of plans
- ◉ If deviations found in the actual performance against planned or standard performance then immediately rectification is done.
- ◉ Planning is complete, if its implementation is effective.

FEATURES OF GOOD PLAN

1. INTEGRATION:

- ⦿ There should be proper integration of short term requirements with long term requirements
- ⦿ Plans must be made according to the overall organizational goals.

2. MARKET RESEARCH:

- ⦿ Before making PLANS, MARKET RESEARCH should be conducted.
- ⦿ Proper market research is important as it helps in forecasting what exactly required by the market.

3. FINANCIAL CONSTRAINTS

- ⦿ Too much dependence on financial requirement can spoil the plan.
- ⦿ In case if the budgetary balance is disturbed, all the operations may turn out to the problems.

- ⦿ What will be the future cost and how must benefit earned must be analysed carefully while designing the organizational plans.

4. COORDINATION

- ⦿ Plan should be such that it aims to coordinate the functional areas of organization.
- ⦿ Absence of coordination between functional areas can lead to the failure of organization goals.

5. CONSISTENT

- ⦿ Plans should be made for a considerable period of time.
- ⦿ Plans must be acceptable by all . One who frames it and one who implements it.

6. Flexible

- Though consistent, plans should be flexible as per the environmental changes.

7. ACCEPTABLE

- Plan must be acceptable by all
- Plans may turn out to be failures if not implemented properly in the organization

8. PARTICIPATIVE

- Practice of participation in planning promotes good ideas.
- The acceptability of plans increase if the participation increases in the planning process.
- Group decision making encourages ideas/suggestions from subordinates of different departments.
- This helps in finalizing the plans

What is an objective

something toward which effort is directed : an aim, goal, or end of action *b*: a strategic position to be attained or a purpose to be achieved by a military operation

Why MBO

MBO works because it helps to align the individual efforts of broad teams around the organization's collective objectives.

Creates an identifiable team process

What is MBO

Management by Objectives, or MBO, is a management strategy that uses the S.M.A.R.T. goals method--setting objectives that are specific, measurable, achievable, realistic, and time-based. This article discusses the first steps toward implementing this management method in your department.

PROCESS PO MBO

- 1. Clearly define objectives**
- 2. Identify the problem to be solved**
- 3. Develop Solution Options**
- 4. Decide on best route to resolution**
- 5. Plan the Project**
- 6. What, who, how, cost, resources**
- 7. Execute the Plan**
- 8. Follow your plan**
- 9. Process Monitoring and Control**
- 10. Tracking targets and adjusting**
- 11. Close the Project**
- 12. What was done, improvement options**
- 13. lessons learned**

Benefits to the MBO style

- 1.Improved communication
- 2.Improved processes
- 3.Organizational synergy/clarity
- 4.Higher effectiveness
- 5.Better productivity
- 6.Better resource management
- 7.Shared success

DECISION MAKING

- ⦿ It is a process of selecting a course of action out of alternative courses to solve a problem.
- ⦿ Decision making arises out of a problem
- ⦿ Decision making and problem are inter-related to each other
- ⦿ Managers identify the problems related to the organization and solve the.

HOW DECISION MAKING IS RELATED TO PLANNING

1. Process of planning involves decision making
2. Both of them require creativity, innovation by managers
3. Both of them are related to achievement of goals
4. Planning and decision making are continuous
5. Managers make plans and decide for every situation
6. Both are based on forecasts and assumptions

FEATURES OF DECISION MAKING

1. GOAL ORIENTED-

- ⦿ Purpose is to achieve goal

2. Required for every managerial function

3. Process of choosing a course of action

4. Problem solving is the basis for decision making

5. Continuous in nature

6. Intellectual in nature

Types of decision-making

- 1. Routine, Strategic,**
- 2. Policy,**
- 3. Operating,**
- 4. Organizational,**
- 5. Personal,**
- 6. Programmed,**
- 7. Non-Programmed,**
- 8. Individual and Group Decisions.**

Various Techniques of Decision Making

1. Group Discussions.
2. Brainstorming.
3. Delphi technique.
4. Marginal Analysis.
5. Cost-Benefit Analysis.
6. Ratio Analysis.
7. Financial Analysis.
8. Break-even Analysis.

UNIT- 3 ORGANIZING



DEFINITION OF ORGANIZING

- ▶ “The process of determining the tasks to be done, who will do them, and how those tasks will be managed and coordinated”
- ▶ To structure or arrange the relationship between people, the work to be done, & the facilities so that goals are achieved.

What is organizational structure?

- ✓ Shows the flow of interactions within the organization
- ✓ Specifies its division of work activities and shows how different functions of activities are linked
- ✓ Shows level of specialization of work activities
- ✓ Indicates the organization's hierarchy and authority structure
- ✓ Shows organization's reporting structure



The Organizing Process



The Organizing Process

1st stage - developing the foundation of the organizational system

- ← Determining tasks and defining jobs
 - tasks are determined and assigned to specific job positions
- ← Defining work relationship
 - specify the working relationships between individuals and work groups

2nd. stage - developing the organizational design

- ← Grouping organizational members into work units
 - creating departments by grouping tasks on the basis of some common characteristics such as function, product or geographic market
- ← Developing an integrating system
 - develop mechanisms to coordinate the efforts individuals and work groups
- ← Determining the locus of the decision making
 - determine who make decisions (centralized or decentralized decision making)

DIVISION OF WORK/LABOUR

- ▶ The work has to be divided among the members so that individuals are responsible for a limited set of jobs instead doing the task as a whole.



ADVANTAGES & DISADVANTAGES OF DIVISION OF WORK/LABOUR

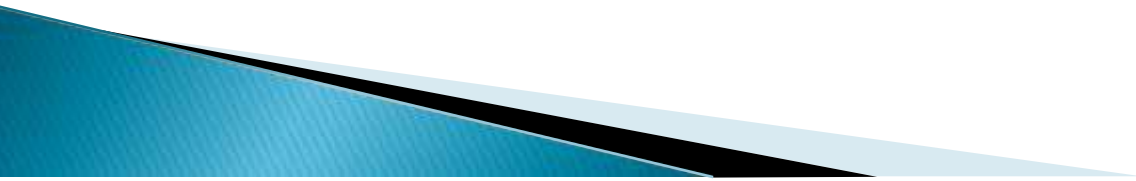
Advantages

- Person-to-fit (based on talents and interests) - the job given can be fit based on individual's ability.
- Creates job specialization
- Increase productivity

Disadvantages

- Higher degree of control
- Boredom

FORMAL & INFORMAL ORGANIZATION




Introduction

- ▶ Modern organizations are too large in terms of employees.
- ▶ Direct contact is not possible.
- ▶ Specialist's assistance is needed at all levels.
- ▶ Introduced various organizational structures.



Formal Organization

- ▶ Principles of a Formal Org.
 - ▶ Division of Labor
 - ▶ Scalar and functional processes
 - ▶ Structure ensures proper balance
 - ▶ Span of control
 - ▶ 4 pillars of the Formal Organization
- 

- ▶ Characteristics
- ▶ It permits the application of the concept of Specialization and Division of Labor
- ▶ Well defined rules and regulations
- ▶ Arbitrary Structure
- ▶ Determined Objectives and Policies
- ▶ Limitation on the activities of the Individual
- ▶ Scalar chain of communication for messages
- ▶ Deliberately impersonal
- ▶ Based on “Rabble Hypothesis” of nature and human beings



- ▶ Disadvantages
- ▶ Individuals are ignored in determining the interactions & Accountability.
- ▶ The Ideal relationship assumes that the rational human beings will stick to rules and regulations.
- ▶ Assumptions that punishment or reward brings reaction.
- ▶ Rules and Regulations are too rigid and not sensitive to change in time and circumstances.




Informal Organization

- ▶ Functions of Informal Org.
- ▶ Perpetuate the culture and social values of one group.
- ▶ Provide social status and satisfaction.
- ▶ Promote communication among members to keep the members in form.
- ▶ Provide social control by influencing and regulating behavior inside and outside the group.

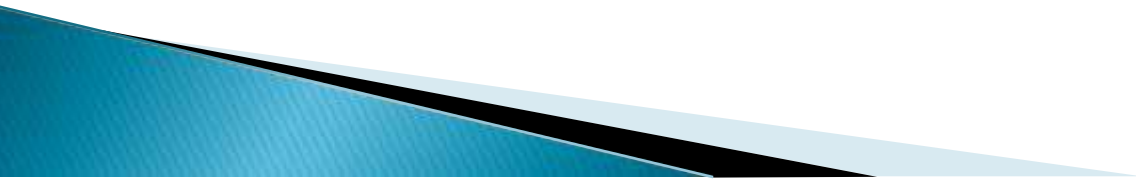


Characteristics

- ▶ Evolving constantly and excellent atmosphere.
 - ▶ Cohered by trust and reciprocity and difficult to pin down
 - ▶ Essential for situations that change quickly
 - ▶ Collective Decision Making, Dynamic and Responsive
 - ▶ Closure co-operation and Highly Morale
- 

Disadvantages

- ▶ Resistance to change due to overlyprotective of their culture.
- ▶ Roll conflict can be observed
- ▶ Social conflict promotes and encouragesconformity among informal groupmembers




Organizational Chart

- A formal diagram that shows the lines of authority
- The purpose of organization chart – to indicate responsibility and to whom each reports, to coordinate division of work and make it clear, to show work to be done, and, to indicate line of promotion

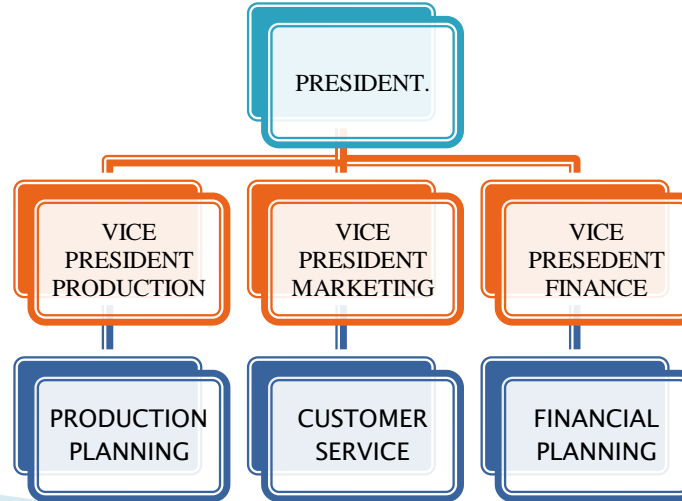


DEPARTMENTALIZATION @ ORGANIZATIONAL STRUCTURES

- ▶ Departmentalization :
 - Is a process of grouping jobs into separate units activities or tasks that are proposed.
 - ▶ There are six (6) types of Departmentalization/Organizational Structure:-
 - a) Functional structure
 - b) Product structure
 - c) Customer structure
 - d) Geographical structure
 - e) Matrix structure
 - f) Network structure
- 

a) Functional structure

- ▶ Used mainly by smaller firms that offer a limited line of products because it makes efficient use of specialize resources.
- ▶ This method eliminate overlapping in the execution of organizational activities.



a) Functional structure

Advantages

- Staffed by experts of each functions.
- Easier supervision.
- Easy to coordinate activities.

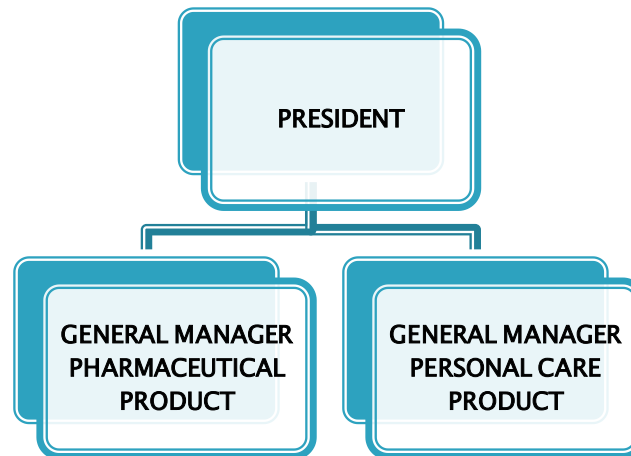
Disadvantages

- Difficult to get quick decisions or actions on a problem or situation.
- Difficult to monitor performance, especially among individual.



b) Product structure

- ▶ Grouping the activities and functions on a basis of products manufactured by the company.



b) Product structure

Advantages

- Activities can be easily focuses and coordinated.
- Enhance speed and effectiveness of decision making.
- Easy to assess performance and identify accountability/liability.

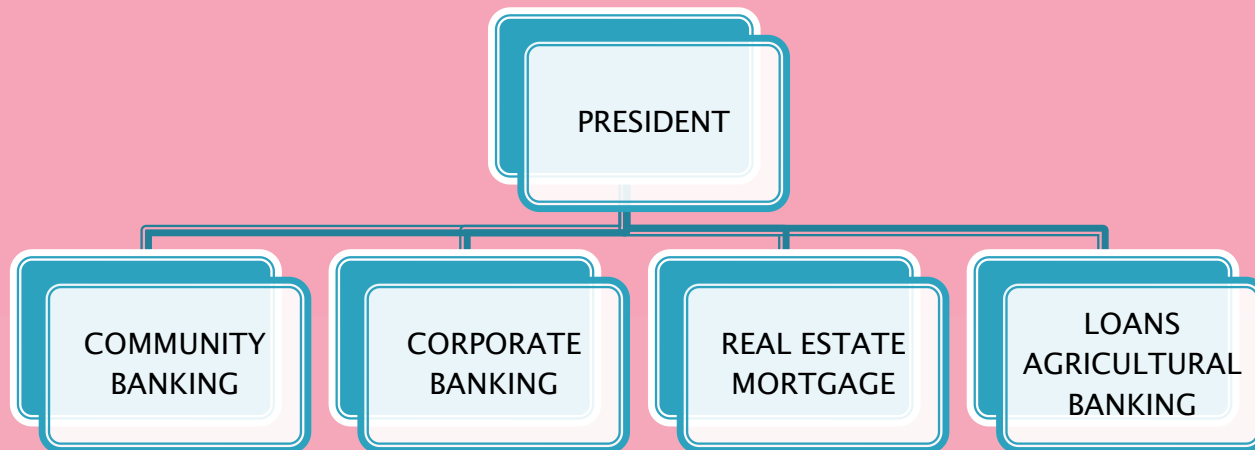
Disadvantages

- Focus only on own products.
- Increase the administrative costs.



c) Customer structure

- Is the grouping of activities to reflect the interests of different customers



c) Customer structure

Advantages

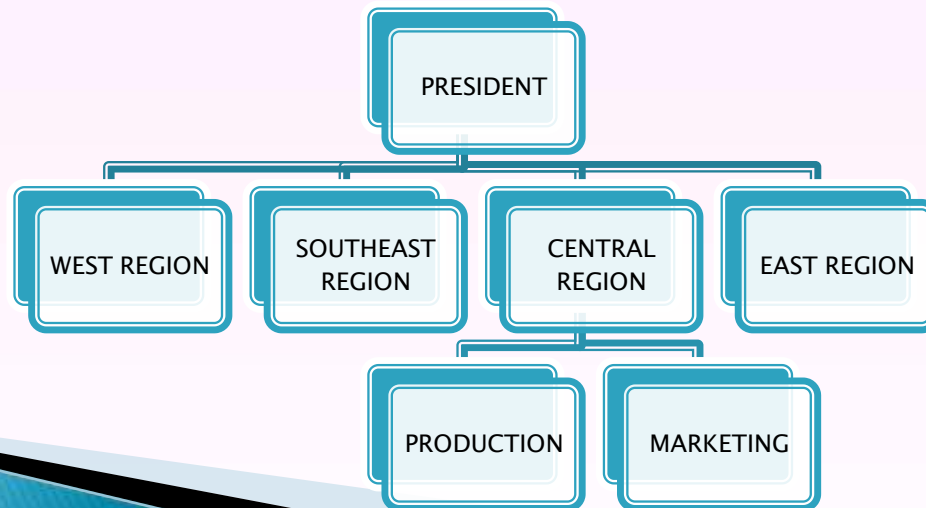
- Encourage concentration on customers' needs.
- It gives customers the feeling that they have an understanding supplier.
- It develops expertise in the customer handling.

Disadvantages

- Difficult to coordinate operations between competing customer demands.
- Requires managers & staff expert in customers' problems.

d) Geographical structure

- ▶ A company or a part of it is organized around the places where operations are located.
- ▶ It is commonly found in sales or manufacturing operations.



d) Geographical structure

Advantages

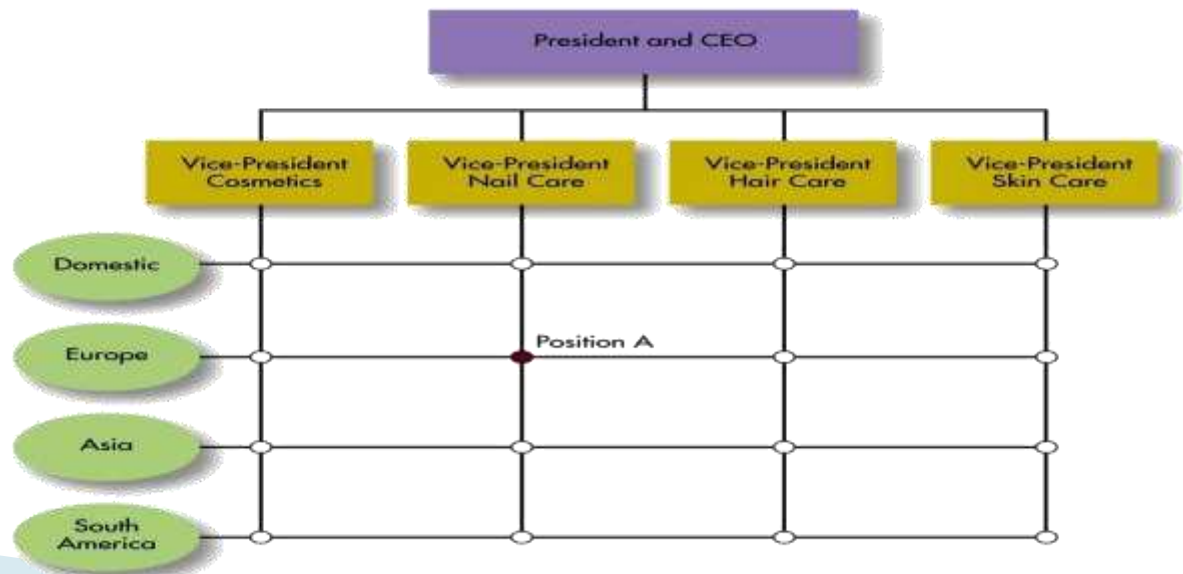
- It offers better services at low cost.
- It place emphasis on local markets & problems.
- It offers better face to face communication with local interests.

Disadvantages

- It requires more staff with general manager abilities.
- Top management has less control of the regional managers since they are independent.

e) Matrix structure

- ▶ Also known as Multiple Command System.
- ▶ Focus on two or more dimensions at the same time.



e) Matrix structure

Advantages

- More efficient use of resources than single hierarchy.
- Flexibility, adaptability, to changing environment.

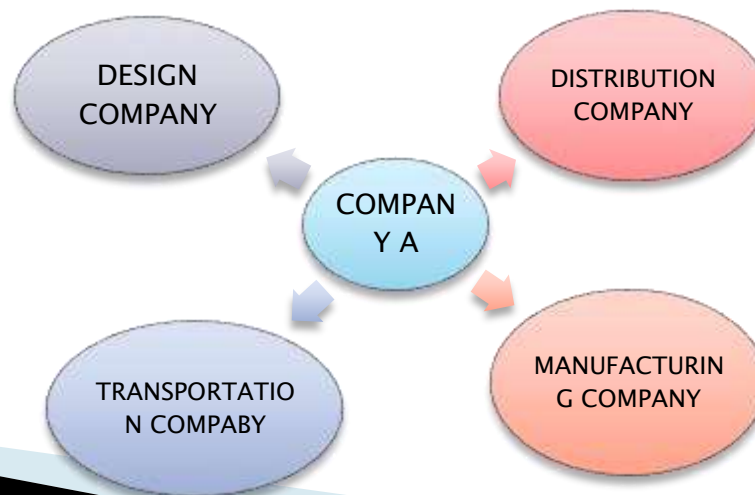
Disadvantages

- Frustration & confusion from dual chain of command.
- High conflict between 2 sided of matrix.
- More meetings, more discussion than action.



f) Network structure

- ▶ Disaggregates major functions into separate companies that are brokered by a small headquarter organization.
- ▶ E.g. manufacturing, engineering, sales & accounting is provided by separate organization which specialized on that areas.



f) Network structure

Advantages

- Global competitiveness.
- Workforce challenge.
- Reduce administrative cost.

Disadvantages

- No hands-on control.
- Can lose organization part.
- Employee loyalty weakened.



SPAN OF MANAGEMENT

- **Definition :** A number of subordinates who report directly to a given manager of supervision
- Also called '**span of control**'
 - In theory, when tasks are very complex, span of control should be relatively narrow.
 - In contrast, where jobs are highly standardized and routine (low complexity), a manager will not need to spend as much time supporting individual subordinates, and the span of control may be larger.

MAJOR FACTORS THAT INFLUENCE THE SPAN OF MANAGEMENT

- ▶ The type of work
- ▶ The strength of the organization structure
- ▶ The ability of the manager
- ▶ The amount & type of communication required among the members

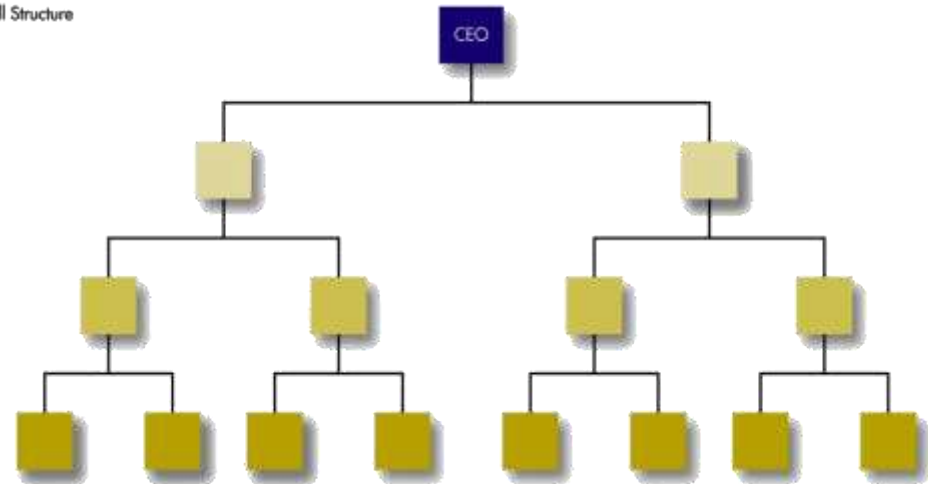


TYPES OF ORGANIZATION CHART

TALL & LEAN (FLAT) STRUCTURES

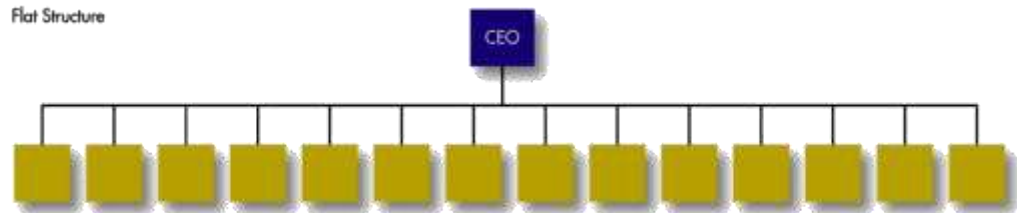
NARROW / TALL STRUCTURE

Tall Structure



WIDE / FLAT STRUCTURE

Flat Structure




Narrow/tall span management


- ▶ Have short span of authority with many organization levels
- ▶ Advantages – close supervision, close control, and rapid communication between subordinates and superiors
- ▶ Disadvantage – superiors tend to get involved with subordinates work, high cost, excessive distance between the lowest level and the highest level.



Wide/flat span of management

- ▶ Have few organization levels with wide span of authority
 - ▶ Advantages – superiors are forced to delegate, clear policies must be made and subordinates must be carefully selected
 - ▶ Disadvantages – decisions made by managers tend to be bottleneck, superior's loss of control, and requires exceptional quality manager.
- 

CHAIN OF COMMAND

- ▶ Definition : Separate lines of authority/power among all position in an organization.
 - ▶ It has 2 components:-
 - (i) UNITY OF COMMAND
 - Suggests that each person within an organization must have a clear reporting relationship to only one superior.
 - (ii) SCALAR RELATIONSHIP
 - Suggests that there must be a clear and unbroken line of authority that extends from the lowest to the highest position in the organization.
- 

AUTHORITY

- ▶ Definition : “The right to make decisions with respect to work assignments & to require subordinates to perform assigned tasks in accordance with the decision made”.

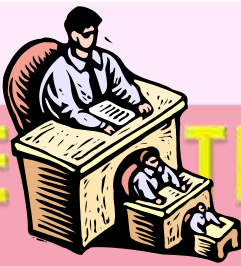


Line & Staff Authority

- Line Authority
 - Those organizational members that are directly involved in delivering the products and services of the organization.
- Staff Authority
 - Those organizational members that are not directly involved in delivering the products and services to the organization, but provide support for line personnel.



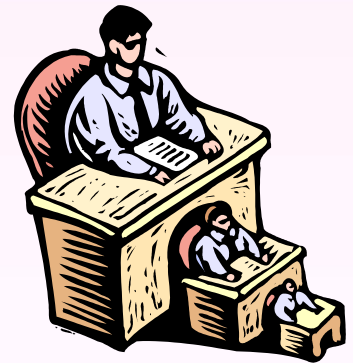
DELEGATION



- ▶ Definition: “The process of transferring the authority for a specific activity or task to another member of the organization and empowering that individual to accomplish the task effectively”.
- ▶ Transforming the responsibility for a specific activity or task to another member of the organization.
- ▶ Empowering that individual to accomplish the task effectively.

Steps in Delegation

- ▶ Decide which goals or tasks to delegate
- ▶ Make assignments
- ▶ Grant authority
- ▶ Hold responsible/accountable
- ▶ Monitor



Benefits of Delegation

1. Empowerment
2. Better decision-making
3. Provide an opportunity for the development of analytical and problem-solving skills
4. Managers magnify their accomplishments



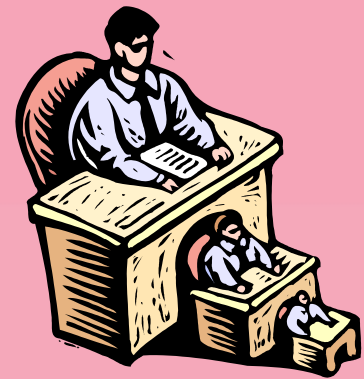
Barriers of Delegation

1. Manager may refrain to delegate because they are insecure about their value to the organization.
2. Managers simply lack confidence in the abilities of their subordinates.
3. Manager experience dual accountability.
4. Subordinate are reluctant to accept delegation.



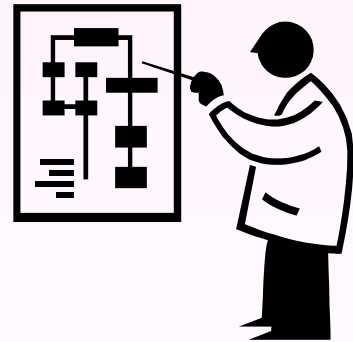
Overcoming Barriers To The Delegation

- ▶ Allow subordinates to develop their own solutions & to make mistake.
- ▶ More support & training.
- ▶ Improved communication.



Centralization & Decentralization

- ☺ Centralization is the process of systematically *maintain* the power and authority in the hands of higher-level managers.
- ☺ Decentralization is the process of systematically *hand over/assign* power and authority throughout to middle and lower manager.



COORDINATION

- ▶ Keeping organization units that interact with or influence each other in contact with each to share information & other things in a way that enhances accomplishment of tasks.



UNIT-4

DIRECTING

MEANING & DEFINITION

- Out of all 5 functions in a management, **Directing plays a major role.**
- DIRECTING is said to be a process in which the managers **instruct, guide and oversee** the performance of the workers to achieve predetermined goals.
- In simple words, it can be described as providing guidance to workers in doing work.
- Planning, Organizing and Staffing have got no importance if direction function does not take place.
- Directing consists of process or technique by which **instruction can be issued and operations can be carried out** as originally planned.
- Therefore, Directing is the function of guiding, **inspiring,** overseeing and instructing **people towards accomplishment of organizational goals.**

CHARACTERISTICS OF DIRECTING

- Pervasive Function - Directing is required at all levels of organization. Every manager provides guidance and inspiration to his subordinates.
- Continuous Activity - Direction is a continuous activity as it continuous throughout the life of organization.
- Human Factor - Directing function is related to subordinates and therefore it is related to human factor. Since human factor is complex and behavior is unpredictable, direction function becomes important.
- Creative Activity - Direction function helps in converting plans into performance. Without this function, people become inactive and physical resources are meaningless.
- Executive Function - Direction function is carried out by all managers and executives at all levels throughout the working of an enterprise, a subordinate receives instructions from his superior only.
- Delegate Function - Direction is supposed to be a function dealing with human beings. Human behavior is unpredictable by nature and conditioning the people's behavior towards the goals of the enterprise is what the executive does in this function. Therefore, it is termed as having delicacy in it to tackle human behavior.

ELEMENTS OF DIRECTING

- **Supervision:** It refers to monitor the progress of routine work of one's subordinates and guiding them properly. Supervision is an important element of the directing function of management. Supervision has an important feature that face-to-face contact between the supervisor and his subordinate is a must.
- **Communication:** It refers to an art of transferring facts, ideas, feeling, etc. from one person to another and making him understand them. A manager has to continuously tell his subordinates about what to do, how to do, and when to do various things. Communication by developing mutual understanding inculcates a sense of cooperation which builds an environment of coordination in the organization.
- **Leadership:** It refers to influence others in a manner to do what the leader wants them to do. Leadership plays an important role in directing. Only through this quality, a manager can inculcate trust and zeal among his subordinates.
- **Motivation:** It refers to that process which excites people to work for attainment of the desired objective. Among the various factors of production, it is only the human factor which is dynamic and provides mobility to other physical resources.

IMPORTANCE OF DIRECTING

- Direction function is said to be the **heart of management process** and therefore, is the central point around which accomplishment of goals take place.
- **It Initiates Actions** - Direction is the function which is the starting point of the work performance of subordinates. It is from this function the action takes place, subordinates understand their jobs and do according to the instructions laid. Whatever are plans laid, can be implemented only once the actual work starts. It is there that direction becomes beneficial.
- **It Ingrates Efforts** - Through direction, the superiors are able to guide, inspire and instruct the subordinates to work. For this, efforts of every individual towards accomplishment of goals are required. It is through direction the efforts of every department can be related and integrated with others. This can be done through persuasive leadership and effective communication. Integration of efforts bring effectiveness and stability in a concern.

- **Means of Motivation** - Direction function helps in achievement of goals. A manager makes use of the element of motivation here to improve the performances of subordinates. This can be done by providing incentives or compensation, whether monetary or non - monetary, which serves as a "Morale booster" to the subordinates. Motivation is also helpful for the subordinates to give the best of their abilities which ultimately helps in growth.
- **It Provides Stability** - Stability and balance in concern becomes very important for long term survival in the market. This can be brought upon by the managers with the help of four tools or elements of direction function - judicious blend of persuasive leadership, effective communication, strict supervision and efficient motivation. Stability is very important since that is an index of growth of an enterprise. Therefore a manager can use of all the four traits in him so that performance standards can be maintained.
- **Coping up with the changes** - It is a human behaviour that human beings show resistance to change. Adaptability with changing environment helps in sustaining planned growth and becoming a market leader. It is directing function which is of use to meet with changes in environment, both internal as external. Effective communication helps in coping up with the changes. It is the role of manager here to communicate the nature and contents of changes very clearly to the subordinates. This helps in clarifications, easy adaptations and smooth running of an enterprise.
- **Efficient Utilization of Resources** - Direction function helps in clarifying the role of every subordinate towards his work. The resources can be utilized properly only when less of wastages, duplication of efforts, overlapping of performances, etc. doesn't take place. Through direction, the role of subordinates become clear as manager makes use of his supervisory, the guidance, the instructions and motivation skill to inspire the subordinates. This helps in maximum possible utilization of resources of men, machine, materials and money which helps in reducing costs and increasing profits.

Definition of Motivation

Motivation - the process of arousing and sustaining goal-directed behavior



3 Groups of Motivational Theories

◆ Internal

- Suggest that variables within the individual give rise to motivation and behavior
- Example: Maslow's hierarchy of needs theory

◆ Process

- Emphasize the nature of the interaction between the individual and the environment
- Example: Expectancy theory

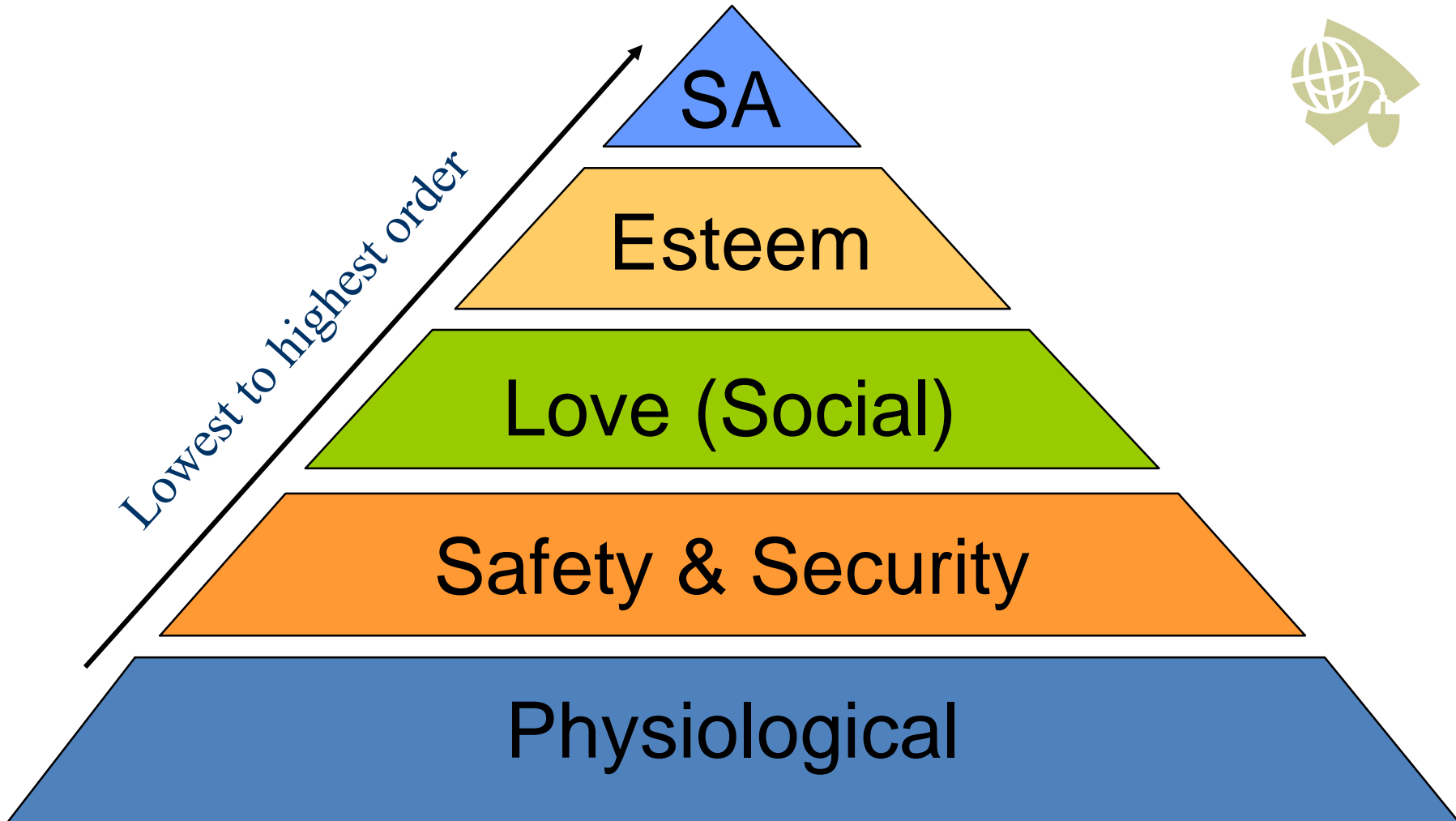
◆ External

- Focus on environmental elements to explain behavior
- Example: Two-factor theory

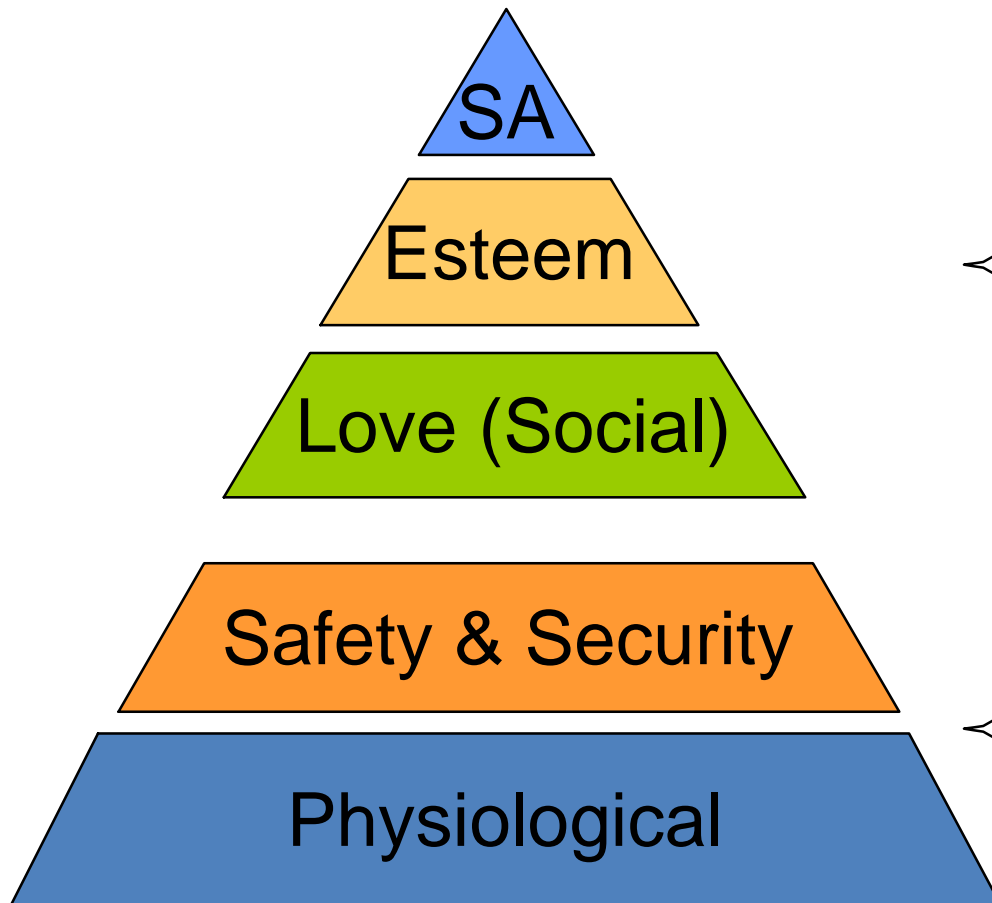
Early Philosophers of Motivational Theories

- ◆ Max Weber—work contributes to salvation; Protestant work ethic
- ◆ Sigmund Freud—delve into the unconscious mind to better understand a person's motives and needs
- ◆ Adam Smith—"enlightened" self-interest; that which is in the best interest and benefit to the individual and to other people
- ◆ Frederick Taylor—founder of scientific management; emphasized cooperation between management and labor to enlarge company profits

Maslow's Hierarchy of Needs



Motivational Theories X & Y

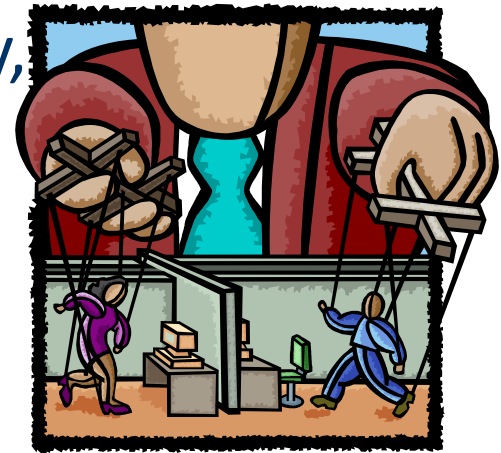


Theory Y - a set of assumptions of how to manage individuals motivated by higher order needs

Theory X - a set of assumptions of how to manage individuals motivated by lower order needs

McGregor's Assumptions About People Based on Theory X

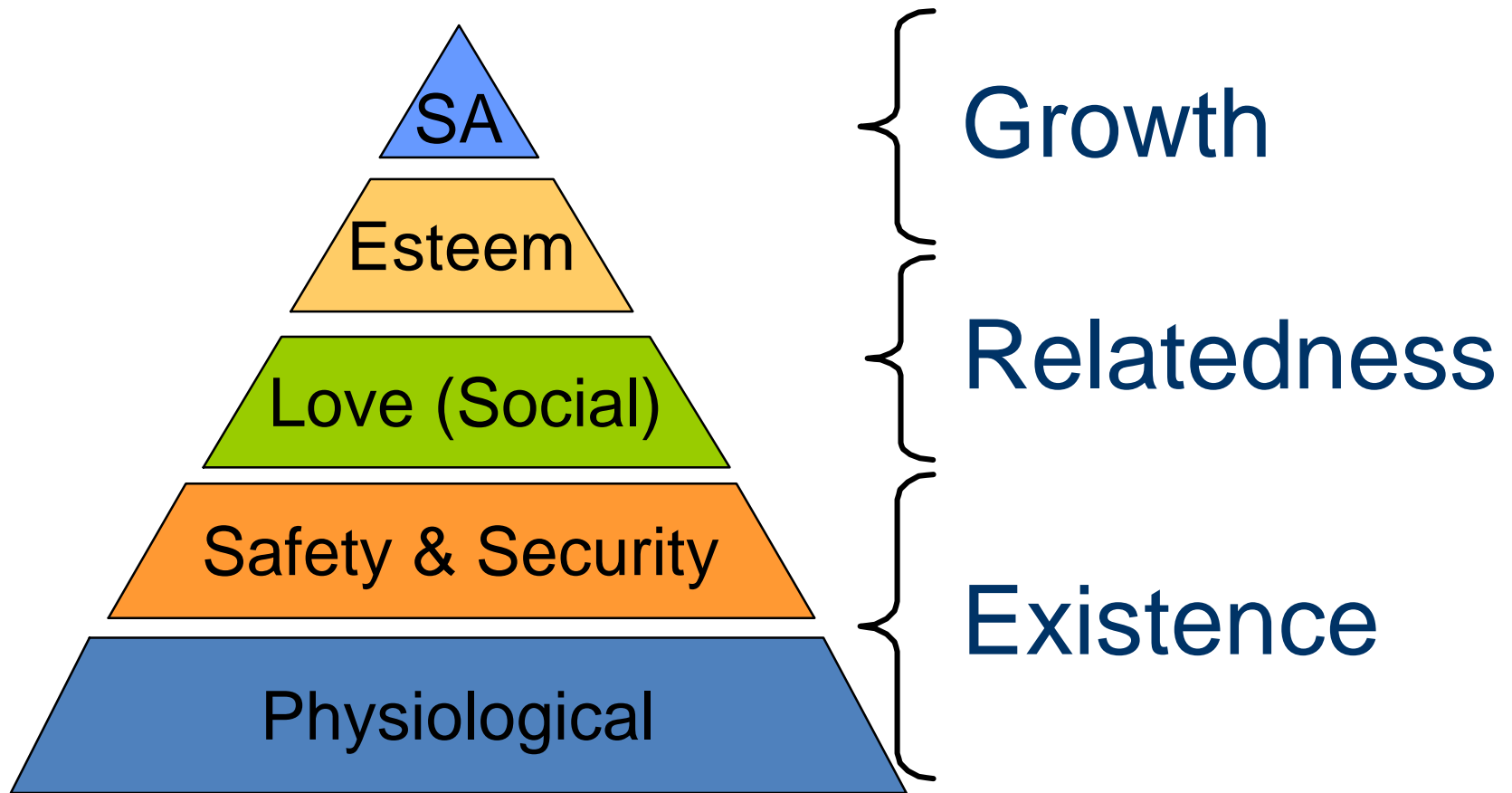
- ◆ Naturally indolent
- ◆ Lack ambition, dislike responsibility, and prefer to be led
- ◆ Inherently self-centered and indifferent to organizational needs
- ◆ Naturally resistant to change
- ◆ Gullible, not bright, ready dupes



McGregor's Assumptions About People Based on Theory Y

- ◆ Experiences in organizations result in passive and resistant behaviors; they are not inherent
- ◆ Motivation, development potential, capacity for assuming responsibility, readiness to direct behavior toward organizational goals are present in people
- ◆ Management's task—arrange conditions and operational methods so people can achieve their own goals by directing efforts to organizational goals

Alderfer's ERG Theory



McClelland's Need Theory: Need for Achievement

Need for Achievement - a manifest (easily perceived) need that concerns individuals' issues of excellence, competition, challenging goals, persistence, and overcoming difficulties



McClelland's Need Theory: Need for Power

Need for Power - a manifest (easily perceived) need that concerns an individual's need to make an impact on others, influence others, change people or events, and make a difference in life



McClelland's Need Theory: Need for Affiliation

Need for Affiliation - a manifest (easily perceived) need that concerns an individual's need to establish and maintain warm, close, intimate relationships with other people



3 Motivational Need Theories

	Maslow	Alderfer	McClelland
Higher Order Needs	Self-actualization Esteem self interpersonal	Growth	Need for Achievement Need for Power
	Belongingness (social & love)	Relatedness	Need for Affiliation
Lower Order Needs	Safety & Security interpersonal physical Physiological	Existence	

Herzberg's Two-Factor Theory

Hygiene Factor - work condition related to dissatisfaction caused by discomfort or pain

- maintenance factor
- contributes to employee's feeling not dissatisfied
- contributes to absence of complaints

Motivation Factor - work condition related to the satisfaction of the need for psychological growth

- job enrichment
- leads to superior performance & effort

Motivation–Hygiene Theory of Motivation

- Company policy & administration
- Supervision
- Interpersonal relations
- Working conditions
- Salary
- Status
- Security

Hygiene factors avoid
job dissatisfaction

Motivation factors
increase job satisfaction

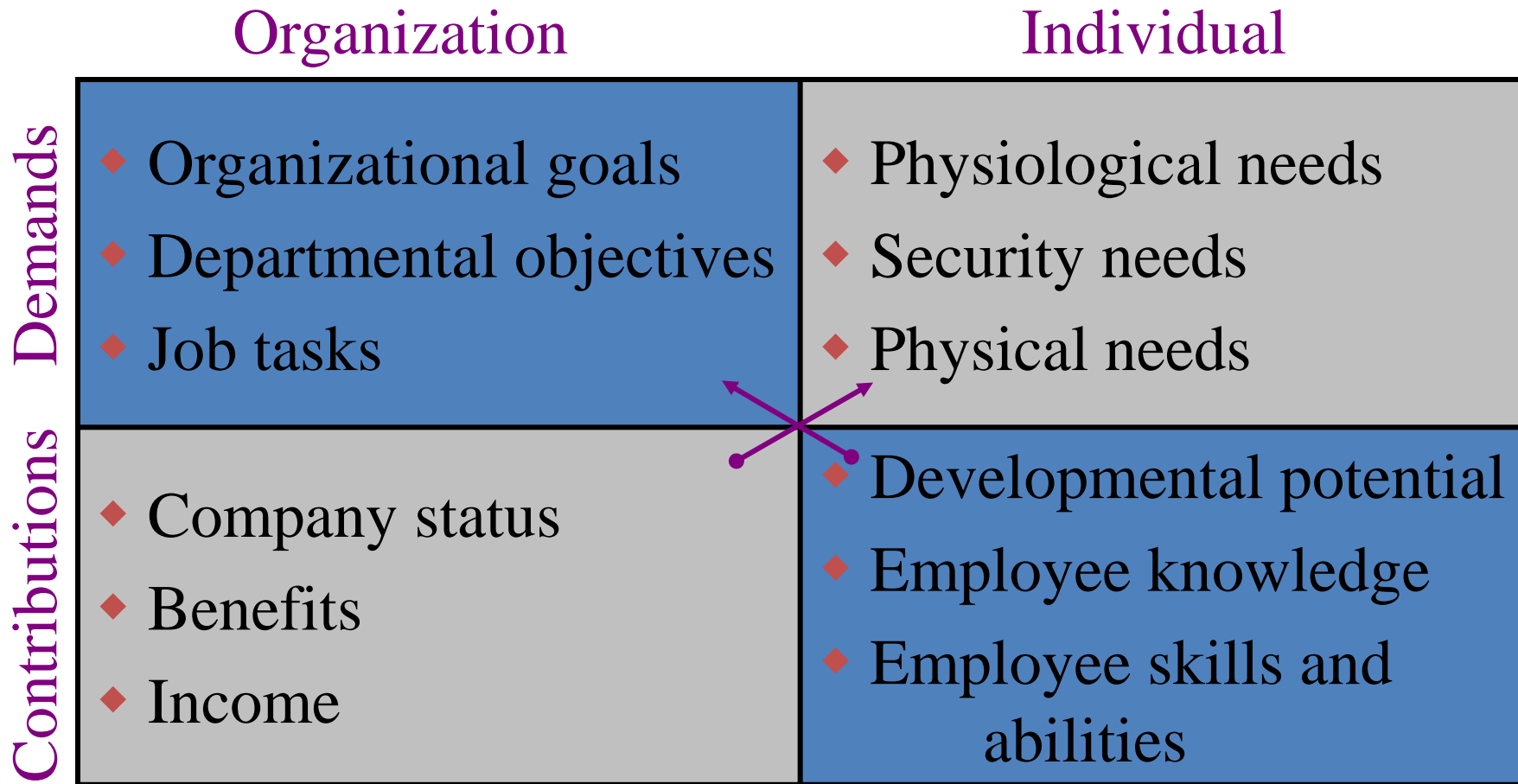
- Achievement
- Achievement recognition
- Work itself
- Responsibility
- Advancement
- Growth
- Salary?

Motivation-Hygiene Combinations

	High M	Low M
High H	high motivation few complaints	low motivation few complaints
Low H	high motivation many complaints	low motivation many complaints

(Motivation = M, Hygiene = H)

Individual—Organizational Exchange Relationship



Adams's Theory of Inequity

Inequity - the situation in which a person perceives he or she is receiving less than he or she is giving, or is giving less than he or she is receiving

Motivational Theory of Social Exchange

	Person	Comparison other
Equity	$\frac{\text{Outcomes}}{\text{Inputs}}$	$= \frac{\text{Outcomes}}{\text{Inputs}}$
Negative Inequity	$\frac{\text{Outcomes}}{\text{Inputs}}$	$< \frac{\text{Outcomes}}{\text{Inputs}}$
Positive Inequity	$\frac{\text{Outcomes}}{\text{Inputs}}$	$> \frac{\text{Outcomes}}{\text{Inputs}}$

Strategies for Resolution of Inequity

- ◆ Alter the person's outcomes
- ◆ Alter the person's inputs
- ◆ Alter the comparison other's outputs
- ◆ Alter the comparison other's inputs
- ◆ Change who is used as a comparison other
- ◆ Rationalize the inequity
- ◆ Leave the organizational situation

New Perspectives on Equity Theory

Equity Sensitive

I prefer an equity ratio equal to that of my comparison other



New Perspectives on Equity Theory

Benevolent

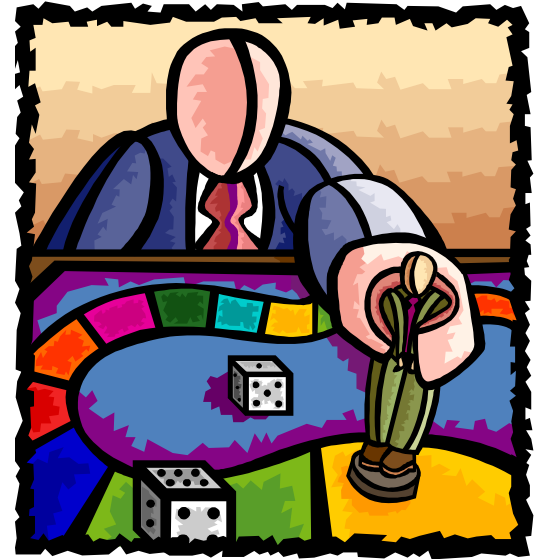
I am comfortable
with an equity ratio
less than that of my
comparison other



New Perspectives on Equity Theory

Entitled

I am comfortable
with an equity ratio
greater than that of
my comparison other



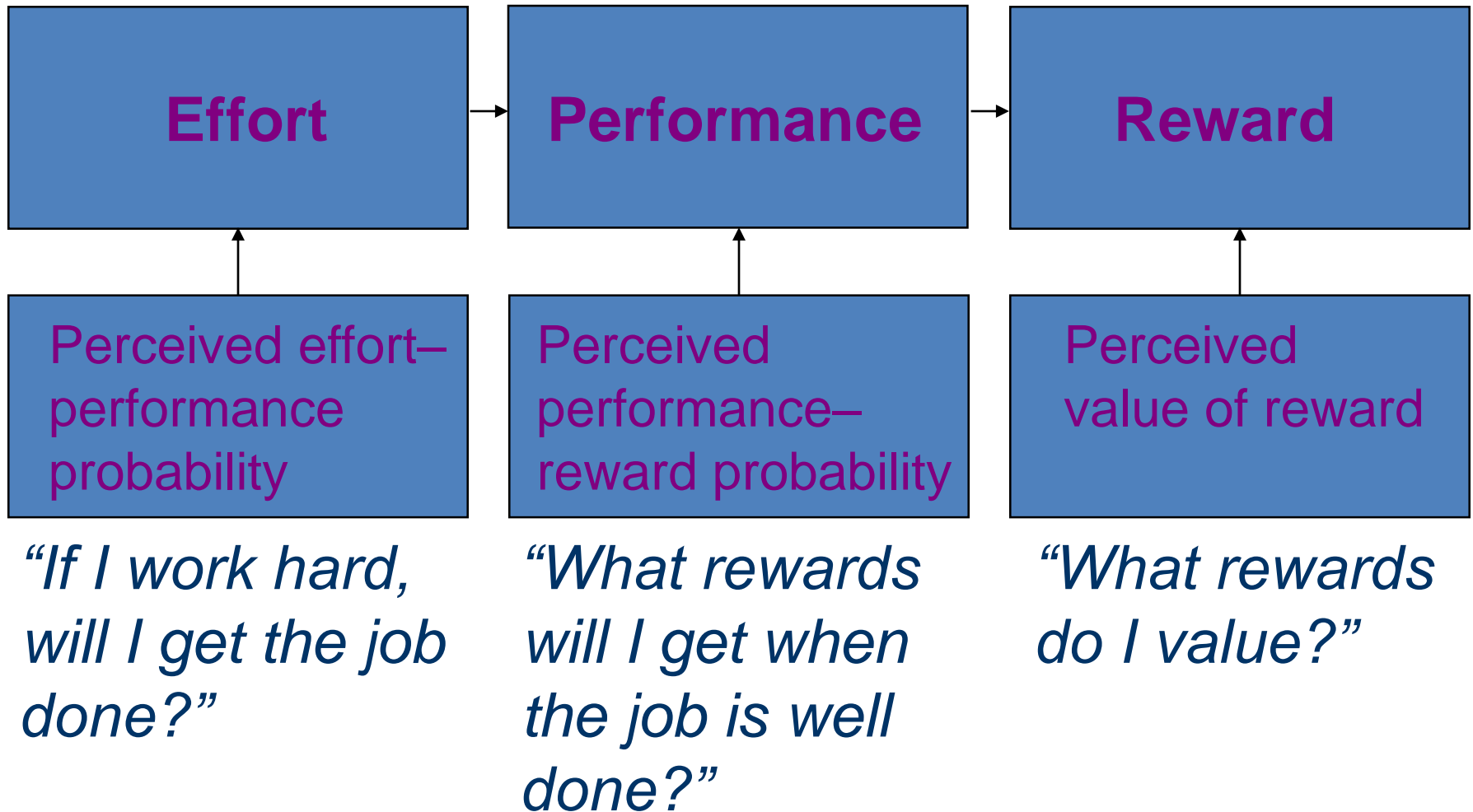
Expectancy Theory of Motivation: Key Constructs

Valence - value or importance placed on a particular reward

Expectancy - belief that effort leads to performance

Instrumentality - belief that performance is related to rewards

Expectancy Model of Motivation



3 Causes of Motivational Problems

- ◆ Belief that effort will not result in performance
- ◆ Belief that performance will not result in rewards
- ◆ The value a person places on, or the preference a person has for, certain rewards



Moral Maturity

Moral Maturity - the measure of a person's cognitive moral development



Morally mature
people behave and act
based on universal
ethical principles.



Morally immature
people behave and act
based on egocentric
motivations.

The Different Leadership Theories



Theories of Leadership

Objectives

At the end of this presentation learners will be able to-

- Understand the concept of leadership
- Classify the theories of leadership
- Discuss the Great man Theory of leadership
- Focus on Trait theory of leadership
- Recognize core traits in leaders
- Recall the significant features of situational leadership

Contd.

- Interpret more prominent types of behaviours of leaders
- Describe characteristics of participative leadership
- Recall the features of indifferent leader
- Recognize the behaviours of country club leaders

Definition of Leadership

- Leadership is defined as the process of influencing the activities of an organized group towards great achievement.

- Rauch & Behling(1984)

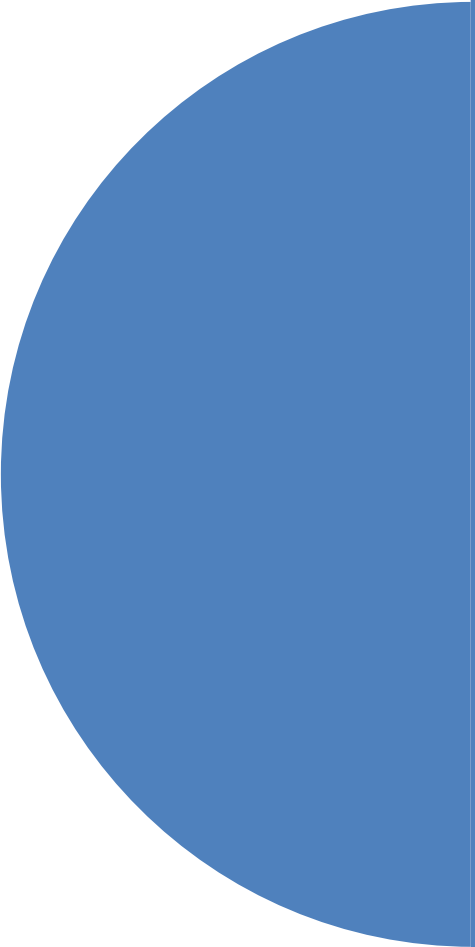
- Leadership is not a person or a position, it is a complex moral relationship between people, based on trust, obligation, commitment, emotion and shared vision of good.

- Joanne Ciulla , (1998)

Leadership

- Leadership is a skill of motivating large number of people to act for achieving a common goal in an organization
- A leader directs, guides, supports, communicate, influence and in all stand behinds the group of an institution forever

Theories of Leadership



Basically
six
theories
of
leadership

- The great man theory
- The trait theory
- The situational theory
- Behavioural theory
- The transactional theory
- The transformational theory

The Great man Theory

This theory is based on following **assumptions** :

- ❑ perfect or excellent leaders are born, not developed
- ❑ Leadership is inherent quality
- ❑ Leaders have inborn traits of courage, intelligence, confidence, intuitions and charm among others
- ❑ Great leaders can arise when there is a great need

Characteristics of Great man theory

- The theory is linked with the statement of famous historian Thomas Carlyle '**the history of the world is nothing but the biography of great men**'
- Leaders are Gifted With unique qualities which impress the mass
- Leader works like hero and accomplishes his goals for his followers

Contd.

- All leaders share their traits regardless of when and where they lived
- The leaders who are in power, they deserve as they have special inborn traits
- The traits remained stable over time and across the place

Criticism

- Herbert Spencer, a great philosopher, sociologist and political theorist told this theory very childish, primitive and unscientific
- It is because the leaders are the product of environment
- Society makes man leaders so it is not the fact that great man makes society by their inherent traits

Contd.

- Up to 20th century the view developed that great leaders are shaped and molded by their times by learning and developing the traits which are necessary to lead

Still the supporters of this theory says that men and women leaders are born not prepared.

Some examples of great leaders

- Mahatma Gandhi
- Alexander
- Abraham Lincoln
- Napoleon
- Subhash Chandra Bose
- Julius Caesar
- Chandra Gupta Maurya
- Mao Tse Tung

The Trait Theory

- **Thomas Carlyle** and **Francis Galton** established and supported trait theory of leadership
- Ordway Tead & Chester I. Barnard advocated the theory prominently
- It is also known as **Dispositional Theory**
- Theory focuses that successful leaders definitely have some personalities traits and abilities like courage, leading capacity, communication skill etc. which make them different from those who are less effective.

Contd.

- These traits will not be solely responsible to identify whether a person will be effective leader or not but the persons who are effective leaders, these traits are essentially seen in their personalities

Core traits in leaders

- ❑ Intelligent, interest and initiative level is higher than average persons
- ❑ Emotional maturity & self confidence
- ❑ Creativity, flexibility & leadership motivation
- ❑ Achievement motivation and high level of efforts to achieve ambitions
- ❑ Capability of exercising fair judgment, strong analytic abilities
- ❑ Sense of responsibility
- ❑ Enthusiasm and high level of energy & stamina

Advantages of theory

- Many researches validated the theory and its foundation
- It provides the detail knowledge of leader's traits to understand the process of leadership

criticism

- ❑ It may be a subjective decision to determine who is successful leader
- ❑ There is a long list of traits which may be responsible for success leader
- ❑ It is quite difficult to identify traits which may be responsible for success as a leader
- ❑ It is really very complex theory
- ❑ Theory does not focus on situations where leadership can take place

Utility or Importance of theory

- It can be applied by people at all types of organizations
- This theory gives an awareness to leaders to identify their strengths and weaknesses and develop skills accordingly needed for the organization

Situational theory of leadership

- In 1969 this theory was introduced as life cycle theory of leadership
- It works on assumptions that the most effective style of leadership changes from situation to situation
- If a leader wants to be successful he has to adept his attitude and style according to situation
- This approach is connected to **Paul Hersey & Ken Blanchard**

Behavioural Theory

Behavior is the mirror in which everyone shows their image.” -

Johann Wolfgang von Goethe

- ❑ In 1950 Rensis Likert attempted to find the characteristics of effective leadership.
- ❑ It focuses that natural abilities are not important but it is the environment which is responsible to make a person a leader
- ❑ The success of leadership is based on the behaviour of the leader
- ❑ A specific behaviour is required for effective and successful leadership and it can be learnt

Behavioural Theory : assumptions

- This theory believes that **leaders can be made rather than born**
- Successful leadership is based on definable and learnable behaviour
- Specific behaviour differentiate leaders from non-leaders
- Particular behaviour determines the style of leadership i.e.autocratic or democratic etc.

The most prominent types of behaviours of leaders:

□ Task- oriented leaders

Task-oriented leaders are primarily concerned with the systems and structure that lets their team carry out their work. This includes everything from task descriptions to standard operating procedures, organizational and team structure, communication lines, and so on.

Task oriented leaders show following behaviour

- Initiating
- Organizing
- Clarifying
- Information gathering

People oriented leaders

- Unlike task-oriented leaders, this group puts more effort into seeing to the human needs of their team and motivating them through that. It's not that they don't focus on the task or system, they just put more time and behavioral focus on their team as people with wants and needs.
- A people-oriented leader would behave differently, going straight to the employee and asking if there was any way they could help and what caused the problem.

People- oriented leaders show following behaviour

- Encouraging
- Observing
- Listening
- Coaching and mentoring

Participative Leadership

- participative leaders are those who consult their entire team when creating systems and methods for achieving the team's goals.
- work becomes much more collaborative, allowing the entire team to take part ownership of their work and the procedures behind it
- One of the biggest benefits of this behavioral leadership theory is that it allows the team to take advantage of everyone's strengths. This encourages communication and collaboration, which can often lead to a progress or profit

Participative leaders exhibit the following b

- Communicating
- Collaborating
- Being open to feedback
- Encouraging
- Delegating

Indifferent leaders

- This is the leader that no-one wants to be
- These leaders are the most ineffective as they display behavior entirely dedicated to preserving their position and department from scrutiny. This will usually manifest in having very little contact with their team, dodging tasks wherever possible, putting severe pressure on their team to meet targets no matter the cost, and so on.

Contd.

- This is a bad leadership style to adopt, as it results in employee dissatisfaction, a nonexistent team culture, and very little productive work getting done.

Indifferent leaders exhibit the following behaviors:

- Evading
- Procrastinating
- Lack of communication
- Self-preservation

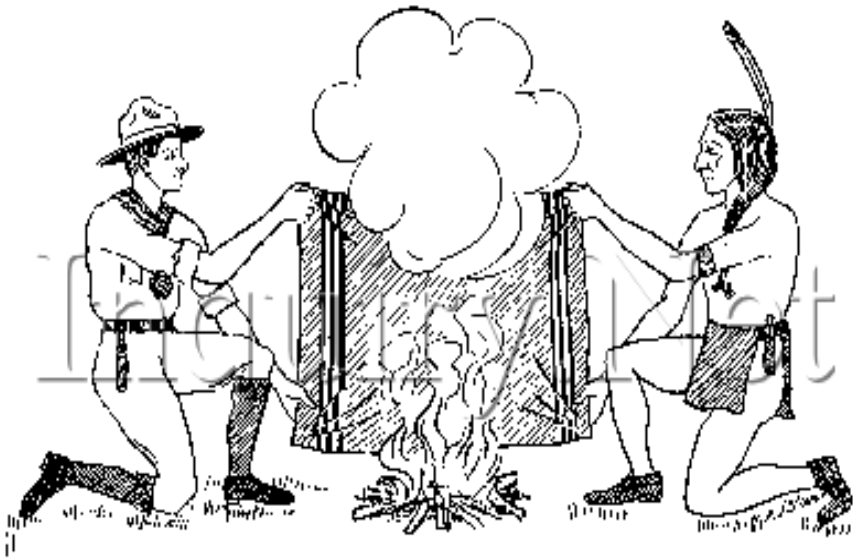
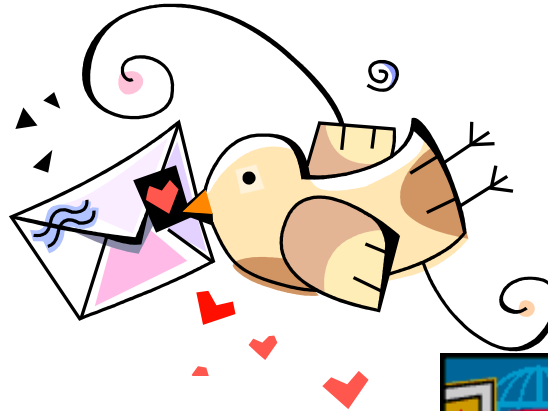
Country Club Leaders

- these are people who put every effort into making sure that the human elements of their team are happy and satisfied
- The theory is that a happy team will naturally produce better results, so a leader putting their efforts into making their team happy will naturally see success

Country club leaders exhibit the following behaviors:

- Caring
- Listening to feedback
- Focus on employee health and happiness
- Quick to support employees
- Involved with the team

COMMUNICATION



SMOKE SIGNALS

Tuğçe AYDIN

What is communication?

- Communication is a **process** through which two or more people exchange information, ideas, thoughts, emotions in such a way that each gain a **common understanding** of the **intended message**.
- Communication is a **dyadic** concept.
- In Communication system **35%** message is carried **verbally** and rest of the **65% non verbally**.

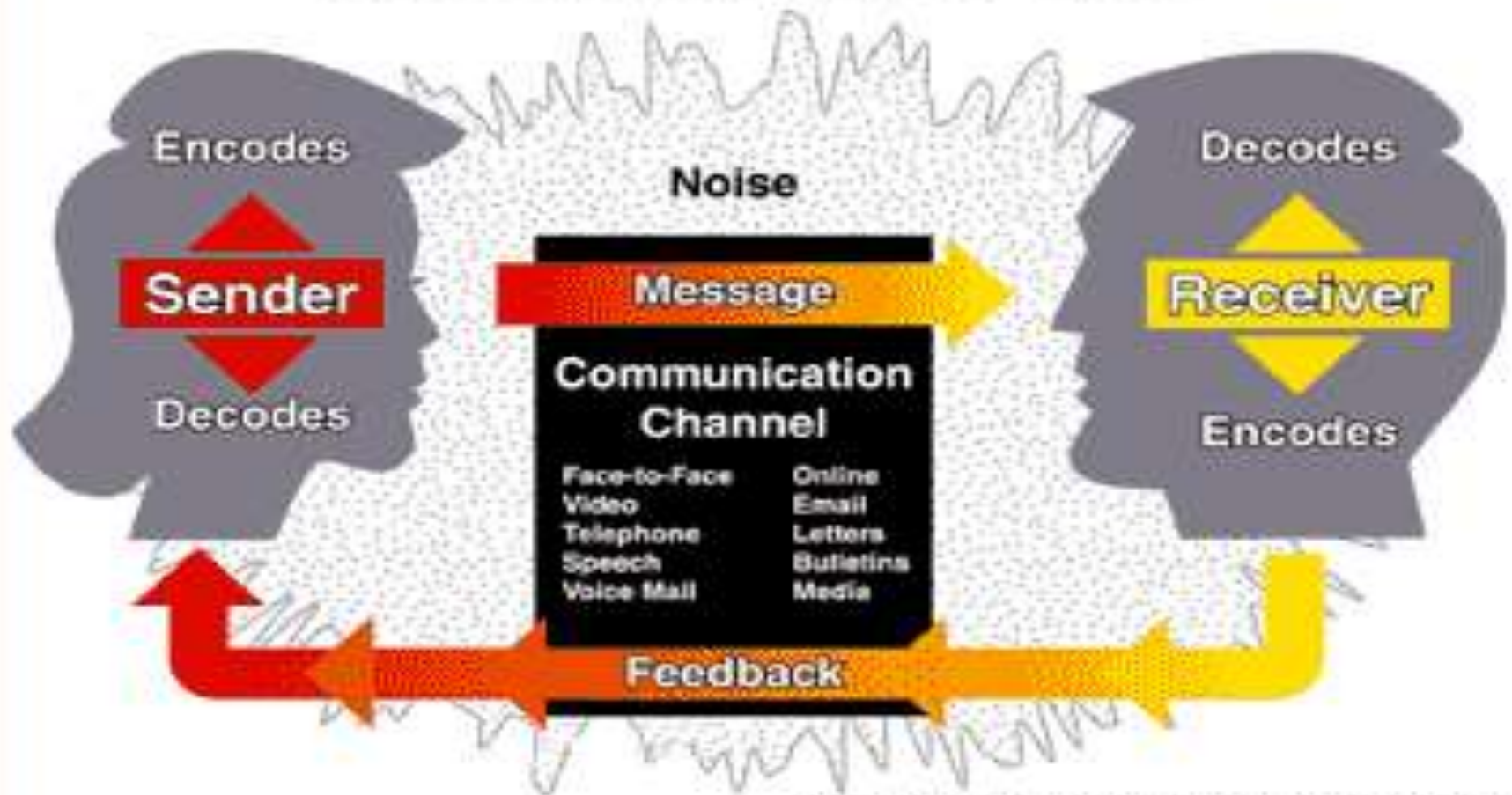
COMMUNICATION

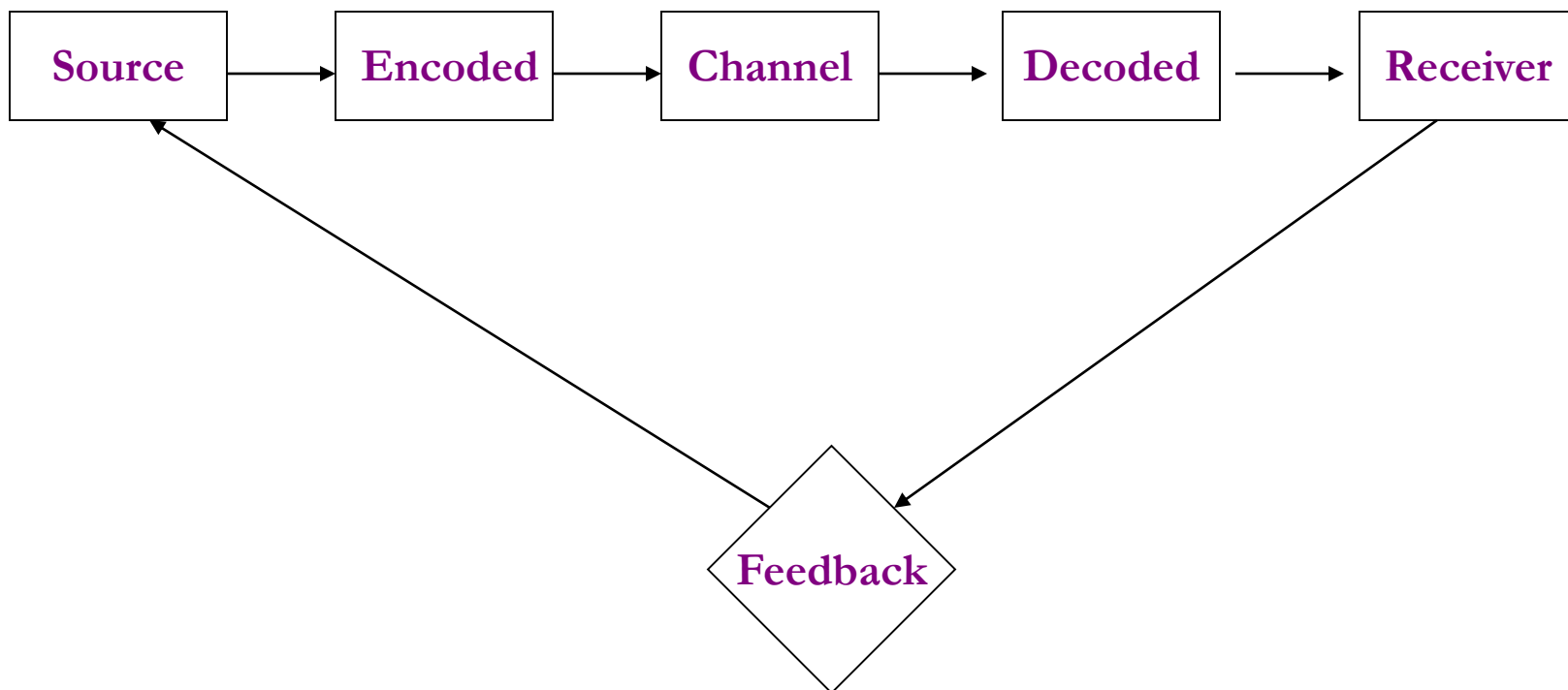
**Communication is the process
of sending and receiving
messages between parties**



Basic Model Of Communication

The Communication Cycle

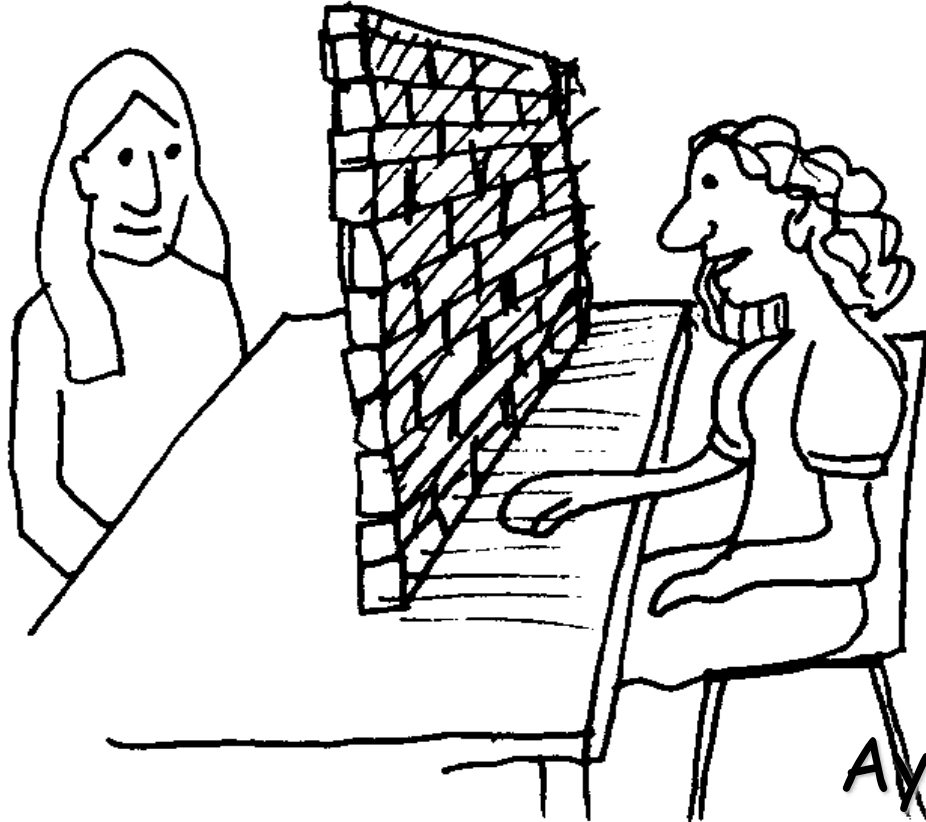




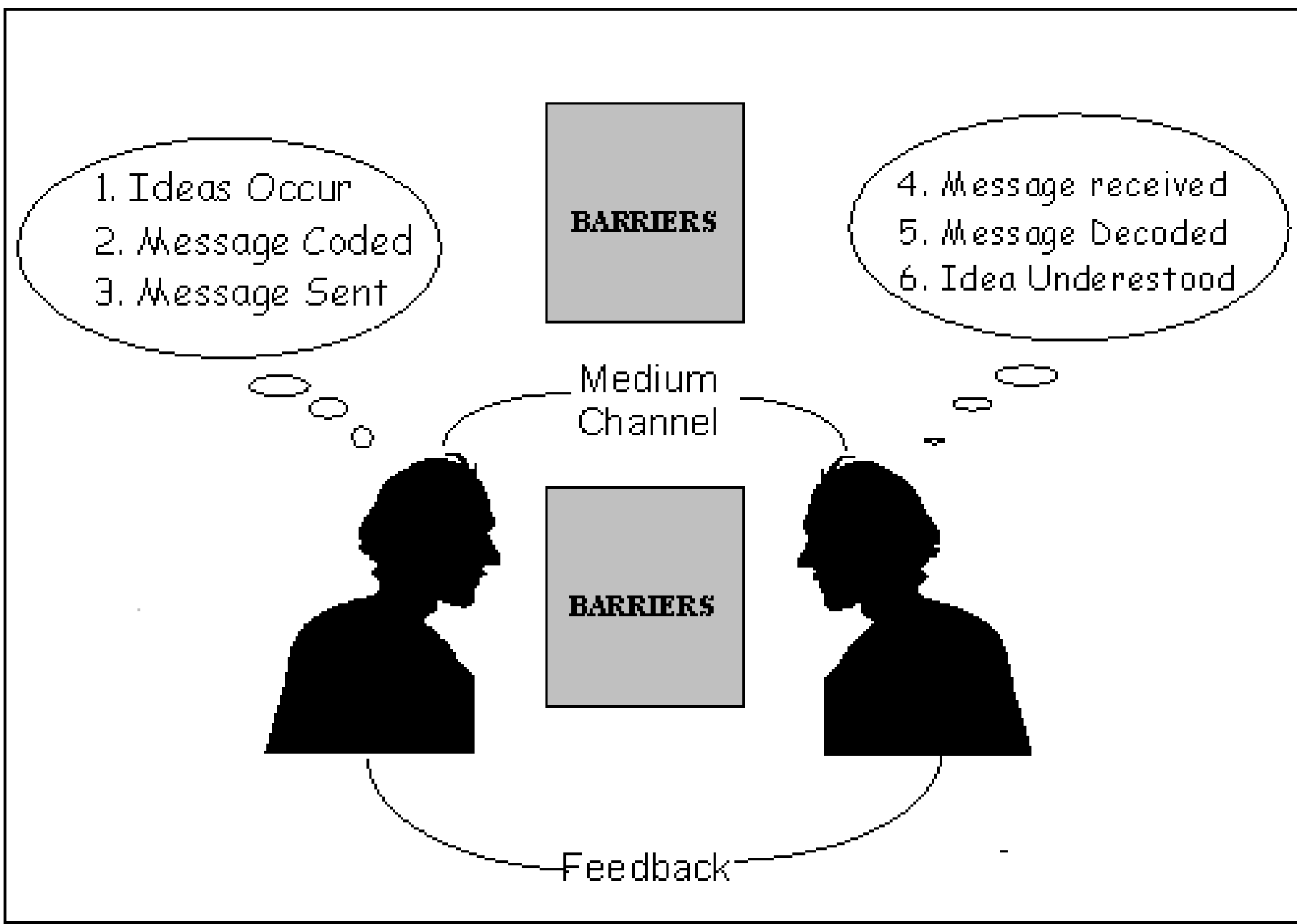
Significance of Communication

- **Lifeblood** of an individual, organisation, society
- **As you grow you communicate more and more**
- **In all domains of life and in all directions**
Downwards Sideways Upwards

BARRIERS FOR EFFECTIVE COMMUNICATION



Ayşe Bilge ÇAKIR



Barrier ?

- Lack of Commonness is barrier
- A barrier to interpersonal communications is anything that prevents, restricts or impedes the conveyance of meaning by words or gestures between two or more persons in a social setting.
- The term 'Barriers', 'Obstacles', 'Hindrances' and 'noise' are all used to describe the distracting stimuli
- associated with the
- communication process

Absence of defined role of any component = Creates Barrier

Barriers to Effective Communication

- Social
- Psychological
- Cultural
- Physiological,
- System design
- Physical
- Receivers

Social Barriers

- Gender
- Age
- Race
- National or Cultural Origin
- Socioeconomic Class
- Education Level
- Urban or Rural Residence



GENDER



★ Major influence on the way we connect with others.

★ When men and women work together in a group, men tend to be more assertive and self-confident.

★ Women are more likely than men to express their emotions, to reveal how they feel about a situation.

AGE



- Young people and old people communicate in different ways.
 - We do tend to judge a statement by different standards if we know the speaker's age.
- A person's age or gender is not
- important in judging the truth or wisdom of what that person says .

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"It's just the fashion, Dad. Relax – don't be going all Taliban on me."



Their maturity, their educational backgrounds, and the different eras in which they grew up make a **Generation Gap** inevitable.

Social Barriers Cont.....

- Purpose of Communication
 - Informative, entertaining and persuasive
 - Purpose not clear/missing/at odds
- Social Noise/Subjective factors
 - Human relation/ personal preferences overshadow the objectivity of the communication.
 - Boys/Girls, Friends/enemies, Nice people

Try to ensure the Objectivity. Do not get dragged by Subjective factors.

Psychological Barriers

- **Attitude towards self**
- **Fear**
- **Attitude towards audience**
- **Attitude towards the message**
- **You Yourself is not convinced with the subject**
- **Knowledge of subject**
- **Personality/Status of the communicator**

Cultural Barriers



Semantic Problems: Distortion in communication comes from semantics- the use of words or expressions which have a different meaning for the sender or receiver.



Created when communicators use technical jargon- usage common to a particular field or specialization.

Cultural Barriers

- **Language**

Different languages, dialect, individual linguistic ability, use of difficult words, inappropriate words, pronunciation

- **Norms and values**

- **Belief**

- **Social practices and traditions**

Physiological Barriers

- Individuals' personal discomfort
ill health, poor eye sight, hearing
difficulties
- Speech and voice defect, feeling of
inferiority, diseases, physical appearance,
lack of skill.

System Design


- Organisational Structure
 - unclear, to whom to communicate,
- Insufficient or inappropriate information systems
- Information overloaded
- A lack of clarity in roles and responsibilities
- A lack of supervision or training


The distortion of message is any kind of loss, deformation, miss presentation or alteration taken place in original message while sending it to audience.

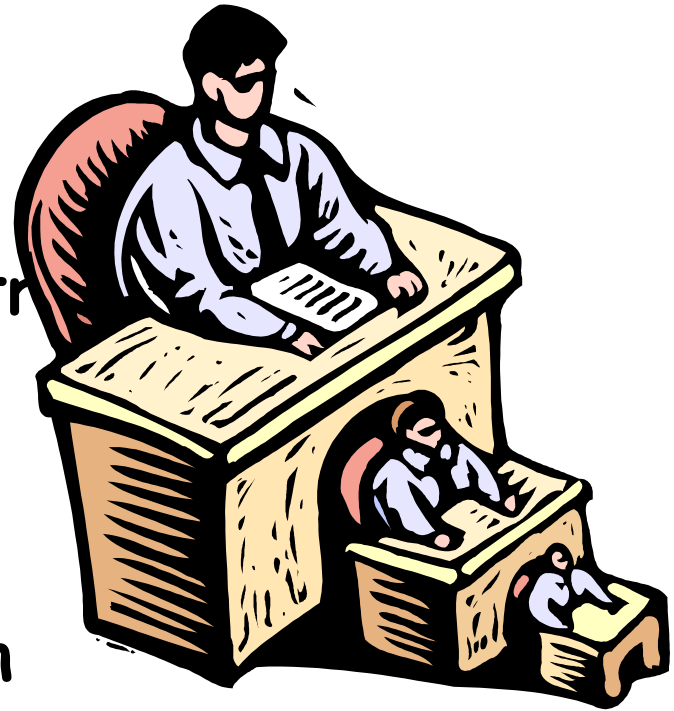
Types of Distortion :

1. **Systematic Distortion** – Purposely changed
2. **Fog Distortion** – information is lost
3. **Mirage Distortion** - extra, unwanted information

Status And Power Differences

 Differences in communications are likely to parallel the differences in power.

 Imbalance or asymmetry in negotiating power leads the high power party to perform significantly better than the low power party.



Physical Barriers

- **Channel**

- Availability of channel to receiver (**Common channel**)
- Choice of channel
- Handling of channel by communicator
- Reach : depending on size of audience, mike, etc.
- Noise level in Channel
- Presentation of information/message treatment

Muddled messages

“Dogs for sale.Will eat anything.Especially likes children. Call 888-3599 for more information.”

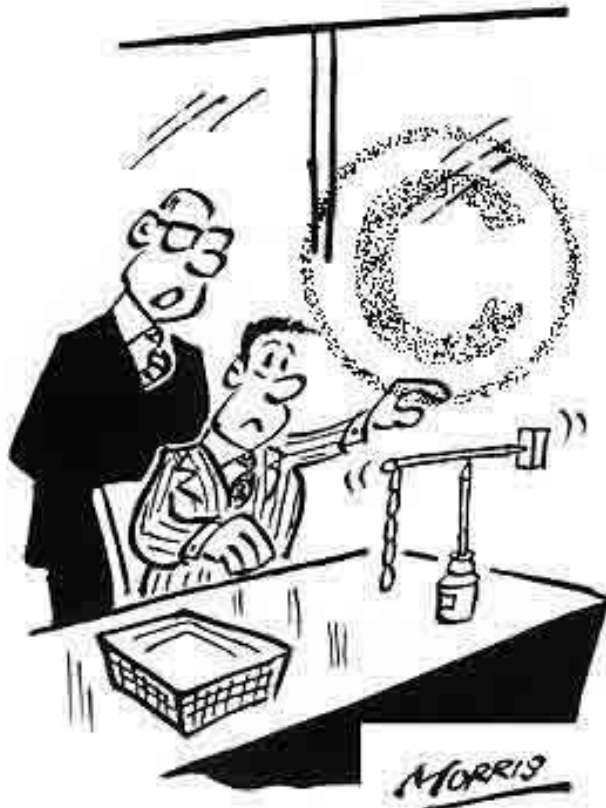
- **Climate**

- Extreme temperature (Hot/Cold)
- Bright/ Dim Light
- High Humidity

- **Comfort**

Physical Barriers Cont.....

Distractions: It occurs where people are constantly coming in and leaving for one reason or another, and experienced the frustration that is created by this distracting traffic flow.



"Could I have a minute of your valuable time, Timpson?"

Physical Barriers Cont.....

- **Distractions**
 - Noise (Co-workers, Doors, etc.)
 - Photographer
 - Any announcements
 - Instruction Sheet
 - Tea
 - Late Comers
- **Physical Setting of Classroom/ Lecture Hall**
 - Sitting Arrangement
 - Audio-Visual Aids

Receiver-The Ultimate

- Absenteeism/Day Dreaming/ Pretending Listening
- **Strayers**: They constantly take the group off the track. They drag the discussion out of context
- **Gabbers**: They are the people who like to talk first and try to dominate in the discussion. They think that they are the only ones with anything worth saying
- **Silent**: They are just as well informed as many other members of the group but they rarely contribute verbally

Listening without observing speaker's tone, gesture, posture and facial expression is like getting the *words* of a song without music

Relating to Receiver

- **Problem of homogeneity:** The more homogeneous the audience is, the greater are the chances for successful communication.
- **Problem of cooperation and involvement:** The listeners must cooperate and get actively involved in the communication process, they must try to get tuned together with the communicator.
- **Negative attitude of the audience towards the communicator:** If the audience has negative attitude for the communicator or if the credibility of communicator as perceived by the audience is low, no successful communication will take place.

Problems in Communication

Relating to Transmission of Message

- **Wrong handling of the channels:** If the channels selected for communication are not handled effectively, their potential for carrying a message will be dissipated.
- **Wrong selection of channels:** If the channel selected is not in accordance with the objective/subject, interpretation will not be in a desired way.
- **Use of inadequate channels in parallel:** For the message to have got through and received properly, use of more than one channel in parallel or at about the same time is essential.
- **Physical distraction:** Failure to avoid physical distraction often obstructs successful sending of the message.

COMMUNICATION AND ITS FORMS

VERBAL – NON-VERBAL

verbal

1. spoken rather than written
2. relating to words or using words
3. relating to a verb



non-verbal



Verbal communication

Oral (spoken)

formal /informal

1. face to face

(interaction, gestures, facial expressions,
voice, tone, fillers, pauses, laughter,
sighs, repetition,
hesitation,
explanation, simple, spontaneous, cannot be
taken back)

2. on the phone

(speaker's body
language is not
seen)

Verbal communication

Written

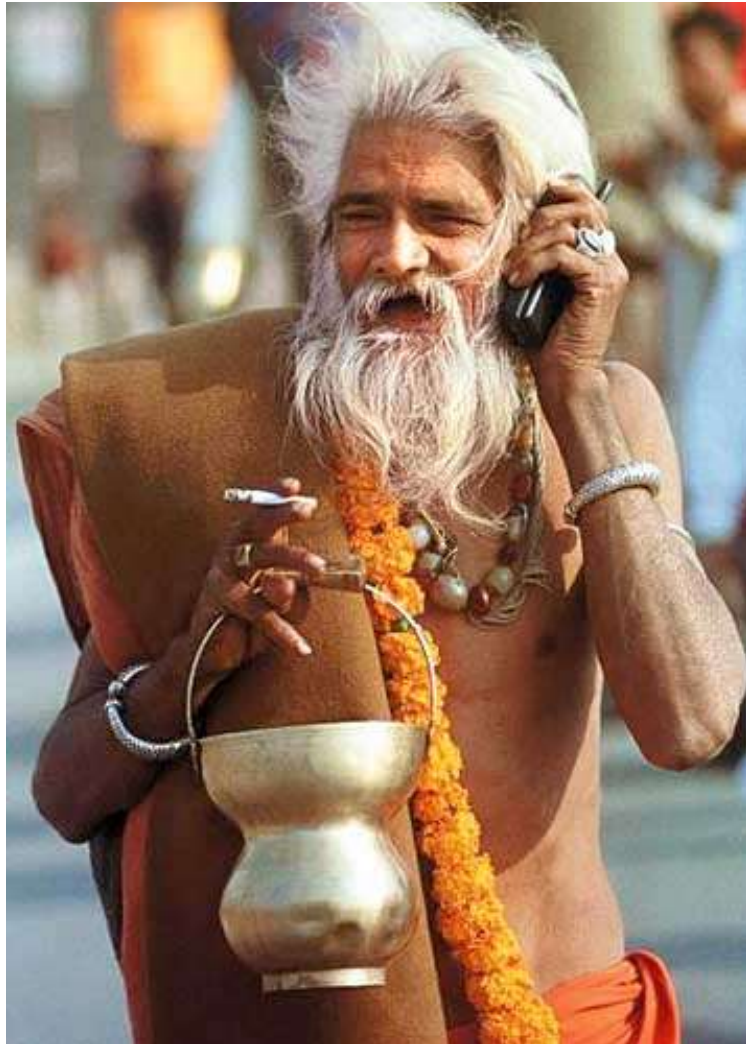
1. formal letters, texts, emails

(more complicated, more formal, requires planning and more time, structured, precise choice of words, can be reread, stored, edited, one-way)

2. Informal letters, text messages, emails, chat

(less complicated, less formal, spontaneous, punctuation, pictures, smiles, chat – immediate feedback)

Communication and new technologies



Communication in different situations



Effective Communication

Introduction

- What is the importance of information?
- What is the effect of incomplete Information?

Which are Important points to improve communication skills?

1. Communication skills = 10% words + 30% (tone + tuning) + 60% body language.

- What is tone?
- What is tuning?
- What is body language ?
- What is miss communication?

Which are Important points to improve communication skills?

1. Confidence
2. Enthusiasm (Zeal)
3. Clear objective / Aim
4. Self prepared script
5. Subject matter
6. Effective start
7. Clear voice

Which are Important points to improve communication skills?

08. Speed

09. Logical presentation

10. Audience

11. Local language

12. Effective end

13. Time limit

14. Prayer

1. Speaking



2. Writing



3. Listening



4. Reading



5. Non-verbal communication



(1) Effective Speaking

(A) DAILY SPEAKING:

- Remember the person to whom you are talking
- Don't put hands in your pocket while talking to senior in a non-casual manner
- Don't chew anything when you talk
- Avoid playing with a pen or any object
- Look at the person, not away from him
- Do take off your sunglasses
- Remain as NORMAL as you can

(B) Public Speaking :

- Presentation
- Visual aids
- Delivery

[a] Good Presentation :

- Always try to understand the audience.
- Keep in mind the number of people male-female mix
- Determine the general attitude of the audience to the topic.
- Analyze the mood of the audience

- Determine the audience understanding of the subject.
- Preview the main points
- Limit the speech to three or four main points.
- In a large presentation include previews and summary of major points.

[b] Visual Aids :

- Use visual aids to show how things look, work and relate to one another.
- Use visual Aids to highlight information and create interest.
- Select appropriate visual Aids
- Limit visual as per main point
- Make sure equipments works

[c] Delivery :

- Establish eye contact
- Speak clearly
- Do not go too fast
- Be sure every one hears
- Speak in your natural style.
- Stand up straight
- Use gesture in a natural appropriate way
- Encourage questions
- Respond to questions without being side track

(2) Effective Writing

- Fear of writing
- Visualize your audience
- Create a productive environment
- Make an outline or notes
- Just start
- Write the middle first
- Give orders
- Say thing directly
- Adopt a tone of confidence about what you say

(3) Effective Listening

- Look beyond the speaker style by asking yourself what the speakers knows that you do not.
- Hold your rebuttal until you have heard the total message
- Listen for the central theme
- Keep an open Mind

- Fight distraction by closing doors, turning off radios and T.V.
- Make meaningful notes that are brief and to the point.
- Stay ahead of the speaker by anticipating what will be said next.
- Evaluate and criticize the content not the speakers.

(4) Effective Reading

- Remove all distractions like T.V. Radio etc.
- Ensure proper lighting
- Don't make the surrounding too comfortable
- Read twice for better understanding
- When you don't have the meaning of any word, use the dictionary, do not make assumptions.



UNIT V

Controlling

INTRODUCTION

The last and most important function of management is to control. Issue of orders and instructions to the subordinates does not ensure that work will be accomplished. Their performance is to be checked continuously so that the difficulties in performance are removed before any damage take place. Every manager has to exercise control irrespective of the level of his authority. Controlling involves setting standards of performance, comparing performance of the subordinates against these standards and taking corrective action to ensure that activities are carried out according to the plans.

DEFINITION OF CONTROLLING

A few definitions by some of the prominent writers on the subject are given below:

(1) *“Controlling is the measuring and correcting of activities of subordinates to ensure that events conform to plans”.*

Koontz and Cyril O’ Donnell

(2) *“Control consists in verifying whether everything occurs in conformity with the plans adopted, the instructions issued and principles established. It has the object to point out the weaknesses, and errors in order to rectify them and prevent their recurrence”.*

Henry Fayol

Thus, managerial control is a process through which the performance of subordinates is evaluated to see whether the activities of the enterprise are going on in the required manner or not. If anything is found, remedial measures are taken. To ensure that the activities are carried out according to the plans.

NATURE OF CONTROL

The nature of characteristics of control may be described as under:

1. Last Process

Managerial control is the last process of management because the work of control starts after planning, organization, direction, coordination and motivation.

2. Dynamic Process

Control is a dynamic process of management because in this process, necessary changes are made keeping in view the changed circumstances of enterprise.

3. Continuous Process

Control is the continuous process of management, it continues as long as the production continues in the enterprise.

4. Control on Future Events


In the process of control all the best efforts are made to check the possible losses in future. In fact, managerial control is a process of directing the activities of the enterprise for future on the basis of past experiences.

5. Based on Scientific Principles and Statistical Factors

The process of control is based upon scientific principle and statistical factors.

6. Attainment of Goals

The main object of control is to ensure the proper functioning of enterprise according to pre-determined rules, policies, procedures and programmes. It aims at the attainment of pre decided objectives of the enterprise.

- 
1. Why and how do managers exercise control?
 2. What are the steps in the control process?
 3. What are the common control tools and techniques?

OBJECTIVES OF CONTROL

An effective system of control helps in achieving the following objectives:

- 1. Determining the progress of work.**
- 2. Detecting deviations from the planned standards.**
- 3. Investigating the causes of deviations.**
- 4. Taking corrective measures to check deviations.**
- 5. Keeping the loss due to faulty production within the minimum possible limit.**

PROCESS OF CONTROL

The process of managerial control involves a series of four steps as given below:

1- Establishment of Standard

Establishment of standards in terms of quantity, quality or time is necessary for effective control because it is essential to determine how the performance will be appraised.

2- Measurement of Performance

This step involves measuring of actual performance of various individuals, groups or units for comparing it with the standards. The quantitative measurement should be done whenever possible



3- Appraisal of Performance

It means comparison of actual performance with the standards laid down earlier. The process of performance appraisal will reveal the deviations from the standards.

4- Taking Corrective Actions

The final step in the control process is taking corrective actions so the deviations may not occur again. This may involve re-planning or redrawing of standards, or clarification of duties.



1. Managerial Control

1. Importance of controlling
2. Types of controls
3. Internal and external control

2. The Control Process

1. Establish objectives and standards
2. Measure actual performance
3. Compare results with objectives
4. Take corrective action



3. Control Tools and Techniques

1. Project management and control
2. Inventory control
3. Breakeven analysis
4. Financial controls
5. Balanced scorecards





- Controlling

- The process of measuring performance and taking action to ensure desired results
- Has a positive and necessary role in the management process
- Ensures that the right things happen, in the right way, at the right time
- Benefit: Organizational learning (Example: After-action review)

Figure 9.1 The role of controlling in the management process



- 
- Feedforward controls
 - Employed before a work activity begins
 - Ensures that:
 - Objectives are clear
 - Proper directions are established
 - Right resources are available
 - Goal is to solve problems before they occur

- 
- Concurrent controls
 - Focus on what happens during work process
 - Monitor ongoing operations to make sure they are being done according to plan
 - Goal is to solve problems as they occur


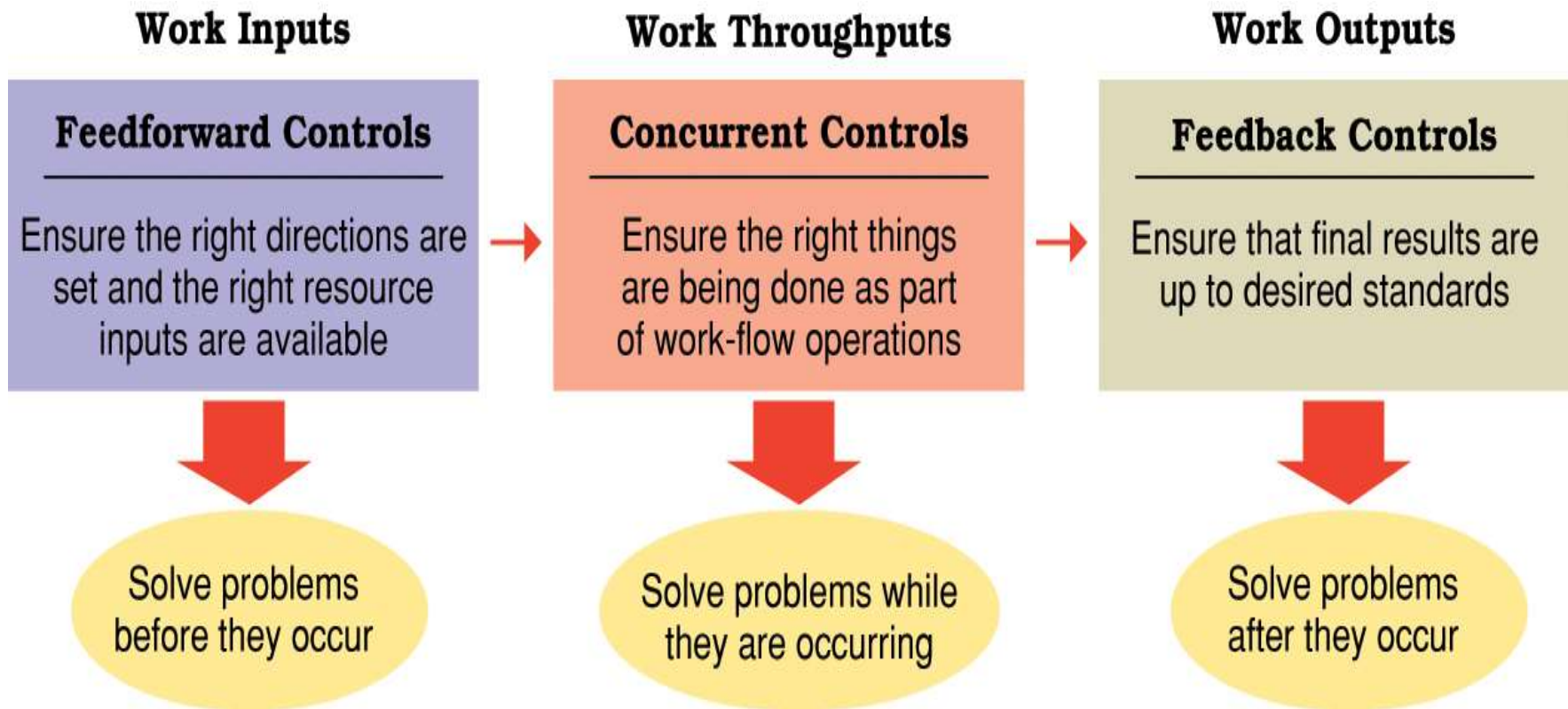
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- Feedback controls
 - Take place after work is completed
 - Focus on quality of end results
 - Goal is to solve problems after they occur and prevent future ones

Figure 9.2 Feedforward, concurrent, and feedback controls.






- Internal and external control


- Internal control

- Allows motivated individuals and groups to exercise self-discipline in fulfilling job expectations

- External control

- Occurs through personal supervision and the use of formal administrative systems

- 
- Self-control
 - Internal control that occurs through self-discipline in fulfilling work and personal goals and responsibilities

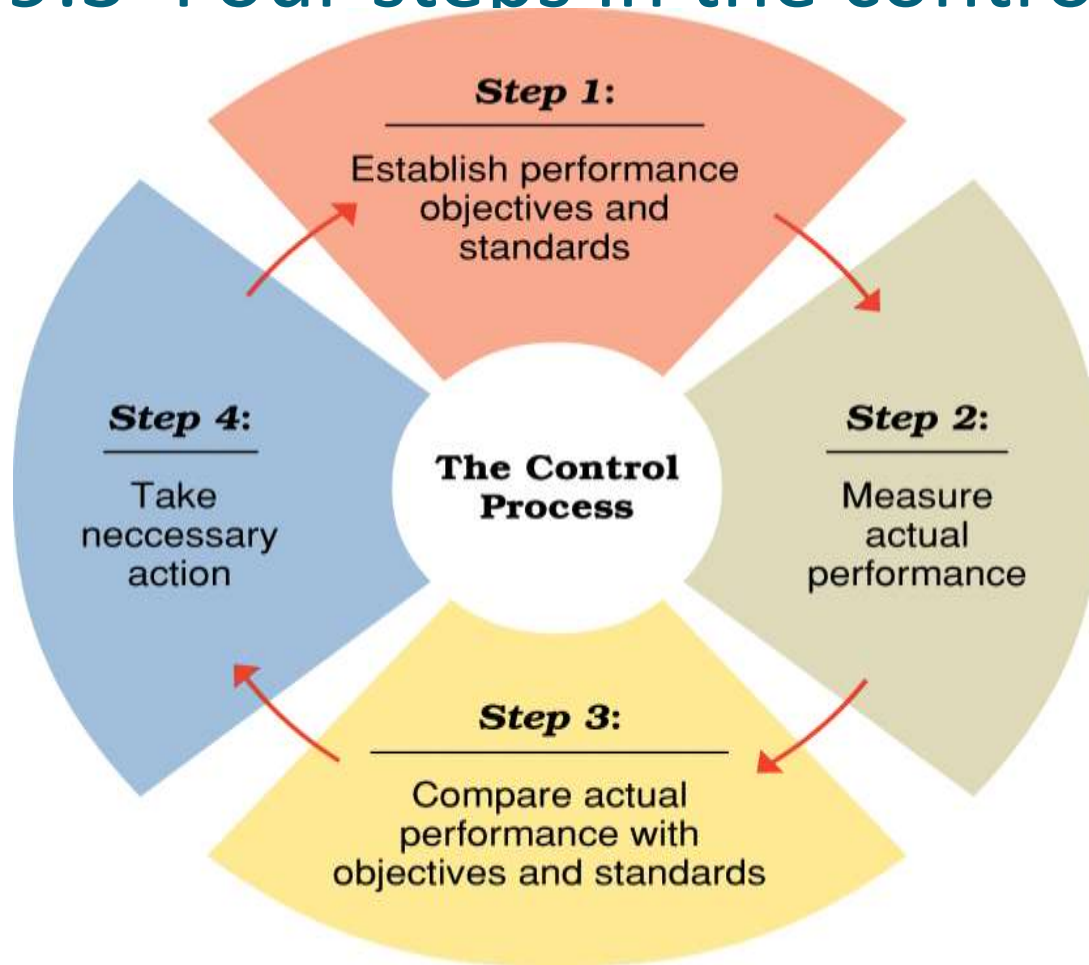
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- Bureaucratic control
 - Influences behavior through authority, policies, procedures, job descriptions, budgets, and day-to-day supervision
 - Clan control
 - Influences behavior through norms and expectations set by the organizational culture





- Market Control


- Influence of market competition on the behavior of organizations and their members


Figure 9.3 Four steps in the control process



- 
- Step 1 — establishing objectives and standards
 - Output standards
 - Measure performance results in terms of quantity, quality, cost, or time
 - Input standards
 - Measure effort in terms of amount of work expended in task performance

- 
- Step 2 — measuring actual performance
 - Goal is accurate measurement of actual performance results and/or performance efforts
 - Must identify significant differences between actual results and original plan
 - Effective control requires measurement

- 
- Step 3 — comparing results with objectives and standards
 - Need for action = Desired Performance – Actual Performance
 - Comparison methods:
 - Historical comparison
 - Relative comparison
 - Engineering comparison

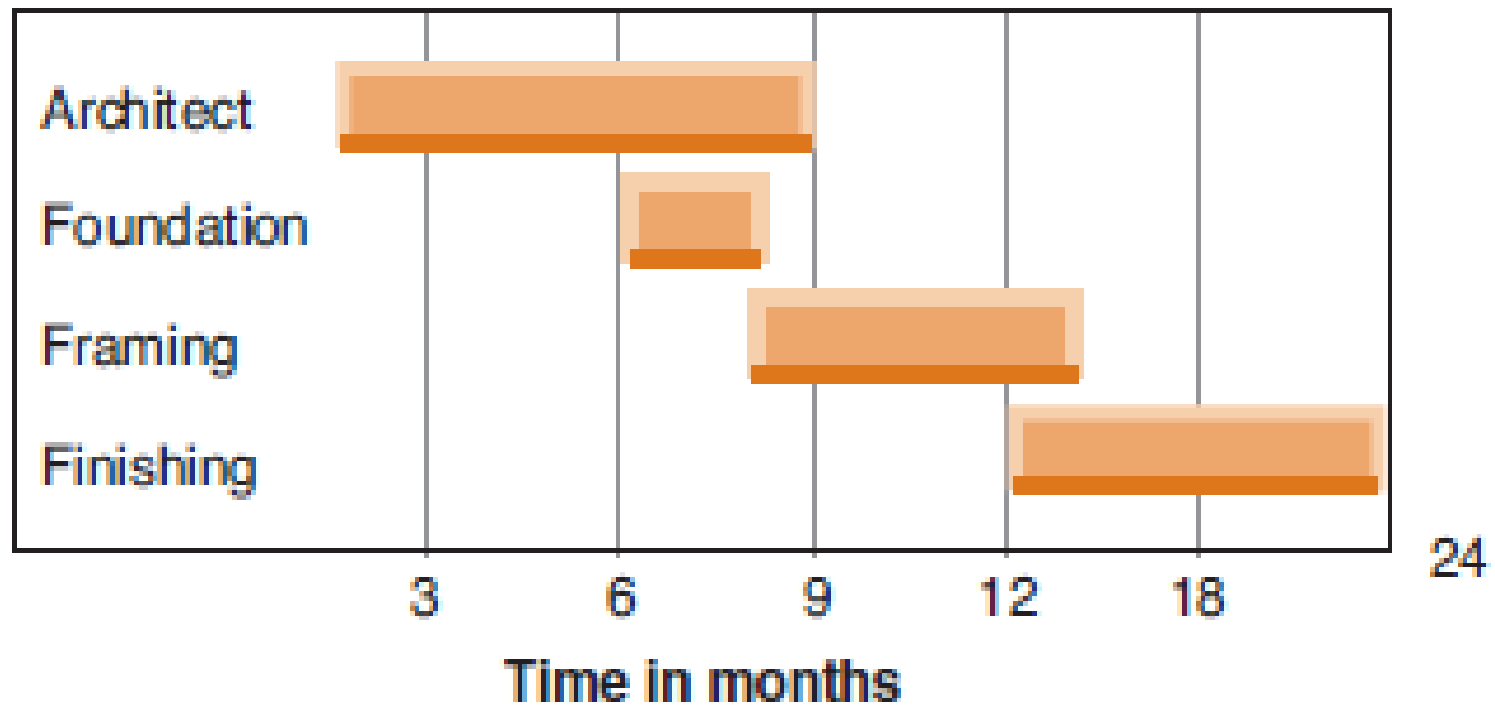
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- Step 4 — taking corrective action
 - Taking action when a discrepancy exists between desired and actual performance
 - Management by exception
 - Giving attention to situations showing the greatest need for action
 - Types of exceptions
 - Problem situation
 - Opportunity situation



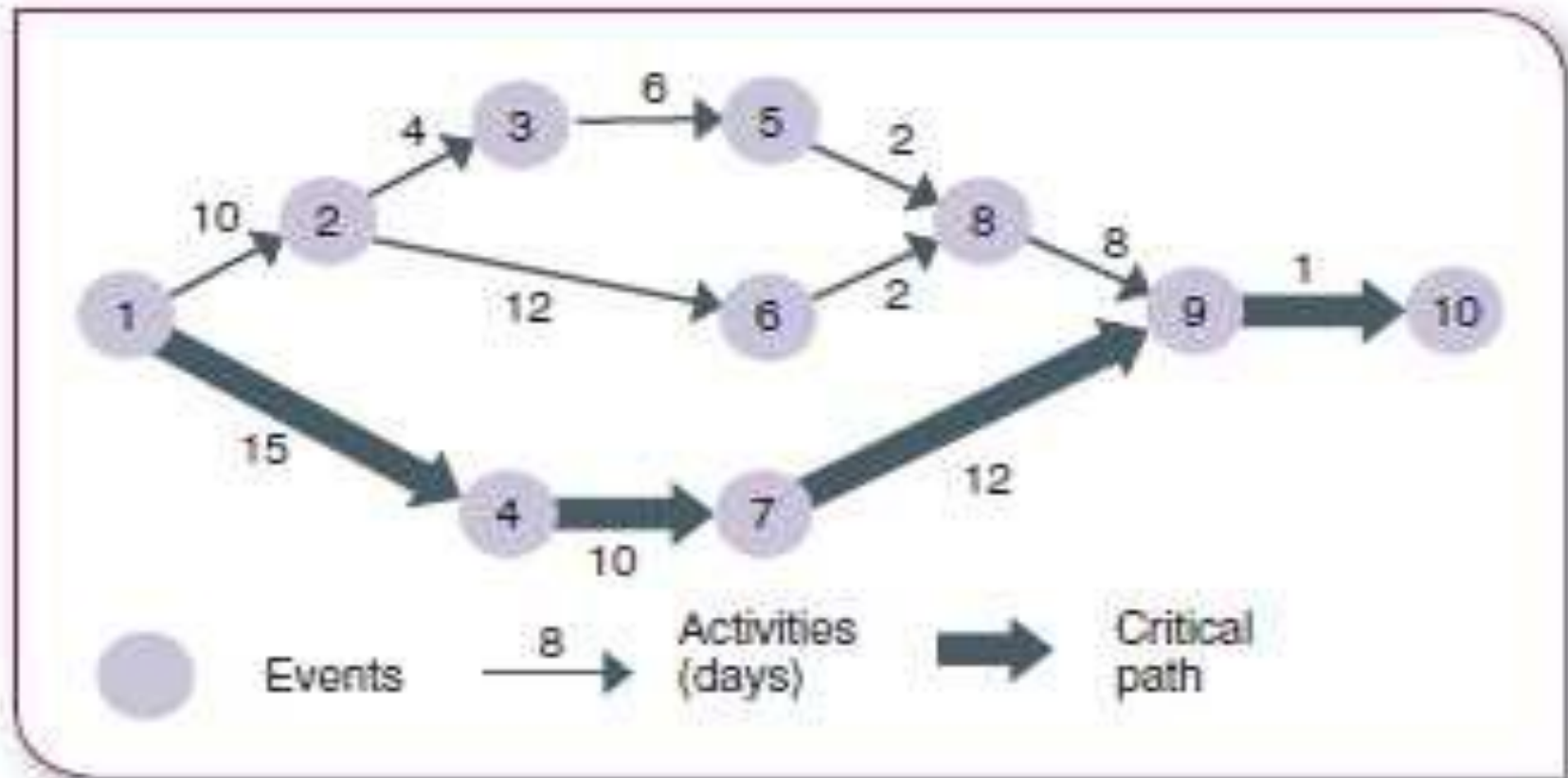
- Project Management

- Overall planning, supervision, and control of projects

- Projects – unique one-time events that occur within a defined time period
 - Gantt chart – graphic display of scheduled tasks required to complete a project
 - CPM/PERT – combination of the critical path method and program evaluation and review technique



Activity-on-Arrow





- Inventory control

- Ensures that inventory is only big enough to meet immediate needs
- Economic order quantity
 - Places new orders when inventory levels fall to predetermined points
- Just-in-time scheduling
 - Routes materials to workstations just in time for use



- Breakeven analysis

- Breakeven point

- Occurs where revenues just equal costs

- Breakeven analysis

- Performs what-if calculations under different revenue and cost conditions

Figure 9.4 Use of breakeven analysis to make informed “what-if” decisions

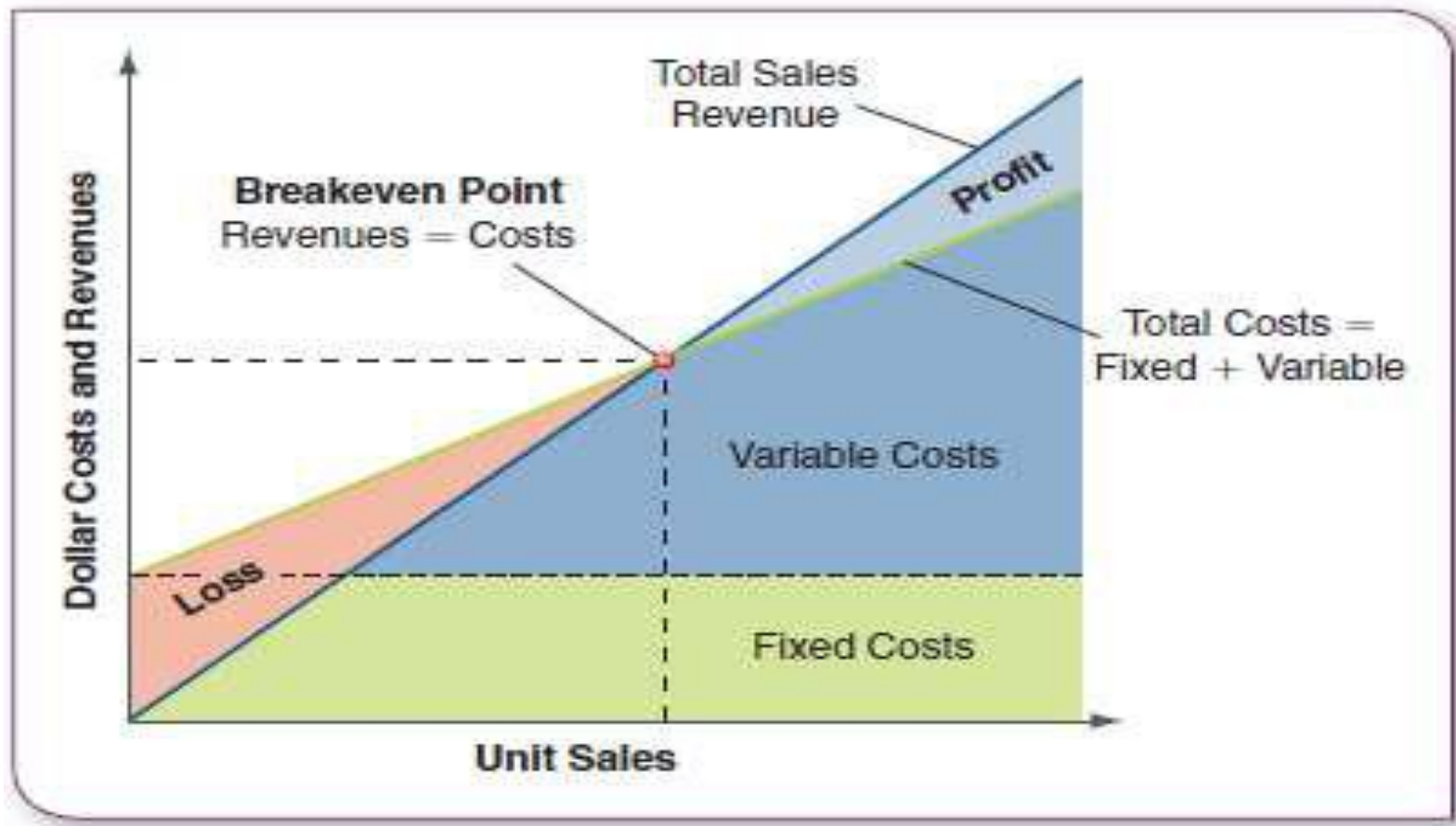


Figure 9.5 Basic foundations of a balance sheet and income statement

Balance Sheet		Income Statement	
Assets	Liabilities		
<u>Current Assets</u>	<u>Current Liabilities</u>	<u>Gross Sales</u>	
• Cash	• Accounts payable	less Returns	
• Receivables	• Accrued expenses	<u>Net Sales</u>	
• Inventories	• Taxes payable	less Expenses and Cost of Goods Sold	
<u>Fixed Assets</u>	<u>Long-term Liabilities</u>	<u>Operating Profits</u>	
• Land	• Mortgages	plus Other Income	
• Buildings	• Bonds	<u>Gross Income</u>	
<u>Less Depreciation</u>	<u>Owner's Equity</u>	less Interest Expense	
	• Outstanding stock	<u>Income Before Taxes</u>	
	• Retained earnings	less Taxes	
<u>Total Assets</u>	= <u>Total Liabilities</u>	<u>Net Income</u>	



- Basic Financial Ratios

- Liquidity

- The ability to generate cash to pay bills

- Leverage


- The ability to earn more in returns than the cost of debt

- Asset management

- The ability to use resources efficiently and operate at minimum cost

- Profitability

- The ability to earn revenues greater than costs

- 
- Balanced Scorecard
 - Factors used to develop scorecard goals and measures:
 - Financial performance
 - Customer Satisfaction
 - Internal process improvement
 - Innovation and learning

Establish Objectives and Standards

- There are two types of standards:
 - ◆ Output Standards - measures performance results in terms of quantity, quality, cost, or time.
 - ◆ Input Standards - measures work efforts that go into a performance task.

Measuring Actual Performance

- Measurements must be accurate enough to spot deviations or variances between what really occurs and what is most desired.
- Without measurement, effective control is not possible.

Comparing Results with Objectives and Standards

- The comparison of actual performance with desired performance establishes the need for action.
- Ways of making such comparisons include:
 - ◆ Historical / Relative / Engineering
 - ◆ Benchmarking

Taking Corrective Action

- Taking any action necessary to correct or improve things.
- Management-by-Exception focuses managerial attention on substantial differences between actual and desired performance.

Taking Corrective Action

- ◆ Management-by Exception can save the managers time, energy, and other resources, and concentrates efforts on areas showing the greatest need.
- ◆ There are two types of exceptions:
 - Problems - below standard
 - Opportunities - above standard

Effective Controls

The Best Controls in Organizations are

- Strategic and results oriented
- Understandable
- Encourage self-control

Effective Controls

The Best Controls in Organizations are

- Timely and exception oriented
- Positive in nature
- Fair and objective
- Flexible

Types of Control

- Preliminary

Sometimes called the feedforward controls, they are accomplished before a work activity begins.

They make sure that proper directions are set and that the right resources are available to accomplish them.

Types of Control

- Concurrent

Focus on what happens during the work process. Sometimes called steering controls, they monitor ongoing operations and activities to make sure that things are being done correctly.

Types of Control

- Postaction

Sometimes called feedback controls, they take place after an action is completed. They focus on end results, as opposed to inputs and activities.

Types of Controls

Managers have two broad options with respect to control.

- They can rely on people to exercise self-control (internal) over their own behavior.
- Alternatively, managers can take direct action (external) to control the behavior of others.

Types of Control

- Internal Controls

Allows motivated individuals to exercise self-control in fulfilling job expectations.

The potential for self-control is enhanced when capable people have clear performance objectives and proper resource support.

Types of Control

- External Controls

It occurs through personal supervision and the use of formal administrative systems.

- ◆ Performance appraisal systems, compensation and benefit systems, employee discipline systems, and management-by-objectives.

Organizational Control Systems

- Management Processes
 - ◆ Strategy and objectives
 - ◆ Policies and procedures
 - ◆ Selection and training
 - ◆ Performance appraisal
 - ◆ Job design and work structures
 - ◆ Performance modeling, norms, and organization culture

Organizational Control Systems

- Compensation and Benefits
 - ◆ Attract talented people and retain them.
 - ◆ Motivate people to exert maximum effort in their work.
 - ◆ Recognize the value of their performance contributions.

Organizational Control Systems

- Employee Discipline

- ◆ Discipline is defined as influencing behavior through reprimand.
- ◆ Progressive Discipline ties reprimand to the severity and frequency of the employee's infractions.
- ◆ Positive Discipline tries to involve people more positively and directly in making decisions to improve their behavior.

The “Hot Stove Rule”

To be Effective Discipline Should be:

- **Immediate**
- **Focus on activity not personality**
- **Consistent**
- **Informative**
- **Occur in a supportive setting**
- **Support realistic rules**

Organizational Control Systems

- Information and Financial
 - ◆ Activity-based costing - the true cost of all products and services.
 - ◆ Economic value added - examine the value added by all activities.
 - ◆ Understand the implication of key financial measures of (ratios) organizational performance

Operations Management and Control

- Purchasing
 - ◆ Economic Order Quantity
automatic reorder points
 - ◆ Just-In-Time Scheduling

Operations Management and Control

- Project Management
 - ◆ Program Evaluation and Review Technique (PERT) - Identifies and controls the many separate events in complex projects.

Operations Management and Control

- Statistical Quality Control
 - ◆ Based on the establishment of upper and lower control limits, that can be graphically and statistically monitored to ensure that products meet standards.

Reporting

- Reporting is the collection of data that informs managers on how to efficiently run their department. A successful business implements managerial reports not only to track a department's key performance indicators (KPIs) but also to help guide its managers toward making accurate, data-driven decisions.

What are the purposes of managerial reporting

- Monitoring and tracking KPIs and other performance metrics
- Setting goals and milestones
- Determining the profitability of a product, service or client
- Deciding where money is best spent
- Pricing products or services accurately
- Hiring the correct type and amount of employees
- Creating cohesive communication regarding the data collected

What to include in a managerial report

- What goes into a managerial report depends on the manager it's being sent to. Each department requires KPIs that directly affect its department. These are a few standards that should be included in a managerial report:
- **Cover page:** Professionalism is important, so be sure to brand your cover page with your company's logo or seal.
- **Values, vision and mission:** This is not only a friendly reminder of the company's identity, but it also reminds the team of the company's strategy that can inspire decisions for the next month or quarter.
- **Table of contents:** Everything in the report is important, but being able to quickly locate information for reference is highly beneficial.
- **Organizational scorecard view:** The scorecard provides a brief overview of the department and should be organized

CONT...

- by the order in which the report will be read.
- **Detailed page:** An effective management report should include at least one page with an extensive breakdown of the department's strategic goals and objectives that should include recommendations and information on the supporting data.
- **Charts:** Charts provide a simple way to show the data surrounding KPIs, should present clear targets and are uniform throughout the report.
- **Project overviews:** The department needs a review of the projects that benefit their strategy, including budgets and information regarding a project's completion.

CONT...

- **Online version:** It's important to have a digital copy of the management report so the team can access it from anywhere, using a cloud-based software service is recommended.
- **Time-stamped footer:** This is beneficial in keeping everyone up to date in case a change needs to be made.
- **Action items:** A major purpose of managerial reports is to present data to inform strategy and the decisions that need to be made, providing the action items discussed in meetings can help keep the entire team on track.



THANK YOU