

Introduction

FACULTY NAME :-

BRIJ MOHAN SRIVASTAVA

PROGRAMME:-

BCOM 1 ST YEAR

SUBJECT :-

PRINCIPLES OF BUSINESS MANAGEMENT

FUNCTIONS OF MANAGERS:

All the managers have to perform certain functions in the organization to get the things done by the others. Functions of management are:-

- a) Planning**
- b) Organising**
- c) Staffing**
- d) Leading**
- e) Controlling**
- f) Coordination**

(a) **Planning:** - Planning is an indispensable function of management. It determines the objectives to be achieved and the course of action to be followed to achieve them. No real plan exists until a decision – a commitment of human or material resources has been made. Planning includes:-

- (i) Determination of objectives
- (ii) Forecasting
- (iii) Search of alternate course of action and their evaluation
- (iv) Drawing policies and procedures
- (v) Budgeting

Planning is a pre-requisite of doing any thing. Planning is continuous and never ending activity. It leads to more effective and faster achievements in any organization and enhance the ability of the organization to adopt to future eventualities. We can say that it is nothing but a decision making in advance at all levels.

(b) **Organising:** - Organising is the process of dividing the work into the convenient tasks or duties of delegating authority to each so that work is carried out as planned. Organising involves identification and grouping activities to be performed and dividing them among the individuals and responsibility relationships among them. The process of organising involves the following steps:-

- (i) Determination of objectives.
- (ii) Division of activities.
- (iii) Fitting individual to specific jobs.
- (iv) Developing relationship in terms of authorities and responsibilities.
- (v) Coordinating the activity throughout the organization as planned.

Organising can be viewed as a bridge connecting the conceptual ideas developed in creating and planning to the specific means for accomplishing these ideas. Organising contribution to the efficiency of the organisation.

(c) **Staffing:** - The staffing function has assumed great importance these days because of rapid advancement of technology, increasing size of organisations and complicated behaviour of human beings. The managerial function of staffing involves manning the organizational structures through proper and effective selection, appraisal, and the development of personnel to fill the roles designed into the structure. The staffing involves following functions:-

- (i) Proper recruitment and selection of people.

- (ii) Fixing remuneration.
- (iii) Training and developing selected people to discharge organizational function.
- (iv) The appraisal of personnel.

Every manager is continuously engaged in performing the staffing function. Although some elementary functions like keeping inventory of personnel, advertising for jobs, calling candidates etc. are assigned Personnel department. The managers perform the duties of job analysis, job description, appraisal of efficiency etc. thus staffing function is also a pervasive function management.

(d) Leading: - Leading is influencing people so that they will contribute to organisation and group goals. It is the part of management process which actuates organisation members to work efficiently and effectively for the attainment of organisation objectives. Planning, organising and staffing are merely preparation for doing work and the work actually starts when managers start performing the leading function. Leading is the interpersonal aspect of management which deals directly with influencing, guiding, supervising and motivating the subordinates for the accomplishment of the pre-determined objectives. Leading consist of following:-

❖ **Communication:** - It is the process of passing information and understanding from one person to another. A manager to be successful, should develop an effective system of communication so that he may issue instruction, receive the reactions of the sub-ordinates and motivate them.

❖ **Leadership:** - It is the process by which a manager guides and influences the work of his subordinates.

❖ **Motivation:** - Motivation means inspiring the subordinates with a zeal to do work for the accomplishment of organisation objectives.

❖ **Supervision:** - Manager has to personally watch, direct and control the performance of subordinates. In doing this, they have to plan the work of their subordinates, give them direction and instructions, guide them and exercise leadership.

(e) Controlling:- Controlling is visualizing that actual performance is guided towards expected performance. It is the measurement and correction of the performance of activities of subordinates in order to make sure that enterprise objective and the plans devised to attain them are being accomplished. Controlling involves followings: -

- (i) Fixing appropriate standards.
- (ii) Measurement of actual performance
- (iii) Comparing actual and planned performance
- (iv) Finding variances between the two and reason for the variances.
- (v) Taking corrective actions.

Control keeps a check on other functions for successful functioning of management. The most notable feature of control is that it is forward looking. A manager cannot control the past but can avoid mistakes in future by taking in the light of past experiences.

(f) **Coordination:** - coordination is the essence of manager ship, for it achieves harmony among individual efforts towards the accomplishment of group goals. Each of the managerial function is an exercise contributing to coordination. Individual often interpret similar interest in different ways and their efforts towards mutual goals do not automatically mesh with the effort of others. Therefore it become the central task of the manager to reconcile differences in approach, timing, effort, or interest and to harmonize individual goals to contribute to organisation goals.

Coordination is an essential part of all the managerial functions of Planning, Organizing, Leading and controlling. There is need of coordination because of following reasons:-

❖ **Division of labour:**- Coordination ensures that there is proper synchronization between the activities of different units and eliminates duplication of work. It also ensures that there are no interruptions in separations due to delay in the supply of materials or tools or wrong allocation of duties.

❖ **Interdependence of units:** -The greater the interdependence of units, the greater need for coordination. Units can be linked to each other in any of three ways,

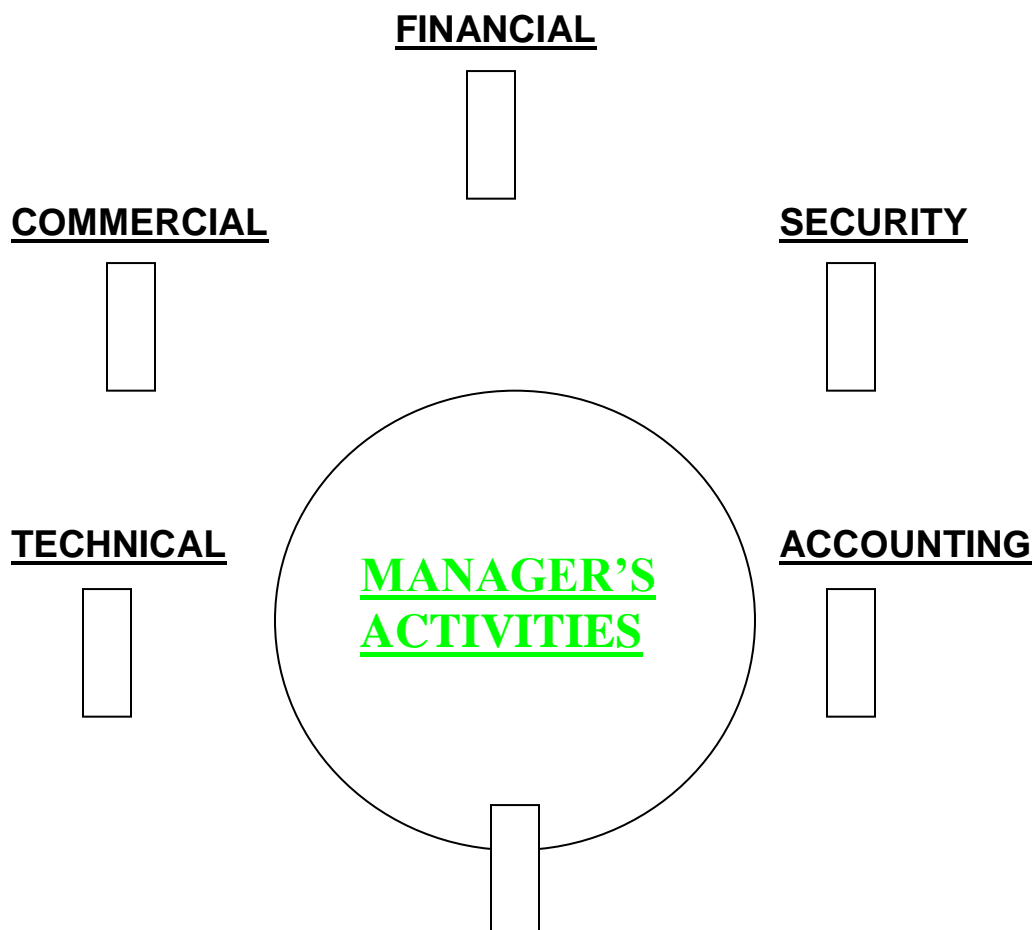
Pooled Interdependence: - Pooled interdependence makes contribution to the total organization but are not directly linked. There is minimal coordination between them.

Sequential interdependence: - In sequential interdependence, one organizational unit must act before the next can. This requires greater coordination than in pooled interdependence.

Reciprocal interdependence: - In reciprocal interdependence, the input of one unit becomes the output of the other and vice versa. Here the need for coordination between the units is the strongest.

❖ **Individual Interest versus Organizational Interest:** - In any group coordination makes possible a total accomplishment in excess of the sum of individual parts making up that total. The total accomplishment of any department consisting of ten employees, whose efforts are closely coordinated, is far greater than that of same ten working individual. Coordination integrates the objectives of the various units in an organization to efficiently achieve organizational goals.

Fayol made his mark as an industrialist with the French coal and iron combine of commentary four chambault where he spent his entire working life. According to Fayol the activities of an industrial organisation could be divided into six categories as shown below: -



- TECHNICAL (Production & Manufacturing)
- COMMERCIAL (Buying, Selling & Exchange)
- FINANCIAL (Acquiring & using capital)
- SECURITY (Protection of Property & Person)
- ACCOUNTING (Stock taking, Balance sheet, cost & statistics)

➤ **MANAGERIAL** (Planning, Organizing, Command, Control and Coordination)

According to Fayol management was a separate and distinct skill from other business function. He also felt that management skills had been the most neglected aspect of business operations. Fayol developed fourteen general principals of managements. According to him there principles can be applied in all types, functions, levels and size of organizations. This had earned him the title of “UNIVERSALIST”. For a long time Fayol’s list was accepted on “Complete and Comprehensive”. A description of these principles follows: -

- I. **Division of work:** - This is the principle of specialization which applies to all kinds of work. The more people specialize the more efficiently they can perform their work. Specialization increases output by making employees more efficient.
- II. **Authority and Responsibility:** - According to Fayol responsibility is a corollary and a natural consequence of authority. Responsibility implies an obligation to perform the task in a satisfactory manner.
- III. **Discipline:** - Good discipline is the result of effective leadership a clear understanding between management and workers regarding the organization’s rules and the judicious use of penalties for violation of the rules.
- IV. **Unity of Command:** - Every employees should receive order and instruction from only one superior. Dual command is a perpetual source of conflict. If a person receives order from more than one superior, it would lead to confusion and chaos.

- V. **Unity of Direction:** - This principle calls for one manager one plan for all operations having the same objectives. This principle when applied properly, ensure unity of action and facilitates coordination.
- VI. **Subordination of Individual Interest to the General Interests:** - The interest of the organization is above the individual and the group. This can be achieved when manager set an example through their exemplary behaviour. They must be prepared to sacrifice their personal interest when ever such interest are in conflict with organizational interest.
- VII. **Remuneration:** - Workers should be paid a fair wages for their service. The method of wage payment should provide maximum possible satisfaction to both employees and employer.
- VIII. **Centralization:-** Everything that goes to increase the subordinate role is decentralization, everything which goes to reduce it is centralization. Whether decision making is centralized (to management) or decentralized (to subordinates) is a matter of proper proportion. The problem is to find the best amount of centralization in each case.
- IX. **Scalar chain hierarchy:** - The graded chain of authority from top to bottom through which all communication flow is formed the “Scalar Chain”.
- X. **Order:** - People and material should be in the right place at the right time. A place for everything and everything in its place.
- XI. **Equity:-** Manager should be both friendly and fair to their subordinates. Employees should be justice and kindness promotes better relation between employees and employer.

XII. **Stability of tenure of personnel:** - Management must implement practice which encourages long term commitment of employees. Instability of tenure can significantly affect the fortunes of a company.

XIII. **Initiative:** - Employees must be encouraged to think and implement a plan of action even through some mistake may result. The opportunity to perform independently is an essential component of employee growth and development.

XIV. **Esprit de corps:** - This principle state that “Union is Strength”. Fayol defined esprit de corps as unity of effort through harmony of interest. Promoting team sprit will give the organization a sense of unity.

These fourteen principles were considered to be flexible and capable of meeting every managerial need. It one had the intelligence, experience and decision making ability and sense of proportion to use them properly and effectively. Fayol's contribution to management theory is unique and valuable. In fact he was the first management thinker who contributed substantially and brought respectability to management as a discipline. Undoubtedly, Fayol was the important management thinker who has presented the most lucid and highly systematic analysis of the management.

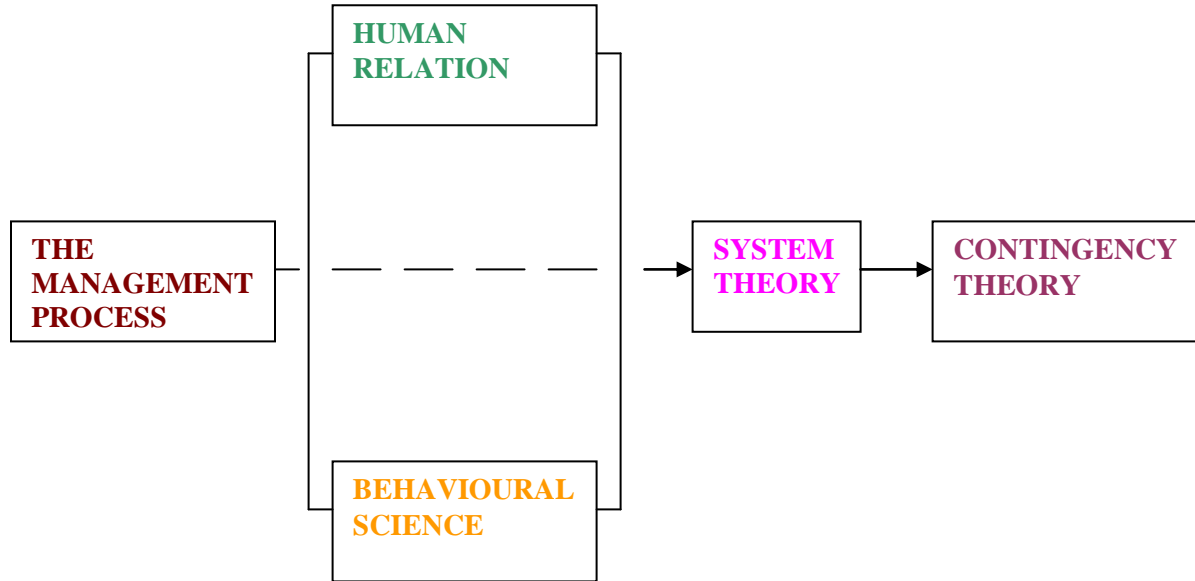
MODERN MANAGEMENT THEORY

The past thirty years witnessed a “Knowledge Explosion” in the field of managements. During this period management writer have been primarily concerned with integrating the findings of scientific management, principles of management and human relations movements. However two integrating trends have developed throwing adequate light on the dynamic nature of management namely: -

(a) System Approach

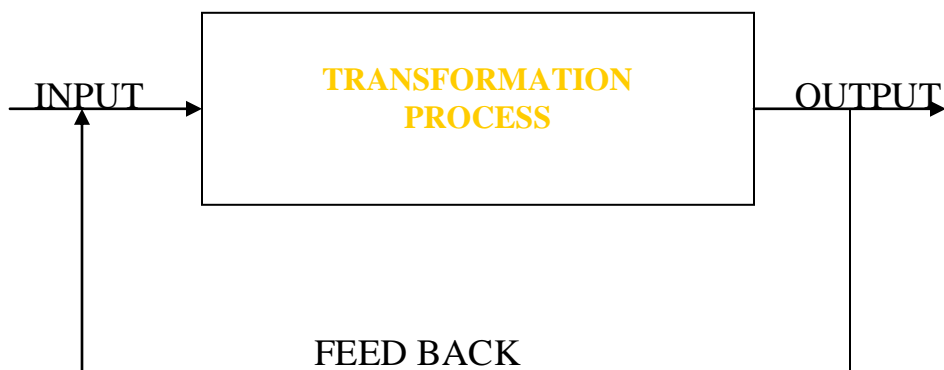
(b) Contingency Approach

These modern management theories considered all elements the whole organization as well as components parts. The organization is viewed as adaptive systems which must in order to survive adjust to environmental changes. The organization and its environment are seen as interdependent; each depends on the other for resources from scientific management, human relations. It is background that furnishes a foundation for understanding Contemporary management theory and practice.



SYSTEM APPROACH: -

A system in simple terms is a set of interrelated parts. It is a group of interrelated but separate elements working towards a common purpose. The arrangement of elements must be orderly, there must be proper communication facilitating interaction between the elements and finally the interaction should lead to achieve a common goal. The organization transforms input into a variety of outputs and offers the same to the external environment in the form of products good and services. Sale of the output provides the necessary energy (feedback) to the system cycle.



The system approach provides a unified focus to organizational efforts. A major contribution of the system approach results from its strong emphasis on the interrelatedness or mutuality of the parts of an organization. Another important benefit of system theory lies in its treatment of the organization as an open system. A close system imports

something from the environment and exports something into the environment. The system theory of management is characterized by the following: -

(a) **Dynamic:** - Within the organization the process of interaction between subsystem is dynamic.

(b) **Multilevel and Multidimensional:** - It is micro within the nation's industrial network and it is macro with respect to its internal units. The modern manager is forced to recognize the importance of parts as well as the whole.

(c) **Multimotivated:** - Motivation is an extremely complex process and drawing simplistic equation is a futile exercise.

(d) **Probabilistic:** - Modern theory tends to probabilistic. "Statement in modern theory tends to be qualified with phrases such as "may be", in general" and usually" because modern theory recognizes that few predictive statement can be made with certainty.

(e) **Multidisciplinary:** - Modern theory of management is enriched by contribution from disciplines like sociology, psychology, economics, anthropology, ecology mathematics, operations research and so on.

(f) **Descriptive:** - Individual are free to select the objectives and the methods to improve organizational effectiveness.

(g) **Multivariable:** - There is no simple cause effect phenomenon in organizational activities. An event may be the product of many factors that are in turn interrelated and interdependent.

(h) **Adaptive:** - An organization and its environment are expected to rearrange their parts. Organization tries to cope with

environment changes through the “feed back” mechanism. An organization must produce output acceptable to components in environment.

It is true that “System theory provides a broad Philosophical perspective that bridge academic disciplines and mounts integrated attack on a wide variety of problem”

CONTINGENCY THEORY

In recent years especially after 1970 the word “contingency” has invaded the field of Management. One important contribution of contingency perspective may best be summed up in the statement that “there is no one best way to manage”. According to this approach the best way to lead, plan organize & conduct managerial activities varies with the situations. There are no plans, organization structure leadership style or control that will fit all situations. A manager trained in the contingency approach may offer a solution that is responsive to the characteristics of the total situation being faced. Organization characterized by the limited resources, unskilled labour force, limited training opportunities, limited products offered to local markets- work simplification would be ideal. Job enrichment programme would work better if the organization employs skilled labour force. Applying a contingency approach requires that managers diagnose a given situation & adapt to meet the conditions present. The strength of contingency theory rest on two points: -

- First it focuses attention on specific situation factors that influence the appropriateness of one managerial strategy over another.

➤ Second it highlights the importance to managers of developing skills in situational analysis. Such skills will help managers find out important contingency factors that influences their approach to managing.

The contingency approach is a useful instructional device in the sense that it compels us to be aware of the complexity in every situation and forces us to take an active and dynamic role in trying to determine what would work best in each case. It is said that the contingency approach is refreshing breeze in management literature that clears away the humanistic and general system fog. The contingency theory is concerned with achieving a “fit” between organization and its environment. The contingency approach dose not incorporates all aspects of system theory and hold that it is severely constrained by paucity of literature. Contingency theory is theoretically complex. The goal of integrating functional, quantitative behavioral and system approaches in the form of contingency model may prove to be too difficult to realize because of the incomplete development of the earlier approaches.

MC KINSEY'S 7-S FRAME WORKS

The 7-S frame works for management analysis was developed by the consulting firm of Mc Kinsey + company. The seven S's are: -

(a) **STRATEGY:** - Systematic action and allocation of resources to achieve company aims.

(b) **STRUCTURE:** - Organization structure and authority/responsibility relationships.

(c) **SYSTEM:** - Procedures and processes such as information system manufacturing process budgeting and control processes.

(d) **STYLE:** - The way management behaves and collectively spends its time to achieve organizational goals.

(e) **STAFF:** - The people in the enterprises and their socialization into the organizational culture.

(f) **SHARED VALUES:** - The values shared by the members of organization.

(g) **SKILLS:** - Distinctive capabilities of an enterprises.

Planning involves selecting missions and objectives and the action to achieve them. It also requires decision making that is, choosing from among alternatives future course of action. Plans provide a rational approach to achieving objectives.

Planning bridges the gap from where we are to go. It makes it possible for things to occur that would not otherwise happen. The four major aspect of planning are: -

- I. Its contribution to purpose and objectives.
- II. Its primacy among the manager's tasks,
- III. Its pervasiveness, and

IV. The efficiency of resulting plans.

TYPES OF PLANS


✚ **Missions or purpose:** - The mission, or purpose, identifies the basic function or task of an enterprise or agency or any part of it.


✚ **Objectives or goals:** - Objectives or goals are the end towards which activity is aimed. They represent the end point towards which planning, organizing, staffing, leading and controlling are aimed. While enterprise objectives are the basic plan of the firm, a department may also have its own objectives. Its goals contribute to the attainment of enterprise objectives, but the two set of goals may be entirely different.

✚ **Strategies:** - Strategies is defined as the determination of the basic long term objectives of an enterprise and the adoption of course of action and allocation of resources necessary to achieve these goals. The purpose of strategies is to determine and communicate, through a system of major objectives and policies, a picture of the kind of enterprise that is envisioned. Strategies do not attempt to outline exactly how the enterprise is to accomplish its objectives, but they furnish a framework for guiding, thinking and action.


✚ **Policies:** - Policy might be defined as a basic statement serving as a guide for administrative action. Policies help decide issue before they become problems; make it unnecessary to analyze the same situation every time it comes up. Policy is a means of encouraging discretion and initiative, but within limits. Objectives indicate the destination and policies provide the route. Policies are behavioral constraints. Policies


make the action organizational members are constants. Policies are useful instructional devices. Policies provide standing answer to recurring question and specify the steps to taken in marketing decision. Policies are important management tools that facilitate some transfer of decision making to lower level of organisation. When policies are stated clearly , supported by suitable explanatory information, they offer great advantages to management .they allow a more refined and flexible approach to securing problems. Policies convert objectives into a workable form. Policies are one of the important means for building predictable pattern of behaviour in an organisation.

 **Procedure:** - A procedure is a well thought out course of action. It prescribes the specific way in which a piece of work is to be done. Procedure is called action"guide lines". They are generally derived from policies. The basic purpose of procedure is to spell out clearly the way one is to go about doing something. Procedure play active role in an organization's daily operations; they "relieve the manager of much of the detail in directing subordinates .they indicate the step to be accomplished as well as the required time and under of performance. Procedures are basically formulated by management to ensure consistent action for routine work. Procedure helps in integrating organizational effort and facilitates control process. Procedure help tie all the parts together. If procedures are rigorously applied by various departments at various levels in the organisation the administrative process is seriously hampered.

 **Rules:-** A rule is a very specific and detailed guide to action. It is established to direct or restrict action in a fairly narrow manner. Rules must be followed precisely and observed strictly. One important advantages with rules is that they permits managers to simplify the decision

making process. If rules are followed blindly the organization loses direction. Rules are often followed by penalties for non-compliance. Rules tends to limit flexibility and initiative. They introduce rigidity, ingrained attitudes and habitual behaviour. Rules should also be distinguished from policies. Rules are unlike procedure in that they guide action without specifying a time sequence. A procedure might be looked upon as a sequence of rules.

 **Programs:-** A programme is comprehensive plan that indicates a complex set of goals, procedures, rules, work assignments, recourse flows and generally cover a large “territory” A well designed programme covers all administrative necessary to achieve a mission and indicates who should do what and at what time. It provides a time table of needed action to achieve a specific objective. A basic programme may give birth to many derivative programme.

 **Budgets:-** Budgets is a mesmerized programme designed primarily to allocate the resources of organisation. It is blue print of a future course of action, an estimate that indicates the future usually in monetary terms sometime expressed in time, man hour etc. Actually a budget is more than a plan, it is a device for controlling activities actual results for the period in terms of income or expenditure, are compared with budgeted fixtures. Budgets vary considerably in accuracy, details and purpose. Some budget varies accordingly to the organization level of output these are record variable or flexible budgets.

Government agencies developed programs budgets in which agency identifies goals, develops detailed programme to meet the goal and estimate the cost of each programme.

The zero base budget is a combination of the variable budget and programme budget. A manager using this approach thinks of the goals and the programs needed to achieve them as a “ work package” as though the programs were started from ”base zero”.

MANAGEMENT BY OBJECTIVE (MBO)

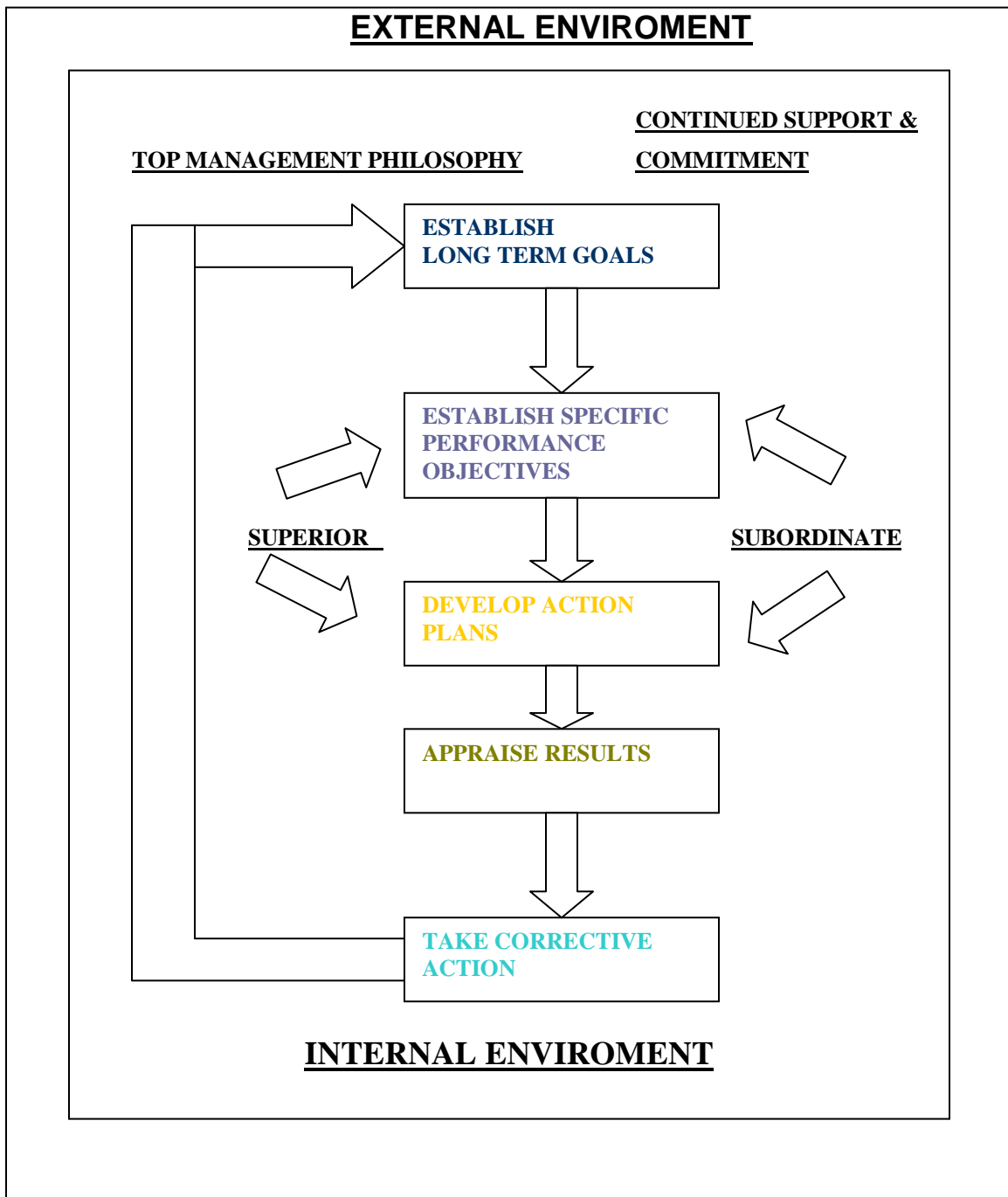
MBO is difficult to define, for organization use it in different ways and for different reasons MBO is an overall philosophy of management that concentrates on measurable goals and end results. It provides a systematic and rational approach to management and helps prevent management by crisis. MBO is based on the assumption that people perform better when they know what is expected of them and can relate their personal goals to organizational objectives. It also assumes that people are interested in the goal setting process and in evaluating their performances against target

MBO is a process where the superior and subordinates managers of an organization jointly identify its common goals, define each individuals major area of responsibility in terms of result expected of him and use these measures as guide for operating the unit and assessing the contribution of each of its members.

FEATURES

- ❖ MBO emphasizes anticipatively set goals that are tangible verifiable and measurable.
- ❖ MBO focuses attention on what must be accomplished (goal) rather than how it is accomplished (method)
- ❖ MBO by concentrating on key results area translates the abstract philosophy of management into concrete phraseology.
- ❖ MBO is a systematic and rational technique that allows managements to attain maximum results from available resources by focusing on achievable goals. It allows the subordinates plenty of room to make creative decision on his own.

Meaning of MBO varies from organization to organization. MBO represents an over all philosophy of management, a way of thinking that concentrates on achieving results. In order to understand the reason for this diversity it is necessary to look into the process of MBO shown below: -



THE PROCESS OF MANAGEMENT BY OBJECTIVES

✓ **Setting Preliminary Objectives at the top:** - The goals set by the superior are preliminary, based on an analysis and judgement as to what can and should be accomplished by the organization within a certain period. This requires taking into account the company's strengths and weakness in light value of available opportunities and threats. These goals must be regarded as tentative and subject to modification while the entire chain of verifiable objectives is worked out by subordinates.

✓ **Clarifying Organizational Roles:** - The relationship between expected results and the responsibility for attaining them often needs to be clarified. Analysis of an organization's structure often reveals that the responsibility is vague and that reorganization is needed. Ideally, each and sub-goal should be one particular person's clear responsibility.

✓ **Setting Subordinate's Objectives:** - After making sure that subordinate managers have been informed of pertinent general objectives, strategies and planning premises, the superior can then proceed to work with subordinates in setting their objectives. Superior must be patient counselors, helping their subordinates develop consistent and supportive objectives and being careful not to set goals that are impossible to achieve. The superior's judgement and final approval must be based on what is reasonably attainable, what is fully supportive of upper-level objectives, what is consistent with the goals of other managers in other functions, and what is consistent with the longer-run objectives of the department of the company.

One of the major advantages of carefully setting up a network of verifiable goals is tying in the need of capital, materials and human

resources at the same time. By relating these resources to the goals themselves, superiors can better see the most effective and economical way of allocating them.

✓ **Recycling Objectives:** - Setting objectives is not only a joint process but also an interactive one. Objectives can hardly be set by starting at the top and dividing them up among subordinates. Nor should they be started from the bottom. A degree of recycling is required. Top management may have some idea of what their subordinate's objectives should be-but they will almost certainly change these preconceived goals as the contributions of the subordinates come into focus.

GUIDELINES FOR SETTING OBJECTIVES

- The objectives should be verifiable, that is at the end of the period one should be able to tell whether or not the objectives have been achieved.
- The objectives should be challenging, yet reasonable.
- The objectives should cover the main features of the job.
- The list of objectives should not be too long; if so, some of the objective can be combined.
- Objectives should be assigned priorities.
- The set of objectives should include:
 - improvement objectives, and
 - personal development objectives.
- The objectives should be coordinated with those of other managers and organizational units and should be consistent with the objectives of superiors and the company as a whole.

- Objectives should be communicated to all who need to be informed. They should be expressed clearly. And in writing.

- The short-term objectives should be consistent with the long-term aims of the organization.

- The assumptions and the planning premises underlying the objectives should be clearly identified.

- The objectives should provide for feedback so that any necessary corrective steps can be taken.

- The resources and authority given to a person should be sufficient for achieving the objectives.

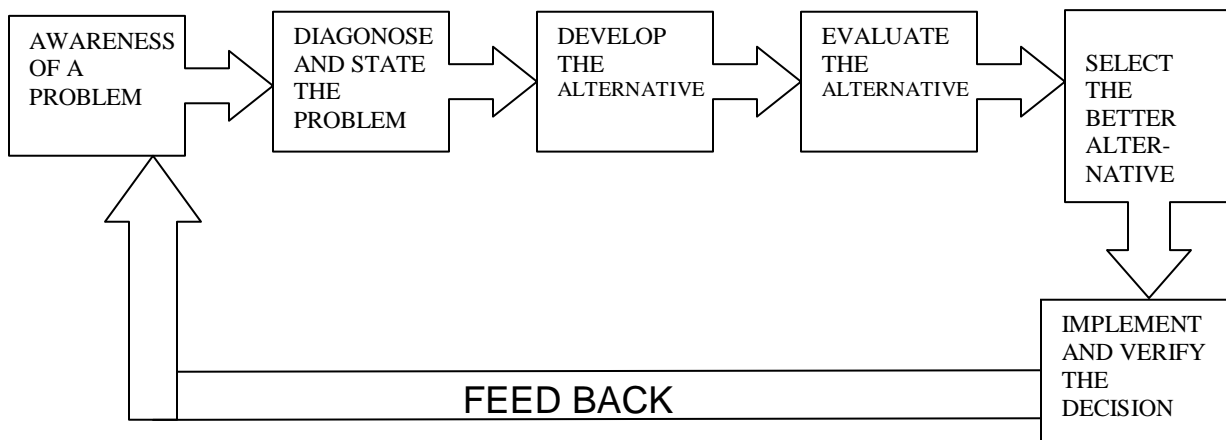
- The individuals who are expected to accomplish objectives should be given a chance to suggest their objectives.

- Subordinates should have control over aspects for which they are assigned responsibility.

DECISION MAKING

Decision making is a skill that cuts across every thing managers do. Managers have to decide what to produce, how to produce, how to motivate, how to control and so on. The decision making process describe the elements of an organization that accepts and processes information inputs and transforms them into useful conclusion, making a good decision is a difficult exercise.

It is true that theorists have disagreed on the numbers of steps involved in the decision making of steps involved in the decision making process but they have tried forcefully to bring out the importance of a normative decision- making model specifying the following steps of decision making as shown in fig below.



STEPS IN DECISION MAKING

(a) **Awareness of a problem:** - The first step in the decision making process is recognizing a problem. The manager must become aware that a problem exists and that it is important enough for managerial action. Finding the real problem and defining them is a difficult job.

Managers may have to examine cause effect relationships in the problem situation in a systematic way. A manager is expected to monitor the decision making environment understands the cause and tries to define the real problem carefully.

(b) **Diagnose and state the problem: -** A successful manager must have the ability to weed out the wheat from the chaff before deciding on a specific course of action. Once aware of problem he must state the real problem. He must try to solve the problem not the symptoms. “The best diagnostician is not the man who makes the largest number of correct diagnoses, but the man who can spot early and correct right away, his own mistaken diagnosis”. The manager may be required to use judgment and experience before defining the problem in specific measurable terms.

(c) **Developing Alternative :-** The statement of the problem in clear, measurable terms enables executives to develop alternatives “ Developing alternative solutions guarantees adequate focus and alteration on the problem. It helps managers to fully test the soundness of every proposed before it is finally translated into action. The ability to develop alternative is as important as making a right decision among alternatives. The development of alternative is a creative innovative activity.

(d) **Evaluation of Alternative:-** Decision maker tries to outline the advantage and disadvantage of each alternative. The consequences of each alternative would also be considered. The alternative that have been advanced must be genuine that is every one of these alternative should adequately solve the problem. The decision should lie between genuine alternative. The primary objective of evaluation is not to find out one magic solution. The strengths and weakness of each alternative become apparent

as they are compared with the criteria and weights established for the purposes.

(e) **Selection of the Best Alternative:-** In this step the decision maker merely selects the alternative that will maximize the results in terms of existing objectives. In a dynamic environment selection process is not as simple as it appears to be the ability to select the best course of action from several possible alternative separates the successful managers from the less successful ones Peter Drucker has offered the following four critical for making the right choice among available alternatives.

(i) **The risk :-** The manager has to weigh the risks of each course of action against the expected gains.

(ii) **Economy of effort :-** The alternative that will give the greatest output for the least inputs in terms of material and human resources is obviously the best one to be selected.

(iii) **Timing :-** If the situation has great urgency the best alternative is one that dramatizes the decision and sends notice on the organisation that something important is happening.

(iv) **Limitation of resources :-** Physical, financial and Human resources impose a limitation on the choice of selection. Of these the most important resource whose limitations have to be considered are the human being who will carry out the decision, if adequate human resource are not currently available the decision should be deferred.

(f) **Implementation and Follow up: -** After making a decision the manager must implement it. He must see whether it has actually worked or not. In other words, he must seek feedback regarding

the effectiveness of the implemented solution. Feed back allows managers to become aware of the recent problem associated with the solution. It permits managers to monitor the effects of their acts to gauge their success. They can evaluate their own decision making abilities. The manager should also see whether the subordinates are unwilling or unable to implement allow them to participate in the decision making process at an early stage and provide absolute incentives for satisfactory performance.

PROGRAMMED DECISION: - A programmed decision is one that is routine and respective, rules and polices are established well in advance to solve recurring problems quickly. On the basis of pre-established set of alternatives, programmed decisions can be made in a routine way. Since programmed decision are relatively easy and simple of manager to make they free managers for more challenging and difficult problem solving. Programmed decision are usually made by lower level personnel in organisation “ in which the market and technology are relatively stable and many routine highly structured problems must be solved. Decisions are highly reutilized and the decision maker simply recognized the problem and implements the pre-determined solution.

NON PROGRAMMED DECISIONS: - Non-programmed decision deal with unique/unusual problem. The decision maker has to make decision in a poorly structured situation, one in which those are no preexisting, cut and dried solution. The common feature in these decision are that they are novel and non-recurring and there are no ready made course of action to resort to . Because non-programmed decision often involves broad, large

range consequence for the organisation, they are made by higher level personnel only.

Non-programmed decisions are quite common in such organisation as research and development firms where situation are partly structured and decision being made are non-routine and complex.

CHARACTERSTICS OF PROGRAMMED AND NON-PROGRAMMED DECISION

PROGRAMMED DECISION

- Problem are routine and repetitive
- Solutions are offered in accordance with same habit, rule or procedure
- The conditions for programmed decisions are highly certain
- Made by lower level people

NON PROGRAMMED DECISION

- Problems are unique and novel
- There are no pre-established polices or procedure to rely on each situation is different and needs a creative solution
- The conditions for non-programmed decision are highly uncertain
- Top management responsibility

PRINCIPLE OF ORGANISATION

There are important management principles under laying the formal structure. These principle spell out the philosophy of an organization in a comprehensive way. They should not be treated as infallible laws, instead, they are general truth only. They are more in the nature of essential criteria for effective organizing. The most essential guiding principle of organization are listed below:-

- **Principle of unity of objective**
- **Principle of organizational efficiency**
- **Span of management principle**
- **The scalar principle**
- **Principle of delegation by results expected**
- **Principle of absoluteness of responsibility**
- **Principle of parity of authority and responsibility**
- **Principle of unity of command**
- **The authority level principle**
- **Principle of functional definition**
- **Principle of balance**
- **Principle of flexibility**
- **Principle of leadership facilitation**

(a) **Principle of unity of objective:** - An organization structure is effective when it facilitates the accomplishment of organization objectives.

(b) **Principle of organizational efficiency:** - An organization structure is efficient if it facilitates the accomplishment of objectives with minimum

costs. An efficient organization structure operates without wasting its scarce resources; allow maximum utilization of its human resources; has clear cut lines of authority, responsibility and provides a means for personal development.

(c) **Span of management principle:** - A manager should have a limited number of subordinates reporting to him directly. Generally the span of control should be short for complex work and long for simple, routine work.

(d) **The scalar principle:** - The refers to an interconnected unbroken set of reporting relationships extending from top of the organization to the bottom. A clear chain of command facilitates communication.

(e) **Principle of delegation by results expected:** - Authority delegated to all individual managers should be adequate to ensure their ability to accomplish results.

(f) **Principle of absoluteness of responsibility:** - Responsibility is absolute and cannot be delegated.

(g) **Principle of parity of authority and responsibility:** - There should be balance between authority and responsibility; the responsibility for action should be the same as implied by the authority delegated.

(h) **Principle of unity of command:** - An individual should have only one superior to promote personal responsibility for actions.

(j) **The authority level principle:** - Decisions within the authority of individuals should be made by them and not be referred upward in the organization structure. Delegation would be a futile exercise if the subordinates wait at the doorsteps of a superior for an audience before they take actions within their authority.

(k) **Principle of functional definition:** - Functions must be clearly defined to enable individuals to contribute toward accomplishing enterprise objectives. Two more ideas have been added in the recent times: -

- **Principle of functional similarity:** - Personnel with required skills put into specific job assignments, it is necessary to group similar functions into departments, sections or divisions within the organization.

- **Principle of functional growth:** - In the initial stages of organizational growth, functional differentiation occurs at a lower level and as additional growth occurs, staff personnel will be added to the line personnel.

(l) **Principle of balance:** - The application of principles must be balanced in the light of overall effectiveness of the structure to meet specified goals. Each function in the organization should be developed to that point at which the value received is at least equal to, and preferably greater than costs.

(m) **Principle of flexibility:** - The organization structure should be flexible enough to accommodate internal and external changes. To this another principle is added in recent times. According to the principle of stability, the organization structure should be reasonably stable also. Stability refers to the structure should be reasonable changes so as to meet stated organizational goals in an efficient and economical manner.

(n) **Principle of leadership facilitation:** - Organization should facilitate leadership activity. Authority allocations should be according to the structural arrangements. Structure should create a proper environment for

performance where managers can exploit their potential fully in the service of the organization.

MATRIX ORGANIZATION

A matrix structure is a mixed organizational form in which the normal vertical hierarchy is “overlaid” by some form of lateral structure combining characteristics of both functional and project structures. It is a mixed model with multiple channels communication an evenly balance compromise between functional and project organization. It is defined as any organization that employs a multiple command system that includes related support mechanisms and an associated organizational culture and behaviour patterns.

One of the main reason for the growth of matrix organization is the need to deal with increasing complexity. Matrix structure is the organization’s response to a turbulent field environment. Matrix structure enables the organization to meet the dual demands from the environment resources can be allocated across different products and the organization can adapt to changing external requirements.

Matrix structures are found in organization which demands responses to rapid change in market and technology which face uncertainties that generate high information processing requirement. The greater the uncertainty of the task the greater the amount of information to be processed among decision makers during task execution. A matrix form off load parts of the information processing task to lower levels of the organization through direct inter functional contacts.

The matrix structure is the most popular form of adhocracy and is used in following organizations: -

Aerospace, Industrial products, Banking, Chemical, Insurance, Retailing, Accounting, Electronic, Advertising, Hospital, Universities etc.

In matrix structure project managers are assigned to a variety of projects-rather than a single one whose activities cut across traditional functional departments. Matrix structure is simply an extension of the project management concept. The matrix breaks the unity of command concept. The classical principle "One man one boss" is violated. In matrix structure the authority of project manager is generally greater than that given under the more traditional project management concept. There is usually a more equal division of authority between projects managers and function line managers. Key matrix roles played by the participants: -

- ❖ **Top Leadership**
- ❖ **Matrix Bosses**
- ❖ **The two-bosses Manager**

Top leadership: - the top leader holds the balance of power. He must be willing to delegates decision. He must emphasize direct contact and group problem solving at lower level so as to promote effective communication throughout the organization.

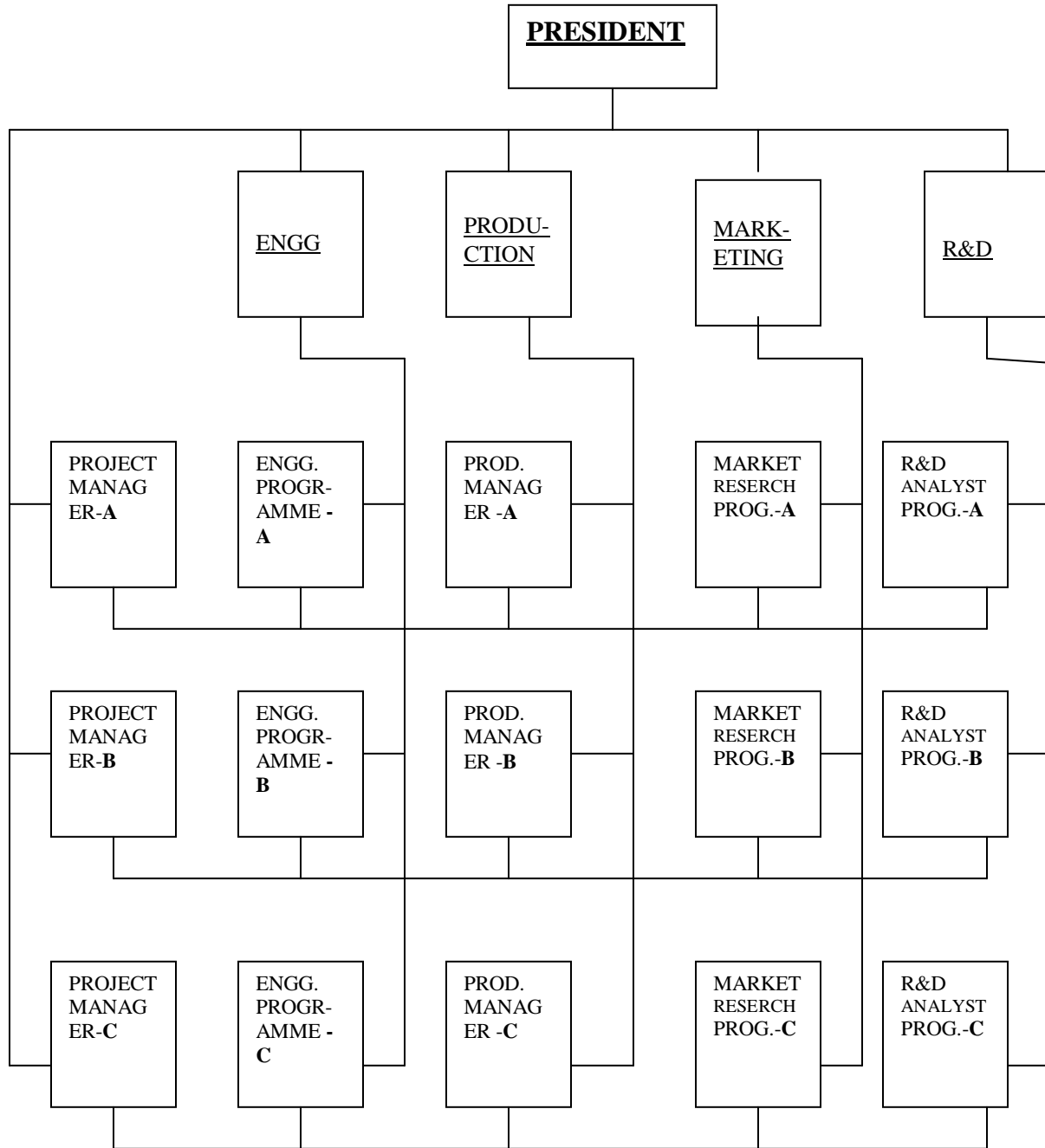
Matrix Bosses: - Matrix bosses have authority over project employees relative to projects goals. They share subordinates in common with other bosses. They do not have full control over subordinates. The project manager act as an integrator.

Two bosses manager/ matrix subordinates: - Matrix

subordinates often confronted with an agonizing choice. He must confront senior manager on conflicting demands and reach joint decision with them. Just like a child adjusting to conflicting demands from two parents.

The dual reporting relationship and assignments can cause role ambiguity concern for career development and weakening of ties with professional references group for employees.

(A MATRIX SYSTEM ORGANIZATION)



ADVANTAGES OF MATRIX ORGANIZATION

- ✓ The problem of coordination is minimized because the project manager acts as an integrator to relate personnel from diverse disciplines.
- ✓ There is a reservoir of specialists which ensures availability of expertise to all projects on the basis of their need.
- ✓ There is economy in the cost. Each project is assigned only the number of people it needs, avoiding unnecessary surplus.
- ✓ There is an effective information decision system which enables members to respond quickly to the change in product needs.
- ✓ Is oriented towards end results.
- ✓ Professional identification is maintained.
- ✓ Pinpoints products - profit responsibility.

DISADVANTAGES OF MATRIX ORGANIZATION

- States of conflict exist between functional and project managers, as both compete for limited resources.
- Role conflict, role ambiguity, and role overload may result in stress for the functional and project managers as well as for the team members.
- An imbalance of authority and power, as well as horizontal and vertical influence of the project and functional managers, can also lead to problems in matrix organization.
- Because of the potential conflicts, managers may want to protect themselves against blame by putting everything in writing, which increases administration cost.
- Matrix organisation requires many time-consuming meetings.

JOB ENRICHMENT

To job enrich a job, management allows the worker to assume some of the tasks executed by his supervisor. It implies that instead of assigning one man each job, a group of men can be assigned to a group of jobs and then allowed to decide for themselves how to organize the work. Its purpose is to eliminate the undesirable characteristics of the highly repetitive, specialized job enlarging the concept of the job to include: -

- I. A greater Variety of knowledge and skills
- II. A complete utilization of the more important cognitive and motor abilities possessed by the worker and
- III. More freedom and responsibility in the performance of the task at hand.

Job enrichment is based on the assumption that jobs should be complex, challenging and interesting so that the worker is able to satisfy his higher order needs. The enrichment is based on the theory that job satisfaction is the function of job content. It is applied as a motivation tool to improve both efficiency and satisfaction by making the job meaningful to the worker. Job enrichment efforts will not be successful if the individuals in the enriched job find that their needs are met by enrichments. Job enrichment implies a deliberate upgrading of responsibility, scope & challenge. The goal of job enrichment is not merely to make more varied but to make "every employee a manager ". Job enlargement and Job enrichment form effective measures for work motivation.

JOB ENLARGEMENT

After redesign most of the jobs were larger in scope than before, so that a reversal had been made of the trend to job minimization. In other words, a bigger job is structurally prepared and the job is enlarged. This enlargement may take place horizontally or vertically. In horizontal enlargements the related tasks are combined thereby enlarging the scope of the work. In vertical enlargement the area of enlargement integrated job at the same level of responsibility while vertical enlargement integrated jobs at different levels. It makes the job more interesting and thereby enriches it. The concept of job enlargement is quite consistent with theory Y. It encourages the acceptance of responsibility at the bottom of the organization, it provides opportunities for satisfying social and egoistic needs. The interest in job enlargement was largely confined to its positive effects relating to fatigue, boredom, apathy and poor morale. Job enlargement offered to the worker a more meaningful work experience by introducing into his job a greater variety of tasks, a greater utilization of skills and capabilities, more responsibility and control over the pace and quality of work. Management will be inclined to adopt job enlargement if the benefits are spelled out in terms of cost satisfaction. One remarkable feature of job enlargement is that it satisfies dual objectives- the achievement of personal goals as exemplified by improved employee attitude, morale and job satisfaction and the attainment of objectively determined organization goals such as cost or profits.

LEADERSHIP BEHAVIOUR AND STYLE

The behavioral theorist contends that a leader's style is oriented towards either an employee centered or a job centered emphasis. A job centered orientation is one which the leader emphasis getting the job done by planning, organizing, delegating, making decisions, evaluating performance and exercising close management control. There are some theories on leadership behaviour and style is as follows: -

- Styles based on the use of authority.
- Likert's four systems of management.
- The managerial grid, and
- Leadership Continuum concept.

(a) Styles based on the use of authority: - Leaders were seen as applying three basic leadership styles on the basis of how they used their authority. Which are as follows: -

- The autocratic leader commands and expects compliance, is dogmatic, positive and leads with ability to give reward and punishment.
- The democratic leader consults with subordinates on actions and decisions and encourages participation from them
- The free-rein leader uses his or her power very little, if at all, giving subordinates a high degree of independence in their operations.

(b) Likert's Four System of Management: - Leadership styles from an employee centered and job-centered prospective and conclude: "Supervisors with the best records of performance focus their primary attention on the human aspect of their subordinates problem on endeavoring to build effective work groups with high performance goals."

Leadership styles or system are defined by seven operating characteristics, which includes:-

- (1) Character of motivation forces.
- (2) Character of communication process.
- (3) Character of interaction – influence process.
- (4) Character of decision – making process.
- (5) Character of goal setting or ordering.
- (6) Character of control processes.
- (7) Performance characteristics.

(c) The managerial grid: - The grid has two dimensions concern for people and concern for production.

“**Concern for people**” include such elements as degree of personal commitment towards goals achievement, maintenance of the self-esteem of workers, placement of responsibility on the basis of trust rather than obedience, provision of good working conditions, and maintenance of satisfying interpersonal relations.

“**Concern for production**” includes the attitude of a supervisor towards a wide variety of things such as the quality of policy decision, procedures and processes, creativeness of research, quality of staff services, work efficiency and volume of output.

Leadership as a Continuum: -They conceptualized leadership as involving a variety of styles, ranging from one that is highly boss oriented to one that is highly subordinate centered. This approach offers a range of styles, with no suggestion that one is always right and another is always wrong. The continuum theory recognizes that which style of leadership is

appropriate depends on the leader. Managers styles can be seen along a continuum as: -

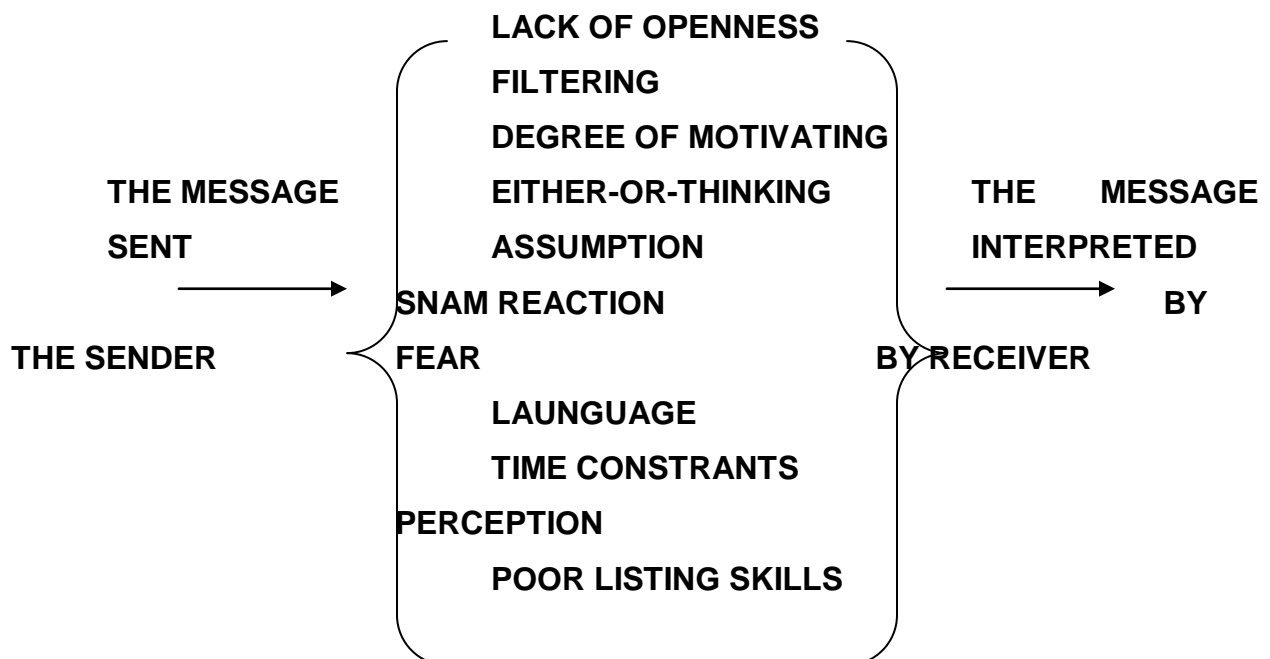
- The forces operating in the manager’s personality.
- The forces in subordinates that will affect the manager’s behaviour.
- The forces in the situation.

BARRIERS TO GOOD COMMUNICATIONS

Communication is purposeful exchange of meaningful information between two parties, the sender and the receiver. It is interpersonal, interorganizational interchange of integral information. Communication is very important because: -

- Manager spend most of their time in communicating
- Communication is needed for managerial effectiveness
- Communication leads to power and
- Communication leads to organization effectiveness.

Barriers to effective communication are presented below: -



- ❖ **LACK OF OPENNESS:** - Communication is between people and is subjected to all the influence that condition human behaviors for most is the openness in the relationship between the personnel communication.
- ❖ **FILTERING:** - Employees often tend to refrain from communicating information that is potentially threatening to them.
- ❖ **DEGREE OF MOTIVATING:** - When communication, people have various motives to persuade, to tell, to entertain and to reinforce ideas. When it is planned to appeals to the assumed motives of the participant it usually is more effective.
- ❖ **EITHER-OR-THINKING:** - A person's behaviors is based as "either-or" thinking, but actually most things don't conform to these convenient extreme. This places rigidities in communication.
- ❖ **ASSUMPTION:** - It is well to be alert to the assumption made, and the reader should not assume that the receiver understands what she or he has been told.
- ❖ **SNAP REACTION:** - This condition exists in communication between two people in conflict or when one person is short tempered.
- ❖ **FEAR:** - Fear is another consideration and plays as important part in communication when emotionally loaded word like failure, strike and defeat are used. Fear can affect the translation of information.
- ❖ **LANGUAGE:** - Barrier exist between different evaluation and meaning are given to the words and symbols used and the condition tends to remain even when both side are trying hard to communicate effectively.
- ❖ **TIME CONSTRAINTS:** - When a manager or employees is placed under a severe time constraint, he or she is likely in hurry the

conceptualization and encoding process or emotionally decode a received message to results in extremely poor communication and performance.

❖ **PERCEPTION: -** Perception is the way in which we individually interpret message from other people or sources. Several perpetual factors restrict our accuracy, effectiveness and efficiency in communicating. These factors are: - (i) Stereo-typing (ii) Halo effect (iii) Projection

❖ **POOR LISTING SKILLS: -** The final barrier to effective communication is the art of listening. The retention rate of orally communicated message is only 50% immediately after hearing message and only 22% two month later.

REQUIREMENT OF EFFECTIVE CONTROL SYSTEM

The control process is not automatic. It is deliberate .An effective control system required the following essentials.

➤ **Control must be understandable:-** The individual must understand the what the control system is attempting to do. It requires proper training and employment of competent people in the execution of control system

➤ **Control must be flexible:-** Flexibility is another essential thing in the make of rapidly changing and unduly fluctuating economic and organizational environment .Flexibility makes control workable in the face of changes plans unforeseen circumstances or outright failures.

➤ **Control must be economical:-** Control should be worth it's cost. This requirement is disciplinary simple. The important limiting factor in control system therefore is cost control system however became economical if appropriately failure to the job/task and the size of organization

➤ **Control must be objective:-** The effective control system calls for objectives accurate suitable and definite standard of plans. Management of thing is an organization contains many subjective elements but for effective performance, control must be objective and clearly quantifiable and verifiable.

➤ **Control should recognize the important of the time element:-**
Effective control system attaches great important to the time elements. Control should quickly report deviations. The loss will be more if delay is made in taking corrective action.

➤ **Control should provide useful understandable information:-**

An effective control system must have the characteristic of supplying the information in the required form for the purpose of analysis. It will be appreciated by the members in the organization because people get the information they need in the form they will understand and make proper use of it.

➤ **Control System should be forward looking:-** An effective control system is always aiming at future .Control aids in further planning. Control system must also have a feed forward sub-system that helps in correct and accurate planning. Planning is looking ahead and control is looking back! We can say planning and control are inseparable twins.

➤ **Control should be selective:-** Every organization there are certain keys determents of efficiency and effectiveness. An effective control system considers management by exception as an important concept to be practices in reality

➤ **Control should reflect the organization structure and need:-** Effective control system is that which reflects the organizational structure positions and needs and plans >Control system will be said to be effective only when appropriate techniques are applied in right situations

➤ **Control should lead to corrective action:-** Merely discovering deviations in the performance of operation is not enough an effective control must lead to appropriate and corrective action. Control system must also subject the ways of improving the performance, evaluating and implementing these suggestions is then the task of managing

FORMAL VS INFORMAL ORGANISATION

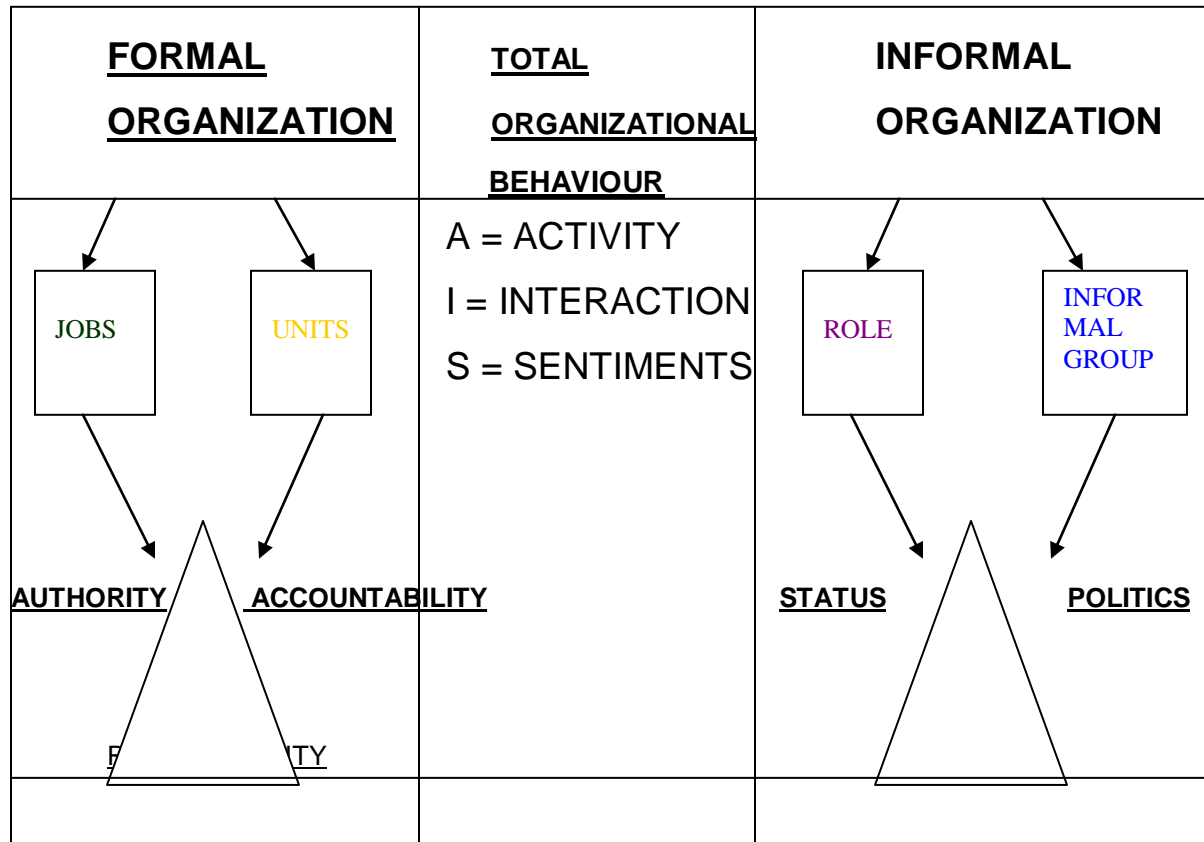
A formal organization is a group of people working together co-operatively under authority towards goals that mutually benefit the participants and the organization. It is a system of well defined jobs each varying a definite measure of authority responsibility and accountability. The manager describes organization relationship in written and graphic form. It is believed that stable and consistent functions. The environment is specified as to place time and resources available.

The informal group as such may or may not act in support of formal goals and objectives. Managers need to recognize existence of informal group in organizations if they are to effectively accomplish their task. The formal and informal relationship may be studied separately but ultimately they must be integrated in to total organizational package for more complete view of organizational behaviour. George Harman has suggested such a model where both the formal and informal relationship can be studied in an integrated fashion. The model is essentially based on three concepts.

- ❖ **ACTIVITIES**
- ❖ **INTRACTIONS**
- ❖ **SENTIMENTS**

Activities are concerned with what a person actually does. Interactions are interpersonal contacts and relationship that one has with other. Sentiments reflect the emotional reactions of the organizational participants to various

organization issue. The basic difference between the formal and informal organization are presented below.



In the formal organization the manager established the activities and interaction of participants. Although not specifically stated the participants are also expected to possess certain sentiments about the work the organization and the manager.

However the internal relationship develops spontaneously, supplementing or modifying the formal relationship established by the management.

COMPARISON OF FORMAL AND INFORMAL ORGANISATION

<u>POINT OF ANALYSIS</u>	<u>FORMAL ORGANIZATION</u>	<u>INFORMAL ORGANIZATION</u>
Structure	Planned, rational & Stable	Spontaneous, Emotional dynamic
Goal	Profit/Service to society	Member satisfaction
Focus	Job	Role
Communication	Well defined formal structure and flow of information one way and often slow	Grapevine channel unspecified and information flow two way and very fast
Authority	Positional, Flats top down	Depends on person, flow bottom up
Control System	Promotions or demotions based on performance	Norms regulate behavior
Behavior	Rule and regulation govern behavior	Work group norms. Value govern behavior

THE OBJECTIVE OF PERSONNEL ADMINISTRATION

In discussing the objectives of personnel Administrations, one must emphasize that successful personnel work in this part of the world can no longer pursue the objective of only one side of the work situation that is to say , the objective of the management