

Introduction to Management.

Meaning of organization

* ⇒ Organisation is an association of people created and managed by having a common objective and interest to perform activities and to achieve goal jointly by sharing idea, skills, knowledge and effort among each other. It is a structurally designed social entity and human association in which members perform a task with division of work, authority/responsibility relation, superior/subordinate relation and within certain norms and standard. So, Organization is combination of structure, people and technology for converting inputs into outputs in the process of production and distribution of goods and services for achieving common goal of members.

Imp Feature/Nature/Characteristics of organization.

- (a) Collection of people
- (b) Common goal
- (c) Structure
- (d) Environment
- (e) Technology
- (f) Social entity
- (g) Continuity
- (h) Co-ordination
- (i) Negative entropy e.t.c.

Structure

Structure means any type of design of organization that defines formal relation among members, superior-subordinates, authority-responsibility relation chain of command, communication channel etc. It also consists differentiation of activities (division of work) and integration of effort (coordination and interrelationship among divided work).

Technology

Technology consists equipment, tools, machine ideas, skill, knowledge, methods, process, procedure etc used by organization for day to day operation in the process by converting inputs into required outputs.

Social entity

Every organization is a member of society with its own identity. Organization is established and operated within society and finally it will be dissolved in society.

Negative entropy

It explains relation between inputs collected from society and outputs distributed to the society. Every organization gets more from society than it pays to society. Sum of inputs collected from society is greater than sum of outputs distributed to society.

Types of organization

- (i) Business organization
(ii) Service organization.

(i) Business organization

- Any profit motive institution established to earn profit from economic transactions.
- Primary beneficiaries are shareholders and owners.
- Involved in production and distribution of goods and services.
- Operated on the basis of capital or investment of owner.
- Payment of tax to the government.
- Eg: - Sole trading concern, partnership firm, multinational companies etc.

(ii) Service organization

- non-profit and non-government organization
- Established to give services to clients
- Clients are targeted group of society
- operated on the basis of donation & charity
- Primary beneficiaries are clients
- Tax free organization.
- Eg: - NGO, INGO public and community based organization.

(c) Government organization.

- Established by government and operated on the basis of budget provided by the govt.
- Primary beneficiaries are public.
- Established to provide services to public for protecting interest and right to public.
- No investment and involvement of private sectors.
- Eg:- Ministries, district level organizations, army, police e.t.c.

(d) Professional / Mutual benefit organization.

- Established by members of same profession only. So, membership is not issued to people out of that profession.
- Established for protecting interest and right of members for solving professional problem e.t.c.
- primary beneficiaries are members of that profession.
- operated on the basis of fund collected / managed from / by members.
- Eg:- union, association e.t.c.

(e) International organization

- Established by two or more countries by the world and operated in different countries.
- Membership is held by country.
- Objectives are developing co-ordinations, promoting trade e.t.c.

- Primary beneficiaries are member countries.
- operated on the basis of fund collected from member countries.
- Eg:- SAARC, UN, WTO e.t.c.

Meaning of organizational goal

Goal of organization means any type of standard of achievement, performance target, aim or purpose of organization, defined by management. It is what an organization wants to achieve or wants to become within certain time limit on the basis of available resources. It can be defined as guideline and direction to activities, reason of establishment and purpose of gathering of people under formal roles.

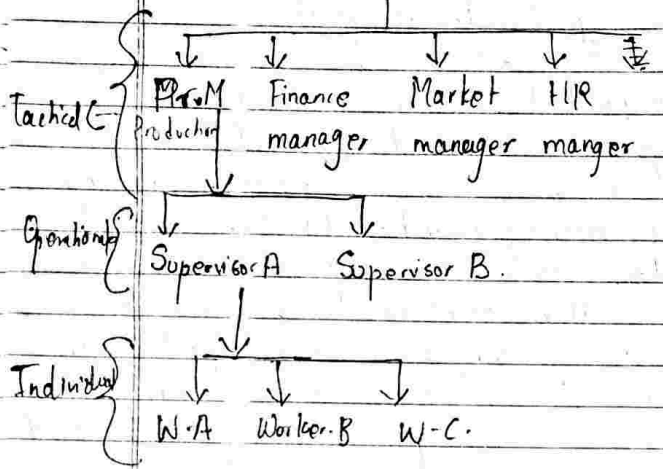
Effective organizational goal consists following qualities/features/principals/requirements.

- S (specific)
- M (measurable)
- A (acceptable)
- R (Realistic)
- T (Time limit)

Types of international goal

- (1) On the basis of level
 - (a) Corporate goal
 - (b) Tactical goal
 - (c) Operational goal
 - (d) Individual goal.

Corporate → M.D.
5 years :- 60% market coverage
5 yrs :- 50 Branch establishment
5 yrs :- 100% return.



- (a) Corporate goal
- Goal of whole organization defined by top level of management.
 - It explains reason of establishment expected standard of performance for whole organization.
 - It is combination of vision and mission.
 - Vision means dream of top level about company future status as well as it states about where an organization to be in future with what position.
 - Mission means dream of top level about an ideologies, philosophies adopted by top level management as well as reason of existence and role of an organization in society.
 - General time of corporate goal is 5 years

and more time.

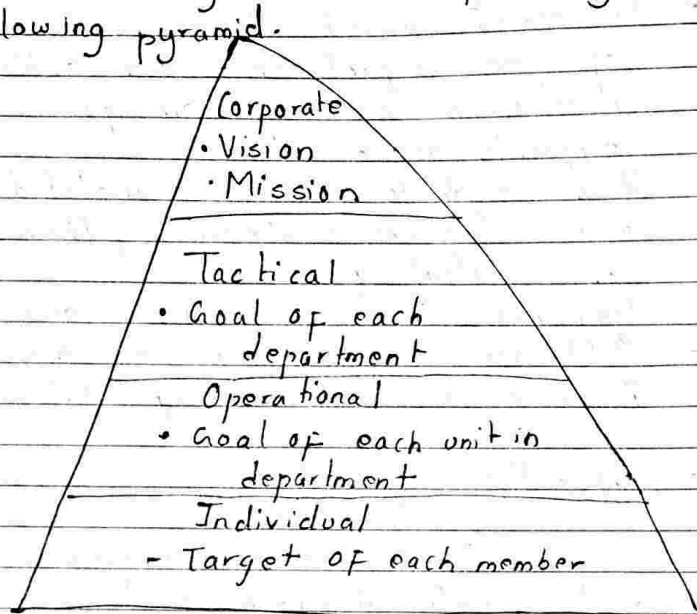
- (b) Tactical goal
- Goal of middle level management and managers of each department like production, finance, marketing etc.
 - It states about the standard achievement of each department and actions to be needed in each division for achieving corporate goal.
 - When corporate goal is translated / converted into 1 year achievement, then it is known as tactical goal.
 - General time of tactical goal is 1 year.
 - Ultimate purpose of goal of all department is how to achieve corporate goal.

- (c) Operational goal
- Goal of lower level management and each unit within department.
 - Goal for day to day operation and short term activities.
 - It is highly specific and measurable in nature than others and it is supported by day to day action plan.
 - General time is month and quarter.

- (d) Individual goal
- It indicates standard of achievement by each member.

- Responsibility of each individual and contribution of each member.
- General time is day and week.

Different types of goal according to level or goal hierarchy can be defined by the following pyramid.



(2) On the basis of nature

- (a) Profit goal - profit motive - excess amt of profit than expenses
- (b) Service goal - number of client to be served.
- (c) Survive goal - staying alive in envⁿ, also in loss, it is not goal.
- (d) Growth goal - expansion of organization; developing market, brand, investment amt, scope & activities should be increased.
- (e) Stability goal - hold out the position (level maintain is called

- (f) Efficiency goal - utilization of resources/
- (g) leading goal - being a leader/making others follow
- (h) Social responsibility goal e.t.c.
 - ↳ for social welfare and wellbeing, goal of organization set for protect the interest & right of stakeholder.

(3) On the basis of time :-

- (a) long term → 5 years and more
- (b) mid term → 1 to 5 years / average 3 years.
- (c) short term → maximum 1 year.

Goal formation process.

(i) Environmental Analysis

It is concerned with scanning of environmental factors SWOT analysis (analysis of strength, weakness, opportunities and threats) before setting goals. Strength and weakness are concerned with internal study and they represent inherent capabilities as well as limitations for achieving goals. Opportunities and threats are results of external analysis and they define favourable & unfavourable changes. Goal is formulated by matching strength with opportunities. It is ensuring whether our strength is sufficient or not for achieving market opportunities.

(ii) Setting overall goal
(Corporate goal)

(iii) Setting specific goal
(Tactical and operational goal)

(ii) Setting overall goal
Overall Goal is set by Top level of management which includes mission strategies and overall achievement and work of the organization for a certain time period. It includes long term imagination of the organization. Corporate goal is designed on the basis of result of SWOT analysis.

3. Setting Specific Goal

After setting overall goal, next step is setting goal by the middle level of management and lower level of management. It is converting overall goal into small unit i.e. subdivisions with contribution of each departments branches and individuals. It is short term goal that also fix responsibilities of each in achieving corporate goal.

Goal succession

Goal succession is formulating new goal of organization after achievement of or non-achievement of existing goal but within same vision and mission of organization. In goal succession, new goals are defined by focusing original reason of establishment or within for what an organization was established originally. It is an intensional change of existing goal into new goal as well review and modification of existing goal according to new change of environment. It can be defined as continuity of organization and conscious effort of management to achieve long term vision.

Goal succession consists following reasons/conditions.

(a) Environmental change

While formulating goal, environment changes are analysed and possible changes are assumed by manager but all such future changes may not happen as per our prediction and imagination. In this condition existing goal is reviewed and modified by the management.

(b) Achievement of existing goal

If existing goal is achieved by organization within predetermined time limit, new goal is formed for next time to maintain continuity.

of organization.

(c) Non-achievement of existing goal
If existing goal is not achieved by the management within standard time limit, in this condition goal is formed to ensure perpetual succession of an organization.

(d) Change in needs and priority
Organizations are established with large numbers of needs and priorities but all of them can not be fulfilled at a time due to different reasons. In this condition, organization change their needs and priorities ^{over} within a period of time which demands goal change/review.

Goal Displacement

Goal displacement is a process of formulating new goal and target by replacing/ignoring/ changing all existing goals and standards. New goals are defined by ignoring vision and vision as well as nature of organization. It is an unintentional change of existing goal into new goal. It is formulating new goal by avoiding original reason of establishment or for what an organization was established originally. Existing resources are converted into new goal according to nature. It is done by top level management. When existence of organization is important than existing

corporate goal.

Reasons of goal displacement

- (a) Environmental change
- (b) Goal substitution
- (c) Lack of resources
- (d) Abstract goal.
- (e) Goal conflict
- (f) Employee attitude

(a) Environmental change

- Environment gives both opportunity and threats to organization. If there are large numbers of threats or if there is a difficult to survive with same corporate goal, goal/ organization may be displaced.

(b) Goal substitution

- replacement of long term goal by short term goal (profit).
- long term survive goal may be substituted by short term profit goal.

(c) Lack of resources

Resources are man, money, machine, method, management, market and material (7m) in goal achievement process. Goal is an end point of achievement but resources are means to achieve end. End can not be achieved without means. If there is any means goal may be displacement.

(d) Abstract goal: If goal is formulated by ignoring SMART principle, it may be displaced. If corporate goal cannot be translated into factual and operational goal, it is called an abstract goal.

(e) Goal conflict: - It states about sub-ordinate or common interest into individual interest/benefit as well as conflict between interest of organization and interest of members of organization. Its first priority should be given by members to their personal benefits, goal of organization may be displaced.

(f) Employee attitude: - If employees have negative attitude towards organization and management, if they are in strike since long time with large number of demands which can not be fulfilled by management, goal can be displaced.

Approaches to goal formation

(a) Top-down Approach.

- All goals of organization are formulated by top level management without suggestions, information and participation of sub-ordinates.
- one way communication system.
- It believes that factual goal is formulated on the basis of corporate goal.
- corporate goal should direct goal formation process of middle & lower level.

- Goal of sub-ordinate is determined by superior.
- It is mgmt driven philosophy.

(b) Bottom-up approach.

- Authority is given to sub-ordinates to design their goal or to draft their goal by themselves.
- Subordinate draft their goal and submit to top level for approval.
- Top level management formulates goal on the basis of information and suggestion given by subordinate.
- It believes that effective corporate goal can not be formulated without information of middle and lower level.
- It is sub-ordinates driven philosophy etc.

(c) Management by objective (MBO)

- All managers and responsible members as well as representative of workers sit together to formulate goal.
- All goals as well as roles and responsibilities of each member.
- Participative management technique.
- Performance is evaluated periodically and rewards are distributed.
- It is both management and sub-ordinate oriented philosophy.
- MBO consists following steps:-

(i) Collaborative goal setting (goal by joint effort)

- (ii) Development of action plan (Schedule for goal achievement).
- (iii) Evaluation of individual performance
- (iv) Evaluation of whole organizational performance.

Problems of goal formation

- (i) Environmental change
- (ii) Lack of resources
- (iii) Abstract or vague goal
- (iv) Internal conflict / Goal conflict
- (v) Resistance to change. - ignore new & dynamic changes
traditional system.
- (vi) Reluctant to set goal
↳ lack of knowledge, skill, ability,
involvement in activity, supportive env.

(i) Environmental change

Environment changes are the major problem of goal formation. Environment creates strength, weakness, opportunities and threats. If there is no strength and opportunities in the market, then there will be no problem in formation of goal.

(ii) Lack of resource

Lack of resources referred to the lack of human resources, materials, market, method management which are key factors of the organization and goal can't be formulated in the absence of resources.

(iii) Vague Goal

If there is unclear reason of establishment of organization or unclear corporate goal, it can not be translated into small units and

tactical as well as operational goals can't be formulated.

4. Internal conflict

Conflict between manager and employees, managers & managers i.e. conflict in the organization. If there is always conflict in the organization there will be problem in goal formulating because the time will be lost by conflicting with each other.



Factor affecting/determining organizational goal.

- (i) Size of organization
- (ii) Type of organization.
- (iii) Culture of organization
(Norms, values, standards, systems, predation of tradition of an organization)
- (iv) Quantity and quality of available resources.
- (v) Philosophy of top level management.
- (vi) Level of management involved in goal formation
- (vii) Environmental or situational factors.

Meaning of management

Management is concerned with system of coordinating and integrating activities, and resources in a systematic way to achieve a goal effectively and efficiently. Manager is a person but management is related with activities designed by manager/practises undertaken by manager to achieve goal. Management is a process of functioning different functions such as planning, organising, staffing, leading and controlling to achieve goal. It is working with people or art and science for getting things done through others. So, management is a social process of managing activities, combining activities and resources and getting things done through others by applying skill knowledge and experience.

Management is an art which consists skills, knowledge, creativity and qualities of manager for getting things done through others. Mgmt is a social science which consists research, experiment, application of principles and analysis of cause, effect relation. Management is a profession with it's own professional background, separate field of study and regular activities of all the managers.

Features of management

- (a) Goal oriented
- (b) Dynamic
- (c) Continuous
- (d) Pervasive - universal
- (e) Group activity
- (f) Gets the job done
- (g) Intangible & Intellectual
- (h) Social process
- (i) Multi-disciplinary
- (j) Both science and art
- (k) Profession
- (l) Efficiency and effectiveness etc.

Efficiency is getting things right as well as relation between input and output. It focuses greater output from given input. It also highlights optimum utilization of available resources. So, efficiency is concerned with means.

Effectiveness is getting doing right thing that means functioning activities correctly. It indicates how well the goal is accomplished. It is getting activities completed for achieving goal. So, it is related with end.

Mgmt skills

(a) Conceptual skills

Conceptual skill is concerned with intellectual capacity of manager to think about any situation event and solution of problem. It is the quality of formulating goal, plan and policy for

designing vision, mission and strategy for analysing environmental factors, for solving complex problem faced by organization for dealing with unexpected events etc. It is thinking in an abstract way as well as thinking strategically and diplomatically. It relates organizations with environmental forces. Conceptual skills is highly important to top level management.

(b) Human skills

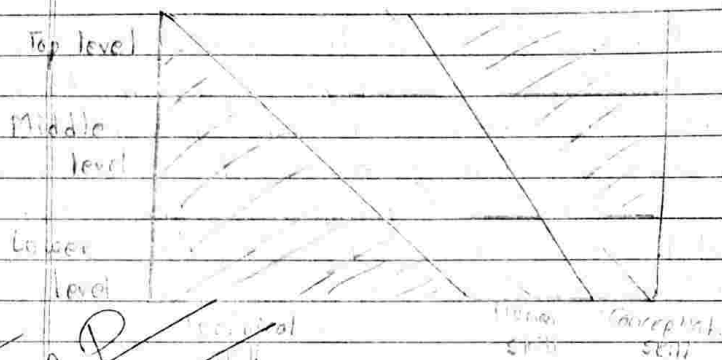
Human skills is the quality of manager for adjusting with people, for developing network with others, for working with people as well as for getting things done through others, for socializing with team and group etc. It is the skill to negotiate (bargain) to discuss and interact, to motivate, encourage and inspire, to lead, guide and direct to handle/solve conflict and finally to exchange information for influencing others. Human skill is equally important to all level of management.

(c) Technical skills

Technical skill is concerned with knowledge about method process, procedures, systems, equipment, machine, tools, ideas used by organization for day to day operation as well as for converting inputs into outputs. It is the quality for solving work related problem as well as for handling day to day activities. It is technical competencies, functional

expertise and specialized knowledge of any field such as computer, accounting, quality control etc. It is highly important to lower level management.

Different types of skill and their importance to different level of management can be defined as :-



Imp Principles of management

- (i) Division of work
Activities of orgⁿ should be divided and assigned to members on the basis of interest, skill & experience.
 - An employee should be assigned one type of job/work to improve productivity.
- (ii) Discipline → Agreement of members on rules, regulations & standards.
 - There should be respect and obediences among members

- Clear norms, standards and system of doing job.
- (iii) Unity of command - order and command to employee from single superior.
 - one employee should be responsible with only one manager.
 - one employee should have one boss.
- (iv) Unity of direction.
 - Activities of organization and group should be guided & directed by single member and final decision making authority to one.
 - There should be one head in organizing department and group having one type of goal, plan and vision.
- (v) Order
 - Orderly arrangement of activities and resources.
 - Everything is in proper place at right time.
 - A place for everything.
- (vi) Equity
Equal level behaviour and justice or kindness to employee by manager.
 - All employees should be equally treated.
 - No discrimination of employee by manager.
- (vii) Initiative
 - Employee should be encouraged, initiated and inspired to do any job within organization freely.
 - Necessary freedom to the employee to apply their ideas and creativity.

- No necessary mental pressure to employees at job/work.

(vii) Stability of tenure.

- Job security to employee for promoting creativity of them.
- feeling of security should be developed in the mind of employee by using different technique such as provident fund, retirement plan, life insurance etc.

(ix) Espirit - De-corps (union is strength)

- jobs and responsibilities of organization should be assigned to small group and team of members.
- It focuses team spirit, cohesiveness, unity of action, synergic achievement etc among members.

(x) Centralization

- In case of decentralization, only ground general and operational power should be decentralized to sub-ordinates
- Highly important and key power of organization should be issued from top level management only.

(xi) Scalar chain

- It states about unbroken line of authority and responsibility from top to bottom and bottom to top.

(xii) Clear chain of command

All members of organization should be

linked joined and connected under superior/subordinate relationship.

(xii) Remuneration to personnel

- It states about fair and equitable pay to employee at right according to his/her qualification and competencies.
- Amount of remuneration should be acceptable to both parties.

(xiii) Subordination of individual interest into general interest.

- first priority should be given to goal of organization and common interest of organization.
- organizational goal should be above than goal of individual member.

(xiv) Authority & Responsibility

- Authority is legitimate power and responsibilities is an obligation to perform task.
- Authority flows from responsibility.
- They are interrelated and they are inseparable in nature.
- Responsibility should be assigned at first and immediately authority should be delegated according to volume of responsibility.

Note :- Principles of (i) to (xiv) → Developed by Henry Fayol.

- (xv) Span of control / mgmt / supervision
 It states about number of limited subordinates under a superior for effective supervision, direction, control and guidance.
- There is no any standard role about this but optimum size should be managed according to size of organization, nature of job, skill and experience of members etc.
 - Span of control may be narrow or wider in nature.

- (xvi) Management by exception
- Top level management should pay attention only to top level and corporate level issues by giving operational authority to sub-ordinates.
 - only exceptional cases should be handled by top level.

Function of Mgmt / Mgmt process

a) Planning

Planning is defining future activities in advance to reduce uncertainties related to what to do, how to do, when to do, where to do etc in goal achievement process. It is primary function of management, thinking in advance and an intellectual process of scheduling activities and resources. Planning is setting goal of organization and deciding how best to achieve that goal by functioning what activities by what schedule. It is

selecting best course of actions to achieve goal. It serves as standard for control and co-ordinated use of resources. plan fulfills strategic gap (gap (difference between existing state and desired state) because it brings organization to where it wants to be. planning consists budgeting activities, defining future events, defining methods and procedure to be used by firm etc.

b) Organizing

Organizing is identifying major activities of organization and grouping them into division and units according to nature. It is determining how to group activities and resources to carry out the plan. It is designing structure of organization, defining authority and responsibility relation, defining chain of command, scalar chain and communication channel with reporting relation among members, explaining relationship among positions and posts within organization. It is concerned with system of differentiated activities and integrating effort to achieve goal.

c) Staffing

Staffing is managing right employee at right time in right quantity according to demand of job. It is filling organizational vacancy and keep such field position over period of time. It is acquiring people and assigning them predetermined jobs, duties and responsibilities. It deals about people and human aspect.

only which consists human resource, planning, recruitment, selection, training, development, seminar and other activities.

TU, AU and MU

Total utility (TU)

It is the utility obtained by consuming given units of the commodity. In other words total utility is the sum of marginal utility.

i.e. $TU = \sum MU$

Average utility (AU)

Average utility is the ratio of total utility and units of commodity consumed.

i.e. $AU = \frac{TU}{\text{units of commodity}}$

Marginal utility (MU)

It is the utility obtained by consuming additional unit of the commodity. In other words marginal utility is the ratio of change in total utility and change in units of commodity consumed i.e. $MU = \frac{\Delta TU}{\Delta \text{units of commodity}}$

When $\Delta \text{units of com} = 1$, then
 $MU = \frac{TU_n - TU_{n-1}}{1}$ ΔT because.

(iv) Leading

It is giving order and command, instructions and suggestions, guideline and directions to employees for getting things done through others. It is concerned with interpersonal aspect of management because it is getting people together within organization. Leading is guiding and directing activities of followers and organization and influencing people in the process of achievement of goal. Leading consists.

- Supervision
- Motivation
- Leadership
- Communication

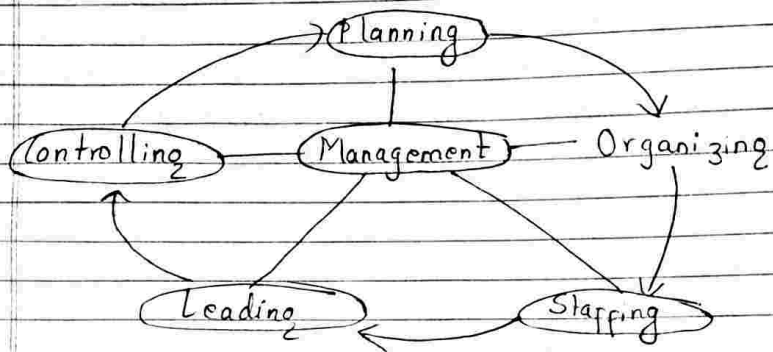
(v) Controlling

Controlling is taking necessary corrective action by management to improve future performance and activities on the basis of past and ongoing result. It is monitoring ongoing activities and making necessary correction. Controlling ensures that right activities are being conducted according to plan, actual activities confirmed to planned activities and right things are done at right time in the right manner. Controlling consists following steps.

- Setting standard
- Measuring actual result.
- Identifying deviation
- Deviation is the gap / difference between actual & standard.

- Analysing causes of deviation.
- Taking necessary action.

Interrelationship among management functions can be defined as:-



Roles of Management

- 1) Interpersonal Roles - relⁿ betⁿ insiders & outsiders.
 - a) Figurehead - ^{just has managerial presence, signing legal documents} ceremonial / symbolic in nature / figure head
 - b) Leader - ^{admins have role.} maintains relⁿ with followers, encourage / inspires them
 - c) Liaison - connecting agent, relation with community, public relations maintains, not a decision maker just makes link.
- 2) Information Roles - not a decision maker, exchanges information within and out of organization.
 - a) Spokesperson
 - b) Monitor
 - c) Disseminator
 - Spokesperson ~ the decisions are given to the media.

Monitor - what is happening in the environment (both internal & external) both the informations are collected and brought

Disseminator - informations of office are given within the office that is superior to subordinate and high to high job concerned member the related information are given
- 3) Decisional Roles - making decision & solving problem by the manager itself.
 - a) Entrepreneur - initiating new change, adopting new information, applying new ideas, it has got risk, can be sold or not.
 - b) Resource allocator → financial, physical resources are allocated to different departments, units
 - c) Disturbance handler → disturbance are solved within the organization, expected & unexpected both.
 - d) Negotiator - discussion with the 3rd party for mutually satisfying situation like table talk.
 - searching solution point.

Emerging challenges of management in Nepal

- Globalization
- Change in information technology
- Political instability
- Pressure for social responsibility
- Pressure from trade union.
- Work force diversity.
- Change management.
- HRM (Human Resource Mgt)
- Organizational Design.

Chapter 4

Planning and decision making

Meaning of planning → (Same)

Features of planning

- (i) Goal oriented ✓
- (ii) Dynamic
- (iii) Continuous
- (iv) Pervasive ✓
- (v) Primary function of management (ii) Process
- (vi) Decision oriented ✓
- (vii) Efficiency " ✓
- (viii) Future " ✓
- (ix) Intellectual process ✓
- (x) Standard for control. e.t.c.

Methods of planning

- (a) Top-down
 - (b) Bottom up
 - (c) Participating / MBO
 - (d) Team method.
- } Chapter 1 - goal.

Team method (The team member can be line manager and

In this method, a ^{staff} team ^{expert} is formed within organization from members of staff experts. Team members discuss among each others, they analyse environmental or situational factors, availability of resources, potential opportunities and finally they prepare a draft plan and such draft plan is submitted to top level management on the basis of submitted report of the team. But it is

not compulsory to top level management (on the basis of submitted report of team) to follow all the suggestion given by team.

Types of plan

(1) On the basis of level

(a) Corporate plan. (Mission)

- Plan of whole organization, defined by top level management.
- Broad level activities, long term course of action.
- long term direction and scope of activities of whole organization.
- Master mind of top level management as well as blue print of long term activities about product, customer, technology, project, business, market and social responsibility.
- It is defined on the basis of swot analysis.
- Time of this is 5 years and more period.
- It defines scope of organizational activities & resources.

(b) Tactical goals plan

- plan of middle level management or managers of each departments like finance, production, market etc.
- It allocates tasks and resources for programmes of division to achieve tactical goal.

- Importance of planning
- Uncertainty Reduction
- Goal focus
- Environmental Adaptation
- Efficiency Promotion
- ~~control~~ ^{agility} coordination

- It specifies how overall goal can be achieved or how tactical goal can be achieved by functioning what activities in what schedule in each department.
- It also identifies priorities of activities in each division.
- It is based on analysis of strength & weakness of department.
- Normal time is 1 to 5 years.

(c) Operational plan.

- plan of lower level mgmt for short term activities.
- plan for day to day activities & schedule.
- It defines best mix of resources and activities.
- plan or schedule of task for each unit within department.
- It is highly specific, flexible and measurable in nature for result.

(2) On the basis of use

- (a) Single use plan / meet the need of particular situation. non-repeated activities, project, budget
- (b) Multi / standing use plan. dictated for ongoing repetitive activities, mission, goals, policies, procedures.

Process of steps of planning

(1) Environmental analysis.

Analysing internal and external environmental forces to know current trend of environment and to identify potential opportunities from political, legal, economic, socio-cultural and

technological changes.

- It analyses availability of resources.
- It is matching strength and opportunities.

(b) Setting goal.

- Defining target and standard of achievement for certain time based on environmental analysis.
- It explains long term, mid term and short term targets of organization.
- Goal directs guides plan.
- Goal should be SMART in nature.

(c) Development of planning premises.

- planning premises are future assumptions, imaginations, events and anticipated imaginations, environmental factors in which the plan is to be implemented by manager.
- It can be in terms of production, sales, quantity, quality, goodwill, revenue, profit, cost, market, customer, technology etc.

(d) Development of alternatives

- Alternatives are course of actions that can be used for achieving goal.
- Highly attractive, reliable, feasible, two or more options should be developed from primary & secondary source of data.

(e) Evaluation of alternative and selection of the best.

- All developed alternatives are evaluated and compared to decide the best option on the basis of cost, time, return, benefit, availability, resources, objective, quality, behaviour, nature, market information etc.
- On the basis of evaluation, best option is selected.
- Two or more alternatives can be selected according to the need.
- While selecting the best, contributions for achievement of goal, profit and other important judgements should be considered.

(f) Development of action plan.

- Action plan for each task & activities is prepared.
- An integrated action plan becomes program.
- It explains what activities will be done, who will do the task, when will the task be done where & how will the job be done etc.
- It also explains methods, procedures, systems and practices to be used by the firm.

(g) Budgeting

- It is financial estimation of plan and its implementation part.
- Activities of action plan are converted into financial economic value to ensure how much will it cost in implementation.
- It also serves as standard for financial control.

- (h) Implementation of plan.
(i) Review

Objectives of planning

- ① To achieve goal
- ② To reduce future uncertainties.
- ③ To adjust with environmental change.
- ④ To improve efficiency.
- ⑤ To serve as standard for control.
- ⑥ To motivate members
- ⑦ To facilitate effective decision making.

Meaning of decision making

Decision making is a process of selecting best alternative among from set of available alternatives to solve problem. It is identifying the problem, defining the problem, developing alternatives, evaluating alternatives and selecting the best alternative. It is making the best choice or selecting process. It can be defined as managerial response to the problem, means to achieve end and system of deciding best way or path for moving organization from existing state to desired state.

Features of decision making are:-

- ① Goal oriented ✓
- ② Dynamic ✓
- ③ Pervasive ✓
- ④ Continuous ✓
- ⑤ Problem solving ✓
- ⑥ Selecting process ✓
- ⑦ Freedom to decision maker ✓
- ⑧ Positive or negative result ✓
- ⑨ Commitment for implementation ✓
- ⑩ Decision making is a process

Decision making style

- (a) Analytical style
- (b) Behavioural style
- (c) Conceptual style
- (d) Directive style.

(a) → Before getting into the decision in depth information of the facts, detail study, collected more information - interpret and on the basis of that information collected from situational background. They have ability to adjust with changes, has got pacing capability, they don't take haste decision; takes time to take decision; doesn't matter whether

Tolerance ambiguity - High
Way of thinking - rational

(b) → Consulting others before taking any decisions, decision by joint effort with the superior & sub-ordinate, don't takes everyone in contact; not

take self decision, self confidence level is low, no split between the ^{one} others; decision depends on others.

Tolerance ambiguity \rightarrow low
Way of thinking \rightarrow Intuitive

(c) Conceptual

They see long run; don't ask anyone, doesn't search for detailed information; background-self solutions (alternative) are operated on the basis of long term decision, they are far sighted decision maker, they are creative and focus on future.

Tolerance \rightarrow High
 \rightarrow Intuitive (Far-sighted)

(d) Directive

decision on the basis of the provided short term notice, doesn't see past & future sees only the present status, takes decision then and there, they don't wait for the results, the decision might be in favour or not it doesn't matter to them, aren't emotional decision maker; not detailed study

Ambiguity - Rational
Tolerance Low

Decision making conditions

- (a) Certainty
- (b) Risk
- (c) Uncertainty

Problem	Alternative	Result
✓	✓	✓
✓	✓	??
✓	??	??

(a) Certainty

- Decision maker is well informed about the problem, alternatives of solving problem and result or outcome of decision in advance.
- Decision maker is sure / confident about the problem.
- No need to calculate probability to know about the result.
- This condition exist in day to day routine problem as well as programmed decision making.
- Decision maker has sufficient information to take effective decision.
- Management control is high over the result.

(b) Risk

- Decision maker is informed about the problem and alternatives but not informed about the result / outcome of decision in advance.
- Result may be positive and negative.
- It is necessary to calculate the probability to know about the result. Probability determines level of risks.
- This conditions exist in non-programmed decisions and long term decisions.
- Mgmt control is medium over the result.

(c) Uncertainty

- Decision maker is informed ^{abt} problem but not informed ^{about} alternatives of solving problem and outcome/results of decision.
- Decisions are taken on the basis of guesswork, experience.
- Probability can not be calculated due to lack of informations & alternatives.
- High probability of making inappropriate decision.
- This condition exist in complex & critical situations.
- Mgmt control is very low.

Types of Decision

(1) Programmed and Non-Programmed

Programmed	Non-Programmed
- Decision taken by middle and lower level.	- Decision taken by top level.
- Repetative in nature.	- Non-repetative in nature.
- Structural decision.	- Unstructural decision.
- Decision maker is ^{foundatio} familiar with problem.	- Each problem is new and unique to decision maker.
- No need to collect and analyse more information and alternatives.	- Need to collect and analyse more information and alternatives.
- Existing roles, standards, systems are directly applied.	- Existing roles standards, systems are not directly applied.

Programmed

- Short term decision
- Problem / decision of routine nature.
- Result is known to decision maker.

Non-Programmed

- Long term decision
- Problem / decision of special & complex nature.
- Result is unknown to decision maker.

(2) Individual & group

Individual	Group
- Decision by single member.	- Decision by two or more members.
- Application of single idea, knowledge etc.	- Discussion and interaction among members.
- High flexibility	- low flexibility
- quick decision	- Delay in decision
- Generally program decision are taken by an individual member.	- Generally non-programmed decisions are taken by the group.

(3) Personal and organizational

Personal	Organizational
- Solving personal problem	- Solving organizational problem
- Related with personal needs, interest, issues.	- Related with organizational needs, interest, issues.

Personal	Organization
- Can not be delegated to others.	- Can be delegated to others and sub-ordinates.

④ Corporate / Strategic, Tactical and Operational

Corporate	Tactical	Operational
Top-level	Mid-level	Lower level
long term	mid term	short term
whole organizational problem.	department	day to day

Imp Decision making process / steps

① Identifying and defining problem.

Decision making is solving problem by selecting best alternative so fact problem should be identified at first. Maximum time and effort should be contributed in identifying the problem because identification of problem means half solution. Problem is the gap between existing situation and desired situation. Symptoms should not be taken as problem.

When the problem is identified it should be defined and studied in detail to know responsible factors, present and future consequences, emergency to solve etc. Problem should be defined logically and carefully because wrong definition of problem leads wrong solution and wastage

of time.

- ② Development of alternative
- ③ Evaluation of alternative
- ④ Selection of the best alternative
- ⑤ Implementation of decision
- ⑥ Review or evaluating result.

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Brainstorming - collect -> sub-decision - all participate - at same time
 Delphi Technique
 Nominal group technique
 -> review idea, carefully select group of expert.

Brainstorming - Ideas for specific problem through group creativity. Combining and grouping ideas is welcomed. But criticism is not.

Delphi - Carefully selected group of experts, the ideas are reviewed and analysed. Three to four rounds follow to refine ideas to arrive at common ideas.

Nomial -> individual member work independently to generate ideas, secondly they work as an interacting group collectively to evaluate ideas generated in the first stage.

Chapter - 6

Managing people

Meaning of Human Resource Mgmt (HRM)

HRM is a broader and wider concept than staffing function because it is not only attracting people but also developing them, managing working environment and solving employee issues. HRM consists set of activities related to employee management at right time in right quantity according to demand of job. It is a process of functioning different functions such as acquisition, development, utilization and maintenance of work force. It also focuses welfare and wellbeing of employee. HRM is managing human energies, competencies and capabilities as well as planning and executing strategies for managing competent, energetic and capable work force in organization.

Components / functions / process of HRM

1) Acquisition

- It is acquiring or managing right employees at right time in right quantity according to demand of job.
- It is making employee available in organization from internal and external sources.
- It ensures entry of competent, capable, energetic workforce in organization based on following activities/steps.

(A) Human Resource Planning (HRP)

- It is predetermining future need of human resource to implement plan. It consists following steps:-

- (i) Assessing current human resource. It is analysing current job and people doing those jobs in organization. It also evaluates competencies available in organization with their potentialities.
- (ii) Demand forecasting (New demand to meet future requirement).
- (iii) Supply forecasting (It forecasts competencies likely to be available in market.)
- (iv) Matching demand and supply (Defining standards for selecting employee and filling strategic human resource gap).
- (v) Development of plan (Decision and schedule for promotion, transfer, vacancy etc.).

(B) Job Analysis

- It is defining nature and type of job as well as requirement of candidate to apply for the post.

- (i) Job description (defining authority, jobs, responsibility or what the jobholder does)
- (ii) Job specification (defining skill, knowledge, experience, qualification, age, gender of candidate or what the job demand).

(iii)

(c) Recruitment

- It is announcement vacancy and stimulating

- people to apply for the post.
- It can be done from internal & external sources.

(C) Selection

- It is choosing the best candidate among from prospective candidates on the basis of following activities.
- (i) Short listing
- (ii) Written test
- (iii) Interview
- (iv) Practical test
- (v) Reference check (knowing about behavior and character, personality)
- (vi) Medical test
- (vii) Final list e.t.c.

(D) Placement

- It is placing of selected employee to concern units, department and division by matching job and employee.
- First placement is done for trail period.

(E) Socialization

- It is introducing selected employee with superior, subordinates, peers, clients, stakeholders, rules, regulation, culture programme e.t.c.
- It is managing family environment at work.
- It can be defined as orientation stage.

(2) Development

It is managing different programmes to employee for increasing their level of confidence to performed job assigned by organization. It also converts theoretical knowledge of employee into day to day practical activities. So, it ensures competency of employee to perform task based on following activities.

(i) Assessing need of development

In this stage all selected employees are individual assessed to know their level of knowledge and competency. It analyzes whether development is necessary or not, what type of development may be effective. How development activities can be managed effectively.

(ii) Employee training

It consists various programmes managed / organized by organizations for workers members of operational level. It increases technical skill and it guides members to cope with current job and related problem. It can be on the job and off the job in nature.

(c) Management development:-

It consists programmes managed for managers and senior executives of organization to increase their intellectual skill. It helps managers for adjusting with situation skill. It helps managers for a and for solving ~~can be~~

on the job and all the job.

D) Career Development

It provides regular learning opportunities to members of organization and programmes for promoting long term career interest. It is matching long term interest of employee and long term goal of organization.

3) Utilization

It is the participating employee in day to day activities and getting maximum result from.

- It focuses higher from energetic employee.
- It ensures employee willingness to improve productivity in a given situation.

Its components of utilization are:-

(A) Motivation

Motivation is initiating, encouraging and reinforcing employees to perform in certain way as well as to give higher return and contribution to organization. It is the art of energizing people and stimulating them for better and higher performance. It can be defined as an inducement to employees to create interest on job through different types of motivator. Motivation is physiological influence to employee by management for changing their perception and attitude toward organization and management. It is

an inner state that guides, directs, maintains and sustains human behaviour to perform task in a specific way.

(B) Job redesign:-

Job design means division of work and assigning jobs to members. But job redesign is changing such assigned responsibilities by following techniques.

- (i) Job enrichment (Making job, meaningful, interesting or vertical expansion of the job, adding job of complex nature, challenging, more rewarding)
- (ii) Job enlargement (adding job of same and simple nature, increasing volume of task or horizontal expansion of the job.)
- (iii) Job simplification (Breaking down complex and large scale job into small and simple units)
- (iv) Job rotation (movement of employee from one job to another job of similar nature).
- (c) Performance Appraisal:-
It is the periodic evaluation of employee contributions and performance ensure employee effectiveness in organization. It consists:-
 - (i) Performance review (evaluating of employee from the performance (past performance))

(ii) Reward review (evaluation of performance for giving reward).

(iii) Potential review (evaluation of performance to know suitability and potentiality of employee)

(D) Reward Management:

- Reward is a return given to employee based on performance and result. Reward can be:

(i) Financials and non financials

(ii) Extrinsic and Intrinsic (Extrinsic rewards are financial in nature and not related to future performance but intrinsic rewards are related to performance and they are satisfied by doing the job itself).

(4) Maintenance:-

It is holding or retaining existing employee in ~~an~~ organization over period of time.

- It reduces employee turnover rate in organization.
- Achieving long term goal through existing employee.

Components of maintenance

(A) Labour relation:-

- Developing family environment.
- Good relation of labour with mgmt and other member.
- Unionization stage in organization.

(B) Employee discipline.

- It indicates adherence by employee to rules, regulations standards and systems of organization.
- flexible disciplinary standards should be developed.
- Standards should be acceptable to all.

(C) Grievances handling

- Grievances are employee discontents and minor issue of employee related to terms and conditions of employment and management behaviour.
- High level grievances increases employment behaviour.
- Proper mechanism should be developed for handling employee of grievances.

(D) Employee welfare programmes.

- It consists facilities and benefits like.
- canteen facility without cost
- Education, communication and transportation allowance.
- Medical allowance.
- retirement plan and insurance coverage.
- sports facilities
- Provision of school and school fee for children of employee.
- Apartment facilities.
- Day child care centre in orgⁿ.
- Free travel trip within and outside of orgⁿ.

Importance of HRM

- ① Management of people ✓
- ② Solving of problem ✓
- ③ Goal achievement ✓
- ④ Better use of other resources (Strategic Resource)
- ⑤ Employee retention and motivation
- ⑥ Training and devotion of employee.
- ⑦ Effective reward distribution

→ Harmonious labour relation

Chapter - 7

Leadership

Leadership is concerned with qualities and skills of leader for leading organization and followers. It represents ways and qualities of guiding and directing activities, influencing people, creating willingness of members through communication skills etc. So, leadership is the leader's personal quality and behaviour of group of people for managing their willingness to perform willingly in a given situation.

Leadership sets organizational goal, defines climate and culture for higher performance etc.

Features

- Goal oriented ✓
 - Continuous ✓
 - Dynamic
 - Authority - Unidirectional
 - Action oriented
 - Influencing quality ✓
 - Personal skills ✓
 - (Combination of three words (leader, follower and situation)
 - Unidirectional authority) - Authority is one way from leader to follower, leader passes authority to direct followers or followers lack authority)
- Power ✓
Reason -
Inspiration
Motivation
Bargaining
Assertiveness
Friendliness.

Leadership style

(1) Autocratic style

Autocratic style means,

- one way communication from leader to follower
- centralization of decision making authority.
- followers are not consulted while making decision.
- followers are not participated in decision making activities.
- Generally, negative technique of motivation is used.
- Influence flows in one direction from leader to follower.
- Followers creativity is discouraged by leader.
- All information and resources are controlled by leader.
- All activities are decided by leaders only.
- All rules and regulations by leaders.
- Tight / strict rules and regulations.
- Leader's decide what to do and how to do by followers
- Leaders have position based authority and they demand total obedience from followers
- High workload to leader, low motivation of followers, followers perform tasks by fear of punishment.
- Suitable for emergency situation quick decision, strong discipline etc.

(2) Democratic style

Democratic style means,

- Two way communication from leader to follower
- Decentralization of decision making authority.
- followers are consulted while making decision
- followers are participated in decision making activities.
- Generally, positive technique of motivation is used.
- Influence flows in two direction from leader to follower and follower to leader.
- Followers creativity is encouraged by leaders.
- All information and resource are controlled by leader and follower.
- All activities are decided by leaders and followers.
- All rules and regulations by leader and follower. Flexible rules and regulations.
- Exchange of ideas and knowledge among the leaders and followers.
- Team work and group activities.
- Followers are interested in job.
- Low work load to leader, high motivation of followers, followers perform task willingly.
- Not suitable for emergency situation, delay in decision making, poor discipline.
- Responsibility may be avoided by leader.
- High level of career development opportunities to followers etc.

3) Laissez faire / Free Rein style

In this style leader holds little power and job related complete authority is entrusted to followers to take decisions.

Followers have complete authority or independent authority to take decision. Activities are decided and goals are finalized by followers. According to decentralized authority and responsibility.

- Influence flows in all direction from leader to follower and follower to leader and follower to follower.
- High level of flexibility and freedom to followers of organization in functioning activities.
- It is suitable for research and creative oriented job.
- Followers motivation is high and autonomy in decision making but discipline may be poor and responsibilities may be avoided by followers.

(4) Paternalistic style

- Leader believes that whole orgⁿ is a family followers are children and he/she is a parent / guardian.
- All activities are functioned within family environment and family relationship.
- It focuses open communication, close relationship among members.

- All matters are shared among members.
- Followers are listed by leader but final decision making authority is held by leader to decide what is right or what is wrong.
- Leader plays fatherly / motherly role in org.

(5) System 4 style (Rensis Likert)

This style was developed by Rensis Likert by comparing following four system of leader behaviour.

- (i) System one (Exploitive authoritative): It is leader centered philosophy in which power and control is related / held by leader to decide activities.
- (ii) System two (Benevolent authoritative): It is leader centered philosophy in which leader has power and control.
- (iii) System three (consultative leadership): It is follower centered philosophy in which followers have power & control.
- (iv) System four (participative / democratic). It is both leader and follower centered philosophy in which both parties have power and control.

Finally, it was concluded that system four is the best style and behaviour of leadership to improve productivity and efficiency.

②

Function of leaders or leadership

People Focus
Task Focus

- ~ Goal determination
- ~ Planning and organizing activities
- ~ Decision making
- ~ Communicating Organization climate
- ~ Motivating Definition.
- ~ Supervision and direction
- ~ Environmental adaptation.
- ~ Representative of organization.
- ~ Representation

Leadership and mgmt
- Relationship (one paragraph)
- Difference (718 points)

Leader & manager
- Difference (10 points)

- Relationship
Leadership is guiding and influencing people to achieve goals willingly and enthusiastically. The leader guides and influences followers to achieve goals in situational context.

Management is getting the jobs done through and with people to achieve goal effectively and efficiently in a dynamic environment. Leading is an important function of management. Managers establish organizational goals, decide what is to be done and motivate people to do it. Effective managers are good leaders.

Difference

Leadership	Management
- Ability to influence the behaviour of group in achieving goal.	- It is responsible for various functions planning, organizing, leading, controlling.
- Narrow concept than management.	- Broader than leadership.
- It influences the performance of individual.	- Concerned with promotion & welfare of organization.
- It uses informal power.	- It uses formal authority.
- Leadership emerges from the work group.	- It uses formal authority.
- It is necessary in organization to create change.	- It is necessary to achieve orderly result.
- It guides and direct follower.	- It get things done through others.
- Relation with others is leader and followers.	- Relation with others is superior & subordinate.

Leaders and managers

Chapter 8
MOTIVATION

Leaders	Manager
- Leaders decide where the organization should go. They are innovators.	- Managers decide how to get there. They are implementers.
- Leaders do the right things.	- Managers do things right.
- Leaders develop organizations.	- Managers maintain organizations.
- Leaders have long-term vision, mission and goals to provide future direction.	- Managers have short term view to achieve goals.
- Leaders are change-oriented	- Managers are status quo oriented.
- Leader focus on people.	- Manager focus on system and structures.
- Leader inspire self-control.	- Managers rely on controls.
- Leaders are made by situations.	- Managers are formally appointed by organization.
- Leaders ask what and why.	- Managers ask how and when.
- Leaders ask what and why.	- Managers ask how & when.
- Leaders have informal power.	- Managers have formal authority.

Features of Motivation

- ~ Goal oriented ✓
- ~ Dynamic ✓
- ~ Continuous ✓
- ~ Pervasive ✓
- ~ Function of management
- ~ Physiological influence ✓
- ~ Need satisfying process
- ~ Complex and unpredictable
- ~ Concerned with whole individual.
- ~ Positive or negative motivator ✓
- ~ Intrinsic or Extrinsic motivator ✓
- ~ job rewarding factor ^{situational} other than that of job.

Key elements of motivation

- (a) Effort
 - (b) Goal
 - (c) Need
- (a) Effort - It indicates energy to perform of effort energies human behaviour.
- motivated people try to give/show additional effort and energy.
- (b) Goal
- It indicates purpose of motivation.
 - Efforts are directed by goal.
 - Goal guides effort of motivated people.

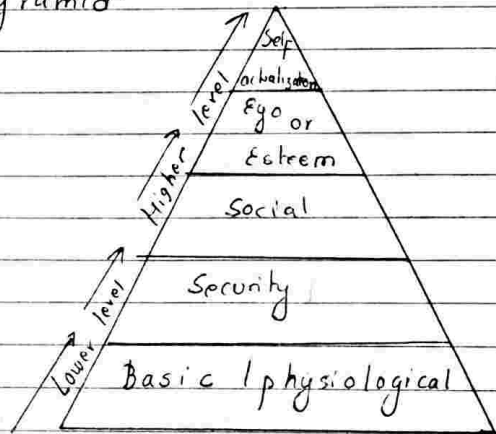
- c) Need
 - Motivation is need satisfying process.
 - Employee should have unsatisfied needs and ways.

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Motivation Theories

- (a) Maslow theory of motivation / Human needs theory / need hierarchy Theory.

This theory was developed by Abraham Maslow, human psychologist to motivate employees by fulfilling their needs in step by step hierarchy. Maslow explains that human needs are unlimited in nature. When our need is fulfilled, another one is automatically developed. People progress in need hierarchy. Satisfied needs do not motivate employee but satisfaction of needs motivate employee. Maslow identified and defined employee need in five categories and explained them in following pyramid.



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It consists food shelter cloth and other day to day requirements to survive which can be fulfilled by giving high amount of wages and salary

Security
 It consists present security, job security and protection from any economic and physical harm in future which can be fulfilled through provident fund, retirement plan, life insurance e.t.c.

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Social
 It consists love, affection, friendship, belongingness and social network which can be fulfilled by managing team work and group activities.

Ego or esteem
 It consists prestige, status, recognition, self respect, identity which can be fulfilled by offering luxurious facilities.

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Self actualization
 It consists talent utilization, creativity development, self development, self fulfillment which can be satisfied by generating creative environment, by offering decision making authority e.t.c.

Contributions of Maslow Theory
 Only one need is operational at

a time. Lower level needs are important in nature.

- People progress in need hierarchy.
- Satisfied need do not motivate employee.
- Satisfaction of need motivate employee.
- Classification of need into 5 category.

Class

Limitations of Maslow theory

- Lengthy process to motivate employee.
- Need classification is not universal in nature.
- It ignores situational factor.
- It ignores other important needs such as mental peace and happiness in life.

(b) Two factor theory / Motivation hygiene theory.

This theory was developed by Frederick Herzberg based on following two ^{steps} factors or two sides of motivation.

- (a) Hygiene factor: According to Herzberg, absence of hygiene factors creates dissatisfaction but presence of hygiene factor does not create satisfaction and motivation. It brings employee into zero level of motivation. It brings employee into zero level of motivation. It brings employee into zero level of motivation. It brings employee into zero level of motivation. It brings employee into zero level of motivation. It is also related to job context of workplace. If hygiene factor is adequate in the job, employee

will be neither satisfied nor dissatisfied. It consists company policy, supervision, status, personal life, security, working condition, wages, salary, interpersonal relation, social life etc.

Dissatisfaction $\xrightarrow{\text{Hygiene factor}}$ Non dissatisfaction (No satisfaction)

(b) Motivating factor.

According to Herzberg, absence of motivating factor does not create dissatisfaction but presence of motivating factor creates motivations and satisfaction in the job. It brings employee into positive direction from zero level of motivation. It consists factors related to job content and if it increases level of satisfaction. It consists advancement, achievement, responsibility, challenging job, personal growth, work itself, recognition etc.

Non dissatisfaction $\xrightarrow{\text{Motivating factors}}$ Satisfaction (No satisfaction)

Contribution

It focuses job enrichment. Financial factor is not motivation. Satisfaction is not opp. of dissatisfaction in motivation process. Two or more needs are operational at a time only higher order need motivate employee.

Limitation

It ignores situational factors. Hygiene

factor of one employee may be motivating factor of another employee. Financial factor cannot be ignored in motivation process. It is not suitable to motivate factory workers.

3) Theory of X & Y

This theory was developed by Douglas Mc-Gregor with the concept of separate nature of employee as well as separate techniques of motivating them. Members of organization may be of two types/natures like nature of X and nature of Y based on following assumptions:

Nature of X	Nature of Y
- Lazy	- Energetic
- Avoiding jobs & tasks.	- Accepting more jobs & tasks.
- Resistance to change.	- Acceptance of change.
- Money and security oriented	- Career & creativity oriented
- They need formal control & supervision.	- They need informal control and supervision.
- focus on lower order need.	- focus on higher order need.
- optimistic pessimistic	- pessimistic optimistic
- focus on organisational goal only.	- Integration of organisational and individual goal.

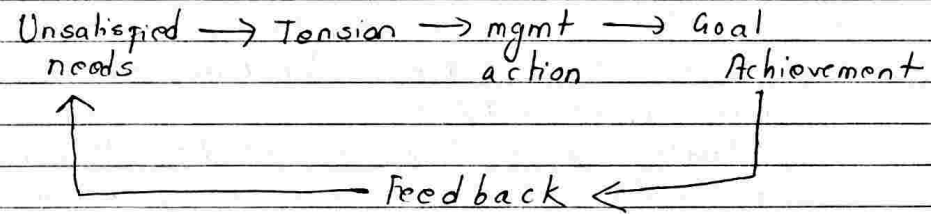
According to Gregor, Employees of nature X represent negative view of people and they can be motivated through punishment, reward, autocratic

leadership style e.t.c. But employee of Y nature represent positive view of people and they can be motivated through democratic leadership style, freedom, challenging jobs e.t.c.

Limitations

- It ignores situational factors.
- It ignores technique of converting nature of X into nature of Y over a period of time.
- It is difficult to apply in large size orgⁿ.
- It ignores average type workers e.t.c.

Model / Process of motivation



Techniques / Strategies of Improving motivation of employees

(a) Money

- It consists wages, salary, financial incentives, benefits and other facilities.
- Without money, basic needs can not be fulfilled.
- It reduces tension resulting from lack of money.
- It also serves as "carrot" for motivation.

(a) Behaviour modification

- It consists positive reinforcement programmes offered

to employee for changing their behaviour from existing to desired level.

- For this purpose, at first identify the behaviour to be reinforced, measure existing level of performance analyse consequences of existing performance and develop relation or link between result and reward of future.

3) Flexible work schedule

- flexibility in office time
- " in office hours
- " in leave and holiday
- At least 2 days leave in a week e.t.c.

4) Quality of work life (QWL)

- It is integrating employee need and work wants with working condition, work environment e.t.c.
- Maintaining quality at work life that means not only fulfilling human need in org.

5) Authority delegation & decentralization

- Giving authority to subordinates/members to take decision.
- It also encourage and initiates to give additional effort energy and contributions for application of creativity.

6) Job redesign

- Simplification
- Rotation
- Enrichment
- Enlargement

- 7) Reward management - Motivation
 - 8) Employee welfare program - Maintenance
 - 9) Training and development activities Dev
 - 10) Performance appraisal & feedback
 - 11) Participative management
- } See chp-6

- It is participating employees in day to day mgmt activities which increases, belongingness, acceptance of employee, sense of achievement e.t.c.
- Employee participation can be ensured by following techniques:

(a) Board member

It is appointing employee representation in executive committee of orgⁿ or as a member of board of directors.

(b) Employee (share ownership)

It is giving share of orgⁿ to all employees from which they become shareholders and perform activities as owner not only as worker.

(c) Suggestion schemes

In this, employees are encouraged to give suggestions and ideas for mgmt. Best suggestions should be awarded or rewarded by mgmt.

(d) Joint consultation

In this, a task force is formed within organization from the member of employee and mgmt. Both parties share their ideas and they also discuss among each other in taking decision.

(e) Quality circle (QC): It is a Japanese technique in which 8 to 10 members of ~~employee and mgmt~~ both parties same work area are engaged in a group. Such members meet regularly and they share their work related issues/problems. They also discuss among each other about the quality improvement, cost control etc. Best ideas are submitted to mgmt for practical application.

(f) Self managed work team

- It is an autonomous work unit of orgⁿ defined by mgmt with self guided, directed and motivated members. members perform task without any formal supervision and direction of manager.

(g) MBO -- sel, ch - 1x

Importance of motivation

- Goal achievement ✓
- Improve productivity ✓
- " quality ✓
- " Efficiency ✓
- Less disputes and strike in org.
- Easy to understand human behaviour. ✓
- Employee retention in org ✓
- Creativity development etc. ✓

Chapter-9

Communication

Meaning

Communication is a process of exchanging ideas, information, feeling, emotion or any type of message from one party to other party by using any channel or based on any objective. It is encoding message by sender, transmitting through channel, decoding by receiver and finally responding to sender as feedback. It links people together and it can be defined as heart of organization. Effective communication is transmitting message to receiver in such a way that the message transmitted by the sender is received and understood by receiver with the same motive/purpose. So, it focuses flow of meaning, message and understandings from sender to receiver.

Features of commⁿ are

- Goal oriented
- Dynamic
- Pervasive
- Continuous
- Two way
- Information exchange
- Use of channel
- Objectivity / purpose of message
- Formal & Informal
- Verbal and non-verbal.

Communication process

- (i) **Sender** - It is the party who is responsible to send message.
- source of information and idea.
 - stage of developing ideas, concepts, views and opinions about type of message to be transmitted to receiver.
- (ii) **Message encoding** - converting ideas into meaningful form to give meaning to receiver.
- It uses words, letters, numbers, charts, figure, signals, symbols.
 - It develops complete form of message.
- (iii) **Channel** - It means communication mode of communication from which the message is travelled to receiver.
- It can be audio, visual, audio-visual, personal, online, print etc.
 - Channel should be selected according to message.
- (iv) **Receiver** - party to whom the message is intended by sender.
- Targeted party or multimate audience of communication
 - message can be accepted or rejected by receiver.
- (v) **Decoding** - It is translating message

by receiver according to personal background.

- understanding meaning and purpose of message.

(vi) **Feedback** - It is response of receiver to sender of message.

- It ensures whether the message is received or not as well as understood or not.

(vii) **Noise** - It reduces effectiveness in commⁿ.

Types of communication It is unplanned distortion during commⁿ due to external factor.

(1) **Formal and Informal**

Formal communication is an official way of exchanging office/orgⁿ related message which is exchanged within the channel and channel which is defined by structure and controlled by mgmt hierarchy. It is within scalar chain or within scalar principle of organization. Members share this message within structurally defined relation.

Formal communication consists

(a) **Upward communication**: It is communication from subordinate to superior which gives suggestions, feedback, grievances and problems.

(b) **Downward communication**: It is commⁿ from superior to subordinate which gives order, command, instructions, goals, plans etc.

(c) **Horizontal commⁿ**: It is communication betⁿ members of same level and position in mgmt hierarchy and structurally structure

which exchanges idea, skill, knowledge, experience among each other.

(d) Diagonal communication :- It is communication among members who are neither within same chain of command nor in the same level of hierarchy.

Informal commⁿ mean system of exchanging message without any formal procedures. This commⁿ is managed from channel which is neither defined by structure nor controlled by mgmt hierarchy. It is unofficial commⁿ system which is exchanged by members based on personal friendship, relation and social relationship. It is not bounded by scalar principle, any rules and regulations. Informal commⁿ consists flow flow of rumor or grapevine.

Virtual Verbal and Non-verbal

(Verbal): It is exchanging information from words sentences and exchange according to grammar rule. If meaning is transmitted through words, it is called verbal commⁿ.

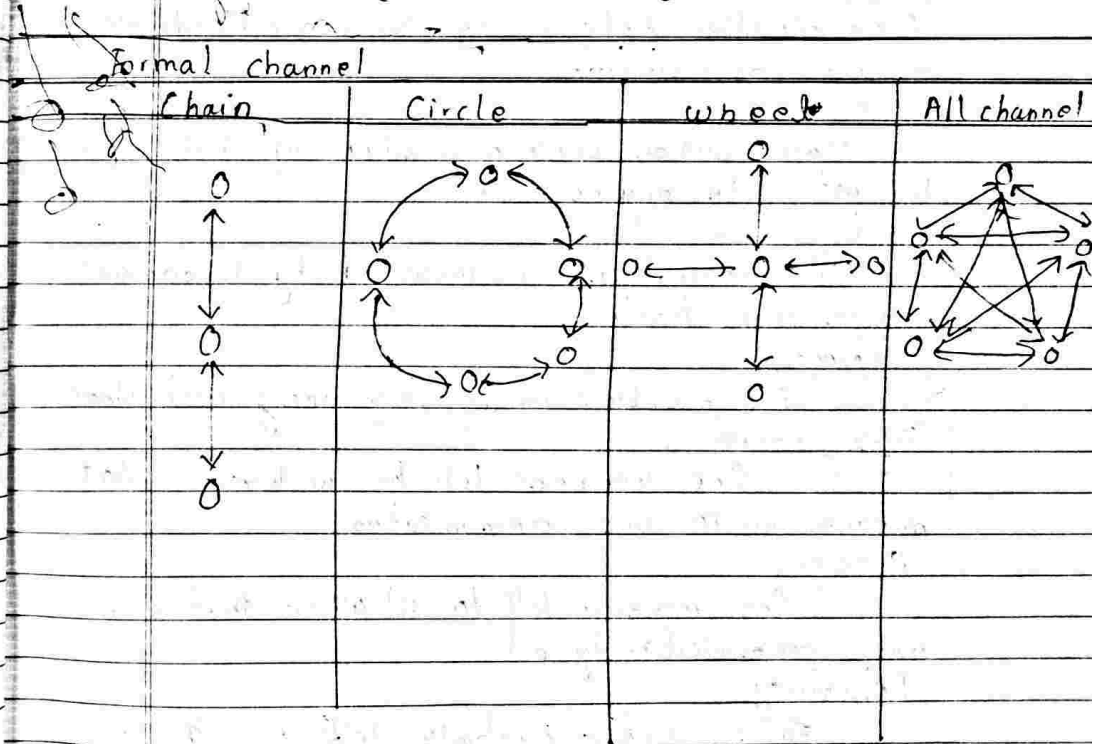
Non-verbal :- It is exchanging information and message without any words and

sentences or without grammar rule. It focuses signal, symbol, eye contact, facial expression, movement of parts of body etc.

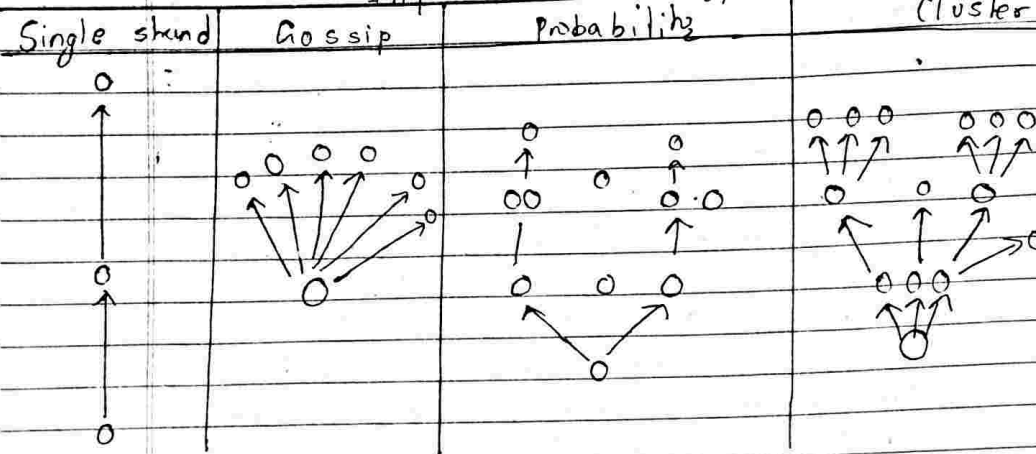
3) Interpersonal

- It is commⁿ betⁿ sender and receiver either in face to face interaction or through direct channel of commⁿ.
- Comⁿ that takes place betⁿ individuals and group of individuals either in face to face interaction or through direct channel it is called interpersonal commⁿ.

Communication channel



Informal channel / Types of grapevine



Chain

Communication between superior and subordinate of chain of command.

Circle

Communication between members of both side but not with anyone else.

Wheel

All information are controlled by leader or from centre level.

All channel

All members communicate among each other.

Single strand

One members tell to another one that means one to one communication.

Gossip

One member tell to all other that means mass communication by all

Probability

Each member randomly tells to others

according to network/relation.
Cluster

Either some or all members tell to others.

Communication Barriers **Imp**

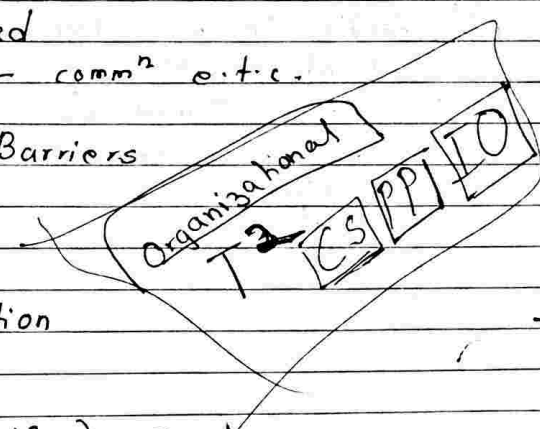
(1) Organizational Barriers

- encoding, channel selection, design
- poor planning may be poorly planned
- unclear goal
- complex structures
- leadership style ^{of the orgⁿ}
- size of orgⁿ
- culture of orgⁿ
- comⁿ skill of members
- comⁿ technology of orgⁿ
- Distance betⁿ communicators
- Interior design and layout of orgⁿ
- Job position among members.
- Organizational policy
- Information overload
- Allowed time for commⁿ e.t.c.

- Superior key selective information
- Status difference
- Distances / of sender and receiver
- Informal Overload
- Timing
- Technology

(2) Psychological Barriers

- Inattention
- Emotion
- Feeling & perception
- Distrust
- Filtering
- Viewpoints (Perception)
- Pseudo listening



- Majoring in minoring
- Prejudgement
- Preoccupied mind
- Defensiveness
- Day dreaming e.t.c.

(3) Physical barriers

- Distance
- Noise
- Geographical distance
- Channel problem
- Physical arrangements in program

(4) Semantic Barriers

- Harsh language
- Vague "
- Poor "
- Use of jargons e.t.c.

(5) Sentim Socio-cultural Barriers

- Social status
- " standards
- Social awareness & knowledge.
- Religion e.t.c

~~Imp~~

Technique of improving communication or ways of overcoming communication barrier

Importance of communication

- Information exchange
- Employee motivation
- Effective planning
- " decision making
- " leading
- " controlling
- Psychological satisfaction
- Increase goodwill of orgⁿ
- Development of interpersonal relation e.t.c.

Technique

- | | |
|-------------------------------|------------------------------------|
| (1) Two way communication | (2) Effective listening |
| - Open door policy | (3) Clear language |
| - Grievance procedures | (4) Clear goal & target audience |
| - Counseling | (5) Climate of trust |
| - Employee meetings. | (6) Avoid Information Overload |
| - Empowerment & participation | (7) Reduce Psychological Distress. |
| - Use of e-mail | (8) Structural Redesign. |
| - Feedback. | |

taking necessary corrective action by the mgmt. on the basis of past and ongoing activities result.

Chapter - 10

Controlling

Date _____
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Meaning

Feature

- Pervasive
- Goal oriented
- Continuous. - Interrelated with plan
- Function of mgmt - Mechanism
- Measurement of actual result
- Identification of deviation
- Corrective action
- Future oriented
- Interrelated with planning etc.

Requirements / Essentials of Effective Control

- Simplicity ✓
- Flexibility ✓
- Objectivity ✓
- User friendly ✓
- Economy
- Accuracy
- Reviewable ✓
- Corrective ✓
- Timeliness ✓
- Strategic focus
- Interrelated with plan

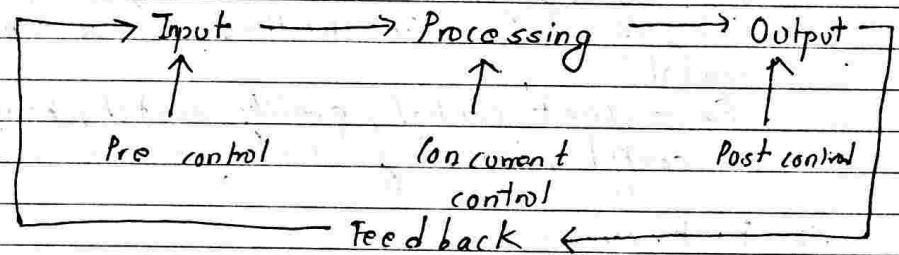
Controlling process / cycle

- (i) Setting standard.
- (ii) Measuring actual
- (iii) Identifying deviation
- (iv) Analysing deviation
- (v) Taking necessary corrective action

} Page 282

Types of control / model of control system

- (i) Pre control (before deviation)
- (ii) Concurrent control
- (iii) Post control



- (i) Pre-control
 - Taking corrective action in advance before starting any task / function.
 - Problems are solved before they occur.
 - Advance action of mgmt to reduce possible problem of organization.
 - It controls quantity and quality of resources before they become part of control system.
 - It ensures that performance goal is clear and appropriate inputs are in place at right time.
 - System of preventing possible deviations.

Date _____
Page No. _____

- It is input of control system.
Eg:- Plan, budget, Employee recruitment etc.
- It is feedforward control.

(ii) Concurrent control

- Taking necessary corrective action while functioning activities or doing task.
- Problems are solved immediately when they occur in organization.
- Actions for ongoing activities.
- It is for converting inputs into outputs and for implementing plans and policies.
- It ensures that performance activities are being conducted according to plan.
- It is Yes/No method or screening control.
- Eg:- Cost control, quality control, budgetary control, inventory control etc.

(iii) Post control

- Taking necessary corrective action after completion of time or achievement of any result.
- Problems are solved after they occur.
- Decision based on information, feedback and inspection of completed task.
- It monitors results
- It gives input / Ideas for new goal / plan.
- It is feedback control for minimizing deviation in future.
- Eg:- Customer feedback about product,

analysis of financial statement, evaluation of employee performance etc.

Objectives or Purpose of Controlling

- To know weakness -
- To improve future result.
- To achieve long term goal.
- To improve efficiency.
- To maintain discipline.
- To give reward
- To adjust with envⁿ changes.



I just can't seem to tell you why, it hurts me everytime I see you, realize how much I need you.
I hate you, I love you, I hate that I love you. Don't want to but I can't put nobody else above you.

Chapter - 5

Organizing

Meaning

(Meaning see, ch-1)

↳ Organizing consists two elements like :-

(a) Differentiation

Differentiation of activities means division of work. In this total activities of organization are divided into different group/department/divisions for specialization purpose like production, finance, market etc. Total work and job is divided into task and each task is assigned to member, position, division and department because all task can not functioned by single member in orgⁿ.

(b) Integration

Integration means developing inter-relationship among activities of individuals and divisions. It ties tasks by department together to manage joint effort in goal achievement. It is integrating work effort, managing togetherness and developing unit in goal achievement process.

Organizing steps/process

- (i) Job design :- Confirm total activities, identifying major activities, defining content of job

- (ii) Departmentation - According to nature differentiate into group & parts

- (iii) Structure design - How many total member, who is going to order and obey, mgmt hierarchy is made, chain of command, communication channel.

- (iv) Authority - responsibility relⁿ :- Giving work who are within the structure and giving them responsibility

- (v) Co-ordination : Do work in harmony (Integration)

Principles of organizing (should be based on)

- (i) Unity of objective = goal
- (ii) " of command
- (iii) " of direction
- (iv) Scalar chain
- (v) Authority and responsibility
- (vi) Mgmt by exception
- (vii) span of control
- (viii) Flexibility - differentiation and integration should be easily modified.
- (ix) Simplicity -
- (x) Homogeneity - should be assigned to same kind of work.
- (xi) Departmentation - convert into different department
- (xii) Balance - balance in authority and responsibility. also balance in the work.
- (xiii) Separation - line ^{manager} - day to day work
 staff - legal advisor, financial advisors.
 difⁿ between line and staff is necessary.

(xix) Leadership facilitation - leader -> which structure he wants to follow we need to support that and it'll be easier.

Organizing approaches

(1) Classical Approach
- - - - - (2 lines only)
- - - - -

(A) Scientific mgmt approach
- - - - -

(B) Administrative mgmt
- - - - -

(C) Bureaucratic approach
- - - - -

} 4/5 lines of each or summary as well as contributions of each theory only.

(2) Behaviour Approach
- - - - - (2) 3 lines.

(A) Socio-Technical system.

socio-technical system

According to this organization is with combination of social and technical system. Social system consists employees or human resource, but technical system consists equipment, machine and procedures. First priority should be given to social system that means social system should be dealt separately than technical system.

(B) System 4 approach (Rensis Likert)

It states about democratic leadership, group and team work, participative mgmt, co-ordination, co-operation and unique value of organisational members for effective organising.

(3) Contingency Approach
- - - - - (5 lines)

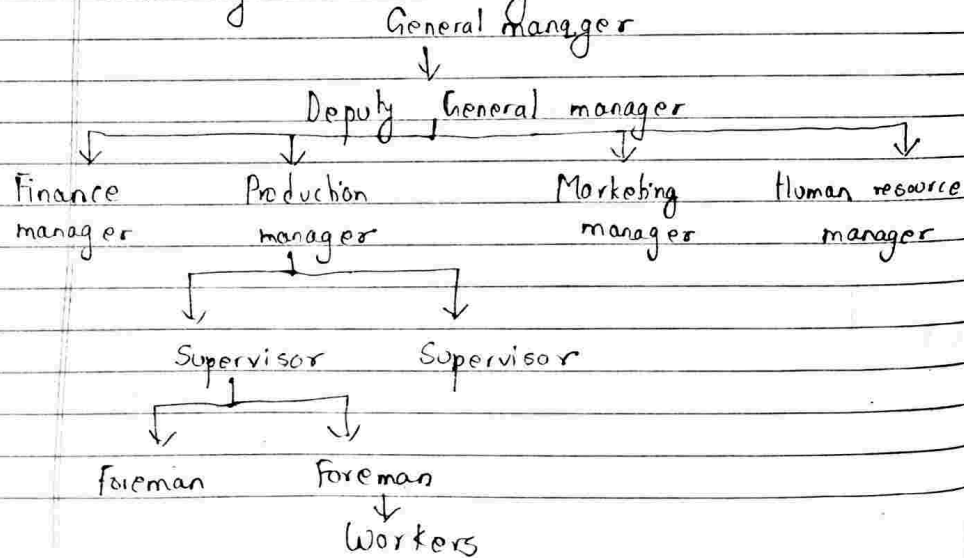
Forms/

Types of organizational structure

(1) Traditional structure

(A) Line structure

In this structure superior-subordinate relationship as well as management hierarchy within organization are direct characterized by direct line of authority and responsibility. It focuses along chain of command or scalar chain from top to bottom. Authority flows from top to bottom and responsibility flows from bottom to top in structural hierarchy. Communication is based on scalar principle. Decision making authority is centralized and all decisions are taken by top level mgmt. Sub-ordinates perform tasks by order and command of superior. Manager is entitled to direct and guide activities of sub-ordinates. Now, it is popular in army and police. So, it is also called military structure in org.



Advantages

- Strong discipline
- Quick decision
- Suitable to manage emergency
- Simple
- Management development
- Flexibility in decision
- Fixed authority and responsibility
- Unity of command etc.

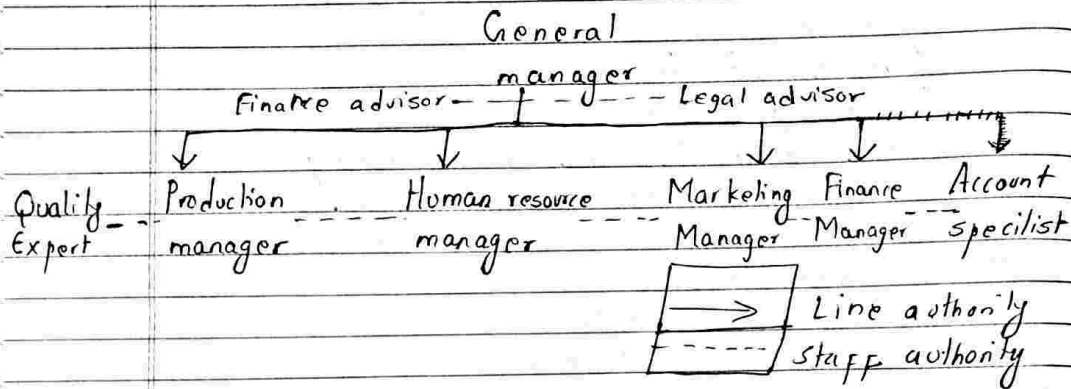
Disadvantages

- one way communication
- lack of specialization
- High workload to top level
- low motivation of members
- Autocratic
- Nepotism and favouritism
- Lack of expert advice
- Problem in environmental adaptation etc.

(B) line and staff structure

In this, line structure or line authority remains constant and different staff members are added on line structure by dot line. It is combination of line and staff authority in organization. Staff member are experts of related field and they are responsible to give ideas, suggestions, advices and information to line members. They can not take decision because they are purely advisory in nature. Line members are responsible to take

take decisions, to guide & direct followers, to control activities etc. It is not compulsory to line managers to follow all suggestion given by staff.



Advantages

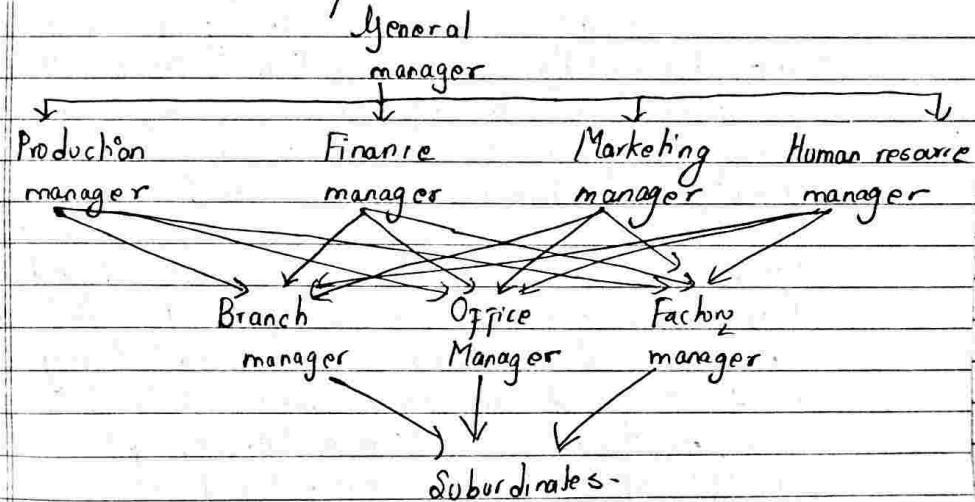
- Effective decision
- Environmental adaptation
- Expert's ideas
- Reduce work pressure of top level
- Information exchange
- Unity of command
- Career development / learning opportunity to subordinates.

Disadvantages

- Expensive
- Delay in decision making
- Line and staff conflict
- Staff members may lack practical knowledge
- Overdependency of line on staff.

(c) Function structure

In this structure activities of organization are divided / grouped into different functions based on function they perform. Then members of orgⁿ are also grouped into such function according to their experience and interests. It focuses division of labour based on functional specialization. Each function is headed by functional expert and each functional expert concentrate only on particular function. Activities of each function are guided and directed by expert followers are guided, directed and controlled by that expert. It ignores principle of unity by command that means one functional expert can exercise his / her functional authority not only over own subordinates but also over other subordinates of another function. It can be defined as:-



Advantages :-

- Effective direction
- Better control
- Job specialization
- Improve efficiency
- Employee development
- Management development

Disadvantages :-

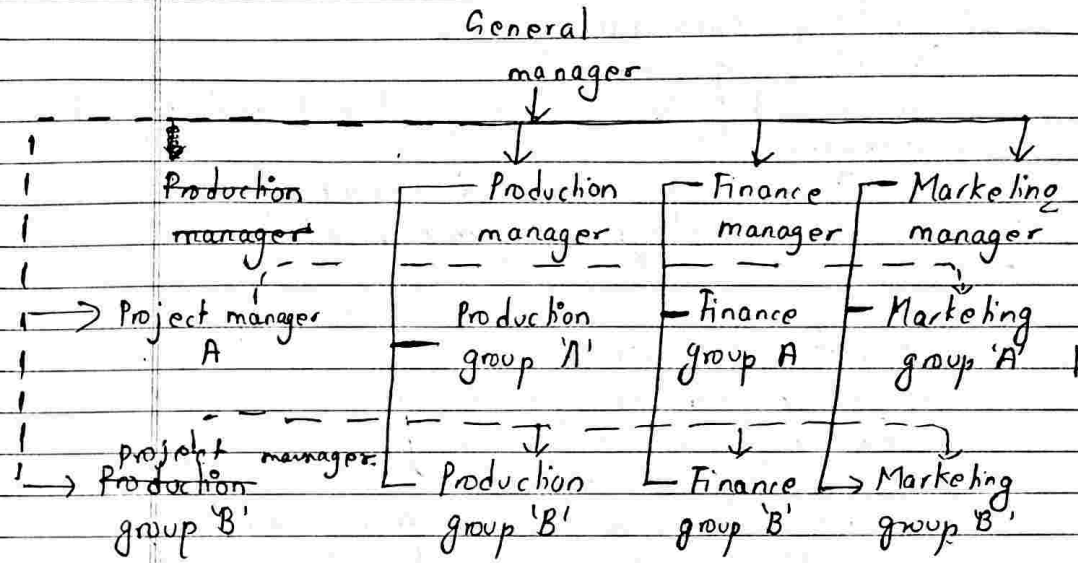
- Multiple command
- Possibility of conflict
- Narrow specialized knowledge of expert
- Problem in environmental adaptation
- Poor coordination among functions.

② Modern structure

① Matrix structure

In this structure authority flows vertically and horizontally in organization. Basic structure is functional and different temporary projects are added on functional structure. Experts from functional background are assigned to work on project. Functional managers are responsible to guide and direct and monitor functional activities of each function of all projects. Project managers are responsible to control project resources and to direct project activities of all functions. So, It also ignores principle of unity of command. Each worker must be responsible with two managers at a time that means project managers and functional managers.

It is suitable to manage complex project. ^{So,} It is suit project management structure. Functional authority flows vertically but project authority flows horizontally by crossing vertical lines. It can be defined as:



→ Function authority
- - - Project authority.

Advantages

- Effective supervision
- Effective direction and control
- Better use of resources
- Environmental adaptation
- Management of complex project.
- Employee development
- Reduce work load of top level.

- Flexibility in structure

Disadvantages

- Expensive
- Multiple command
- Possibility of conflict
- Power struggle between functional and project manager.
- Duplication of task and effort.
- It requires strong interpersonal skills.

(B) Committee structure

- It is based on committee in organisation. Committee means collection of at least three ^{or more} members in odd size for specific purpose. Decisions are either taken by committee members or taken by top level management committee suggestions. Activities of organisations are also guided/directed by committee members, resources are managed and allocated by committee members. Top level management performs activity under the control and supervision of committee. Different types of committees can be formed like:

- ⊙ Executive committee: It is the committee of boards of directors which is standing and permanent in nature. It takes decisions and orders for implementation.

- ⊙ (b) Advisory committee: It is the committee of advisory members. It only gives suggestions and advises to top level managers and management.

- ⊙ (c) Temporary committee: It is formed for the specific purpose and for short period of time. When the purpose is fulfilled or time is completed it will be dissolved.

Advantage

- Effective decision
- Participative management
- Environment adaptation
- Co-ordination training and development to member commitment for implementation of decision.

Disadvantages

- Expensive
- Delay in decision making
- possibility of groupism.
- lack of secrecy
- split Accountability
- Too many compromises to members.

Delegation of Authority

Authority is any type of legitimate power as well as right to take decision, to allocate resources, to guide and direct others etc. Delegation of authority is a

system of giving decision making authority of superior to sub-ordinate for specific purpose and for short period of time. It is downward flow of authority in which formal authority is transferred to subordinate to take decision. Delegation of authority is a process of assigning a part or portion of total responsibility of superior to sub-ordinate and giving necessary right to take decision in the process of fulfilling such assigned responsibilities. It is the means for getting things done through others. It is superior-sub-ordinate oriented in nature. So, superior can exercise power and control over performance of subordinate. It holds orgⁿ together.

Features of delegation of authority are:-

- also No delegation of total responsibility.
- No delegation of total authority.
- No delegation of final responsibility.
- Balance between authority and responsibility.
- Subordinate is representative of superior.
- Delegation for specific purpose
- " " for short period of time
- means for getting things.
- Downward flow in nature
- Willingness of subordinate.
- Unity of command.
- Scalar chain
- Mgmt by exception etc. - should take decisions by themselves only exceptions should be consulted with higher level.

Advantages / Importance

- Effective decision
- Quick decision
- Modulation of subordinate
- Reduce work load of superior.
- Management development
- Employee development
- Improved productivity
- Better use of resources
- Good superior-subordinate relation.

Disadvantages

- Misuse of authority
- Chances of conflict
- Not suitable to specialized service.
- Possibility of decreasing managerial capability
- Over dependency of superior on subordinate.

Factors affecting delegation (Barrier)

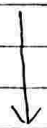
- Size of organization.
- Nature of job.
- Experience of subordinate.
- Superior-sub-ordinate relation
- Culture of organization.
- Interest of superior.
- Interest of subordinate.

Process/steps of delegation of authority

(i) Assigning responsibilities



(ii) Granting power



(iii) Creating accountability.

(a) Assignment of duties and responsibility to subordinates

Duties and responsibilities should be clearly identified for delegation. Subordinates should have competence to perform the assigned duties and responsibilities.

(b) Granting of authority to subordinates.

This allows subordinates to use resources and making decisions to do the jobs. It is done within the limits of delegated authority. Resources are provided.

(c) Creating accountability of subordinates for performance.

This creates obligation to perform the jobs assigned. It is answerability of the subordinate to perform.

Decentralization

Decentralization is giving decision making authority of top level mgmt to middle and lower level as well to members of operational level for effective day to day operation. It pushes decision making downward. In decentralization authority is given to members who are closest to the action and who are directly involved in the job. Authority is distributed throughout the structure with final responsibility. It is given authority as close as possible to the level at which their actual work is done by members. It is opposite of centralization, autonomy in decision making and result of delegation of authority.

Delegation Decentralization can be of

(a) Administrative

- Giving administrative authority to members of different branches, units, divisions etc.

(b) Geographical decentralization

- only activities are decentralized to different places (regions/states/zone/district/villages) but authority is not given to members of such offices.

Advantages

- Effective decision
- Quick decision
- Motivation of subordinate

- Reduce work load of top level
- Improved organizational culture.
- Competitive culture.
- Environmental opportunities.
- Diversification of activities.
- Market growth and expansion.
- Mgmt down.

Disadvantages

- Possibility of decreasing managerial capability
- Problem in co-ordination.
- Slow communication.
- Problem in planning and control.
- less suitable to specialized service.
- Increase administrative cost.

Factors affecting decentralization

- Size of organization.
- Mgmt philosophy.
- Culture of organization.
- Interest and situational factors.
- Budget of orgⁿ
- Competencies of sub-ordinates.

Co-ordination

Co-ordination is managing interrelationship among activities of various units and members for achieving common goal jointly. It focuses system of integrating work effort, managing harmonize relationship and togetherness in goal achievement process together

activities of various units and members who are responsible for such activities together to develop goal achievement effort.

Key Elements of co-ordination are:-

- Unity of action
- Co-operation
- Understanding
- Communication e.t.c.

Features of co-ordination / Characteristics

- Essence of managerial job.
- Harmonization of program and effort.
- Togetherness in goal achievement
- Unity of action
- Cooperation
- Understanding
- Communication

Purpose of co-ordination IB 2 ↑

- To Integrate work effort
- To manage interrelated activities
- To "interdependent"
- To improve productivity
- To "efficiency"
- To motivate members
- To achieve goal e.t.c.

Types of co-ordination (manager and employee)

- (i) Internal (with orgⁿ, ^{within} among all units, branches, divisions, members)
- (ii) External (with stake holders of orgⁿ & outside parties)
- (iii) Vertical (between superior & sub-ordinate of same chain of command)
- (iv) Horizontal (between members of same level in structure)
- (v) Diagonal (betⁿ superiors & sub-ordinates of another chain of command)

Techniques of developing co-ordination

- Assigning responsibilities to small team and group
 - Assigning interrelated activities to members.
 - Motivating members.
 - Simple structure
 - Clearly defined roles and responsibilities.
 - Clearly defined methods and procedures.
 - Two way communication system.
 - Democratic leadership style.
 - Liaison role of manager.
 - Management of internal conflict and disputes.
 - Managing and allocating resources timely.
 - Use of MBO approach.
- | | |
|------------------------|------------------------------------|
| ① Mgmt hierarchy | ⑤ Committees and Task forces. |
| ② Information system | ⑥ Simplified org ⁿ str. |
| ③ rules and procedures | ⑦ Effect Comm ⁿ |
| ④ liaison | |

Chapter 3

Environmental context of management Meaning of Business environment

- Environment means surroundings within which activities are designed and functioned.
- Business environment refers surrounding business that influence performance, activities or ^{within} which business is managed.
- It consists factors, forces, events, situation, actions and other dimensions that generate strength, weakness, opportunity and threats.
- Factors that influence business positively and negatively from their dynamic changes is called business environment.

Features of business environment are:-

- (i) Dynamic / Everchanging
- (ii) Complex & unpredictable
- (iii) Far reaching impact
(any change of today influence long term profitability and growth).
- (iv) multi-faceted (any change of environment may be an opportunity to one but may be threat to another orgⁿ that means different organizations perceive change differently).

Types of Business Environment

- ① Internal Environment

Organizational Structure
Stakeholders

Internal surroundings that are directly / physically involved in day to day activities. Forces located within orgⁿ.

- They are controllable in nature up to certain limit.
- They generate strength and weakness to performance of orgⁿ.

Components of Internal environment are:-

- a) Goal, plan and policy
- Goal is guideline, target, standard for achievement and plan is schedule of activities but policies are guidelines for action.
 - Every orgⁿ has set of goal, plan and policy but their formation system, time factor to achieve, flexibility, guideline etc. influence orgⁿ.
- b) Resources
- Resources are human, physical and informational which are important in nature & they set limit as well as standard in activities.
 - So, quantity and quality of resources, nature & types of resource influence orgⁿ positively and negatively.
- c) Structure:
- It is design of orgⁿ which explains relation, position among members, chain of command, span of control etc. So, nature & type of

structure, flexibility and it's advantages as well as disadvantages influence orgⁿ.

- (d) Culture
- Culture means set of norms, values, beliefs, standards, practices, tradition of orgⁿ accepted by members since long ago. It explains what an orgⁿ stands for. It is
 - It explains what an orgⁿ should start for how it functions, what it considers an important etc. So, ^{nature or type of} flexibility of culture influence organization.

- (e) Stakeholders (Task Environment)
- They are parties and institutions involved in day to day activities or performance of orgⁿ. They affect orgⁿ and they are also affected by orgⁿ.
 - Parties that have high level of stake interest about activities and performance of organization are called stakeholders.
 - It consider consists:-

(i) Customers	Suppliers
(ii) Supplier	Competitors
(iii) Competitions	Gov ⁿ
(iv) Media	Press group
(v) Finance institutions.	Financial ins
(vi) Government	Media ^{mass} users
(vii) Pressure group (Human right, consumer right, women right etc).	

(2) External Environment

- Broad level external surroundings that affect orgⁿ directly.
- Set of uncontrollable factors.
- Factors that generate opportunities & threats.
- It represents climate in which business operates.
- It is also called general environment of organisation.

Components of external environment (P)

(i) Political factors

- Factors related to mgmt of public affairs, political parties, activities etc.
- It consists following factors.

(a) Political system

- It indicates election system, govt formation system, political activities, co-ordination among parties, power centre in the nation, stability or instability of the government and policies etc.

(b) Political philosophy

- It indicates ideologies adopted by political parties such as -
- state owned / totalitarian / centrally planned (all resources are controlled by the state, power is on the hand of state etc.)
- Democratic system (Decision making authority to private sector to mobilize resources)

- Mixed system (Combination of both owned system and democratic system)

(2)

(c) Political institutions:-

- Legislative (Formation of Acts)
- Executive (Implementation of Acts)
- Judiciary (Ensuring effective Implementation of Acts)

(d) Pressure Group

(ii) Legal factors:

- Set of rules, law, regulations, standards that are framed and defined by the government or any authorized body of the government for protecting interest and right of selected group of society.
- It controls, guides, directs business activities and performance.
- It explains what are legal and illegal tasks in the process of goal achievement.
- It also defines what can and can not do by mgmt in functioning activities.
- It consists licensing system, renew of business, industry, location, infrastructure, requirement, basis wages & salary, taxation, foreign, investment policy, VAI etc. that influence business performance.

- legal factor consists:-

- (a) Law
- (b) Constitution
- (c) ~~Order of court~~ (Courts of Law)
- (d) Law administrators etc.

(B) Economic Environment (E).

- Factors related to economic activities, financial transactions, economic condition etc.
- It consists following factors:-
- (i) Economic system :- It defines scope of private sector participation in market activities such as :-
 - State owned ~~free~~ plan market Economy
 - Open market / Centrally planned Economy
 - Mixed economic system

(ii) Economic condition :- It represents health of the economy ~~inflates~~ inflation, deflation, per capita income earning & purchasing power, saving and investment employment opportunities etc. that influence growth of orgn.

(i) Income - income, expenditure, investment saving
(ii) Business cycle - prosperity, recession, recovery
(iii) Inflation - price level
(iv) Size of economic dev. - dev. du

- (iii) Economic policies :- Policies are guidelines for activities such as :-
- Monetary policy (related to interest rate, credit facility, liquidation mgmt defined by the central bank of nation).
 - Fiscal / Budgetary policy (Related with tax, VAT, custom and other budgetary announcements)
 - Industrial policy (Industrial provisions, subsidies, facilities etc. - scaboo, foreign investment, techs)
 - Commercial policies (related to import, export & ~~exercise~~ duty).

(N) Globalization

- It is integrating local market and economy into global market for business purpose. It brings competition everywhere. It is free flow of goods and service by crossing national boarder without any trade barriers and administrative restrictions. Advantages of globalization are opportunities but disadvantages are threats.

- | <u>Advantages</u> | <u>Disadvantages</u> |
|------------------------|-----------------------------------|
| - market expansion | - Cultural Threats |
| - learning opportunity | - Challenges to local industry |
| - Information exchange | - Resource exploitation |
| - Technology training | - Unequal distribution of income. |
| - Global Identity etc. | |

(C) Socio-cultural Environment (S).

- Organization is social entity, the rules and regulations, values should be followed. If social activities makes our work difficult then it creates threats.

- (a) language - if various languages - then it becomes difficult.
- (b) Religion - if a family follows various religion then it's difficult.
- (c) Life style - Pattern of living; traditional / modern, interest,
- (d) Family - single / joint-
- (e) Demographic factors - Distribution of population, income, migration.
- (f) Reference group - affected group, celebrity, sportsman,
- (g) Values and belief -

D. Technological environment (T).

- (i) Level of technology.
- (ii) Technological change transfer.
- (iii) Pace of technological change
- (iv) Research and development budget. (R & D).

Social responsibility

- Responsibility means an obligation of someone to somebody that means social responsibility is obligation of orgⁿ toward society. It is functioning activities according to interest of society, managing welfare, wellbeing of society, protecting interest and right of stakeholders and managing development activities within society. It is concerned with what an orgⁿ ought to do for society. Every orgⁿ must be socially responsible and answerable for its actions within society.

Benefits of social responsibility are:-

- Increase goodwill
- long term existence
- Advertising & publicity
- competitive strength
- Operational efficiency
- good relation with stakeholder etc.

Social responsibility can be looked from following 3 aspects.

- 1) Social obligation.
- 2) Social reaction
- 3) Social responsiveness

1. Social obligation

The social obligation of organization is to perform its function efficiently. It should provide goods and services to society. Organization should comply with legal provisions. Such function should be government's responsibility.

2. Social Reaction.

$$\frac{P_1 Q_0}{P_0 Q_0} \times 100$$

$$\frac{P_1 Q_1}{P_0 Q_1}$$

$$\frac{Q_1 P_0}{Q_0 P_0}$$

$$\frac{Q_1 P_1}{Q_0 P_1}$$

~~Impor long~~

Approaches to social responsibility

- (i) legal compliance.
- (ii) Ethical "
- (iii) Philanthropic approach
- (iv) Internal accounting.

Social obstruction

Imp
Areas of social responsibility

- (i) Towards employee
- (ii) Towards customers
- (iii) Towards society / community
- (iv) Towards government.
- (v) Towards shareholders / Investors.

} Pg 105,
107, 108
Book - Sir's

Chapter - 2
Evolution of Mgmt thought

- Management is as old as human civilization.
- Theoretical aspect of management developed in 19th century.
- Management as a systematic body of knowledge was developed into 20th century. Since 1956 academicians have contributed significantly, the theoretical aspect of management.
- The industrial revolution had great impact on development of management.
- Management development can be classified in following four approaches.

(1) Classical approach

- Mgmt is improving production efficiency and productivity.
- It explains that orgⁿ is machine and employees are parts of machine. So, it is mechanistic in nature.
- It ignores human aspect and employee motivation.
- It believes that people are rational economic creature. They always want high level of economic return and benefits.
- It consists following theories:-

(A) Scientific Management Theory

- This theory was developed by F.W Taylor (Frederick Winslow Taylor), father of

scientific mgmt. When he worked as a foreman in inidvale steel company and as a consultant in other several company, he observed various problems such as low efficiency, low productivity, poor motivation, lack of harmonization and traditional mgmt practices such as rule of thumb and trial and error approach. After analysing all above problems, new concept was developed by him called "Scientific mgmt - Theory".

This theory states about the application of scientific tools, techniques, methods and procedures. Replacement of traditional approaches by modern science. It believes that there is one best way & method of doing job that is science. Efficiency and productivity are main goals of scientific mgmt theory which believes that productivity can be improved endlessly and inefficiency should not be allowed in orgn. It also focuses research, experiment, use of principles to perform task, analysis of cause effect relation before decision making, innovation of new ideas etc. in management activities. It focuses performance of an individual worker rather than team and group activities.

Scientific mgmt consists following principles:-

- (i) One best way / Application of science.
- Replacement of traditional practices by modern science

- use of one best way and identification of best way from time and motion study.
- Standardization & specialization in doing the job
- There should be no place for guesswork.

(ii) Harmonization

- Good relation between mgmt & workers for achieving common goal.
- Both parties should have common interest in achieving goal and target.

(iii) Scientific selection of workers.

- Workers should be selected and trained scientifically
- Scientifically developed & trained workers improve productivity.

(iv) Mass output

- Increase production volume to reduce cost per unit.
- It can be managed through differential piece rate system (wages according to production volume)

(v) Specialization

- There should be job specialization in orgn.
- An employee should be specialized only in a particular type of job.

(vi) Focus on individual performance rather than team & group activities

- (vii) Separation of planning and doing.
(Managers plan the work but workers perform the work).

Steps of scientific mgmt are :-

- (i) Identify one best way
- (ii) Scientifically select employee
- (iii) Scientific ~~supervise~~ supervise.
- (iv) Separation of planning and doing -

✓ Contribution	Contribution
— Book. p0	— Book.
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✓ Limitation (Pg 61, 62).

(B) Administrative Mgmt Theory

This theory was developed by Henry Fayol, father of Administrative management, French industrialist and mining engineer by profession. It states about importance of management activities within organization. It focuses management skills, management functions, application of universal principles and mgmt of activities systematically to improve efficiency and productivity. It also explains that mgmt is a process and profession. It is the concept of making organization more effective and efficient as well as managing entire organization effectively. Henry Fayol published a book called General and Industrial mgmt in which he explained:-

(i) Mgmt skills which can be learned by managers because managers are made but not born.

- Physical skill
- Mental skill
- Moral "
- Technical "
- Educational "
- Experiental "

ii Classification of total business and industrial activities into following six categories.

- Technical activities (Producing and Manufacturing)
- Commercial activities (Buying, selling & Exchanging)
- Accounting activities (Recording transactions)
- Financial activities (Managing and allocating fund).
- Security activities (Protecting property and people)
- Mgmt activities (Functions of mgmt)

(iii) Mgmt function perform by all managers such as - forecast and plan

- Organize
- Command
- Co-ordinate
- Control

(iv) Universal principles of mgmt applicable in all orgⁿ and situation.

{ Principles of mgmt 14 points.

Contribution and Limitation (Book)

(C) Bureaucratic mgmt Theory.

This theory was developed by Max Weber, German sociologist to manage large size industries and government organizations located in Germany. Bureaucracy means that type of organizational structure and form of organization which is characterized by direct line of authority and clearly defined methods and standards of doing the job. It also states about system of mgmt by rule and standards. It also believes that employees of large size organization like to perform under clear, control, direction and supervision of headquarter and superior.

It was regarded as the most efficient model of managing complex organization.

Bureaucratic mgmt consists of following characteristics / features

- Clearly defined rules and standards.
- Clearly defined mgmt hierarchy
- " " authority - responsibility relation.
- " " methods & procedures of doing job.
- Impersonal relation (social distance) between mgmt and workers.
- Necessary tech and competencies of workers for employment & promotion.
- Division of labor based on principle functional specialization.

- Mgmt by rules and standards or system

Contribution

- Book

Limitations

- Book.

(2) Behavioral / Human Relation Approach.

Motivation and satisfaction of employee for improving productivity and efficiency. It focuses people, human side of organization, social context of workplace, manager employee relation, physiological factors, social activities, participative mgmt, personality, analysis of human behaviour, human attitude, motivation and leadership within org. It consist following theories.

(A) Behavioural science Theory

- It is concerned with scientific study of human psychology (Individual nature and behaviour), sociology (Analysis of behaviour in team and group) and anthropology (analysis of human development and cultural development) of employee for fulfilling their-need effectively. It consists following theories.

- (i) Human needs theory of Maslow
 - (ii) Theory X & Y of Herzberg
 - (iii) Two factor theory of Herzberg
- } see CH-8.

(B) Human relation theory:-

It explains importance of human relationship within organization which consist following theories:-

(i) Hawthorne study

- It was conducted by Elton Mayo, professor of Harvard Business School in Hawthorne electrical plant of Western Electric Company, Chicago in following four series of experiment:-

- (a) Illumination experiment
 - (b) Relay assembly test room.
 - (c) Mass Interview program.
 - (d) Bank wiring observation room.
- } Book ICAN

Finally it was concluded that:-

- (i) Employee is a social man.
- (ii) Team work improves productivity.
- (iii) Fellowship and self respect influence human behaviour.
- (iv) Efficiency and productivity aren't related with technical aspect only but they are related with social activities.

(ii) Theory of participatory mgmt.

} Book (ICAN).

Contribution of Human Relation Theory

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-
-
-

Limitations of Human relation theory
Book C

(3) Quantitative Approach.

Management Science Theory

It was developed by scientists of U.K and U.SA during the period of 2nd world war to solve military problems and to mobilize military forces. When the war was ended it was used by industrialists to solve industrial problem and then by managers in the field of management.

This theory states about application of mathematical and statistical tools and techniques in the field of management. It believes that management is a mathematical model with simplified representation of activities, resources and outcome. Management is a logical process which requires quantitative analysis for rational decision making. It also believes that all management problems can be quantified and they can be solved through quantitative techniques. It focuses collection analysis and interpretation of fact accurate and authentic data by using mathematical and statistical models. It is expanded form of scientific management which highlights use of computer programs



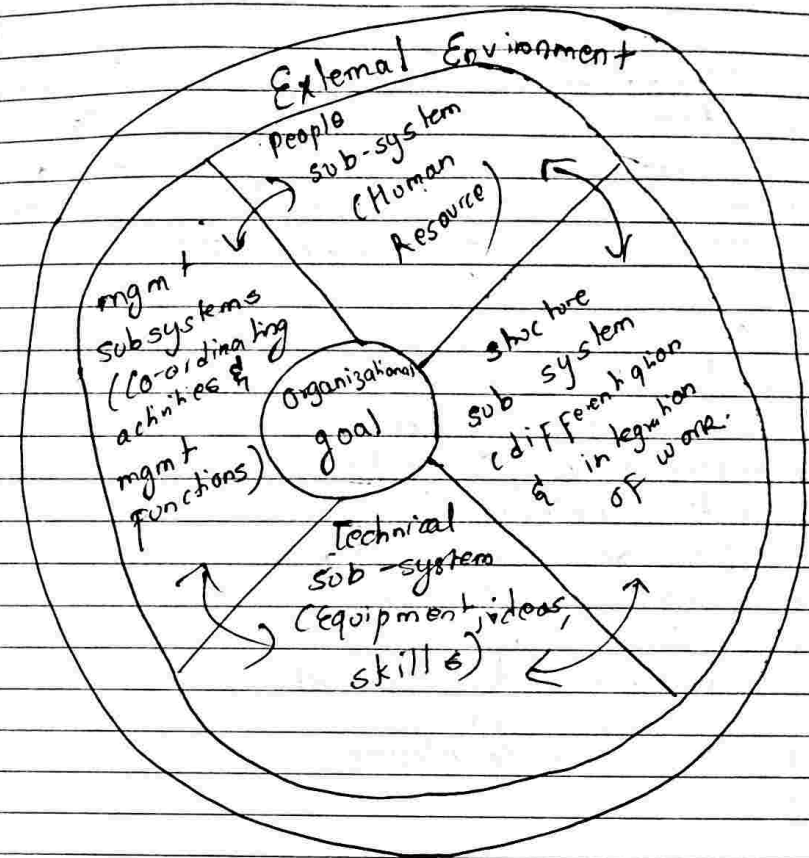
and software for facilitating management decision making system. It also ends for optimizing performance and maximizing efficiency.

{ - Contribution & limitations from book

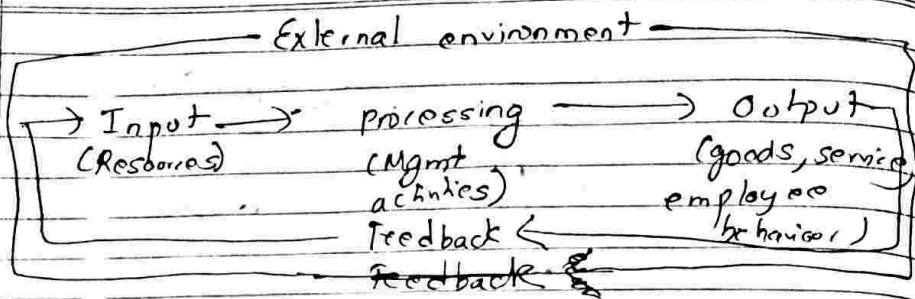
4) Integrative Approach

A) System theory

A system is a goal oriented composed of parts that are interacting and interrelated among each other. Organization is a system and its parts and components are sub-systems to produce greater result. It focuses about synergic result through coordination and integration among sub-system. This theory view the organization as a unified whole and all the parts function as a whole. Organization is considered in totality to see the big picture operates within broader environmental forces. Interrelationships among sub-system can be defined by following figure.



From the another side, this theory is an input-output system with interrelated components among each other. Efficiency and productivity are related with cyclic relation among such components, right input at right time in right quantity, proper mgmt activities, output according to demand of society and importance to feedback for improvement in performance.



Features

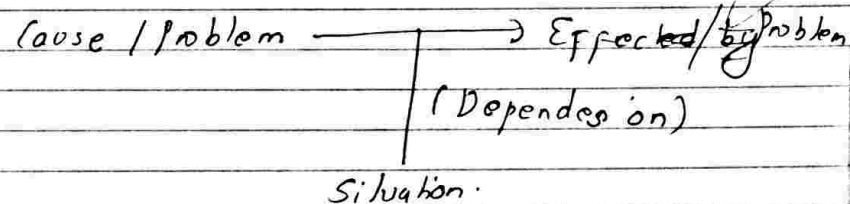
- ① Goal directed system.
- ② Interrelated sub-systems.
- ③ System boundary
- ④ Open or closed system
- ⑤ Synergic result
- ⑥ Continuous flow of resources
- ⑦ Importance to feedback.

Contributions / Limitations

Contingency theory

This theory believes that there is no one best method, best behaviour and best style of mgmt for functioning activities applicable in all situation and organization. It also ignores universality of mgmt. Every situation is unique in nature which demands unique mgmt style and behaviour. Mgmt practises depends on situational factors so best method of today may not be best for tomorrow. One best behaviour of manager of one situation cannot be generalized for another situation. Results differ due to situation differ. Different situations call for different mgmt approaches so mgr manager must be situation sensitive in nature.

Problem and it's solution as well as cause and effect relationship cannot be defined in advance because they are affected by situational variable.



Contingency variables that determine mgmt approach are :-

- ① Organization size
- ② Technology

- 3 Envⁿ uncertainty
- 4 Individual differences
- 5 Type of work being done.

Contingency theory consists following steps:-

- 1 Analyse and understand the situation case by case
- 2 Examine validity and applicability of mgmt behaviour on that situation
- 3 Match mgmt approach and situation
- 4 Take and implement decision.

Contribution / Limitation

(Book).