



Module-2

Organizing and Staffing Directing and Controlling

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Module-2

Organizing and Staffing: Meaning, Nature and Characteristics of Organization - Process of Organization, Principles of Organization, Departmentalization, Committees -meaning, Types of Committees, Centralization Vs Decentralization of Authority and Responsibility, Span of Control (Definition only), Nature and Importance of Staffing, Process of Selection and Recruitment.

Directing and Controlling: Meaning and Nature of Directing-Leadership Styles, Motivation Theories Communication - Meaning and Importance, Coordination- Meaning and Importance, Techniques of Coordination. Controlling - Meaning, Steps in controlling.

Organizing and Staffing

Directing and Controlling

Organizing and Staffing

- Meaning
- Nature and Characteristics of Organization
- Process of Organization
- Principles of Organization
- Departmentalization
- Committees –meaning
- Types of Committees
- Centralization Vs Decentralization of Authority
- Responsibility
- Span of Control (Definition only)
- Nature and Importance of Staffing
- Process of Selection and Recruitment.

Directing and Controlling:

- Meaning and Nature of Directing
- Leadership Styles
- Motivation Theories
- Communication - Meaning and Importance
- Coordination- Meaning and Importance
- Techniques of Coordination. Controlling – Meaning
- Steps in controlling.

Organization



➤ An organization can be defined as a social unit or human grouping deliberately structured for the purpose of attaining specific goals.

➤ An organization can also be defined as the process of identifying and grouping of the work to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of enabling people to work most effectively together in the accomplishment of their objectives.

Nature of an Organization

➤ **People:** An organization is basically made up of group of people, i.e., an identifiable group of people contributing their efforts towards the attainment of goals.



➤ **Common purpose:** Organization exist to achieve certain objectives and people of an organization share this common purpose.



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➤ **Co-ordination:** There is a mechanism of co-ordination among people and different part of the organization.



Nature of an Organization

➤ **Authority:** There are different hierarchy levels in an organization which defines authority of people

➤ **Division of work:** The total work of an organization is divided into smaller activities in the form of different functions & sub functions.

➤ **Environment:** organization are part of a large environment and therefore they are influenced by external environment



Characteristics of an Organization

- Has a purpose, goal or goals.
- Has a clear concept of major duties or activities to achieve the purpose.
- Classification of activities into jobs.
- Establishment of relationship between these jobs.

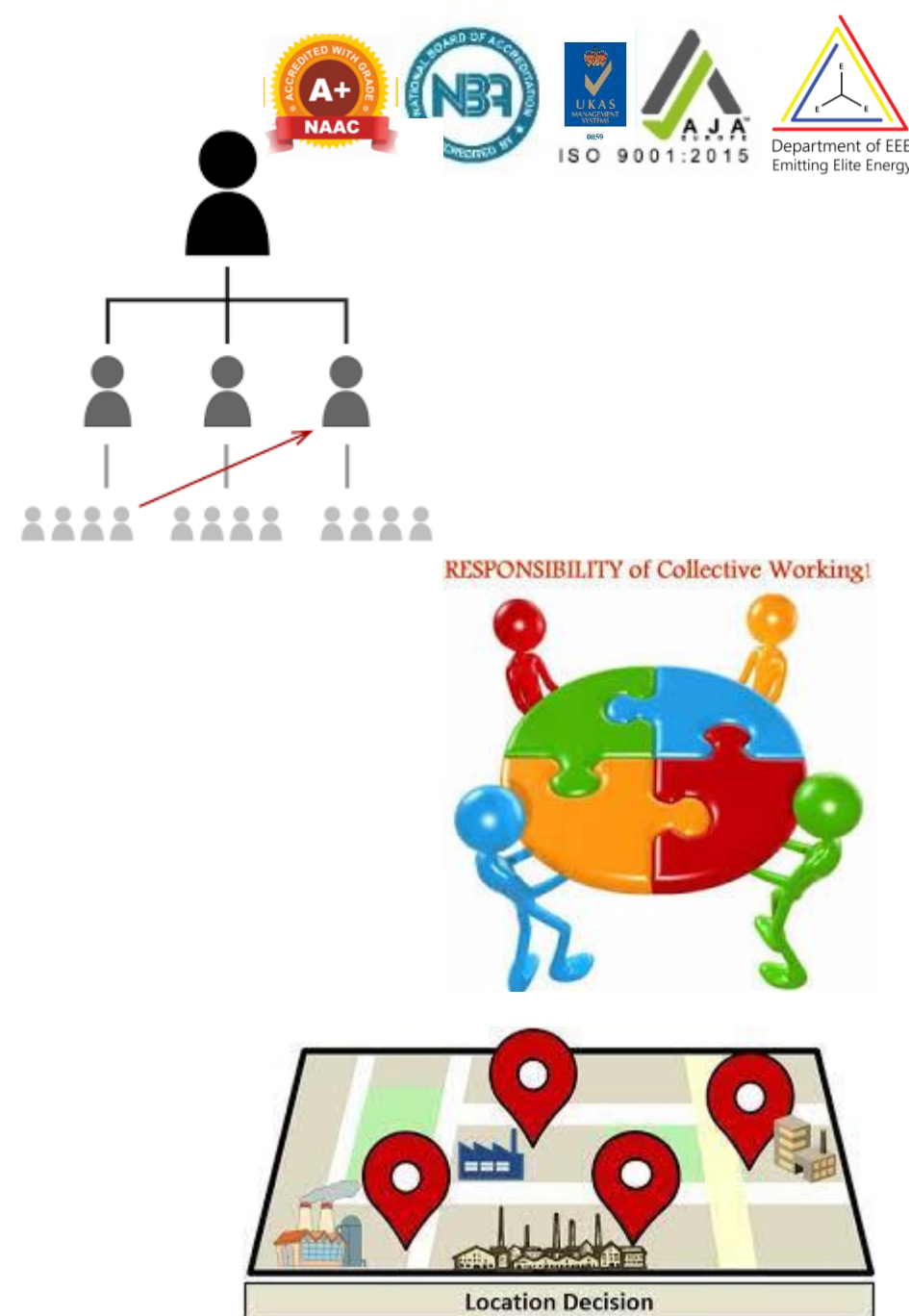
Purpose of Organization

➤ **To facilitate pattern of communication:** By grouping activities and people, structure(organization) facilitates communication between people centered on their job activities.

➤ **To allocate authority and responsibility:** It specifies who is to direct whom and who is accountable for what results. The structure helps the organization members to know what his role is and how it relates to others role.

➤ **To locate decision centers:** Organization structure determines the location of decision making in the organization

For example, a departmental store may leave pricing decision to the lower level manager while in oil refinery pricing decision is at top level.



Purpose of Organization

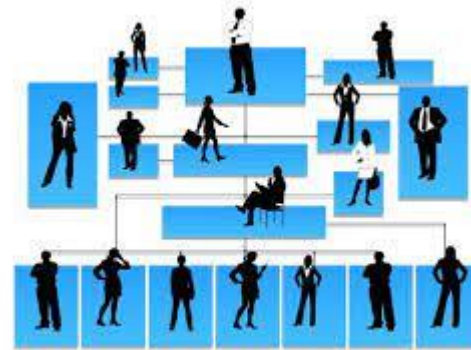
- **To create proper balance:** Organization structure creates the proper balance and emphasis of activities. People responsible for the enterprise success might be placed higher in the organization.
- **To stimulate creativity:** Organization stimulates independent, creative thinking and initiative by providing well- defined areas of work with broad attitude of the development of new and improved ways of doing things.
- **To encourage growth:** The organization structure provide framework within which an enterprise functions. If the organization structure is flexible, it will help in meeting challenges and creating opportunities for growth.
- **To make use of technological improvements:** A sound organization structure which is adoptable to changes can make the best possible use of latest technology.



Types of Organization

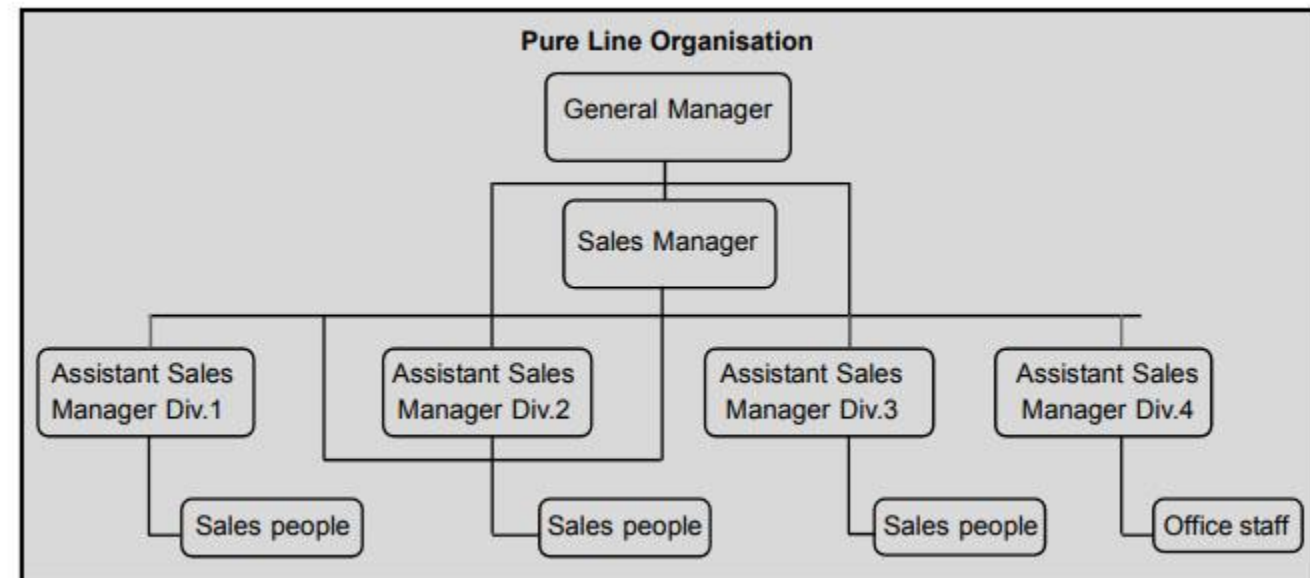
Based on official recognition

- Formal organization
- Informal organization

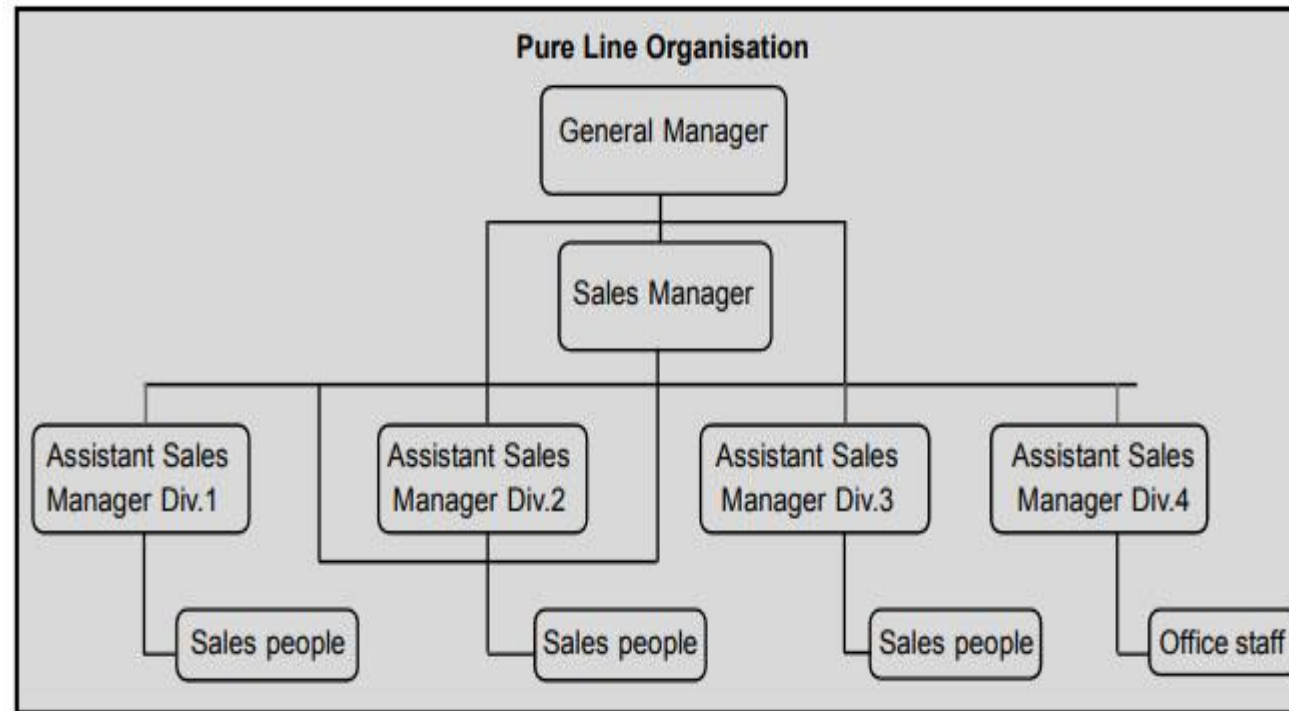


Based on internal structure

- Line Organization
- Functional organization
- Line & Staff organization
- Committee organization

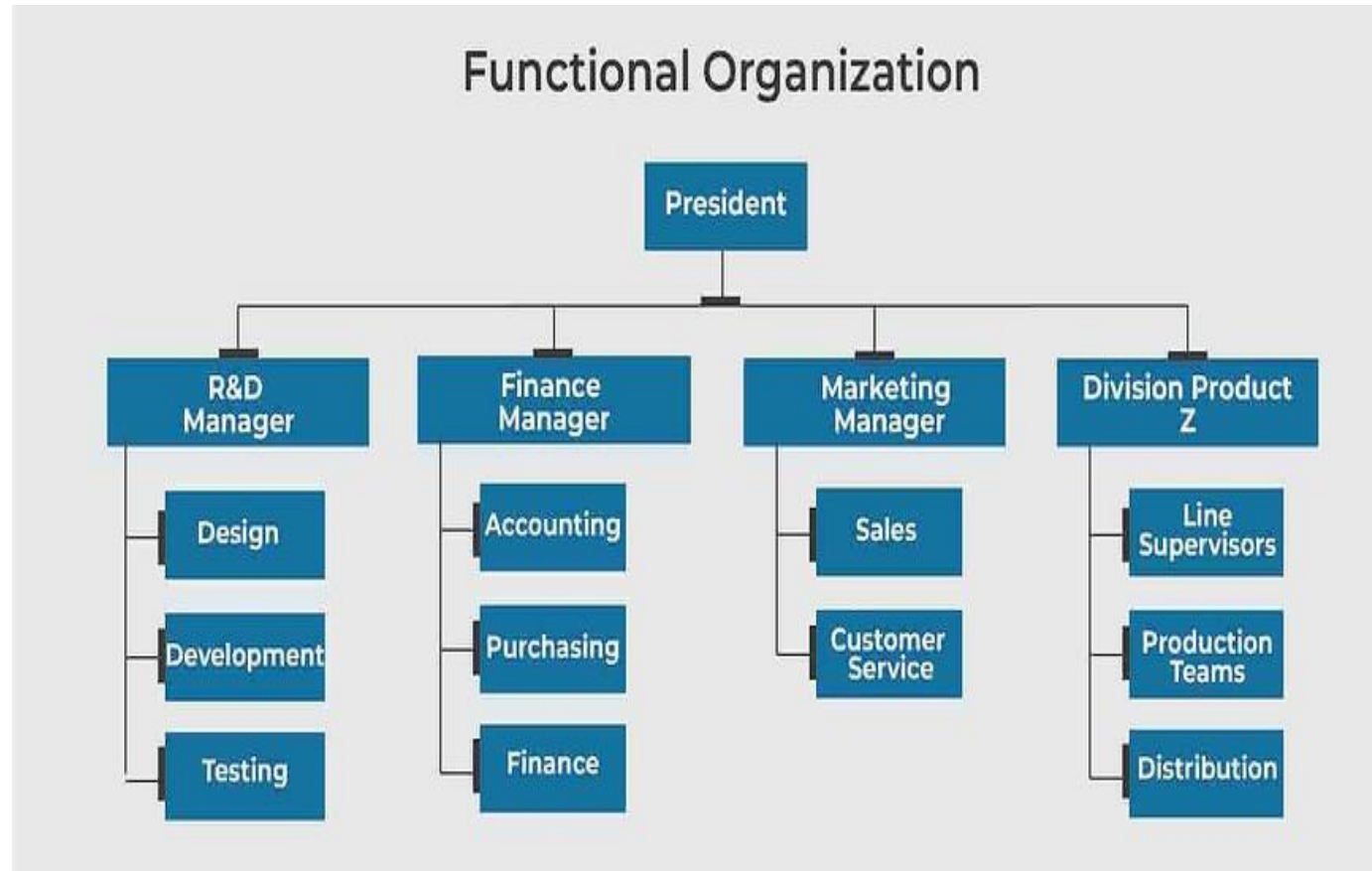


Line Organization



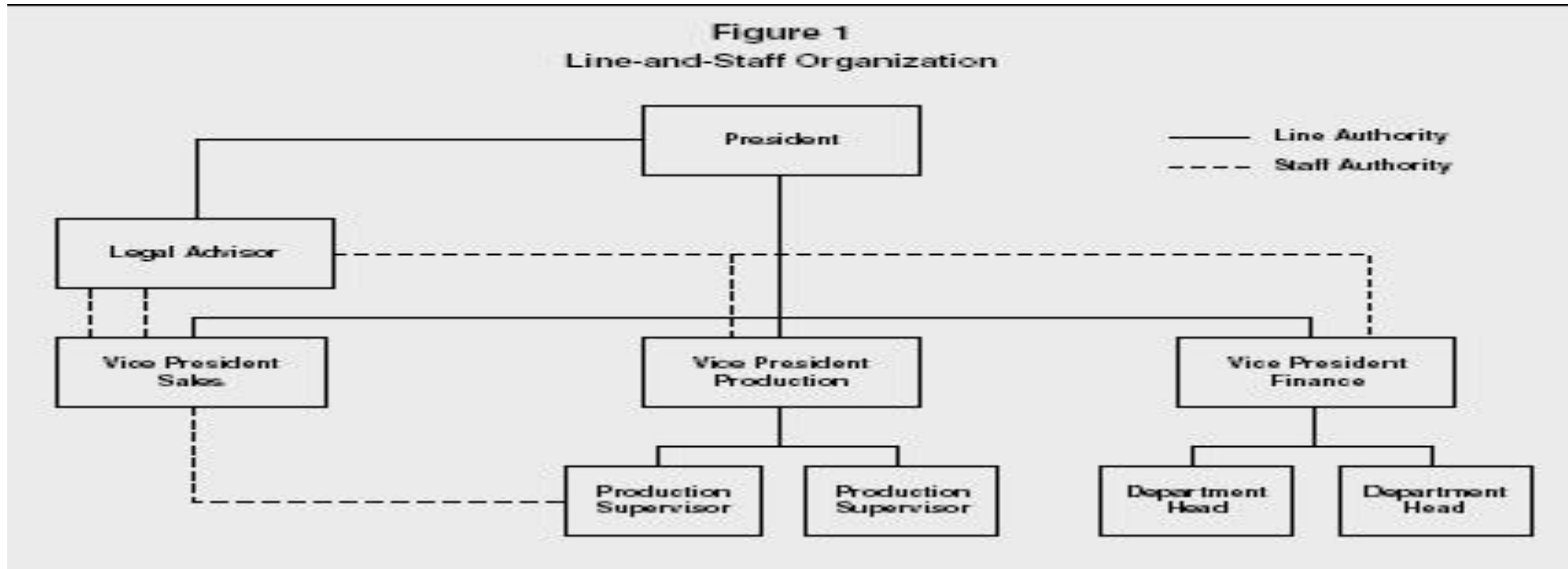
- It is the basic framework for the whole organization.
- It represents a direct vertical relationship which authority flows.
- This is a **vertical structure one person delegate's authority to his subordinate & who in turn delegates to his subordinate & so on.**

Functional organization



- In functional organization the specialists are made available in the top positions throughout the enterprise.
- A functional in charge directs the subordinates throughout the organization in his particular area of business operation.

Line & Staff organization



- In line and staff organization, the line authority remains the same as it does in the line organization.
- In addition, the **specialists are attached to line managers to advise them on important matters.**
- The **staff officials do not have any power of command in the organization as they are employed to provide expert advice to the line**

Committee organization



A committee is a group of people who have been formally assigned some task or some problem for their decision and implementation.

Differences between Formal & Informal Organization

| Item | Formal Organization | Informal Organization |
|---------------|---|---|
| Origin | Official and started with Definite purpose | Unofficial & developed naturally, based on Individual & group goals |
| Structure | Definite structure with clearly Defined authority & Responsibility relationship | No formal structure |
| Control | Formal rules & regulation | Group norms |
| Communication | Formal & official channels of communication | Grapevine |
| Size | Can grow to very large size | Generally very small |

Grapevine: (Informal Communication)

one professional shares a piece of information with multiple colleagues at one time

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Principles of Organization

1. Objectives
2. Specialization
3. Span of control
4. Exception
5. Scalar Principle
6. Unity of command
7. Delegation
8. Responsibility
9. Authority
10. Efficiency
11. Simplicity
12. Flexibility
13. Balance
14. Unity of direction
15. Personal abilities



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Principles of Organization

1. **Objectives:** *The objectives of the enterprise influence the organization structure*
2. **Specialization:** *Effective organization must promote specialization.*
3. **Span of control :** *A manager can directly supervise only a limited number of executives*
4. **Exception:** *This principle requires that organization structure should be so designed that managers are required to go through the exceptional matters only*
5. **Scalar Principle:** *This is also known as chain of command. There must be clear lines of authority running from the top to the bottom*
6. **Unity of command:** *Each subordinate should have only one supervisor whose command he has to obey.*
7. **Delegation:** *Proper authority should be delegated at the lower levels of the organization also.*
8. **Responsibility:** *A superior should be held responsible for the acts of his subordinates.*

Principles of Organization

9. **Authority** : *The authority is the tool by which a manager is able to accomplish the desired objective.*
10. **Efficiency**: *The organization should be able to attain the mission and objectives at the minimum cost.*
11. **Simplicity**: *The organization structure should be as simple as possible with minimum number of levels.*
12. **Flexibility**: *The organization should be flexible, should be adaptable to changing circumstances.*
13. **Balance**: *There should be reasonable balance in the size of various departments, between centralization and decentralization*
14. **Unity of direction**: *There must be one objective and one plan for a group of activities having the same objective.*
15. **Personal abilities** : *As organization is a formal group of people there is need for proper selection, placement and training.*

DEPARTMENTALIZATION



- The horizontal differentiation of tasks or activities into discrete segments is called as departmentalization or departmentation.
- Departmentation involves **grouping of operating tasks into jobs**, combining of jobs into effective work group and combining of groups into divisions often termed as ‘departments’.
- The aim is to take **advantages of division of labour** and specialization up to a certain limit.
- There are several ways of Departmentation, each of which is suitable for particular corporate sizes, strategies and purposes.
- The important methods of grouping activities may be summarized as below:

1. Departmentation by functions:

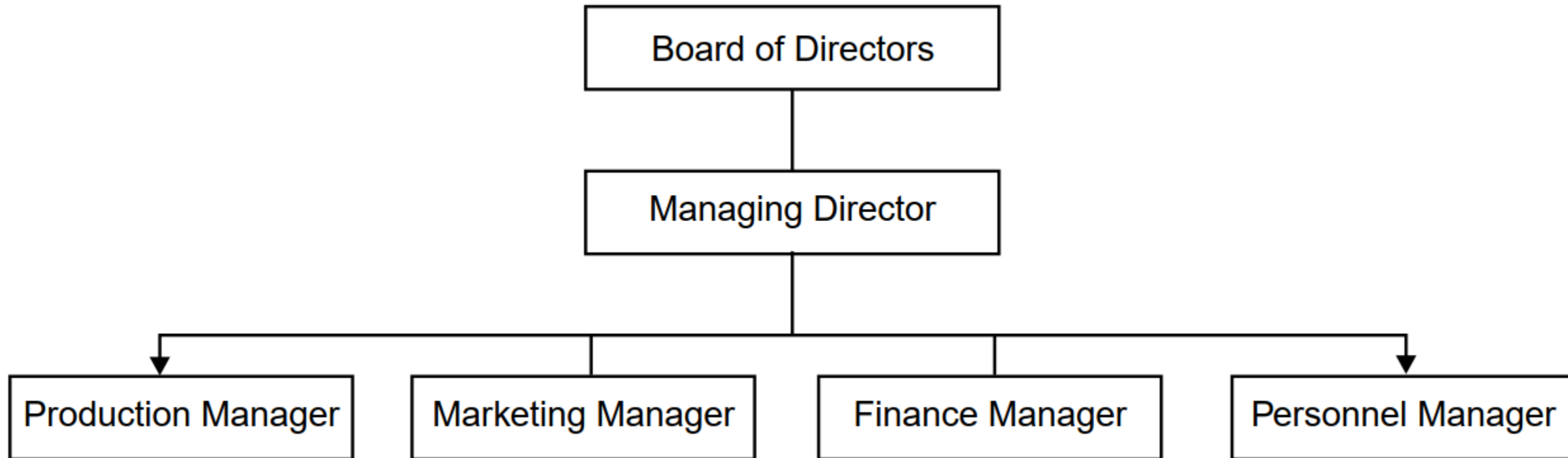


Fig. 3.1: Departmentation by functions

2. Departmentation by product:

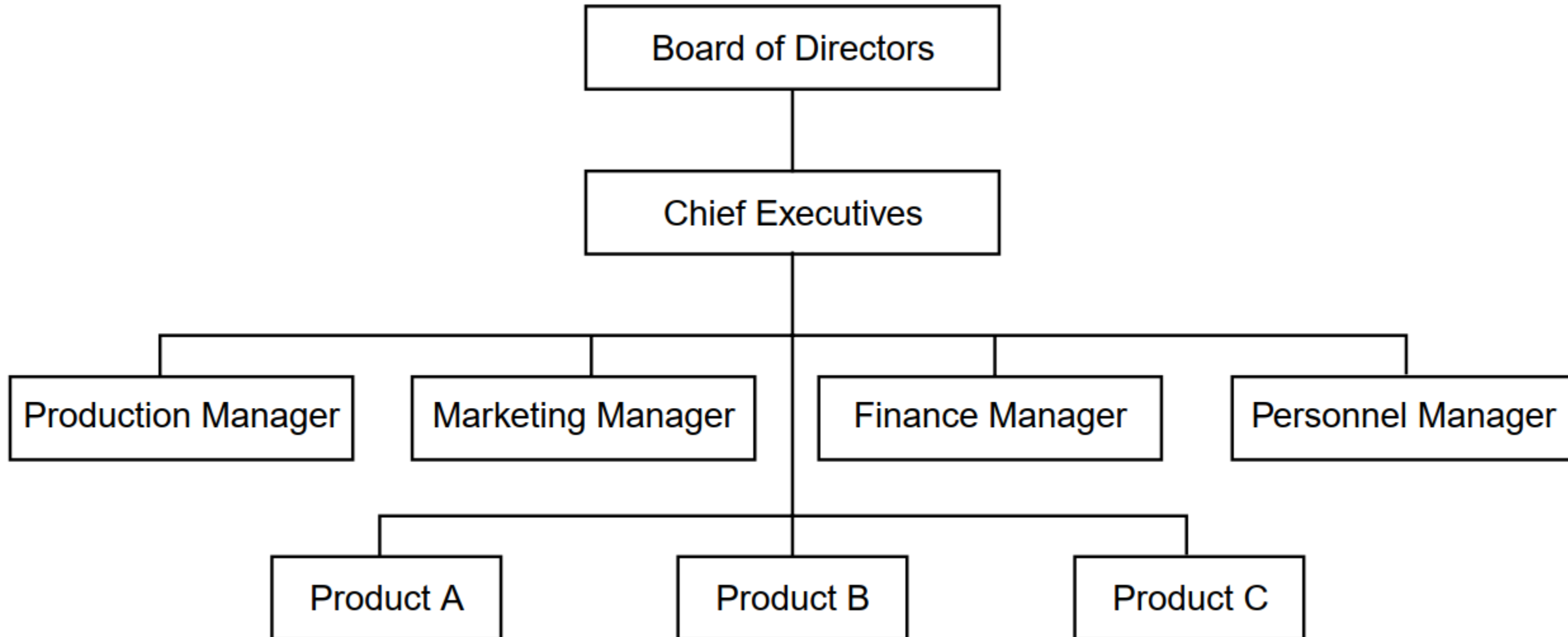


Fig. 3.2: Departmentation by product

3. Departmentation by customers:

- This is used in the enterprises engaged in providing specialized services to different classes of customers. Management groups the activities on the basis of customers to cater to the requirements of clearly defined customer groups.
- For example, an automobile service company may organize its departments as heavy vehicles servicing division, car servicing division and scooter servicing division.
- Similarly an educational institute may have departments for regular courses, evening and corresponding courses etc.



4. Departmentation by territory:

- Under this classification, the market area is broken up into sales territories and a responsible executive is put in-charge of each territory. The territory may be known as district, division or region.

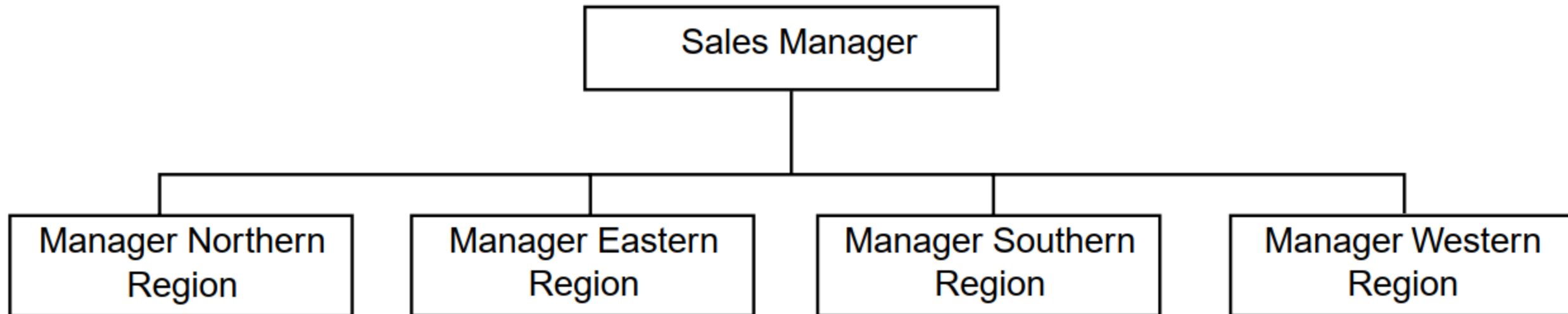


Fig. 3.3: Departmentation by territory

5. Departmentation by Process:

- Departmentation is done on the basis of several discrete process or technologies involved in the manufacture of a product.
- For example, a vegetable oil company may have separate departments for crushing, refining and finishing.
- A textile mill may have departments for ginning, spinning, weaving and dyeing.
- A work that would otherwise be done in several different locations in an enterprise is done in one place because of special equipments used.



Committee

- “A committee is a group of persons performing a group task with the object of solving certain problems”. The area of operation of a committee is determined by its constitution.
- A committee may formulate plans, review the performance of certain units or may only have the power to make recommendation.
- Committees help in taking corrective decision, coordinating the affairs of different departments and meeting communication requirements in the organization.
- Committees can be broadly classified into **advisory committees and executive committees**. Advisory committees have only a recommender’s role and cannot enforce implementation of their advice or recommendation.
- The **examples** of **advisory committees** are works committees, finance committees etc., Whenever committees are vested with line authority, they are called as executive committees.
- Unlike advisory committee, **executive committees** not only take decisions but also enforce decisions and thus perform a double role of taking decision and ordering its executive. The board of directors of a company is an example of an executive committee.

Types of Committee

Advisory committees

- Committees are assigned with staff authority
- Only have a recommendation role and cannot enforce implementation of their advice or Recommendation
- Examples of advisory committees formed in business enterprises: works committees, sales committees, finance committees etc.

Standing committees:

Are formed to deal with current organizational problem. Example: finance committee in a company, loan approval committee in a bank etc. Members of this committee are chosen because of their title or position, instead of individual qualifications or skills.

Executive committees:

- Not only take decisions but also enforce
- Assigned with the line of authority decisions and thus perform a double role of taking a decision and ordering its execution.
- Example: Board of directors is an example of an executive committee. Are also classified as standing committees or ad-hoc task forces.

Ad-hoc committees:

Have a short duration, dissolved after the task is over, or the problem is solved and their members are chosen for their skills and experience

Advantages of Committees

- (1) Committees provide a forum for the pooling of knowledge and experience of many persons of different skills, ages and backgrounds.
- (2) Committees are excellent means of transmitting information and ideas both upward and downward.
- (3) Committees are impersonal in action and hence their decisions are generally unbiased and are based on facts.
- (4) When departmental heads are members of committee, people get an opportunity to understand each others problems and hence improve coordination.

Weaknesses of Committees

- (1) In case a wrong decision is taken by committee, no one is held responsible which may results in irresponsibility among members.
- (2) Committees delay action
- (3) Committees are expensive form of organization.
- (4) Decisions are generally arrived at on the basis of compromise and hence they are not best decision.
- (5) As committee consists of large number of persons, it is difficult to maintain secrecy.

AUTHORITY, POWER AND RESPONSIBILITY

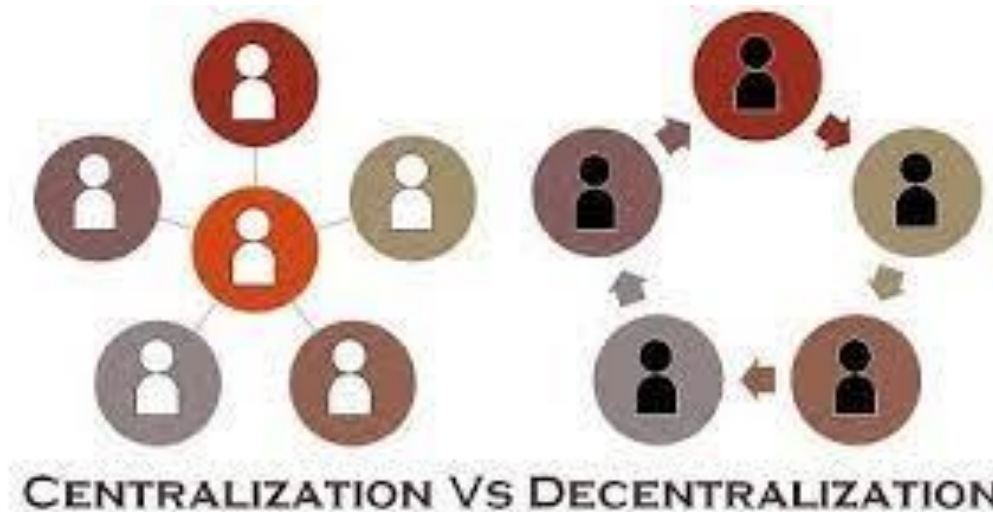
Table 3.1: Difference between authority and power

| Authority | Power |
|--|--|
| (1) It is the institutionalized right of a superior to command and compel his subordinates to perform a certain act. | It is ability of a person to influence others. |
| (2) It rests in the position | It rests in the individual. |
| (3) It is delegated to an individual by his superior. | It is earned by individual |
| (4) It is well defined | It is undefined and infinite. |
| (5) It is what exists in the eye of law. | It is what exists in fact. It is a de facto concept. |

Responsibility

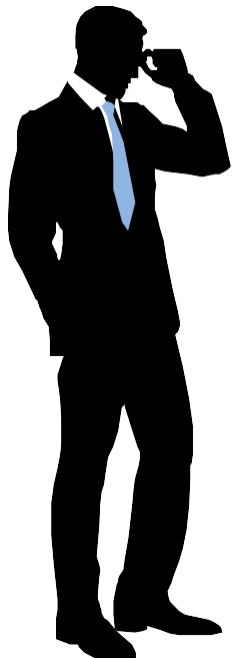
- Responsibility is defined as the **obligation of a subordinate, to whom a duty has been assigned, to perform the duty**. The essence of responsibility is then obligation.
- Responsibility arises from a superior subordinate relationship, from the fact that some one has the authority to require specified service from another person.
- Responsibility is divided into two parts namely: **operating responsibility and ultimate responsibility**.
- The subordinates assumes only operating responsibility and superior retains ultimate responsibility.
- If the subordinate fails to perform the job (operating responsibilities) the superior is held responsible for this failure (Ultimate responsibility)

Centralization and Decentralization



- **Centralization** refers to **systematic reservation of authority at central points** within the organization. Centralization means retention or concentration of managerial authority in few key managerial positions at the **nerve centre of an organization** i.e., at the top level. Everything that goes to reduce the subordinate's role in decision making is centralization.
- **Decentralization** means **dispersal of decision-making power to lower levels of the organization**. In decentralized setup, ultimate authority to command and ultimate responsibility for the results is localized as far down in the organization. According to Allen “Decentralization refers to the systematic effort to delegate to the lower levels all authority except that which can only be exercised at central points”. In decentralized setup large number of decision, important decisions in large number of areas are made consulting few people.

Centralization and decentralization



More centralization

Environment is stable

Lower-level managers are not as capable or experience at making decisions as upper-level managers

Lower-level managers do not want to have a say in decisions

Decisions are significant

Organization is facing a crisis or the risk of company failure

Company is large

Effective implementation of company strategies depend on managers' retaining say over what happens

More decentralization

Environment is complex, uncertain

Lower-level managers are capable and experience at making decisions

Lower-level managers want a voice in decisions

Decisions are relatively minor

Corporate culture is open to allowing managers to have a say in what happens

Company is geographically dispersed

Effective implementation of company strategies depends on managers having involvement

and flexibility to make decisions

The following are the advantages in decentralization:

- (1) It eases the burden of top level managers.
- (2) Decentralization permits quicker and better decision making.
- (3) With decentralization capable managers can be developed
- (4) Promotes participation in decision making and improves morale and motivation.
- (5) Decentralization facilitates diversification of products.

Disadvantages of decentralization:

- (1) It increases administrative expenses.
- (2) It may create problems in bringing coordination among various units.
- (3) It may bring about inconsistencies in the company, because uniform procedures may not be followed for the same type of work in various divisions.

- The **span of control** indicates the number of subordinates who can be successfully directed by a supervisor. It is often referred to as span of management, span of supervision, span of authority. Span of management is important because of two reasons. First is span of management affects the efficient utilization of managers and the effective performance of the subordinates.
- If the **span is too wide**, managers are overburdened and **subordinates receive little guidance**. If the span of management is **too narrow**, the managers are under utilized and **subordinates are over controlled**.

Suppose a sales manager has 12 salesmen reporting to him, his span of management is 12. If he feels that he is not able to work closely enough with each salesman and decides to reduce the span by adding three assistant managers – each to supervise four salesmen then his span of management is three as shown in fig

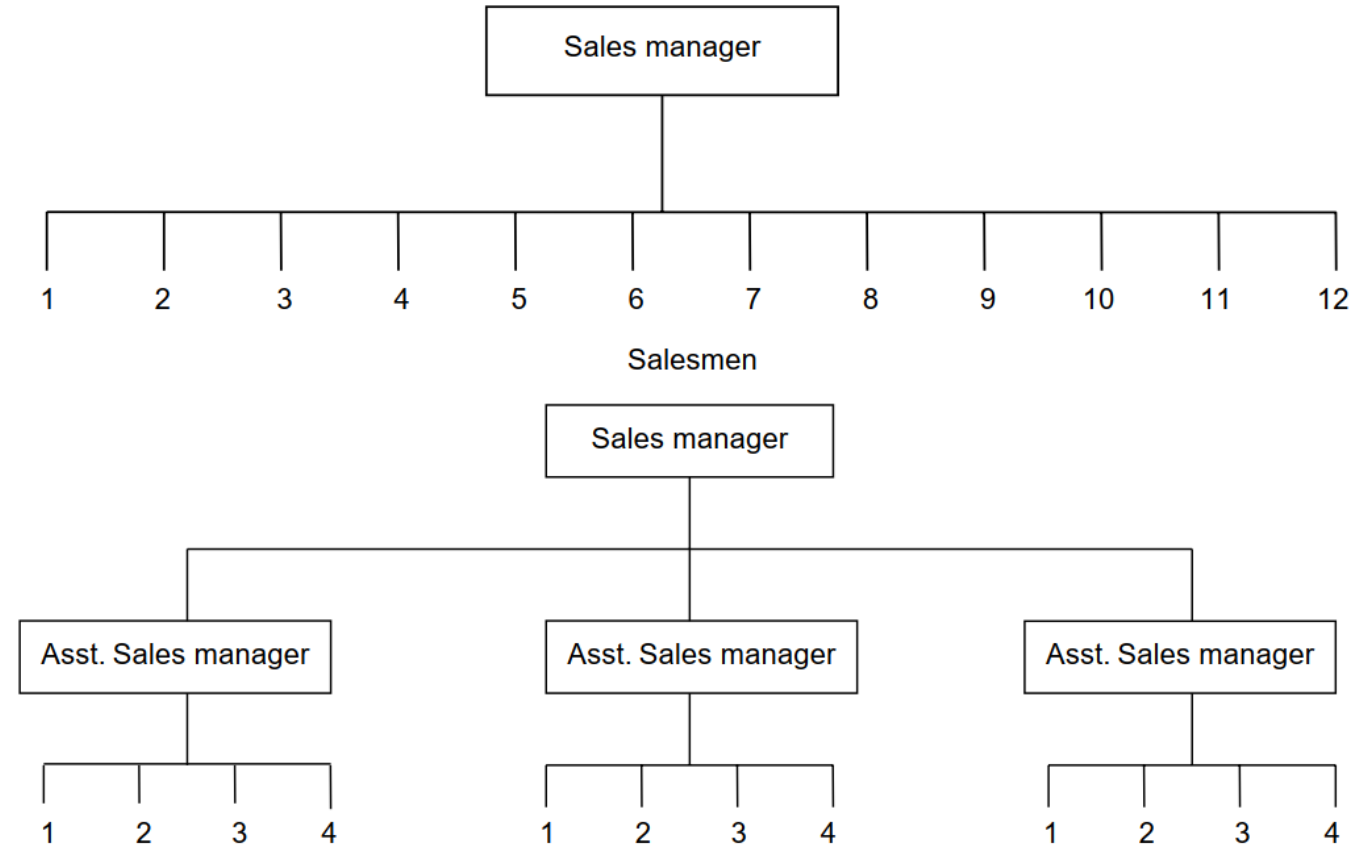


Fig. 3.7: Decrease in span of control increases the number of levels

Factors Affecting the Span of Management

The following are some of the factors which influence the span of management:

- (1) **Ability of the manager:** Some managers are more capable than others and hence can handle a large number of subordinates.
- (2) **Ability of the employees:** If employees are more competent, less attention from the managers is required and a larger span of management can be used.
- (3) **Type of work:** If employees are doing similar jobs, the span of management can be large. If their jobs are quite different, a small span may be necessary.
- (4) **Geographic location:** If all subordinates are located at the same place span of management can be large. If subordinates are geographically distributed, a lower span is essential.
- (5) **Well-defined authority and responsibility:** Clear-cut authority and responsibility helps a manager to supervise large number of subordinates.
- (6) **Level of management:** The span of management is narrow at higher level of management, and span can be wider at lower levels.
- (7) **Economic considerations:** Narrow the span, taller is the structure is more is the cost. On the other hand, wider span reduces the number of levels and cost.

MEANING OF STAFFING

Filling and keeping the positions with right people is the staffing phase of the management function. Staffing involves the determination of manpower requirements of the enterprise and providing it with adequate competent people at all levels. The staffing function performs the following sub functions:

- (1) Manpower planning.
- (2) Recruitment
- (3) Selection of the best qualified from those who seeks job,
- (4) Training and Development.
- (5) Performance appraisal and compensation.

NATURE AND IMPORTANCE OF STAFFING

- (1) **Increasing size of organization:** Advancement in science and technology has given rise to large scale companies employing thousands of employees. The performance of the company depends on the quality and character of the people. This has increased the importance of staffing.
- (2) **Advancement of technology:** In order to make use of latest technology, the appointment of right type of persons is necessary.
- (3) **Long-range needs of manpower:** In some industries, labour turn-over is high.

The management is required to determine the manpower requirement well in advance. Management has also to develop the existing personal for future promotion. The role of staffing has also increased because of shortage of good managerial talents.
- (4) **Recognition of human relations:** The behaviour of individuals has become very complicated and hence human aspect of organization has become very important. Employees are to be motivated by financial and non-financial incentives. Right kind of atmosphere should also be created to contribute to the achievement of organizational objectives. By performing the staffing function, management can show the significance it attaches to the man power working in the enterprise.

RECRUITMENT

Recruitment is the process of identifying the sources for prospective candidates and **to stimulate them to apply for the jobs**. It is a **linking activity that brings together those offering jobs and those seeking jobs**. Recruitment refers to the attempt of getting interested applicants and providing a pool of prospective employees so that the management can select the right person for the right job from this pool.

The various sources of recruitment are divided into two categories:

- (1) Internal Sources.
- (2) External Sources.

Internal sources

It involve **transfer and promotion**. Transfer involves the shifting of an employee from one job to another. Many companies follow the practice of filling higher jobs by promoting employees who are considered fit for such positions. Filling higher positions by promotion motivates employees, boosts employee's morale.

External Sources

- (1) **Direct recruitment:** An important source of recruitment is direct recruitment by placing a notice on the notice board of the enterprise by specifying the details of the jobs available. This is also known as recruitment at factory gate.
- (2) **Unsolicited applications:** Many qualified persons apply for employment to reputed companies on their own initiative. Such applications are known as unsolicited applications.
- (3) **Advertising:** Large enterprises particularly when the vacancy is for higher post or there are large number of applications use this source where advertisements are made in local and national level newspapers. This helps in informing the candidates spread over different parts of the country. The advertisement contains information about the company, job description, and job specialization etc.

External Sources

(4) **Employment agencies:** This is the good source of recruitment for unskilled and semiskilled jobs. In some cases, compulsory notification of vacancies of employment exchange is required by the law. The employment exchanges bring job givers in contact with job seekers.

(5) **Educational institutions:** Many jobs in business and industries have become increasingly varied and complex which need a degree in that particular area. That is why many big organizations maintain a close liaison with the colleges, vocational institutes and management institutions for recruitment of various jobs.

(6) **Labour contractor:** Often unskilled and semiskilled workers are recruited through labour contractors.

(7) **Recommendations:** Applicants introduced by friends, relatives and employees of the organization may prove to be a good source of recruitment. Many employers prefer to take such persons because something about their background is known.

SELECTION

- The process of selection leads to employment of persons having the ability and qualifications **to perform the jobs** which have fallen **vacant in an organization**. It divides the candidates into two categories; those will be offered employment and those who will not be.

The steps involved in selection procedure are discussed below.

(1) **Receipt of applications:** Whenever there is vacancy, it is advertised or enquires are made from suitable sources and applications in standard form are received from the candidates. The applications give preliminary idea of the candidates like age, qualifications, experience etc., Standard forms make the application processing very easy.

(2) **Screening of applications:** Applications received from the candidates are screened by the screening committee and a list of candidates to be interviewed is prepared. Applicants can be called for interviews on some specific criterion like sex, desired age group experience and qualification. The number of candidates to be called for interview is five to seven times the number of vacant positions to be filled.

(3) **Employment tests:** Employment tests help in matching the characteristics of individuals with the vacant jobs so as to employ the right kind of people. Intelligent tests, Aptitude tests, proficiency tests, personality tests, interest tests etc. may be used for this purpose.

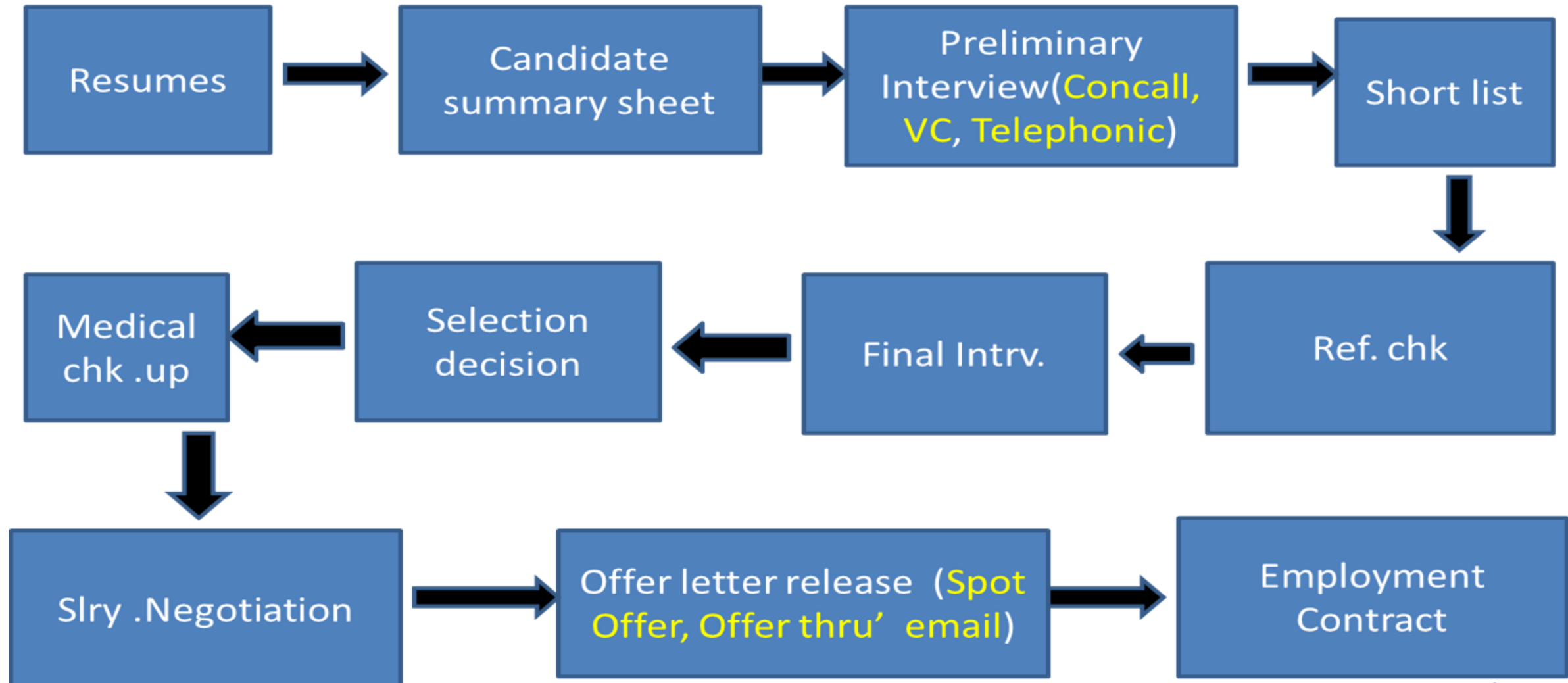
SELECTION cntd.

(4) **Interviews:** Interview may be used to secure more information about the candidate. The main purpose of interview is to find out the suitability of the candidate, to seek more information about the candidate, to give an accurate picture of the job with details of terms and conditions. In addition, interview help to check the information given by the applicant in the application and to assess the capability and personality of the applicant. The number of persons in the panel is generally about two to three times the number of vacancies to be filled up.

Prior to final selection, the prospective employer normally makes an investigation about applicants past employment, education, personal reputation, police record, Medical and physical examination

Final selection: After a candidate has cleared all the hurdles in the selection procedure, he is formally appointed by issuing him an appointment letter or by concluding with him a service agreement. The appointment letter contains the terms and conditions of employment, pay scale and other benefits associated with the job.

STEPS IN SELECTION PROCESS



Directing and Controlling:

- Meaning and Nature of Directing
- Leadership Styles
- Motivation Theories
- Communication - Meaning and Importance
- Coordination- Meaning and Importance
- Techniques of Coordination.
- Controlling – Meaning
- Steps in controlling.

Directing

- Direction is a vital managerial function, performed by every manager. Whenever decision is taken, it must be converted into action by proper implementation. Effective implementation of a decision is made possible by directions.



- Direction may be defined as a function of management which is related with instructing, guiding and inspiring human factor in the organization to achieve organizational mission and objectives. There are three elements of direction, namely **communication, leadership and motivation**.

- According to Koonz and O'Donnel, "Direction is a complex function that includes all those activities which are designed to encourage subordinates to work effectively and efficiently in both the short and long term".

Nature or Characteristics of Direction

- **It is a Dynamic Function:** Directing is a dynamic and continuing function. A manager has to continuously direct, guide, motivate and lead his subordinates. With change in plans and organizational relationships, he will have to change the methods and techniques to direction.
- **It Initiates Action:** Directing initiates organized and planned action and ensures effective performance by subordinates towards the accomplishment of group activities. It is regarded as the essence of management-in-action.
- **It is a Universal Function:** Directing is a universal function that is performed in all organizations and at all the levels of management. All managers have to guide, motivate, lead, supervise and communicate with their subordinates, although more time is spent on directing at higher levels of management.

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Nature or Characteristics of Direction

- **It provides necessary link between various Managerial Functions:** Directing links the various managerial functions of planning, organizing, staffing and controlling. Without directing the function of controlling will never arise and the other preparatory functions of management will become meaningless.
- **It is Concerned with Human Relationships:** The direction function of management deals with relationship between people working in an organization. It creates co-operation and harmony among the members of the group. It seeks to achieve orderly arrangement of group effort to provide unity of action in the pursuit of common objectives.

PRINCIPLES OF DIRECTING



(1) **Harmony of objectives:** Individuals and organization have their own objectives. The management should coordinate the individual objectives with the organizational objectives. Directions can integrate their objectives with organizational objectives.

(2) **Unity of direction or command:** An employee should receive orders and instructions only from one superior. If not so, there may be indiscipline and confusion among subordinates and disorder will ensue.

(3) **Direct supervision:** Managers should have direct relationship with their subordinates. Face to face communication with the subordinates will ensure successful direction.

(4) **Effective communication:** The superior must ensure that plans, policies, responsibilities and orders are fully understood by the subordinates in the right direction.

(5) **Follow through:** Direction is a continuous process. Mere issuing orders or instructions are not an end itself. Follow is necessary, so the management should watch whether subordinates follow the orders and whether they face difficulties in carrying out the orders or instructions.

Elements of Directing

➤ **Leading:** It refers to an art of transferring facts, ideas, feeling, etc. from one person to another and making him understand them. A manager has to continuously tell his subordinates about what to do, how to do, and when to do various things.



☀ Communication



☀ Motivation

☀ Leading



➤ **Communicating:** It refers to influence others in a manner to do what the leader wants them to do. Leadership plays an important role in directing. Only through this quality, a manager can inculcate trust and zeal among his subordinates.

➤ **Motivating:** It refers to that process which excites people to work for attainment of the desired objective. Among the various factors of production, it is only the human factor which is dynamic and provides mobility to other physical resources.

Leadership

The leaders while influencing the subordinates perform the following functions:

- (1) Taking initiative:
- (2) Guide:
- (3) Representation:
- (4) Encouraging others:
- (5) Arbitrator and mediator:
- (6) Planner:
- (7) Administrator of rewards and punishments

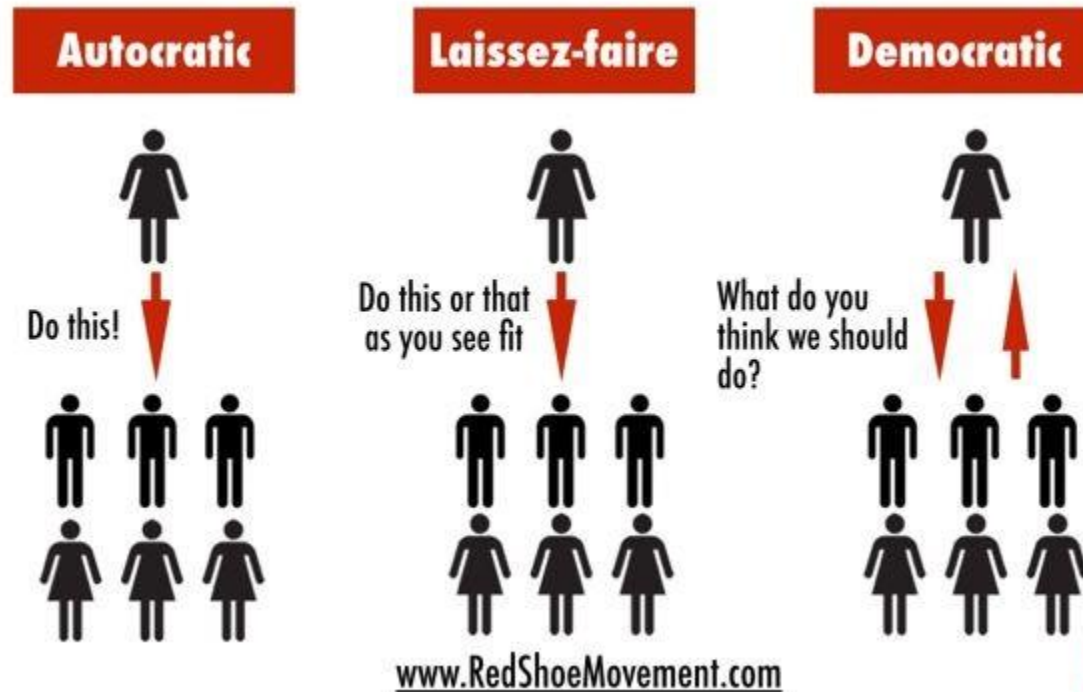


Figure 7.3 Functions of Leader

Leadership Styles

- Autocratic/Authoritative Style
- Democratic/Participative Style
- Laissez Faire/ Free Rein Style

Fig shows the spectrum of leadership styles where at one end there is no freedom for people and full freedom at the other



Autocratic (Leader centered method) Democratic (Participative method) Free-rein (Employee centered method)

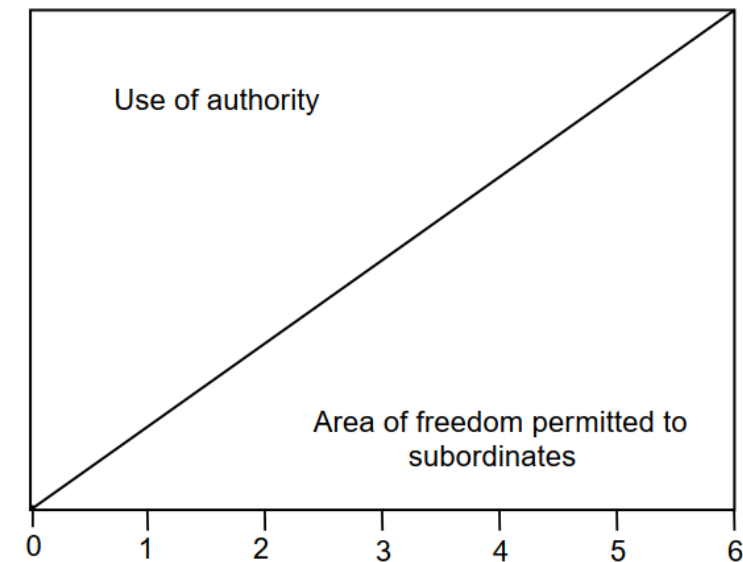


Fig 4.1: Spectrum of leadership styles



Autocratic Leadership

- An autocratic leader is one who dominates and drives his subordinates through coercion (the practice of persuading someone to do something by using force or threats), command and the instilling of fear in his followers.
- An autocratic leader alone determines policies plans and makes decisions.
- It demands strict obedience. Such leaders love power and love to use it for promoting their own ends.
- They never like to delegate their power for they fear that they may loose their authority.

Autocratic Leadership

| Merits | Demerits |
|---|---|
| It can increase efficiency | People are treated machine-like cogs without human dignity |
| Save time | One way communication without feedback |
| Get quick results under emergency conditions | The leader receives little or no input from his subordinates for his decision-making which is dangerous in the current dynamic environment. |
| Chain of command and division of work are clear | |

Democratic Leadership

- Also known as participative leadership.
- In this style, the entire group is involved in goal setting and achieving it.
- A democratic leader follows the majority opinion as expressed by his group.
- Subordinates have considerable freedom of action.
- The leader shows greater concern for his people's interest, is friendly and helpful to them.
- He is always ready to defend their subordinates individually and collectively.



Democratic Leadership

| Merits | Demerits |
|--|---|
| Leadership encourages people to develop and grow | Some leaders may use this style as a way of avoiding responsibility |
| Receives information and ideas from his subordinates to make decisions | Can take enormous amount of time for making decisions. |
| Boosts the morale of employees | |

Free-Rein Leadership

- The leaders exercise absolutely no control
- He only provides information, materials and facilities to his subordinates.
- Leadership is employee centered
- The subordinates are free to establish their own goals and chart out the course of action.
- Leadership can be disaster if the leader does not know well the competence and integrity of his people and their ability to handle this kind of freedom. know well the competence and integrity of his people and their ability to handle this kind of freedom.



Motivation Theories

- Motivation is inspiring the subordinates to contribute with zeal and enthusiasm towards organizational goals.
- Performance of an employee
 - Performance = Ability \times willingness.
- Motivation is enhancing the willingness to work which improves the performance.

Motivation Theories

- Maslow's Need Hierarchy Theory
- Herzberg's Two Factors Theory
- McClelland's Achievement Theory
- Victor Vroom's Expectancy Theory
- Adam's Equity Theory
- Carrot and Stick Approach

Maslow's Need Hierarchy Theory

An unsatisfied need is the starting point in the motivation process.

Physiological needs:

- The basic needs for sustaining human life itself, such as food, water, shelter and sleep.
- Until these needs are satisfied to the reasonable degree necessary to maintain life, other needs will not motivate people.

Security or safety needs:

- People want to be free of physical danger and of the fear of losing job, property or shelter.

Social needs:

- Since people are social being, they need to belong, to be accepted by others.

Esteem needs:

- Once people begin to satisfy their need to belonging, they tend to want to be held in esteem both by themselves and by others. This kind of need produces such satisfaction as power, prestige and status.

Self-actualization needs:

- It is desire to become what one is capable of becoming- to maximize one's potential and to accomplish something.

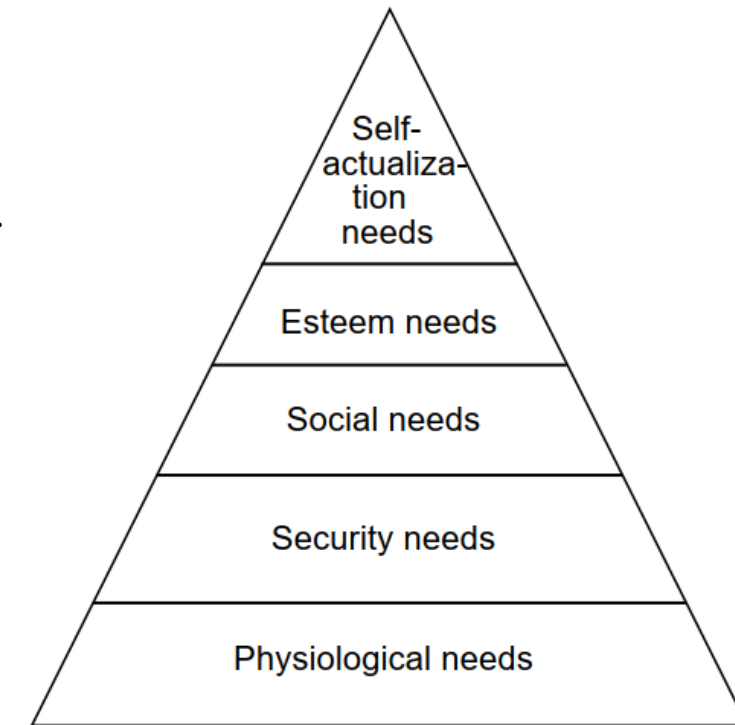
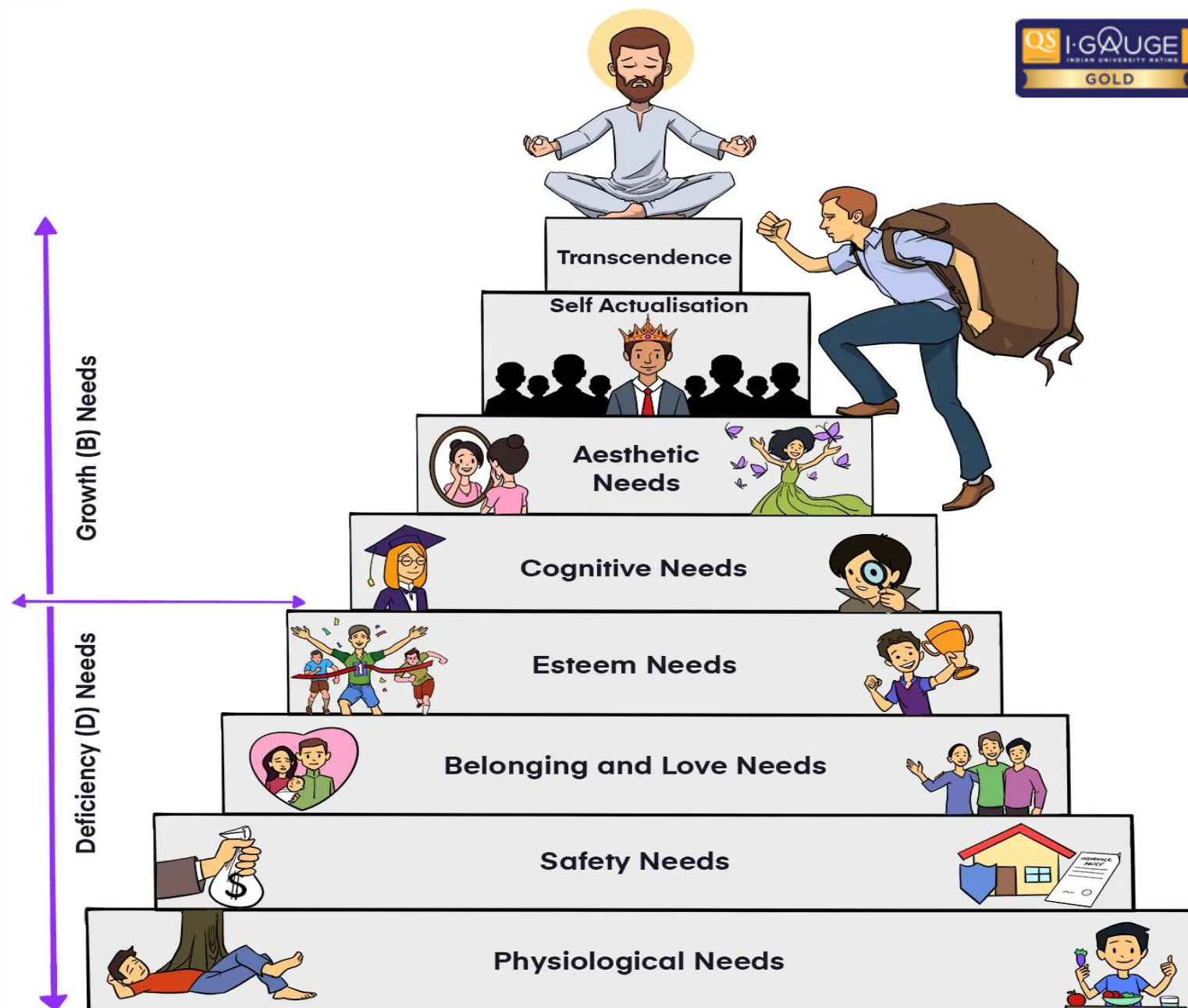


Figure 4.2: Hierarchies of needs



Maslow's Hierarchy of Needs - Extended

Hertzberg's Two Factors Theory

- Fredrick Hertzberg and his associates have proposed a two factors theory of motivation.
- In one group of needs are such things as company policy and administration, supervision, working conditions, interpersonal relations, salary, job security and personal life. These are called as dissatisfiers and not motivators.

Herzberg Two Factor Theory of Motivation



- If they exist in a work environment, they yield no dissatisfaction. Their existence does not motivate but their absence result dis-satisfaction. Hertzberg called these factors as **hygiene or maintenance factors**.

Hertzberg's Two Factors Theory

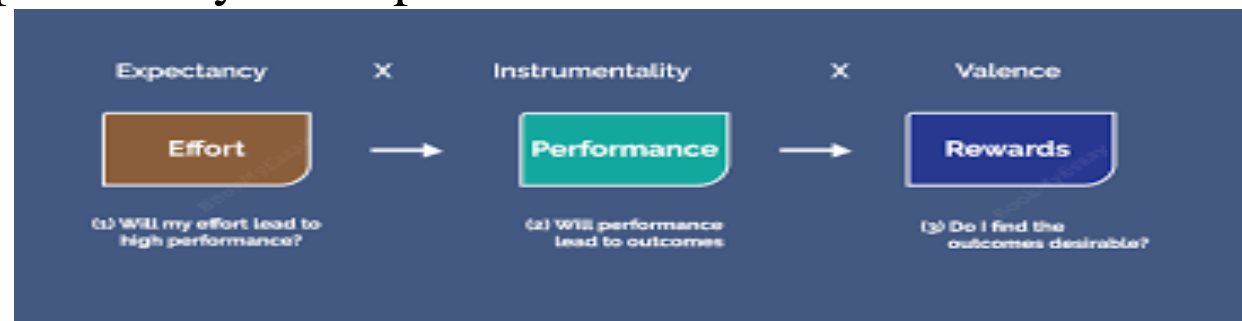
- The second group he listed certain satisfiers and therefore **motivators**, which are related to job content. They include achievement, recognition, challenging work, advancement and growth in the job.
- The first group of factors (the dissatisfies) will not motivate in the organization, yet they must be present otherwise dissatisfaction will arise.
- The second group or the job content factors are real motivators because they have the potential of yielding a sense of satisfaction.
- It means managers must give considerable attention to upgrading job content.

Table 4.1: Hygiene factors and motivators

| Hygiene factors | Motivators |
|-----------------------------------|--------------------|
| Status | Challenging work |
| Interpersonal relations | Achievement |
| Quality of supervision | Responsibility |
| Company policy and administration | Growth in the job. |
| Working conditions | Advancement |
| Job security | Recognition |
| Salary | |

Victor Vroom's Expectancy Theory

- People's motivation towards doing anything will be determined by the value they place on the outcome of their effort multiplied by the confidence they have that their efforts will materially aid in achieving a goal.
- $\text{Force} = \text{Valence} \times \text{Expectancy}$
 - valence is the strength of an individual performance for an outcome
 - expectancy is the probability that a particular action will lead to a desired outcome



Adam's Equity Theory

- This theory points out that people are motivated to maintain fair relationship between their performance and reward in comparison to others. For the comparison of his performance and reward with others, people use equity
- People are motivated to maintain fair relationship between their performance and reward in comparison to others.
- In this theory, equity is defined of as a ratio between the individuals job inputs (such as effort, skill, experience, education and skill) compared to the rewards others are receiving for similar job inputs.

$$\frac{\text{Person's Reward}}{\text{Person Input}} = \frac{\text{Others Reward}}{\text{Others Input}}$$

Adam's Equity Theory

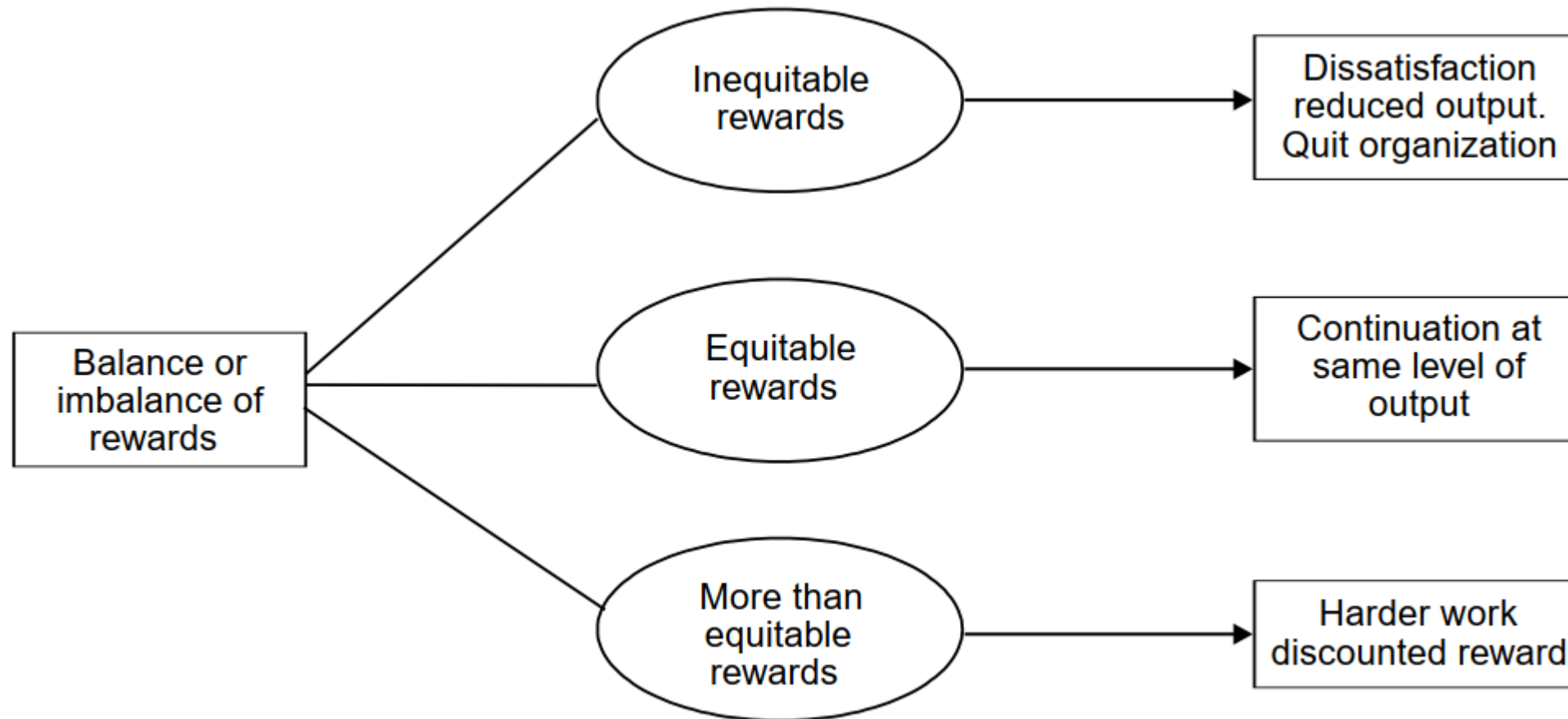


Fig. 4.3: Equity theory

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McClelland's Achievement Theory

- **The need for achievement:** A person with need for achievement is concerned with setting moderately difficult but potentially achievable goals. He does most of the things himself rather than getting them done by others.
- **The need for affiliation:** need for affiliation reflects a desire to interact socially with people.
- **The need for power:** need for power, concentrates on obtaining and exercising power and authority.



Carrot and Stick Approach

- Carrot and Stick approach of motivation comes from the old story that the best way to make a donkey move is to put a carrot out in front of him or job him with a stick from behind. The carrot is the reward for moving and the stick is the punishment for not moving. The carrot and stick approach of motivation takes the same view.
- In motivating people for behaviour that is desirable, some carrots, rewards are used such as money, promotion and other financial and non-financial factors; some sticks, punishments are used to push the people for desired behaviour.



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- The process of exchange of information, ideas and opinions which bring about integration of interests aims and efforts among the members of a group organized for achievement of predetermined goals.
- Process of passing information and understanding from one person to other person.
- ***The sender of the message:*** Communication begins with a sender, who has a thought or idea which is then encoded in a way that can be understood by both the sender and the receiver
- ***Use of channel to transmit the message:*** The information is transmitted over a channel that links the sender and receiver. The message may be oral or written and it may be transmitted through a memorandum, a computer, telephone, telegram or television.
- ***The receiver of the message:*** The receiver has to be ready for the message so that it can be decoded into thought. The next step in the process is decoding in which the receiver converts the message into thought.

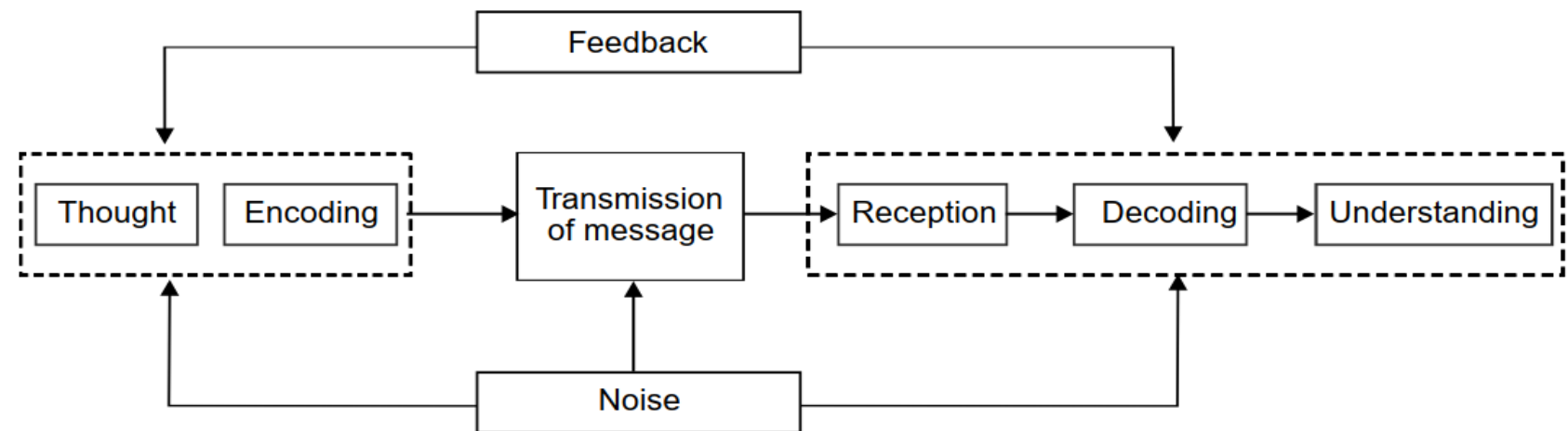


Figure 4.4: A communication process model

TYPES OF COMMUNICATION

Downward communication: Downward communication flows from people at higher level to those at the lower levels in the organizational hierarchy.

Upward communication: Upward communication travels from subordinates to superiors. Upward communication is generally nondirective. Typical means of upward communications are suggestion systems, appeal and grievance procedures, complaint systems etc.

Horizontal communication: It refers to transmission of information among positions of the same level. Horizontal communication helps to coordinate the activities of different departments.

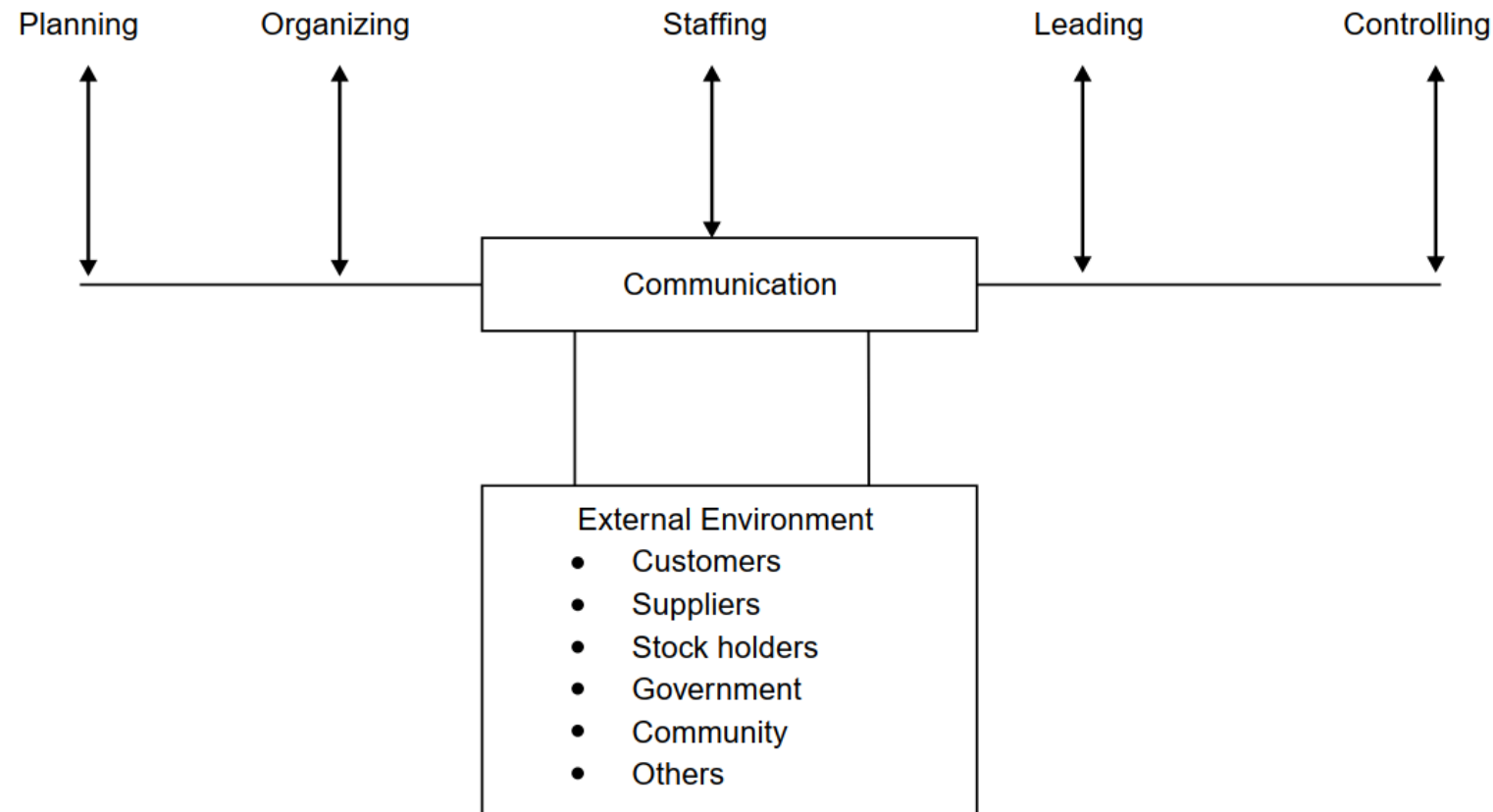


Fig. 4.5: The purpose of communication

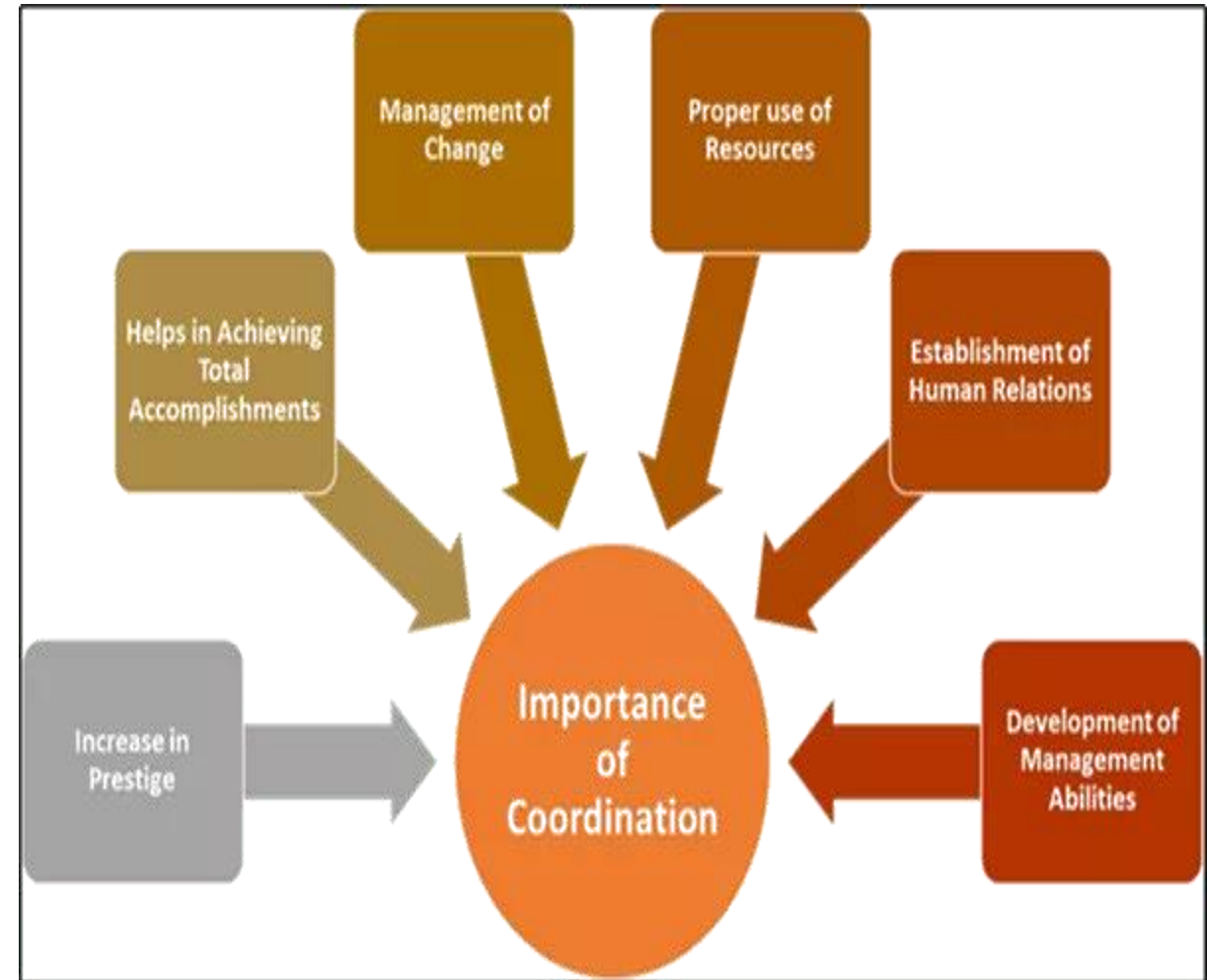
Coordination

- Coordination deals with the task of blending efforts in order to ensure successful attainment of an objective. It is accomplished by means of planning, organizing directing and controlling.
- Coordination is the orderly arrangement of group efforts to provide unity of action in pursuit of a common purpose.

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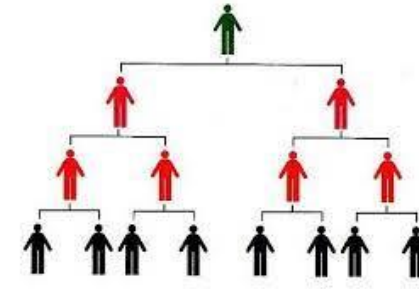
Importance of coordination

- Coordination increases efficiency.
- Coordination improves human relations.
- Coordination resolves conflicts.
- Coordination makes all departments focus together.
- Coordination helps sharing of resources.
- Coordination retains & attracts talent.



Techniques of Coordination

1. **Clearly defined Objectives**-Each and every organization has its own objectives. Unity of purpose is a must for achieving proper coordination.
2. **Effective Chain of Command**-There is a line of authority in every enterprise which indicates as to who is accountable to whom. The line of authority and responsibility should be clearly defined to achieve coordination.
3. **Precise and Comprehensive Programmes and Policies**-This brings uniformity of actions because everybody understands the programmes and policies in the same sense.
4. **Planning**-Planning ensures coordinated efforts
5. **Cooperation**-Cooperation is the result of better relations among employees of the organization.



Techniques of Coordination cntd.



community relations _____

6. **Liaison of Officers/Departments-** A person who acts as a link between two persons is called a liaison officer. The external coordination is obtained through him.

7. **Induction-**Inducting the new employee into the new social setting of his work is also a coordinating mechanism.

8. **Incentives-**Incentives may be in the form of increments in the scale of pay, bonus, profit sharing etc. These schemes of incentives promote better team spirit which subsequently ensures better coordination.

9. **Workflow-**A workflow is the sequence of steps by which the organization acquires inputs and transforms them into outputs and exports these to the environment.



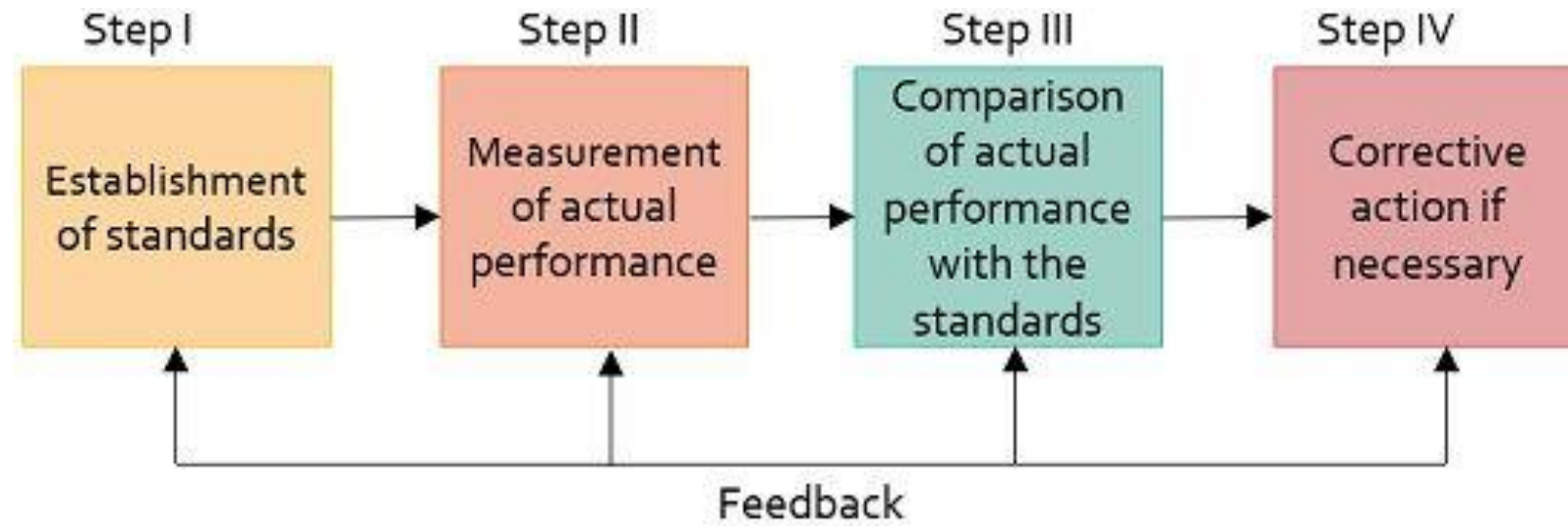
Table 4.2: Distinction between coordination and cooperation

| Basis | Coordination | Cooperation |
|---------------|---|--|
| 1. Definition | It is a deliberate effort by a manager | It is voluntary attitude of organization members |
| 2. Purpose | It is an orderly arrangement of group efforts to provide unity of action in the pursuit of common objectives. | It denotes collective efforts of the group contributed voluntarily to accomplish a particular objective. |
| 3. Relations | It is achieved through both formal and informal relations. | Cooperation arises out of informal relations. |
| 4. Result | Coordination seeks whole hearted support of employees and departments | Cooperation without coordination is fruitless. |

Controlling

- Control is checking current performance against predetermined standards contained in the plans, with the view to ensuring adequate progress and satisfactory performance.
- Controlling is determining what is being accomplished, that is, evaluating the performance and if necessary applying corrective measures so that the performance takes place according to plans.

Steps in Controlling



1. Establishment of standards: A standard acts as a reference line or a basis of actual performance.

- Quantitative standards: production level, labor hour, expense, profit
- Qualitative standards: employee morale, company image, industrial relations

2. Measuring and comparing actual performance with standards

- Completion
- Objective
- Responsiveness

Steps in Controlling cntd.

3. Taking corrective measures

- Change in methods, rules, procedures, etc
- Introduce training program
- Job redesign
- Replacement of personnel
- Re-establishing budgets & standards
- Better compensation packages to employees
- Changing machinery & processes
- Identify recurring bottlenecks (A bottleneck is **a situation that stops a process or activity from progressing.**) & avoiding them

Essentials of a control system

- Clear definition of objectives & standards.
- Selecting efficient control techniques.
- Suitability of control system
- Simplicity
- Focus on key area
- Flexibility
- Reasonable & practical
- Economical
- Self control
- Acceptable to all

Past-oriented controls:

- Past-oriented control measure results after the process.
- These are also known as post action controls.
- They examine what has happened in the past for a particular period.
- Examples of past-oriented controls are accounting records, school grade reports etc

Future-oriented controls:

- These are also known as feed-forward controls or steering controls.
- These controls are designed to measure results during the process.
- Examples of such controls are cash flow and funds flow analysis, network planning etc.

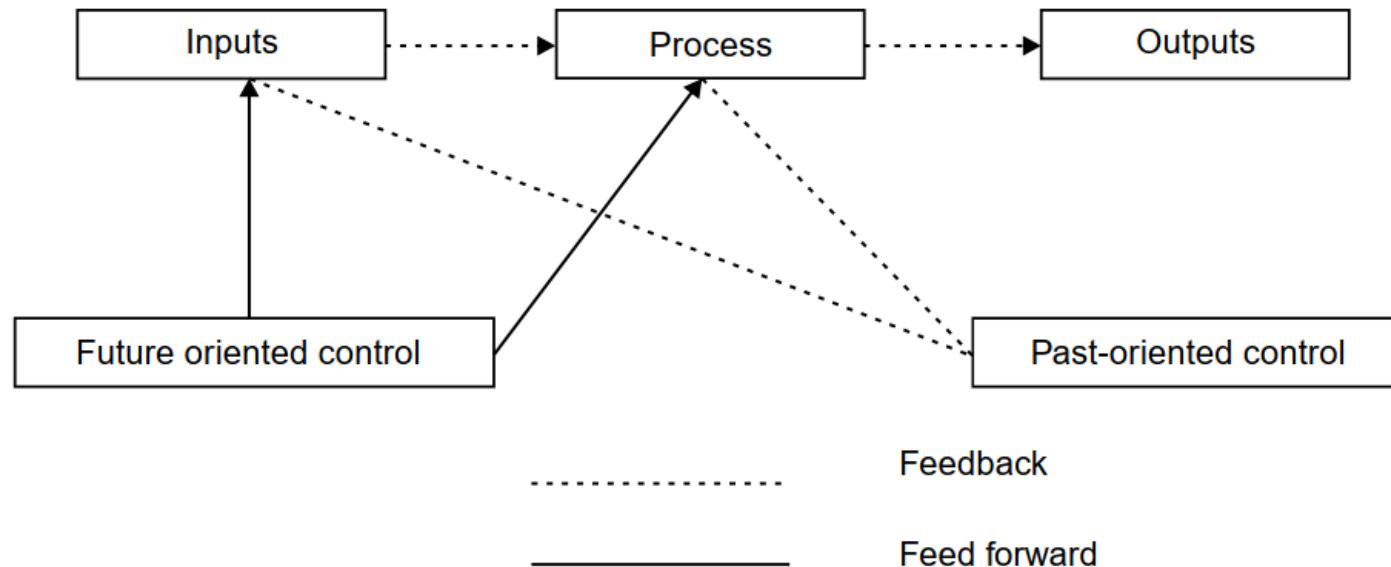


Fig. 4.6: Comparison of past-oriented and future-oriented controls

Methods and Techniques of Controlling in Management

Method # 1. Direct Supervision and Observation:

Method # 2. Budgets:

Method # 3. Financial Statements:

Method # 4. Ratio Analysis:

Method # 5. Break-Even Analysis:

Method # 6. Audits:

Method # 7. Management by Objectives:

Method # 8. CPM and PERT:

Techniques of Coordination

- Coordination by plans & procedures.
- Coordination by sound & simple organization.
- Coordination by chain command.
- Coordination by effective commutation.
- Coordination by committees.
- Coordination by conference.
- Coordination by special coordinators.
- Coordination through sound leadership