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Principles of Management & Organisational Behaviour

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M Com Ist Semester, MG University

Principles of Management

PMOB

Organisational Behaviour

Boby Thomas

PRINCIPLES OF MANAGEMENT

AND

ORGANISATIONAL BEHAVIOUR

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PREFACE

'Principles of Management and Organisational Behaviour' is a book as per the MCom I[st] Semester syllabus of MG University, Kottayam. The author has referred the classic books of Henry Fayol, FW Taylor, Gilberth and Abraham Maslow. Many other printed and e-resources are also used to get inference on the topics covered. The book covers all the previous year MG University public examination questions. These questions are also given after each module.

Major references are given as bibliography at the end of the book. An index is also given to make it more reader friendly. Sincere thanks to Ambitious Books Private Ltd for publishing this books in print as well as E-Book. I humbly request the readers to email your valuable suggestions for further modifications of the book.

2018

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MODULE-1

CONCEPT OF MANAGEMENT

Introduction:

Every organization (family, business, school, college, army, govt., church, temple, etc) is, a group of persons seeking to attain a common objective. There must be central agency to coordinate the activities of the people. This central agency can be referred as ‘management’.

Meaning of Management

Management is relatively a new discipline. It has drawn concepts and principles from economics, sociology, philosophy, psychology, statistics, and so on. Each group has defined management differently. For example, for economists management is a factor of production; sociologists see it as a class or group of persons. Practitioners of management treat it as a process.

Definitions of Management

Mary Parker Follett: “Management is the art of getting things done through people."

Harold Koontz: “Management is the art of getting things done through and with people in formally organized groups”

Peter F Drucker: “Management is a multi-purpose organ that manages a business and manages managers and manages worker and work”.

Henry Fayol: “To manage is to forecast and plan, to organize, to command, to co-ordinate and to control.”

Frederick Winslow Taylor[1]: “The art of management has been defined, as knowing exactly what you want men to do, and then seeing that they do it in the best and cheapest way.'"

Louis Allen: “Management is what manager does.”

Rose and Moore: “Management means decision Making.”

[1] Shop Management, 1911

Concept (perception/impression) of Management

Management as an Economic Resource: Management is considered as a vital factor of production like men, money, material and entrepreneur. Entrepreneur establishes the organization as its owner. But management transforms the various resources into a productive entity. Thus management is the centre of the factors of production.

Management as a process: Management is a series of interrelated functions used to describe the management. They are planning, organizing, staffing, directing, and controlling. This is the simple and pragmatic concept. But the social and human aspects are ignored here.

Management as a Human Process: Interpersonal relations, group processes and their impact on human behavior is considered under this concept of management. It has the following implications:

- Manager gets things done through and with other people.
- Delegation of authority, effective motivation, etc. is considered as important.
- Management is easy when people themselves wants to do, and not for boss.

Management as a Team: Management is a group of persons (team) having managerial responsibility. Top level, middle level and operational level are the positions in the management in general. The system of authority or chain of command is also perceived here. Top management is an elite class with enormous power and prestige.

As a team, the management may consists of different types of managers such as ‘family’ managers (owners), ‘professional’ managers (formally trained and divorced from owners), and ‘civil servant’ managers (IAS, IFS, IPS, etc. 27 civil service cadres), Military managers (Military officers), etc.

Management of Ideas, things and people: Under this concept management perceived as the process of generating and transforming ideas into results. Management is a creative process where ideas and people are the vital inputs. Creative ideas should be generated, organized and articulated to operating results. Ideas may be related to anything like new or improved products, new usages, new markets, marketing, recruitment, management style, problem solving, training, etc. Ideas requires creativity. Creativity implies generating of new ideas into viable realities.

Management of things involves mobilization, allocation, and deployment of materials, machinery, technology and other facilities. It is necessary for the conversion of ideas into reality. Management of people involves procurement, development, maintenance, and integration of human beings. Management must understand and fulfill the needs, aspirations and values of people.

Management as an Academic Discipline: Management implies a branch of knowledge. It includes theory and principles of tackling managerial problems. It has become a popular subject which offers a very fruitful career.

Management as Science

Science is characterized by following main features:

a) It has universally accepted principles[2]. Eg. law of gravitation can be applied in all countries.

b) These principles are derived through scientific investigation. Eg. law of gravitation is scientifically proved.

c) These principles lay down cause and effect relationship between various variables. Eg. when metals are heated, they are expanded.

d) Test of Validity & Predictability, Each time these tests will give same result. Eg. Each water molecule is composed of H2O

e) Science is an organized knowledge. Management also has an organized body of knowledge.

Management also contains some fundamental principles with universal application. Eg. Principle of 'Unity of Command'. Management principles are also based on scientific enquiry & observation. Cause and

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[2] **Principle** is a fundamental truth or proposition that serves as the foundation for a system of belief, behavior or reasoning. Eg. Earth goes round the sun.

Theory is a system of ideas intended to explain something, especially one based on general principles independent of the things to be explained. Eg. Darwin's theory of evolution, theory of education/management, etc.

effect relationship is also applicable to certain management principles. Eg. lack of parity between authority & responsibility will lead to ineffectiveness. The validity and parity of management principles can also be tested to an extent. For eg. Unity of command can be tested for parity. But these tests are not exact as physical sciences. Management is considered as an <u>inexact science</u> because it deals with human beings.

Management as Art

Art is characterized by following main features: Practical knowledge, Personal skill, Creativity and Perfection through practice. In this way management can be considered as an art. According to Harold Koontz "Management is the art of getting things done through and with people in formally organized groups"

Management as a profession: An occupation must qualify the following criteria to be called as a profession:

a) Formal & Professional Education:

Eg. MBBS, CA, LLB, CS

b) Membership in Professional Association

Eg. IMA, ICAI, BCI, ICSI

c) Code of Conduct imposed by Professional association.

d) Remuneration – Fee

Membership in professional association is not a must for managers and they are not obliged to the code of conduct imposed by the association. Even though there are formal education system to develop managers, a professional degree is not compulsory to become a manager. Hence management is not a full-fledged profession.

MANAGEMENT VS ADMINISTRATION

Management	Administration
1. The term relates to the system of business.	1.The term generally relates to the system of govt.
2. An organized way of managing people and things of a business	2. The process of administering an organization.

3. Concerned with plans and actions.	3. Concerned with framing policies and objectives.
4. Key planner is called manager.	4. Key person is called administrator.
5. Art of getting things done through people.	5. It is the process of administering.
6. It is more adhocracy in nature.	6. Administration is more bureaucratic in nature.
7. More flexible.	7. More rigid.
8. It is more flexible and informal in nature.	8. It is over-concerned with procedure.
9. It is a determinative function	9. It is an executive function.
10. A manager is in charge of a group or a team of people.	10. An administrator is in charge of people or property

NATURE OF MANAGEMENT

The following are the important features or characteristics of management.

1. **Management is getting things done**: A manager does not do any operating work himself. He gets it done through others, say workers. He must motivate the subordinates for the accomplishment of the task assigned to them.

2. **Management is an activity:** Management is concerned with the efficient use of resources like men, money and materials in the organisation. It is an organized activity.

3. **Management is a group activity**: Management cannot exist without it's organisation. It is a cardinal part of any group activity. He inspires workers to put forth their best efforts.

4. **Management is a universal activity:** Management is a universal phenomenon. Management is necessary at all spheres of human life.

5. **Management is purposeful:** Management is a goal oriented activity. Activities includes various functions like planning, organizing, staffing, directing, coordinating and controlling.

6. **Management is a process:** Management is a process which involves planning, organizing, directing and controlling the efforts of human resources in the use of material resources. These are the basic functions which every manager performs for the accomplishment of certain goals.

7. **Management is an integrating process:** Management integrates men, machines and materials for performing various operations and accomplishing the stated goals. Thus, management acts as a catalytic agent in getting maximum productivity from all the resources.

8. **Management is intangible:** Management is abstract and cannot be seen with the eyes. It is evidenced by the quality of the organisation and the results. Thus, feeling of management is result-oriented.

9. **Management is a profession**: Management is a profession because some of its established principles are being applied in practice. But it is not a full-fledged profession.

10. **Management is a science and an art:** Management has developed certain principles and laws which have wide applications. So it is treated as a science. It is also an art, because it is concerned with the application of knowledge for the solution of organisational problems. Management is dynamic: Management is dynamic because it adapts itself to the social changes and introduces innovation in methodology.

11. **Management involves decision-making**: Management process involves decision-making at various levels for getting things done by others. It involves selecting the most appropriate alternative out of the several.

12. **Management applies economic principles:** Management is the art of applying the economic principles that underline the control of men and materials in the organisation.

13. Management is concerned with direction and control: Management is concerned with the direction and control of the various activities. It deals particularly with the active direction of the human effort.

EVOLUTION OF MANAGEMENT

The development of management thought has been evolutionary in nature. This evolutionary process can be classified under the following four parts:

i. Pre-Scientific Management Era (Before 1880)
ii. Classical Management Era (1880-1930)
iii. Neo-Classical Management Era (1930-1950)
iv. Modern Management Era (1950 onwards)

The above periods are not exact. It only signify the dominance of different schools of thought. There are various schools of thoughts or approaches to management theory. But there is neither unity over the number of schools of thought nor does clarity about what particular schools suggest. This confusing situation is termed by 'Koontz' as 'management theory of jungle'

VARIOUS SCHOOLS OF MANAGEMENT THOUGHT[3]

School of thought (Intellectual tradition) is a collection/group of people who share common characteristics of opinion or outlook of a philosophy, discipline, belief, economics, social/cultural/art movement, etc. Schools are always classified into classical and modern based on their currency. The major school of management thought can be broadly classified into four:

I. **Pre-Scientific Management Era** (Before 1880)
II. **Classical Management Era** (1880-1930)
   (1) Administrative, (2) Scientific, and (3) Bureaucratic
III. **Neo-Classical Management Era** (1930-1950)

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[3] Management school of thought was evolved during the industrial revolution, due to the increasing size of the industrial units. Industrial institutions were developed into complex organisations, which paved the roots of systematic management schools. Phases of Industrial revolution

1760- 1840: machines and labour, 1840 -1920 :Technical revolution, 1920 – - technological revolution

(1) Human Relations School and (2) Behavioural School

IV. **Modern Management Era** (1950 onwards)

1) Quantitative school
2) Systems management theory
3) Social System School
4) Contingency Approach
5) Empirical approach
6) Universalist approach

I. PRE SCIENTIFIC MANAGEMENT ERA

This is the period immediately preceding the scientific management movement of FW Taylor and associates. There were many managers and professors who contributed to the body of knowledge of management. They include:

- Robert Owen (1771-1858) Manager of Textile mills, who propagated humanitarian approach and human relations.
- Charles Babbage (1792-1871) Professor of Mathematics at Cambridge University who propagated the use of science and mathematics in management.
- Henry Vamun Poor (1812-1905) Financial analyst and founder of Standard & Poor, who recognized the human factor, managerial system, etc.
- James Watt (1776-1848) who adopted market research, forecasting, production planning, employee welfare schemes, etc.

II. CLASSICAL SCHOOL

Operational/Traditional/Universalist/Management process School

This schools of thought was originated during the Industrial Revolution. Major contributor to the school is Henri Fayol (1841-1925 French Mining Engineer), FW Taylor (1856-1915) and Max Weber (1864-1920). Operational school of thought arose as the need for guidelines to manage the complex organizations that emerged from the Industrial Revolution 1740- 1870. 'Job/Work' is the central focus of classical approach. There are three classical schools of thoughts- (a) Fayolism, (b) Taylorism, (c) Bureaucracy School

1. **Classical Administrative School (**Fayolism):

The general theory of business administration is also called Fayolism. Henry Fayol developed the concept of administration, based on his experiences. In 1916 his book 'General and Industrial Administration' was published. He proposed 5 primary functions of management and 14 principles of management. The functions of management are Planning, Organising, Commanding, coordinating and controlling.

The 14 principles include (1) Division of work (2) Authority and responsibility (3) Discipline (4) Unity of command (5) Unity of direction (6) Subordination (7) Remuneration (8) Centralisation (9) Scalar chain (10) Order – systematic arrangement (11) Equity –fair to subordinates (12) Stability of tenure of personnel (13) Initiative- ability to carry out plans (14) Espirit the corps –promoting team spirit

Fayol also distinguished six general activities of industrial organizations-Technical, Commercial, Financial, Security, Accounting and Managerial.

Acronym **POSDCORB** shows the steps in administrative process– Planning, Organising, Staffing, Directing, Co-ordinating, Reporting and Budgeting. The acronym was first used by Gulick and Urwick in a paper on administrative management written for the Brownlow Committww in 1937.

Other Contributors: LF Urwick, James D Mooney, Allan C Reiley

2. **Classical Scientific School (**Taylorism**)**:

This school of thought arose as a result of a need to increase productivity. Frederick Winslow Taylor is the major contributor to this school. Taylor proposed that it is management's job to ascertain the best way to perform a job, and then teach that method to workers. They looked the management mainly from technical point of view. It promotes improving efficiency in the use of men and machines.

Tailor proposed 4 principles of management- (1) Science, not rule of thumb (2) The scientific selection (3) Scientific education and development. (4) Friendly cooperation between the management and the workmen.

He also suggested: (a) Harmony, not discord (b) Cooperation, not individualism (c) Maximum output, in place of restricted output (d) Mental revolution (e) Functional foremanship (f) Division of responsibility (g) Differential rate of payment

Other Contributors: Harrington, Emerson, Henry Gantt, Frank Gilberth, Lillian Gilberth

3. Classical Bureaucracy School:

Bureaucracy was evolved by German sociologist Max Weber[4]. It proposes a machine model of organization. It is characterized by hierarchy of authority. Bureaucracy is a way of administratively organizing large numbers of people who need to work together. It imposes a web of rules and regulations and impersonal control over human beings. Weber argued that bureaucracy is the most efficient and rational way to organize the human activity. Systematic processes and organized hierarchies are necessary to maintain order, maximize efficiency, and eliminate favoritism. Organizations in the public and private sector, including universities and governments, rely on bureaucracies to function.

Criticisms of Classical School

Uses/Merits

(a) The classical school searches for one best way for managing an organization.

(b) It offers a clear organizational hierarchy.

(c) It provides three distinct management levels- Administrative, Scientific and bureaucracy. Each group has its own objectives and responsibilities.

Limitations

a) They view organization as a machine

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[4] Max Weber was a German Sociologist and Philosopher. He was appointed as the 'Reserve Officer for organizing Army hospitals during world war I (1914-18). He is best known for his thesis of the "Protestant ethic," relating Protestantism to capitalism, and for his ideas on bureaucracy.

b) Views the employees as an economic resource.

c) It does not consider the social needs.

d) One best way to manage' is not realistic.

e) They assume that employees can be motivated by financial incentives alone.

f) They ignore employees' social and psychological needs.

g) Productivity is the only criterion of efficiency.

h) It proposes mechanized system of management.

i) It provides for no flexibility.

j) All the principles assume for closed organization systems.

k) Many of the principles are contradictory. For example, the principle of unity of command contradicts the principle of division of labour.

III. NEO NEW-CLASSICAL MANAGEMENT ERA

(1930-1950)

1. Human Relations School

In the early 1920s, there was a shift away from classical management to consider the **human** side of an organization and the social needs of employees. Professor Elton Mayo (1880-1949), who is considered as the father of human relations management, began his experiments (the Hawthorne Studies- In 1930s, Hawthorne Plant of Western Electric Company, Chicago, U.S.A.), to prove the importance of people (not machines) for productivity.

They conducted some experiments to investigate informal groupings, informal relationships, patterns of informal relationships, patterns of communications, patterns of informal leadership, etc. of industry. In the light of these experiments, they emphasized the importance of human and social factors in the workplace. Major propositions of this school are:

1. It emphasizes the importance of individuals and their interpersonal relations.

2. It considers employees as individuals, as resources, and as assets to be developed and not as machines.

3. People want to have a sense of belonging and significance.

4. If people are treated with value and respect, their productivity will increase.

5. Management is not strictly a technical process.

2. Behavioral School

This system is called behavioral school, because the major contribution of knowledge is from the behavioral sciences (Psychology, sociology, anthropology[5]). Australian psychologist Prof. Elton Mayo (1880-1949) is considered as the founder of behavioral school of thought. It is a refinement of human relations movement. It has drawn heavily on the work of Abraham Maslow to explain human behavior and the dynamics of the motivational process.

Influence of social and psychological factors on employee morale and productivity is focused in behavioral school of thought. The basic propositions are:

1. Organization is a socio-technical system.

2. Behavior of human beings is the focal point of the management action.

3. Individuals differ with regard to attitudes, perceptions and value systems.

4. Individuals behave differently under different situations.

5. Individual needs may differ from organizational needs.

6. Attempts should be made to achieve fusion between organizational goals and human needs.

7. Major emphasis is on human relations, informal groups, communication, motivation and leadership.

8. Some degree of conflict is inevitable and desirable in organizations.

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[5] Anthropology is the study of various aspects of humans within past and present societies. Anthropologists study human language, culture, societies, biological and material remains, the biology and behavior of primates, and even our own buying habits.

9. It emphasis the study of motivation, leadership, group dynamics, participative management.

Other Contributors: Abraham H Maslow, Douglas McGregor, Kurt Lewin, Keith Davis, etc

Human relations approach	**Behavioural sciences approach**
1. It focuses on interpersonal relationships.	1. It focuses on group relationships.
2. It lays emphasis on the individual, his needs and behaviour.	2. It lays stress on groups and group behaviour.
3. It lays emphasis on job satisfaction and morale.	3.It studies group dynamics, informal organization and motivation
4. Its scope is limited as it is based on the Hawthorne Experiments	4.It has a wide scope as it is a much more systematic study of human behaviour in organizations.

USES AND LIMITATIONS OF NEO-CLASSICAL SCHOOL

Uses/Merits

1. They preferred participative and group decision-making.

2. They advocate the process of self-direction and control instead of imposed control.

3. They put forth the practical realistic model of human motivation.

4. They stressed the situational constraints and social aspects of organizational changes.

5. In spite of all criticisms, the theory is being applied even today.

Limitations/Criticisms

1. There is no direct connection between morale and productivity.

2. Therefore, the research in the Hawthorne Plant had a management bias.

3. The theory focused attention only on the social side of the work and man.

4. It ignores the economic and technical aspects.

5. It is practically impossible to satisfy everybody and turn the organization into a big happy family.
6. It over-emphasizes the importance of symbolic rewards.
7. This approach is also production-oriented and not employee oriented.

IV. MODERN MANAGEMENT ERA (1950 ONWARDS)

1. Quantitative School of Management (Decision Theory Approach/ Operations Research Approach):

This school is the result of the research conducted during World War II (1939-45). This approach to management involves the use of quantitative techniques, information models, computer simulations, etc to improve decision making. Major contributors to the school are James March, Churchman, V Newman, etc. The basic propositions are:

a) Management is a series of decision making.

b) Managers' job is to secure best solution from the series of inter-related variables.

c) These variables can be presented in the form of a mathematical model.

d) Quality of management is judged by quality of decisions made in diverse (dissimilar) situations.

There are basically three quantitative management approaches:

A. Management Science Approach: Use of mathematical models and statistical methods. Management can be expressed in terms of mathematical symbols, relationships and measurement data. Waiting line theory, Linear programming, Critical path method, Decision theory, Sampling, game theory, probability theory, etc are some of the mathematical tools used in this approach. This approach is useful in capital budgeting, cash flow management, production scheduling, etc

B. Operations Management: It is the applied form of management science. It is concerned with inventory management, work scheduling, production planning, quality assurance, inventory models, break-even analysis, etc.

C. Management Information Systems: Charles Babbage is the pioneer in MIS. It is concerned with conversion of raw data into useful information with the help of computer. MIS is a computer-based system that provides decision-making information to managers.

Criticisms Quantitative School

Merits

1. It establishes relationships amongst quantifiable variables of decision-making situations.
2. It facilitates disciplined thinking.
3. Mathematical models help to derive accurate results by analysing complex statistical data.
4. This approach is useful in areas of planning and control where data is available in quantitative terms.
5. Decisions are based on data and logic rather than intuition and judgment.
6. Computers have facilitated analysis of almost every variable that affects the workplace. Statistical packages facilitate analysis of qualitative data.

Limitations

1. This approach assumes that all the variables affecting the problem can be quantified in numerical terms which is not always true.
2. Its application is restricted in areas that deal with human behaviour.
3. Human behaviour cannot be predicted through mathematical equations.
4. All managerial problems cannot be solved by mathematical models.
5. Its use is limited in organising, staffing and directing. It applies more in planning and control functions.
6. It is costly and time consuming.

2. Systems Management Theory:

A system[6] is an entity composed of interdependent parts, each of which contributes to the whole. Interdependent parts of the system are called subsystems. A system denotes order and arrangement.

The basic propositions are:

a) Business organization is an open adaptive system, which continuously interacts with its environment.

b) An organization is a general system that has several sub-systems.

c) Effectiveness and efficiency are the two criteria for the survival of business system.

d) It focuses on the interactive nature and interdependence of external and internal factors of the organization.

e) Organisational system has a boundary to determine the internal and external parts.

Ludwing Von Bertalaffy (Australian Biologist -1960s) is considered as the pioneer of general systems theory. Kenneth Boulding, EL Trist, RA Johnson, Chester Barnard, etc have contributed to this approach.

Criticisms on Systems Management Theory

Merits

1. It provides an orderly and efficient plan of action.
2. It provides a good basis of coordination and control.
3. It facilitates a base of decentralization and delegation of authority.
4. It increases organisation's adaptability to environmental changes.
5. The study of organisation as a whole enables it to adapt to the needs of the environment.
6. Decisions are made keeping in mind the macro as well as micro environment.
7. The focus is on achieving the individual and organizational goals.

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[6] *Static system : Motor cycle* *Dynamic system: Biological systems*
Open system : Interacts with environment
Closed system: Does not interact with environment

Limitations

1. The approach does not recognize the differences in systems.
2. It is over-conceptual in nature.
3. Systems philosophy does not specify the nature of interactions and interdependencies.
4. May not be always practical and lead to delays in decision making.
5. It is difficult to define the nature of inter-dependence.
6. It is not suitable to meet contingencies.
7. The theory assumes that most of the organisations are big, complex and open systems.
8. It may not be applicable to smaller organisations.

3. The Social Systems School

A social system is an entity consisting of various social subsystems called groups. This school of thought is closely related to the human behavior or the human relations school of thought. It looks upon management as a social system, which refers to a system of cultural inter- relationships. These can be formal organizational relationships or any kind of human relationships. This approach is heavily sociological in nature.

The social school stems from the application of behavioral sciences to management. Vilfredo Pareto, a sociologist is the real pioneer of the social system- a system of cultural interrelationship. His ideas were later developed by Chester Barnard who is regarded as the founding father of the social system school. Chester Barnard developed the theory of co-operation. Social system school identifies the nature of the cultural relationships of various social groups and attempts to show them as an integrated system. This focus school of thought studies the organization as a co-operative and collaborative system.

The broad features of social system school are:

a. An organization is a social system-a system of cultural relationship.

b. Relationships exist among the external and internal environments of the organization.

c. Cooperation among group members is necessary for the achievement of organizational objectives.

d. For effective management, efforts should be made for establishing harmony between the goals of the organization and the various groups functioning therein.

Behavioural School and Social System Theory

The behavioural school is a logical extension of human relations school and both in turn lead to social system theory. Contributions and limitations of the human relations school, and the behaviourism school overlap. They are largely concerned with motivation.

Criticisms of Social System Theory

Merits

1. The Social Approach is considered useful for it's many practical applications. For example, Reicher and Haslam's study has been used to train prison guards.

2. This approach helps to understand how behaviour can be influenced by other people, and the situation.

3. It helps us understand that people's behaviour may change if their situation changes. The presence of an authority and a prestigous environment can influence people's behavior. They may obey the commands against their own wishes under such an environment.

4. It helps us understand extreme human behaviours.

5. If we can understand the causes of behaviour (such as power abuse by prison guards, SPE) then we can take steps to prevent it.

Demerits

1. The Social Approach underestimates the influence of individual differences in behavior.

2. It doesn't explain why some people differ from the norm expected in any given social situation.

3. The theory doesn't explain why certain individuals were able to disobey an authority figure.

4. This theory is ethnocentric. (research from this approach may not generalise across cultures).

5. In order to obtain valid results, social research is often conducted without the participant's knowledge. This ethical problem is a weakness of the theory.

4. Contingency (Situational) approach:

It is an extension of the systems approach. The basic theme is that organization has to cope with different situations in different ways. These theories states that effective leadership depends not only on the style of leading but on the control over a situation.

Woodward (1960s), Paul Lawrence, Tom Burns, Fred Fiedler, etc. are the major propagators of this approach.

The basic propositions are:

a) Management is entirely situational. The system should be designed to fit the particular situation.

b) Success depends on the ability to cope with its environment.

c) There is no one best way to manage. Management principles and techniques are not universal.

d) This theory proposes that anyone can become a leader in the right situation. Leaders must try to find their niche to excel.

e) There are two types of organizational structures- mechanic and organic.

f) There are two types of environment- Stable and dynamic.

g) Mechanic structure is found in stable environment and organic structure is found in dynamic environment.

Criticisms of Contingency Approach

Merits

1. It enables management to change employee roles to meet the individual needs of a given project.

2. It increases the chances a company to have the right people in place to complete a job.

3. It is a valid and reliable approach to achieve effective leadership, for it is grounded in empirical research.

4. This theory has broadened the scope of leadership from the trait approach (focus on a single, best type of leadership) to the demands of different situations.

5. This theory has 'predictive powers' in determining the type of effective leadership in particular contexts.

6. It has given practical suggestions like leaders may not be equally effective in all situations. It helps the organization to consider leaders in optimal situations according to their leadership style.

7. It supplies useful data on leadership styles in developing leadership profiles for human resource planning.

Demerits

1. It is also a reactive model and not proactive.
2. This approach suffers from inadequately of literature.
3. The suggestion is very simple. (managers should do according to the needs of the situation). But in practice, this becomes very complex.
4. Testing of the theory is very difficult.
5. There is no planning ahead to mitigate the risks of a given project.

5. The Empirical (Management by customs/ Case Study Approach) School:

The basic propositions of case study approach are: (a) Management is the study of experience; (b) Managerial experience can be gainfully utilized by others. (c) Managerial experience can be used for drawing generalizations on management activities ; (d) Case studies in management prove useful in training future managers and (e) Any theoretical research shall be based on practical experience.

Major Contributors: Earnest Dale, the researchers from Harvard Business School and the Management Associations in different countries.

6. Universalist Approach

Universality of management means that the principles of management are applicable to all types of organizations and organizational levels. It means that the manager uses the same managerial skills and principles in each managerial position held in various organizations. Universality implies transferability of managerial skills across industries, countries.

Accordingly certain elements are common to all organizations. But the actual problems and the environment may differ from enterprise to enterprise and at different levels. It accepts universality of management but recognizes the significance of environment variables and quantitative techniques. Harold Koontz and Cyril O'Donnell are the promoters of this approach. Taylor and Fayol has contributed greatly to this approach.

The basic propositions are:

1. Management is generic in content and is applicable to all types of organizations..
2. Managerial skills are transferrable from one person to another.
3. Management skills can be transferred from one organisation to another organisation.
4. Managerial skills can be imported and exported from one country to another.
5. Management principle are universal
6. The basic management activities are similar in every organisations– planning, organizing, staffing, directing, and controlling.
7. All managers in all organizations perform the four management functions- planning, organizing, directing, and controlling.
8. All managers in all organizations can perform their job the same way.
9. All organizations can hire any manager to perform the management jobs.
10. The basic ingredients of successful management are applicable to all organizations.

F.W. Taylor said that the fundamental principles of scientific management are applicable to all human activities from our simplest individual acts to work of our great corporations.

According to Fayol ,"Acting in their managerial capacity, president, college deans, bishops, and head of government agencies, all do the same things."

According to Koontz and O'Donnell," Management fundamentals have universal application in every kind of enterprise and at every level of enterprise."

Oppositions to Universality Concept

Peter Drucker is the major opponent of this concept. According to him "The skills, the competence, the experience of management cannot, as such, be transferred and applied to the organisation and running of other institutions."

1) Differences in objectives: The objectives of business enterprises differ from those of religious, political and educational institutions. No individual can be an equally successful manager in academic, military and business organisation because the objectives that underlie each are different.

2) Differences in philosophies: Business organisations have a different philosophy than non-business organisations. Even two business concerns may have different philosophies. For example, one may seek quick gains while the other may aim at long- term growth. As a result, a different type of management is required in each case.

3) Management is Culter-bound: The applicability of management principles is limited to the particular cultural situation. If a country has strong traditional, religious and culture bias towards non- scientific behaviour, it will be difficult to introduce modern management methods.[7]

[7] Farmer and Richman " study on comparative management"

STRENGTHS AND WEAKNESSES OF SOME OF THE MANAGEMENT SCHOOLS.

School	Strength	Weakness
Classical Scientific	Improved productivity	Limited in scope and overlooked the human element of work
Classical Administrative	Provided scope for organization structure and efficiency	Aimed at the creation of bureaucratic empires and institutions
Behavioral	Focused the idea of individual needs and interrelationship within the organization	Does not address the processes and "mechanics of organizational life"
Quantitative	Systematized decision making with scientific and mathematical processes	Customers and quality can suffer with a predominance of effort for this school
Systems School	Interactions and relationships of parts that make up the whole can be studied.	Allegiance to this school can become too refined and over- conclusive.
Contingency	Recognizes that conditions, situations, and variables are unique	Many variables are uncertain, inconclusive, and difficult to predict

FUNCTIONS OF MANAGEMENT

According to Henry Fayol, "To manage is to forecast and plan, to organize, to command, & to control". According to KOONTZ and O'DONNEL management functions includes Planning, Organizing, Staffing, Directing and Controlling. Luther Gullick's explain the management functions through a keyword 'POSDCORB' where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting.

1. **Planning**: Planning is the basic function of management. Planning is a mental process requiring foresight and sound judgement. Planning is based on future situations and is a must at all levels of management. The success of a plan, therefore, lies in the manager's ability to forecast future situations correctly and accurately. KOONTZ observes that, "Planning is deciding in advance - what to do, when to do & how to do. It bridges the gap from where we are & where we want to be".

The process of planning involves:

a) Laying down objectives

b) Developing planning premises

c) Searching alternativ-e courses of action

d) Evaluation of various alternatives.

e) Formulating policies and procedure.

f) Preparing schedules, programmes and budgets.

2. **Organising**: It is an important activity by which management brings together the manpower and material resources for the accomplishment of pre-determined goals. It is the process of establishing relationships among the members of the organization. This relationship is created in the form of authority and responsibility. In the words of Louis A. Allen, "Organization is the process of identifying and grouping the work to be performed and dividing it among the individuals and creating authority and responsibility relationship among them for the accomplishment of objectives." The process involves the following activities:

a) Identifying the activities involved

b) Grouping the activities into a logical pattern

c) Assigning the activities to employees

d) Delegating authority and fixing responsibility

e) Coordination of authority-responsibility relationship

3. **Staffing**: staffing involves manning the positions created by the organization process. It is concerned with the human resources. According to Koontz and O'Donnell, "The managerial function of

staffing involves manning the organizational structure through proper and effective selection, appraisal and development of personnel to fill the roles designed in the structure." Staffing function involves:

a) Manpower planning, (the number and the kind)

b) Recruitment of personnel

c) Selection of the most suitable personnel

d) Placement and orientation of employees

e) Training and development of employees

f) Proper evaluation of employees

g) Transfer, promotion, termination, etc. of employees

4. **Directing**: Directing is called management in action. Directing involves issuing instructions (or communication) to subordinates, guiding, motivating and supervising them.

5. **Coordinating**: Coordinating is the orderly arrangement of individual and group efforts to provide unity of action in the pursuit of a common goal. Co-ordination is the unification, integration, and synchronization of the efforts of group members. It provides unity of action in the pursuit of common goals. It is a hidden force which binds all the other functions of management. It ensures unity of action among individuals, work groups and departments. It brings harmony in carrying out the different activities and tasks so as to achieve the organizational goals. The concept of coordinating always applies to group efforts.

Many points out that Coordination is not a separate function of management. It is required for every managerial function.

6. **Controlling**: The purpose of controlling is to ensure that everything occurs in conformities with the standards. An efficient system of control helps to predict deviations before they actually occur. According to E.F.L. Brech, "Controlling is the process of checking actual performance against the agreed standards with a view to ensuring satisfactory performance." The process of controlling involves:

a) Determination of standards for performance.

b) Measurement of actual performance.

c) Comparing actual with the standard.

d) Finding variance between actuals and standard.

e) Finding out the reasons for variation.

f) Taking corrective actions.

PRINCIPLES OF MANAGEMENT

There are general principles of management contributed by Henry Fayol and Principles of Scientific Management contributed by FW Taylor.

A. General principles of Management

1) Division of labour
2) Authority and Responsibility
3) Discipline
4) Unity of command
5) Unity of direction
6) Subordination of individual interest to the general interest
7) Remuneration
8) Centralisation
9) Scalar chain
10) Order
11) Equity
12) Stability of tenure of personnel
13) Initiative
14) Esprit de crops

B. Principles of Scientific Management

(1) Science, not rule of thumb

(2) The scientific selection

(3) Scientific education and development.

(4) Friendly cooperation between the management and the workmen.

CONTRIBUTIONS OF HENRY FAYOL

Henri Fayol is well recognized for his '14 principles of management'. He also created a list of the six primary functions of management (general activities of industrial organizations), which go hand in hand with the Principles.

Henri Fayol was born in Istanbul in 1841. At the age of 19, he began work as an engineer at a large mining company in France. He eventually became the director of that company. At that time there were more than 1,000 employees in the company. Through the years, Fayol developed the 14 most important principles of management. These principles explain how managers should organize and interact with staff. His theory falls under the Administrative Management school of thought

In 1916, two years before he stepped down as director, he published his "14 Principles of Management" in the book "Administration Industrielle et Générale." (General and Industrial Administration).

These principles were one of the earliest theories of management, and still remains as one of the most comprehensive. He's considered to be among the most influential contributors to the modern concept of management.

Fayol's 14 Principles of Management

1. **Division of Labour:** Fayol presented work specialization as the best way to use the human resources of the organization. When employees are specialized, output can increase because they become increasingly skilled and efficient. In practice, employees have different skills. Specialization promotes efficiency of the workforce and increases productivity. Moreover it increases their accuracy and speed.

2. **Authority and Responsibility**: The concepts of Authority and responsibility are closely related. Fayol defines authority as the right to give orders and the power to exact obedience. Responsibility involves being accountable, and is associated with authority. Authority and responsibility go together and they are two sides of the same coin. There should be a balance between authority and responsibility. An employee must be given the amount of authority required to perform the given responsibility. Authority without responsibility will lead to waste of position.

3. **Discipline**: A successful organization requires the common effort of workers. An employee should be obedient and respectful to the authority and the established rules and regulation of the organization. Clarity of Rules, Reward-Punishment system, good supervision etc. are some ways to maintain discipline.

4. **Unity of Command**: Workers should receive orders from only one manager. This will help to avoid confusion. This will also make the employee loyal to the activity.

5. **Unity of Direction**: The entire organization should be moving towards a common objective in a common direction. Unity of direction under one plan will ensure the proper coordination of efforts.

6. **Subordination of Individual Interests to The General Interests**: There are always many kinds of interests in an organization. They are broadly classified into two: Individuals interests and the Organizational interest. This principle suggests that there must be harmony between these two interests. Organizational interest must be given more priority. The primary focus is on the organizational objectives and not on those of the individual. This applies to all levels of the entire organization.

7. **Remuneration**: Employee satisfaction depends on fair remuneration for everyone. This includes financial and non-financial compensation. Remuneration to the employees must be based on their performance level. Remuneration must be fair, reasonable and satisfactory.

8. **Centralization**: Centralization implies the concentration of decision making authority at the top management. This principle says that the top most level of authority should be centralized to the top level management. There should be delegation of power to the subordinate. But the power to make the important decisions in the organization should remain with the top level management. Decentralisation means sharing of authorities for the decision-making process with middle and lower management. An organization should strive for a good balance between centralization and decentralization.

9. **Scalar Chain**: There should be a chain of superiors ranging from the top level to the lower level of management. It should be based on hierarchy level. The communication flows from the top to the bottom through this chain of authority. However, there is no hard and fast rule regarding the process of communication. Each manager, from the first line supervisor to the CEO, possesses certain amounts of authority. Lower level managers should always inform their work activities to the upper level managers. The existence of a scalar chain and adherence to it are necessary for the success of the organization.

10. **Order**: This principle states that every material and manpower should be given a proper place in the organization. The right man for the right job is essential in the smooth running of an organization. So Management must identify tasks and put them in proper order. This will help the employees to have the right resources at right time, so that they can function properly. In addition to this social order the work environment must be safe, clean and tidy.

11. **Equity**: All employees should be treated as equally as possible. This principle of equity occurs in the core values of an organization. Employees must be treated kindly, equally fairly and impartially. There should be no biases. There should be an environment of kindness and justice.

12. **Stability of Tenure of Personnel**: Retaining productive employees should always be a high priority of management. Any employee can work to the fullest if there is secured job. So he must be provided with job security. This will improve their efficiency. This will also benefit the organization as it lowers the labor turnover. This will also reduce the cost of recruiting and training new employees.

13. **Initiative**: Initiative is defined as new or additional work activity undertaken through self-direction. A new development; a fresh approach to something; a new way of dealing with a problem can be termed as an 'initiative'. It is the ability to act first or on one's own. A person with initiative is motivated to do things. Management should take steps to encourage worker initiative. This encourages the employees to be involved and interested.

14. **Espirit De Corps**: 'Esprit de corps' means a 'feeling of pride and mutual loyalty shared by the members of a group'. This principle implies that "union is strength" and team spirit. Organization must integrate all its actions towards a single goal and objective. If the action is not unified then they cannot achieve their desired objectives. Management should encourage harmony and general good feelings among employees. 'Esprit de corps' contributes to the development of the culture. It creates an atmosphere of mutual trust and understanding.

CONTRIBUTIONS OF F.W TAYLOR

Scientific management concept is one of the principles of management and is also known as classical theory. This principle is propounded by Fredrick Winslow Taylor (F.W Taylor) – the father of management. He was born in USA in 1856. He joined Midvale steel company and became the chief engineer at the age of 28. He served for a long time at Bethlehem steel company. Later he devoted his time to develop the concept of scientific management.

He noticed that there were much disorder and wastage of human as well as other resources at work place. The managers and staffs had no concept about systematic and efficient performance of task. And all were following traditional ways of doing work. So he tried to remove these problems through the development of new concept. Thus the scientific management concept was developed.

<u>Principles of scientific (Task) management</u>

Scientific management, in its essence, consists of a certain philosophy, which results in a combination of the four great underlying principles of management[8]:

First : The development of a true science.

Second: The scientific selection of the workman.

Third : His scientific education and development.

Fourth : Intimate friendly cooperation between the management and the workmen.

1. <u>The development of a true science</u>:

Science, Not Rule of Thumb: Tailor suggest for replacing the rule of thumb with science. The inefficient rule-of-thumb methods in all trades, wastes a large part of workmen's effort. The scientific system differs from the ordinary or "rule-of-thumb" system. It requires scientific study and analysis of each element of job in order to replace the old rule of thumb approach. Better way of work can be developed only through scientific investigation and standardization. Scientific task specifies

[8] Page 45, The Principles of Scientific Management, by Fredrick Winslow Taylor, The Project Gutenberg EBook, Edition: 10, September, 2004

what is to be done, how it is to be done and the exact time allowed for doing it.

2. **The scientific selection of the workman**:

Staffs and workers should be selected and employed on scientific basis. Each workman has his own special abilities and limitations. Tailor says "scientific selection of the workman" counts for more than anything else. Scientific selection of employees requires that decisions to make on facts rather than on opinions and beliefs.

3. **Scientific education and development:**

Development of each man to his greatest efficiency and prosperity: Instead of dealing with men in masses, it is better to develop each individual to his highest state of efficiency and prosperity. An intelligent and educated man find the responsibility for making progress. Management should train every worker to increase their skills and make them effective. Efforts should be made to develop each employee to achieve efficiency and prosperity.

4. **Friendly Cooperation**:

Harmony not Discord. Cooperation not individualism: Friendly cooperation between the management and the Workmen is the essence of scientific management. Taylor has emphasized harmony among employee and employer to attain common goals. Cooperation between management and labor is the major foundation of scientific management. It creates a sense of mutuality through which maximum prosperity can be guaranteed. Management should heartily cooperate with the work men so as to insure all of the work being done in accordance with the principles of the science. There must be an equal division of the work and the responsibility between the management and the workers. Tailor calls for a **Mental revolution**. He says that both management and workers should try to understand each other instead of quarreling for profits and benefits which would increase production, profit and benefits.

Elements and Tools of Scientific Management

1) Work study: Method study, Motion study, Time study, Fatigue study.
2) Scientific task setting –The idea of task

3) Functional or divided foremanship
4) Standardisation of all tools
5) Differential rate
6) Mental Revolution
7) Maximum output
8) Desirability of planning room
9) Use of 'exception principle'
10) Use of slide-rules and similar timesaving implements.
11) Instruction cards for the workman.
12) Equal division of responsibility between management and worker.

Tailor concludes that: "It is no single element, but rather this whole combination, that constitutes scientific management, which may be summarized as:

- Science, not rule of thumb.
- Harmony, not discord. Cooperation, not individualism.
- Maximum output, in place of restricted output.
- The development of each man to his greatest efficiency and prosperity.

Comparison of Taylor and Fayol

F. W Taylor	Henri Fayol
1. He is known as the father of scientific management.	1. He is known as the father of functional management.
2. He worked from bottom to top level.	2. He worked from top to bottom level.
3. He gave more emphasis to shop and factory management.	3. He gave more emphasis to the office and the management process as a whole.
4. His main concern was to increase the efficiency of workers and managers.	4. His main concern was to evolve principles of general management and the functions of managers.

Maslow's need hierarchy model

A THEORY OF HUMAN MOTIVATION

Abraham Harold Maslow[9] (1908-1970) was an American psychologist, who is best known for his 'need hierarchy model.' The model was published in the book 'Motivation and Personality'

Man is a wanting animal and rarely reaches a state of complete satisfaction except for a short time. As one desire is satisfied, another pops up to take its place. When this is satisfied, still another comes into the foreground, etc. It is a characteristic of the human being throughout his whole life that he practically always desires something.

As a man's income increases he finds himself actively wishing for and striving for things that he never dreamed of a few years before. The average American yearns for automobiles, refrigerators, and television sets because they are real possibilities; he does not yearn for ships or planes because they are in fact not within the reach of the average American. It is quite probable that he does not long for them unconsciously either.

Maslow classifies the needs under the following hierarchy.

The basic needs

a) **Physiological needs**: They are the needs that are usually taken as the starting point for motivation theory. these physiological needs are the most prepotent of all needs. What this means specifically is that in the human being who is missing everything in life in an extreme fashion, it is most likely that the major motivation would be the physiological needs rather than any others. A person who is lacking food, safety, love, and esteem would most probably hunger for food

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[9]AH Maslow was the first of seven children born to his parents, who themselves were uneducated Jewish immigrants from Russia. He did his BA, MA, and PhD, all in psychology, from the University of Wisconsin. He served as a professor at Brooklyn College in New York city. The best known books are Toward a Psychology of Being (1968), Motivation and Personality (1954), and The Further Reaches of Human Nature (1971). Finally, there are many articles by Maslow, especially in the Journal of Humanistic Psychology, which he cofounded.

more strongly than for anything else. Homeostasis[10] needs, For the man who is extremely and dangerously hungry, no other interests exist but food. He dreams food, he remembers food, he thinks about food, he emotes only about food, he perceives only food, and he wants only food. Life itself tends to be defined in terms of eating. Anything else will be defined as unimportant. Freedom, love, community feeling, respect, philosophy, may all be waved aside as fripperies that are useless, since they fail to fill the stomach. Such a man may fairly be said to live by bread alone. It is quite true that man lives by bread alone-when there is no bread.

b) **Safety or security needs**: If the physiological needs are relatively well gratified, there then emerges a new set of needs, which we may categorize roughly as the safety needs (security; stability; dependency; protection; freedom from fear, from anxiety and chaos; need for structure, order, law, limits; strength in the protector; and so on). Practically everything looks less important than safety and protection (even sometimes the physiological needs, which, being satisfied, are now underestimated). Just as a satisfied man no longer feels hungry, a safe man no longer feels endangered. The need for safety is seen as an active and dominant mobilizer of the organism's resources only in real emergencies, e.g., war, disease, natural catastrophes, crimes waves, societal disorganization, neurosis, brain injury, breakdown of authority, chronically bad situations. The safety needs can become very urgent on the social scene whenever there are real threats to law, to order, to the authority of society.

c) **The belongingness and love needs**: Social or affiliation needs: If both the physiological and the safety needs are fairly well gratified,

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[10] Homeostasis refers to the body's automatic efforts to maintain a constant, normal state of the blood stream. Eg of this process includes: (1) the water content of the blood, (2) salt content, (3) sugar content, (4) protein content, (5) fat content, (6) calcium content, (7) oxygen content, (8) constant hydrogen-ion level (acid-base balance), and (9) constant temperature of the blood. Obviously this list could be extended to include other minerals, the hormones, vitamins, etc. If the body lacks some chemical, the individual will tend (in an imperfect way) to develop a specific appetite or partial hunger for that missing food element. Sexual desire, sleepiness, sheer activity and exercise, and maternal behavior in animals are homeostatic.

there will emerge the love and affection and belongingness needs. the person will feel keenly, as never before, the absence of friends, or a sweetheart, or a wife, or children. He will hunger for affectionate relations with people in general, namely, for a place in his group or family, and he will strive with great intensity to achieve this goal. love is not synonymous with sex. Sex may be studied as a purely physiological need. Ordinarily sexual behavior is multi-determined, that is to say, determined not only by sexual but also by other needs, chief among which are the love and affection needs. Also not to be overlooked is the fact that the love needs involve both giving and receiving love.

d) **Esteem needs:** All people in our society (with a few pathological exceptions) have a need or desire for a stable, firmly based, usually high evaluation of themselves, for self-respect, or self-esteem, and for the esteem of others. These needs may therefore be classified into two subsidiary sets. These are, first, the desire for strength, for achievement, for adequacy, for mastery and competence, for confidence in the face of the world, and for independence and freedom. Second, we have what we may call the desire for reputation or prestige (defining it as respect or esteem from other people), status, fame and glory, dominance, recognition, attention, importance, dignity, or appreciation. Satisfaction of the self-esteem need leads to feelings of self-confidence, worth, strength, capability, and adequacy, of being useful and necessary in the world.

e) **Self-Actualisation needs:** Even if all these needs are satisfied, we may still often (if not always) expect that a new discontent and restlessness will soon develop, unless the individual is doing what lie, individually, is fitted for. A musician must make music, an artist must paint, a poet must write, if he is to be ultimately at peace with himself. What a man can be, he must be. He must be true to his own nature. This need we may call self-actualization. It refers to man's desire for self-fulfillment, namely, to the tendency for him to become actualized in what he is potentially. In one individual it may take the form of the desire to be an ideal mother, in another it may be expressed athletically, and in still another it may be expressed in painting pictures or in inventions. At this level, individual differences are greatest. The clear emergence of these needs usually rests upon some prior satisfaction of the physiological, safety, love, and esteem needs.

CORPORATE SOCIAL RESPONSIBILITY -CSR

CSR is one of the newest management strategies where companies try to create a positive impact on society while doing business. CSR taken on voluntarily by companies will be much more effective than CSR mandated by governments.

Social responsibility is an ethical framework which suggests that an entity has an obligation to act for the benefit of society at large. Social responsibility is a duty every individual has to perform so as to maintain a balance between the economy and the ecosystems.

Responsibilities towards Different Groups

(1) To Share Holders:

(a) Fair return on investment

(b) Safety of investment

(c) Steady growth of investment

(d) Accurate information about the working of the co.

(2) To Employees:

(a) Fair wages and salaries

(b) Safe and good working condition

(c) Opportunities for education, training, promotion, etc

(d) Recognition of workers' rights- trade union,

(e) Employees participation in decision making

(f) Adequate service benefits-housing, medical facilities, insurance, etc

(g) Provide retirement benefits.

(3) To Customers

(a) Supply of quality goods at right time and place.

(b) Charging of reasonable/fair prices.

(c) Supply of goods to meet the requirements of different segments of the society.

(d) Consumer education about the product and services.

(e) Prompt and continues after sale services.

(f) Prompt redress of customer's grievances.

(g) True and fair information through advertisement.

(h) Avoidance of unfair trade practices.

(4) To Government

(a) To abide by the laws of the Govt.

(b) Pay taxes honestly.

(c) Avoid corrupting public servants.

(d) Avoid influencing govt. policies through unfair practices.

(e) Encourage fair trade practices.

(5) To the community

(a) Ensure optimum utilisation of the resources of the society.

(b) Creation of employment opportunities.

(c) Maintain healthy and pollution free environment.

(d) Maintain waste processing mechanism.

(e) Avoidance of unfair trade practices.

(f) Improve public health, education and cultural life of the society.

ARGUMENTS FOR AND AGAINST SOCIAL RESPONSIBILITY

Arguments for CSR

(1) Business is a sub system of the society.

(2) Business is a coalition of different interest groups.

(3) Business decisions have strong influence on the society.

(4) Social power may be misused in the absence of SR.

(5) Competence in solving business problems can be used to solve social problems.

(6) SR will improve the public image of business.

Arguments against CSR

(1) SR is a vague concept.

(2) SR may dilute economic goals.

(3) Business managers may not have social skills.

(4) Business has only economic power and no social power.

(5) The cost of SR can become a burden on consumers.

(6) Business may concentrate on economic performance.

MANAGEMENT BY EXCEPTION

Management by Exception is the practice whereby only the information that indicates a significant deviation of actual results from the budgeted results is brought to the management's notice. Its objective is to facilitate management's focus on tactical and strategic tasks.

In MBE, only that decision that cannot be made at one level is passed on to the next higher level.

For example, the company controller may be required to notify only those expenses that are more than ₹10,000 or 20% higher than budget.

Features:

1) Managers will presumably spend more time attending to and correcting these larger variances.

2) The smaller variances are brought to the attention of lower-level managers.

3) Only massive variance is reported straight to senior management.

Advantages of MBE

1) It reduces the amount of time spend for the review of financial and operational results.

2) It helps in the more efficient use of the time of management.

3) Determination of predetermined exception level reports, are easy.

4) It serves as a mechanism for auto correction.

Disadvantages of MBE

1) This concept is based on the existence of a budget.

2) If the budget was not well formulated, there may be a large number of variances.

3) There are chances of reporting irrelevant variations, if budget is not correct.

4) The concept requires the use of financial analysts to prepare variance reports.

5) If the analyst is incompetent, potentially serious issues may not be reported.

6) This concept is based on the command-and-control system.

7) The concept assumes that only managers can correct variances.

8) Front line employees could deal with most variances as soon as they arise; there is little need for MBE.

MANAGING IN AN E-BUSINESS WORLD

Now a days, internet and World Wide Web are not a novelty to most managers and organizations. E-mail as a form of communication has already gained popularity. Organizations (small to large, all types, global and domestic, and in all industries) are becoming e-businesses. Today's managers must manage in an e-business world.

E-business (electronic business): E-business is the conduct of business processes on the Internet. It include buying and selling products, supplies and services; servicing customers; processing payments; managing production control; collaborating with business partners; sharing information; running automated employee services; recruiting; and more. It's more than e-commerce, although e-business can include e-commerce. E-business includes functions and services, ranging from the development of internet, intranets and extranets.

E-commerce (electronic commerce): E-commerce is the buying and selling of goods and services electronically on the Internet. Now a days most of the major firms have e-commerce wings. Amazone, Flipcart, etc. are well known for e-commerce.

Types of e-commerce

Based on the nature of transactions or flow of business activities, there are 6 basic types of e-commerce:

1. Business-to-Business (B2B)
2. Business-to-Consumer (B2C)
3. Consumer-to-Consumer (C2C)
4. Consumer-to-Business (C2B).
5. Business-to-Government (B2G)
6. Government-to-Business (G2B)

Requisites of E-business

1. Intranet system of computers for internal management.
2. Extranet system to expand business activities.
3. Well-designed website.
4. Electronic order processing system.
5. Collaboration with e-payment gate-ways.
6. Well-designed mobile apps to accelerate business.
7. Technologically trained staff.
8. Technical experts for the maintenance of web.
9. Electronic system of accounting.
10. Electronic system of attendance.
11. Electronic preparation of pay roll.
12. Electronic system of communication.
13. A system of delivery of goods and services like agreements with post offices, courier companies, etc.
14. Well defined system for consumer grievance redresses.
15. Carefully planned system of advertisement.

INTERNATIONAL MANAGEMENT STYLES

France: French management style is basically a rigid hierarchical approach. PDG (CEO) is the supreme power. Directive approach is commonly followed. Top level management is associated with planning activities. Middle and bottom level with execution. Most of the top level managers are educated from business schools.

Japan: Here policy is often originated at middle level and then passed on to top level for ratification. After world war II, inter related relationship between small and large firms are common. Society and business are hierarchically organized, but not rigid. Japanese management is based on cooperation, and not top level directive approach. Relationship management is given importance.

Family Management: Traditional and most common model of economic organisation. A private limited company is considered as family business, if it controls more than 50% of the voting rights. A public listed company is considered as family business, if it controls 32% of the voting rights. Vast majority of business throughout the world from corner shops to MNCs comes under family model. As per FORBES magazine survey 44% of the 400 richest Americans are derived in association with family business. Few examples are:[11]

TATA, Aditya Birla, Raymond, Arcelor Mittal Steel, Mahindra and Mahindra (India)

Ford (US), Walmart (US), Toyota (Japan), Samsung (Korea)

Summary and Key Words

Administrative management	This approach seeks to systematically study the management process. Functions that managers perform and effective principles of management have been developed.
Autocratic leader	A person who tells subordinates what to do and expects to be obeyed with out question. A leadership style in which practically all authority centres in the leader.
Behavioural school of management	Also known as the behavioural sciences approach, the approach applies psychological and sociological theories, methods and techniques to the study of interpersonal and intrapersonal aspects of managing. It is primarily concerned with human psychology, motivation, and leadership as distinct from simple mechanical efficiency.

[11] http://business.mapsofindia.com/business-leaders

CPM (Critical path method)	A planning and control technique that involves the display of a complex project as a network with one time estimate used for each step in the object
Decision making	The process of generating and evaluating alternatives and making choices among them.
Delegation	The process of assigning responsibility along with the needed authority.
Democratic leader	A person who tries to do what the majority of subordinates desire.
Empathy	The ability to identify with the various feelings and thoughts of another person.
Formal organization	An organization with a well defined structure, clearly specified jobs for members, and a hierarchy of objectives.
Function	A type of work activity that can be identified and distinguished from other work.
Gantt chart	A two dimensional graph with time on the horizontal axis and a listing of the parts of a program on the vertical axis.
Hawthorne effect	The influence of behavioral researches on the people they study.
Human relations movement	The trend toward treating satisfaction of psychological needs as the primary concern of management.
Laissez-faire leadership	A leadership style in which the leader exercises very little control or influence over group members.
Leadership	Getting others to do what the leader wants them to do.
Leadership style	A leader’s typical way of behaving toward group members.

Linear programming	A mathematical technique that attempts to allocate limited or scarce resources among competing demands in an optimum way.
Management principles.	Guides for managerial action. They are fundamental truths of organization and management.
Managerial functions	The major components of a manager's job. They include planning, organization, motivating and controlling.
Mathematical models	A mathematical equation(s) that defines and represents the relation-models ship among elements of a system.
Modern Behaviouraism	The current stage of evolution of the behavioral school management, which gives primacy to psychological considerations but treats fulfillment of emotional need mainly as a means of achieving other primarily economic goals.
Motivations	The willingness to put forth effort in the pursuit of goals.
Organizational structure	The formal relationship among groups and individuals in the organization.
Participative leader	A person who involves subordinates in decision-making but may retain the final authority.
PERT (Programme Evaluation and review technique)	A planning and control technique that involves the display of a complex project as a network of events and activities with three time estimates used to calculate the expected time for each activity.
Simulation	A technique for experimenting with a real world situation through an artificial model that represents that situation.
Queuing models	A class of mathematical models useful for determining the optimum number of service facilities.

Synergism	The cooperative action of two or more persons working together to accomplish more than they could work separately.
Time study	The systematic measurement and analysis of the time required to do work.
Conglomerate	A conglomerate is the combination of two or more corporations engaged in entirely different businesses that fall under one corporate group. Eg. Tata Group of nearly 100 companies.

Previous Year Questions

Part A

1. Define Management 2011
2. What is management by exception? 2012
3. Explain empirical school of management thought. 2013
4. Examine the principle of direction. 2012
5. Explain decision theory school of management thought. 2014
6. What is MBE? 2011, 14
7. What is systems approach to management? 2017
8. Give the meaning of 'scalar chain'? 2012
9. What are the chief elements of supervision? 2012
10. "Planning is an empty exercise without controlling." Explain. 2012

Part B

1. What is Social Responsibility of Business? 2011
2. Discuss Corporate Social Responsibility. 2013
3. Distinguish between administration and management. 2012
4. Explain 14 principles of scientific management with reference to IT Industry. 2017
5. Explain the contributions of F W Taylor. 2015
6. Briefly describe the professionalisation of management in India.
7. Scientific management is nothing but a mental revolution – Discuss.
8. Explain the contributions of Peter F. Drucker to management.2013.
9. Explain the essential features, uses and limitations of Human Behaviour School of Management Thought. 2015

Part C

1. Describe the functions of Management? 2011
2. Define management. Discuss its functions. 2014
3. What is the concept of universality of management? Give argument for and against the concept.
4. Describe the principle of management. 2013,
5. Discuss scientific management. 2013,
6. Define management and its functions.
7. "Management is the art of getting things done through people" Explain.
8. Describe Social Responsibility of Business? 2014
9. What is CSR? Give your arguments for and against corporate social responsibility. 2015
10. Describe various approaches to management with suitable examples. 2017
11. Explain Maslow's need hierarchy model with the help of tourism industry. 2017
12. Discuss Hawthrone Experiments. 2014

Part D

13. "Management has got universal applications" Do you agree? Substantiate with examples 2011
14. Discuss the challenges faced by management in the current globalisation trend.

MODULE-2
PLANNING AND ORGANIZING

Planning

Planning is deciding in advance what to do, how to do, when to do and who is to do it. According to Koontz, "Planning involves selecting missions and objectives and the actions to achieve them. Planning ends with decision making, i.e. choosing the best alternative from the available future course of action." Planning minimizes the risk and takes the advantage of opportunities. "Planning bridges the gap between where we are and to where we want to go."

Halman defines planning as "Planning is the function that determines in advance what should be done. It consists of selecting the organizational objectives, policies, programmes, procedures and other means of achieving these objectives."

NATURE OF PLANNING:

1. Planning is **goal oriented**: All plans starts from objectives. It is a means to achieve some objectives. It helps in controlling.
2. Planning is a **primary function**: It is the foundation of management process. All other functions are designed to attain the goals set under planning.
3. Planning is **all-pervasive**. Planning is the function of all levels of management. It is the job of all types of managers at all types of organization. Top level managers prepare long term plans, middle level managers prepare medium-term plans, lower level managers prepare short term plans.
4. Planning is an **intellectual process** which involves imagination, foresight and sound judgment. It is not a guess work, but a rational acting in the light of facts.
5. Planning is a **continuous process**. It is an on-going and dynamic exercise. Old plans have to be revised with the changes in the planning premises.
6. Planning is **forward looking**. Forecasting is the essence of planning. It involves making provisions for uncertain future. Thus, it

involves intellectual anticipation of future. Planning reduces uncertainty and risk.

7. Planning **involves choice**. Planning pre supposes the existence of alternatives. It involves choosing among the alternatives.

8. Planning is an **integrated process**. Lower level plans are pooled together to formulate higher level plans. Higher level plans will be the base of lower plans. Thus planning is an ends-means chain. It helps in coordination.

9. Planning is **directed towards efficiency**. Planning helps to achieve the objectives efficiently and economically. It provides a sense of direction.

10. Planning **needs creativity** and innovation. Planning is dynamic nature. A good plan is the result of creativity and innovation.

IMPORTANCE OF PLANNING

1. Planning is the primary function: It is the foundation of management process.
2. Planning reduces uncertainty and risk through a clear road map.
3. Planning provides a sense of direction.
4. Planning encourages creativity and innovation.
5. Planning improves efficiency since it is directed towards efficiency.
6. Planning helps in coordination since it is an integrated process.
7. Planning helps in decision making since it is forward looking
8. Planning provides a basis for decentralization since it is all-pervasive.
9. Planning helps in controlling since it is goal oriented.

STEPS IN PLANNING PROCESS

1. **Identification of business idea**: It involves clarifying the vague idea in the light of analysis. It involves the selection of the best choice from different alternatives. According to Koontz, being aware of the opportunities precedes planning. We should have a preliminary look into all possible future opportunities in the light of the market, competition, customer needs, our strengths and weaknesses.

Eg. Ola Taxi service in Bangalore city had a vague idea of running an efficient taxi service in a city. There are a number of ways to operate a taxi service. They have chosen a unique method with an ample scope for development.

2. **Setting of Goals**: Once the business idea is clear there starts setting of organizational objectives. Objectives specify the expected results. Goals tells us where we want to be and what we want to accomplish and when.

Eg. Ola Taxi set their objectives as maximum benefit to consumer and taxis. Elimination of wastages in time and fuel was another objective.

3. **Development of planning premises**: Planning premises are anticipated environment (internal and external) in which plans are expected to operate. It lays down the boundary and limitations within which plans are implemented.

Eg. Ola Taxi presumed the high tech nature of customers, limited capital and the educational backwardness of taxi operators in the city.

4. **Identification of alternative course of action.** There are alternative ways of achieving the same objective. Selection of best choice under the clearly defined planning premises determines the success of the organization.

Eg. Purchase of taxi vehicles, hiring of taxi vehicles, facilitating of organized group of taxis, etc were the choices in front of 'Ola taxi'

5. **Evaluation of the alternatives:** Selected alternatives have to be anlysed in detail. Choices are analysed against the criteria of cost, risk, benefit, development opportunities, etc. The strength and weak points of every alternative should be analysed carefully.

Eg. Olas's alternatives- (a) Purchase of taxi: Traditional form, huge capital, high risk, slow growth. (b) Facilitator: Innovative method and associated risk, less capital, organising difficulties, fast growth

6. **Selection of course of action:** Selection of the most suitable alternative is the next step in planning.

Eg. Ola Taxi selected the third choice. Facilitating taxi services through a group of organized and trained taxi men.

7. **Formulation of derivative plans**: Formulation of sub plans on the basis of master plan is the next step. It should be made in conformity with the objectives. Master plan should be broken to departmental

plans. It gives a realistic picture of what to do, how to do and who is to do.

Eg. Ola Taxi's departmental plan includes Technological plan, Organising and training of taximen, Developing Communication system, Marketing of innovative service.

8. **Establishment of controlling system**: A system of control should also be planned as part. Budget is a major device to express the plan in detail. This helps in the correction of actions and revision of plans, at the time of execution.

9. **Setting of Code of Conduct**: It is an ethical guideline for the managers and employees and the organization as a whole. It provides the guide lines by which the group conducts its business.

10. **Formulation of Road map**: It is the final step in the continues process of planning. Roadmap gives a clear picture of action plan. It is the time line fixed for each course of action- when it is to be done. Complete activities for the year are designed with tentative dates. The persons responsible are also fixed in the road map.

Planning Premises

Planning premises are anticipated environment in which plans are expected to operate. It lays down the boundary and limitations within which plans are implemented. The following are the major types of planning premises:

1. External and Internal Premises
   a. External- general business environment, market forces, factors of production
   b. Internal- Capital, managerial competence, skills of labour, sales forecast, technology
2. Tangible and Intangible premises
   a. Tangible- money, material, time, production
   b. Intangible- public relations, company reputation, employee morale
3. Controllable and uncontrollable Premises
   a. Controllable- policy, programs, rules
   b. Uncontrollable- Natural calamities, change in technologies, population trends, political changes

TYPES OF MANAGEMENT PLANS

Planning process cannot be effective unless the types of plans are properly understood.The following are the types of plans.

I. On the Basis of Level of Plan

1. Corporate Plan 2. Departmental (Divisional) Plans
3. Group (Sectional) Plans

II. On the basis of duration

1) Long Range Plans (LRP)
2) Medium term (Intermediate) Plans
3) Short term (Operational) Plans

III. On the basis of Usage

1) Mutli-use plan 2). Single use plan 3).Contingency plan

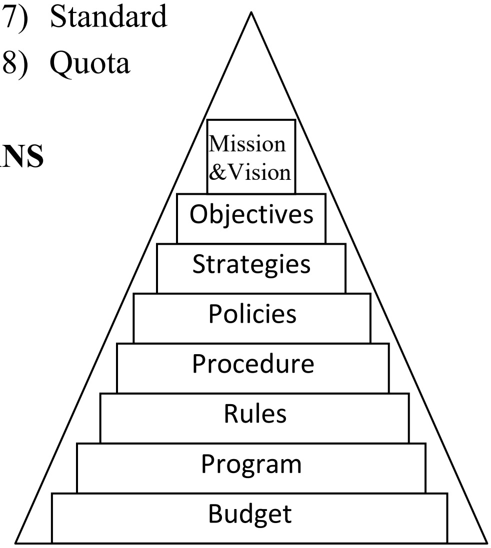
IV. On the basis of Hierarchy

1) Mission & Vision	5) Procedure
2) Objectives	6) Rules
3) Strategies	7) Program
4) Policies	8) Budget

V. Other Types of Plans

1) Methods	5) Goal	9) Deadline
2) Project	6) Target	10) Schedule
3) Tactical Plan	7) Standard	
4) Code of conduct	8) Quota	

HIERARCHY OF PLANS
by Koontz



1. Mission & Vision:

Mission: It's a broad term reflecting the overall philosophy of the organization. It ind Mission end which is to be achieved over the whole life of an organization (at least over a long period).

Eg. Tata's mission is "To improve the quality of life of the communities we serve globally through long-term stake holder value creation based on Leadership with Trust." Mission serves as the reason for the existence of an organization. Generally the term is used in non business organizations- College, School, Religious and charitable trusts, Clubs, Govt., etc.

Vision: It is the long term objective which clearly shows the destination where the organization wants to reach over a period of 10 to 15 years. Eg. Tata's Vision 2025: "By 2025, 25% of the world's population will experience the Tata Commitment to improving the quality of life of customers and communities. As a result, Tata will be among the 25 most admired corporate and employer brands globally…" **Core values** set by TATA includes is Pioneering, Integrity, Excellence, Unity, Responsibility.

2. Objectives (Goals)[12]:

Every organizations exists to achieve some purposes which are called objectives. Objectives are goals established to guide the efforts of the company. They represent the end towards which other functions of management (organizing, staffing, directing and controlling) are aimed. Goals are the collective end towards which an organization directs their energies and activities. Goals legitimate the role of the organization in the society. It provides a motive for its activities.

For e.g. Tata group sets as "Tata's principal purpose is to improve the quality of life of the communities it serves. We do this by striving for leadership and global competitiveness in the business sectors in which we operate."

[12] There are chances of conflict between mission and goals. Between long term goals and short term goals. Conflict may arise between quick gains and lasting yields. Eg. Recent removal of Cyrus Misri (Tata) was due to the conflicting goals set by Misri against Tata's purpose and mission.

a) **Long Term goals**: Long term goals are more related to the vision of the organization. Eg. Growth, Expansion, etc.

b) **Short term goals** are to support the long term goals. Eg. Profit, sales volume, cost reduction.

3. Strategies (Strategic Plan)

Strategy is the complex plan for bringing the organization from a given posture to a desired position in future period. A strategy provides answer to: Where we are?, Where we should be?, Who are our customers?, What do they buy and why?, Why should society accept us? Strategic planning includes longer-term goals that reflect the company's direction.

Stability strategy, growth strategy, retrenchment (reduction) strategy, combination (growth and reduction) strategy, competitive strategy, and master (grand) strategy are the types of strategies.

Strategic Planning is the process of outlining a long-term vision for a company. It is a management activity that is used to set priorities, allocate energy and resources, strengthen operations, ensuring employees and other stakeholders are working toward common goals, assess and adjust the organization's direction in response to a changing environment, etc.

Strategic management is the comprehensive collection of ongoing activities of the organizations. These are used for the systematic coordination of resources and actions,

Steps in Strategic Planning (SP Process):

1. Setting of mission and objectives
2. Environmental analysis- Planning premises
3. Strategic decision making.
4. Strategy implementation and control

4. Policy:

Policy is a broad/general statement formulated to provide guidance in decision-making. It defines the area or limits within which the decisions can be made. Policies are always based on objectives. They help to decide issues before they become issues. Policies are plans in general statements.

Eg. * 50% of higher positions will be through promotion.

* Only Post Graduates will be selected for managerial positions

Types of policies

a) Originated policy (formulated by top level mngt on their own initiative),
b) Appealed policy (Formulated on request of lower level mngt. Eg. Selection of employees for abroad training)
c) Imposed policy (formulated due to outside pressure-Govt, trade union, etc. Eg. a/c payment of salary)
d) Written Policies (formal and explicit declarations in writing)
e) Implied policies (oral understanding inferred from the decision of top management)

5. Procedure: A chronological sequence of steps to be undertaken to enforce a policy. They are used in functional areas (organizing, staffing, directing, and controlling) of business. Eg. Procedure for recruitment of staff, redress of grievance, etc. They are methods of accomplishing routine jobs. It provides detailed and specific guidance for day-to-day action.

6. Rules:

Rule is a rigid plan. There is no scope for discretion or deviation. They are guidelines for action. They are the simplest type of plan.

Eg. No smoking, No parking, No entry to public

7. Program

A programme refers to a set of clear instructions to perform a particular task. It provides a logical sequence of action. This explains how to carry-out a given course of action. Generally they are supported by budgets. The steps include division of works, sequence between steps, fixing responsibility, arranging resources, time scheduling.

Major programme is the basic plan. Eg. Programme to increase the production, Programme to develop a product, etc.

Minor program is a derivative programme to implement the major programme.

Schedule: Schedule is a time table of work. It says when a task begins and when the same is expected to complete.

8. Budget

A budget is a plan in quantitative terms. It is an instrument in both planning and control. Generally a budget is generally prepared for one year. They are also control devices. Eg. master budget, operating budget, financial budget, cash budget.

ZBB: Zero Base Budget is a method of budgeting. It starts from zero bases. All the expenditure has to be justified in the budget.

Other Types of Plan

1. **Multi-use plans**- Plans made to use situations of recurring nature. They are made to achieve uniformity of action and uniformity of efforts. Eg. Objectives, Strategies, Policies, Procedures, Rules, goals, code of conduct, etc.

2. **Single use Plans** – eg. They are made to meet a particular situation. Programmes, Budgets, Schedules, Projects, Methods

3. **Tactical planning** is the process of outlining business plans for the coming year. Tactical plans support strategic plans by translating them into specific relevant plans.

Tactics: Tactics are short term action plans designed to handle specific situations. They are formulated to implement strategy. They are formulated at lower levels.

4. **Contingency plan (Plan B):** A contingency is an unexpected event or situation that affects the financial health, professional image, or market share of a company. Contingent situation is a situation that may or may not happen. Contingent plan is often used for risk management. Eg. Natural disasters, terrorist attacks, fire in the warehouse, on the job injuries or even angry customers. The following steps are required to formulate a contingency plan:

a) Identify the Key Risks.

b) Prioritize the Risks.

c) Create a Contingency Plan-communication system, Time bound actions, trained staff, etc.

d) Maintain the Plan.

5. **Code of Conduct**: The code of conduct lays down the ethical standards that the organization and employees needs to observe. Code provides a contemporary and relevant guide for the conduct. However it does not provide, an answer to all questions or ethical dilemmas. It's a living document, amended over the years to meet the changes in culture.

6. **Targets**: Target is a plan stated in a concrete measurable terms. For eg. Total output for the year, total sales, etc. The features of target are:

a) Target is defined in concrete and unambiguous words

b) Target must be balanced with the goals set for the higher unit.

c) Target must be consistent with the facilities available.

d) Target must be challenging but not impossible.

7. Standard: Standard is a norm or criteria against which performance can be compared and evaluated. Standard indicated expected results. Generally all plans are standards. Standard may be:

(a) **Quantitative standard** – physical standard (unit of output and sales), monetary standards (sales turnover, profit), financial ratios (current ratio, net profit ratio)

(b) **Qualitative Standard**- quality standard, service standard (maximum time for a service), standard of conduct, etc.

8. Quota: A target stated in quantitative terms. The term is used in connection with planning of scarce resources like scarce raw materials, labor hours, etc. The features are:

(a) Quotas are need based (b) Application of limiting factor principle (c) Quotas matched with resources (d) Matching of individual quotas with total target

9. Deadline: This is a crucial element in planning. Dead line is required for the best utilization of time. It is the time limit prescribed for the completion of various tasks.

10. Projects: A project is a complex scheme for the investment of resources. Projects can be analysed separately. It is a non-recurring plan with a specific objective. Project is a time bound plan which involves investment of resources. Project minimizes errors and omissions.

COMPONENTS OF PLANNING

1.Vision, 2. Mission, 3. Objectives, 4. Strategies and 5. Action plans are the major components of planning.

FORECASTING

Forecasting is the use of historic and present data to determine the direction of future trends. It is process of predicting the future conditions that will influence the activities and performance of the organization. Prediction is based on the inference from known facts. Business forecasting is a decision making tool to help in planning and budgeting. It helps to estimate anticipated expenses and revenues.

Features:

1. It is a tool for decision making.
2. It is concerned with future events.
3. It is done by analyzing the past and present events.
4. It is based on internal and external data.
5. It is based on certain realistic assumptions.
6. There are several techniques for forecasting.
7. Quality of forecasts depends on reliability of information and the use of appropriate technique.
8. Long term and short term forecasts can be made.
9. Short term forecasts are more reliable.
10. There are several types of forecasts- economic, sales, technological, etc

Importance of Forecasting

1. It improves the quality of planning.
2. Forecasting involves regular interaction between people at all levels.
3. It is a means for effective coordination.
4. Forecasting is a basis for control.
5. It develops the managerial abilities through the habit of collecting, analyzing and interpreting data.
6. It eliminates the managerial decisions on the basis of guess work.
7. It helps to face changes effectively.

Limitations of Forecasting

(a) Based on assumptions

(b) Future cannot be predicted accurately

(c) Its time consuming and expensive

Steps (Elements) in Forecasting process

1. Developing the ground work: Defining the problem, purpose of forecast, structural base of forecasts, comparison of past events with present events.
2. Estimating future trends: on the basis of analysis of past trends, probable trends and intelligent guesses.
3. Comparing actual with estimated results: Significant deviations are analysed to identify the causes.
4. Refining the forecast: Forecasting is an ongoing process. It should be sharpened on the basis of experiences.

TECHNIQUES OF FORECASTING

I. **Quantitative Techniques**: Time series analysis, Regression analysis, Input-output analysis, econometric models.

II. **Qualitative Techniques**: Business barometers, historical analogy, panel discussion, Delphi techniques, morphological research, etc.

Selection of a method depends on several factors like time period, cost of forecasts, time available for forecast, content of the forecast, desired degree of accuracy, relevance and availability of historical data, etc

Historical analogy: An economy passes through certain stages in it's development. So the economic changes in the country can be predicted by making comparison with another country which has already gone through that stage. Eg. Take off stage of India in 2010s with that of US in 1940.

Morphological Analysis: It is a method for exploring all possible solutions to a multi-dimensional problem. It is used to explore new and different ideas. It opens a different way of thinking.

Eg. Kinder joy selected sweets, wonder, toy, and attraction together to design the product-three inspiring things for small children.

Business Barometers: These indexes help to predict the direction of the economic movement. Eg GDP, GNP[13], Wholesale price index, retail price index, SE index, volume of money supply, Per Capita Income, etc.

Delphi Techniques: Systematic probing of the minds of the experts. It is a structured communication technique. . Several rounds of questionnaires are sent to experts. But there is no face to face contact between experts. Their identity is also kept secret. The anonymous responses of these experts are aggregated and shared with the group after each round. The experts are allowed to adjust their answers in subsequent rounds. The experts who differed with a majority opinion are requested to communicate the reason. Final results are taken as forecasts after repeating the procedure.

MANAGEMENT BY OBJECTIVES (MBO)

Or

MANAGEMENT BY RESULTS (MBR)

Advocators

Peter F Drucker -1954 - 'MBO and Self control' as basis of measuring the performance of managers.

Edward Shelh - 1961 - MBO as a means for integrating individuals with organization.

John Humble -1965 - published book 'MBO'

Also known by 'Management by Results', 'Goals Management', 'Work planning and review'

MBO is a management model that aims to improve performance of an organization by clearly defining objectives that are agreed to by both management and employees. It is a personal management technique, where organizational goals are transalated into personal goals of employees.

[13] Gross National Product is a modified version of GDP (Gross Domestic Product). Market value of all products and services produced in an year constitutes GDP.

MBO is both a philosophy and technique of management. It is a rational and systematic approach to management. Thus management by objectives moves corporate planning downward so that it becomes translated into personal goals. Here measurable goals are setup in consultation with subordinate managers. Contribution of each individual is judged in terms of such goals.

"MBO is a process whereby the managers at all levels jointly identify its common goals, define each individuals major areas of responsibility and use these measures as guides for operating the units and assessing the contribution of each of its members." : *George Odiorne*

Features of MBO:

1) The term MBO was introduced by Peter F Drucker.
2) The concept MBO has undergone many changes.
3) Importance is given for the setting of individual objectives.
4) Objectives are set in all areas.
5) Emphasis is given on short term objectives and motivation.
6) MBO generally starts at top level.
7) It is a management philosophy.

Steps of MBO

1. *Preliminary goal setting*: Clarification of objectives. Long term goals in the light of external and internal environment.

2. *Setting Subordinates' objective*: Individual must know what he is expected to do. Individual objectives must be there to achieve the organizational objectives. It must be made in consultation with the individuals concerned.

3. *Recycling Objectives*: In MBO, goal setting is a two way process. It is a joint and interactive process. A network of objectives is created to contribute effectively to organizational objectives.

4. *Action Planning:* Once the goals are established at all levels, action programs are developed to achieve the targets. Authority and responsibility of each job and its relationship with other jobs should be clearly defined. Check points must be established to evaluate the results in key areas.

5. *Periodic Performance Reviews*: Periodical reviews are made to identify the short comings. This is also in consultation with subordinates. Here superior serves as a councilor and guide to the subordinates.

6. *Final Appraisal:* At the end of the year, a thorough evaluation of the performance is made. Achievements are analysed in the light of goals and standards. The focus is on improving performance and not downgrading poor performance.

Basic Principles of MBO

Peter Drucker set forth several principles for MBO. He believed that MBO was not a cure-all, but a tool to be utilized.

- Objectives should be determined with the employees.
- Objectives must be challenging but achievable.
- There is daily feedback.
- The focus of feedback is on rewards rather than punishment.
- Personal growth and development are emphasized, rather than negativity for failing to reach the objectives.

Advantages of MBO (Objectives of MBO):

4. It provides a means to identify and plan for the achievement of organizational goals.
5. It helps to develop a result-oriented philosophy.
6. It permits proactive behavior and a disciplined approach to goal achievement.
7. It allows preparing for contingencies
8. It acts as a motivational tool.
9. It helps to gain more efficiency, and to save resources.
10. It increases organizational morale.

Disadvantages of MBO

1. MBO can only succeed if it has the complete support of the top management.
2. When the goals set are unrealistically high, this may lower employee morale.

3. It is time consuming as there is considerable paperwork involved.
4. Some managers may resist the program because of this increased paperwork.
5. The emphasis is more on short-term goals.
6. Since the goals are mostly quantitative in nature, it is difficult to do long-range planning.
7. Most managers may not be sufficiently skilled in MBO.
8. The integration of MBO system with other systems such as forecasting and budgeting etc., is very poor.
9. Group goal achievement is more difficult.
10. Cohesion is more difficult when the goals of one deportment depend on the goals of another department.

ORGANISATION

Organisation is an essential part of human life. In management, the term is used in two different ways- as a structure and as process

(a) Organisation as a structure (Static concept): It refers to the network of relationships among jobs and positions in an organization. According to Koontz, it is a formalized, intentional structure of roles and positions. The efforts of different people are coordinated within this structural framework. In this way organization is a static mechanical entity. It lays emphasis on position and not on individuals. Here the term is used as a noun.

(b) Organisation as a process (Dynamic concept): Organising is the process of defining and grouping the activities of the enterprise, and establishing the authority relationship among them. Organisation involves identification of work to be done, division of work and coordination of these efforts. Thus organizing involves differentiation and integration. Differentiation is segmentation into subsystems and integration means creating unity of efforts among the various sub systems. It lays emphasis on individuals and considers organization as a continuous process. Here the term is used as a verb.

STEPS IN ORGANISING

1. *Identification of important activities* – to avoid duplication, overlapping and wastage of efforts.

2. *Grouping of activities* – Grouping of closely related activities to form departments, divisions or sections.

3. *Assignment of Duties* – Assigning a 'position' to each group of related activities. Every 'position' is occupied by an individual. It continues from the top to the bottom level. It creates responsibility and certainty of performance.

4. *Delegation of authority* – There should be proper balancing of authority and responsibility. Delegation of authority and responsibility creates superior-subordinate relationship.

5. *Coordination of Activities:* Co-ordination is the integration of the efforts of group members to provide unity of action. It is a hidden force which binds all the other functions of management.

ORGANISATION STRUCTURE

Organisation structure is the established pattern of relationships among components of the organisation.

Factors Affecting Organisation Structure

Both internal and external factors affect the organizational functioning and its structure.

A. Internal Factors

1) Managerial Factors: The ability and attitude of the management affects the organization structure. Organisation tends to be in the flat structure, where the management trusts their employees and where they are willing to delegate authority.

2) Employee Profile: Where the employees are efficient, there is a possibility for flat structure. The morale of the employee may also affect the organization structure. In many firms there will be employees of multi-lingual and multi-culture.

3) Technology: Use of technology will definitely affect the structure. If the firm is adaptable to technological changes, there is a

more scope for more freedom to the employees. This will reduce the need of internal direct administration.

4) Size of the organization: The size of the firm definitely affects the structure. In a large organization, there will be more functional departments.

5) Nature of Work/Business: The nature of work determines the amount of supervision required, and there by the structure of the organization. In many IT companies the employees has the freedom to complete their works even by sitting at home.

6) Trade Unions: Trade unions of Indian scenario are more demanding in nature and hence will affect the structure of the firm. Administration shall be a burden in case of active trade unionism. There shall be more efforts for the administrative aspects.

B. External Factors

1) Technology: Technology is the major external force which calls for change in the organizational structure. The adoption of new technology such as computers, telecommunication systems, IT, sophisticated technology and flexible manufacturing operations has profound impact on the organizations.

2) Market Conditions: Marketing conditions are no more static. They are in the process of rapid change as the needs, desire and expectations of the customers change rapidly and frequently. New methods of advertising, social media, online trade, etc influence the customers and there for the organization too.

3) Social Changes: Social and cultural environment also suggest some changes that the organizations have to adjust for. There are a lot of social changes due to spread of education, knowledge and a lot of government efforts. Social equality e.g. equal opportunities to women, equal pay for equal work, part time job culture, brain drain, etc. This will force the organization to have a flexible culture

4) Political Forces: Political environment within and outside the country have an important impact on business especially the transactional corporations. An organisation is also affected by the world politics. Now a days bigger organisations has a tendency to interfere and influence the local and national politics.

5) Government Regulations: Labour Laws prevailing in the nation has a great influence on the organization structure.

FORMS OF ORGANISATION STRUCTURE

1. **INFORMAL ORGANISATION:** These are a spontaneous relationship that emerges due to social and psychological forces operating at the workplace. It arises naturally on the basis of friendship or common interest. Common habits, common language, common hobby, etc. may lead to informal groups.

2. **FORMAL ORGANISATION**: Organisation structure deliberately created by the top management for achieving the objectives. Formal organization is a system of well-defined jobs with authority, responsibility and accountability.

3. **LINE ORGANIZATION** – Military/Scalar –Origin from military

Line Organisation of Indian Army
(Officer Rank)

General
⇩
Lt General
⇩
Major General
⇩
Brigadier
⇩
Colonel
⇩
Lt. Colonel
⇩
Captain
⇩
Major
⇩
Lieutenant

Line organization is the most oldest and simplest method of administrative organization. According to this type of organization, the authority flows from top to bottom in a concern. The line of command is carried out from top to bottom. Each department manager has control over his or her department's affairs and employees.

It is the simple and oldest form

a) It consists of direct vertical relationships.

b) Authority flows from top level to bottom level.

c) Department heads are given full freedom to control their department.

d) The same pattern of organisation is followed in the military.

4. **FUNCTIONAL (STAFF) ORGANISATION**

The concept of Functional organization was suggested by F.W. Taylor. This structure uses the principle of specialization based on function or role. It is a common type of organizational structure. Here the organization is divided into smaller groups based on specialized functional areas, such as IT, finance, Production, marketing, etc.

Features:

a) The need for functional organization arises from the complexity of modern organization.

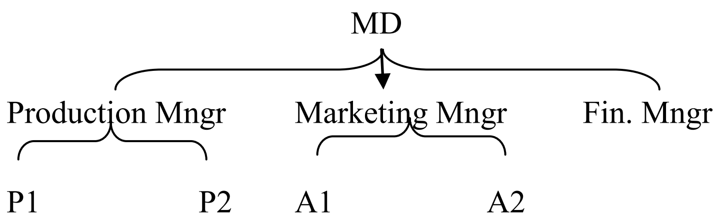
b) It facilitates full specialization

c) Here work is divided according to the functions.

d) Each functional area serves all other areas.

e) Functional authority has the power to give command throughout the line with regard to his functional area.

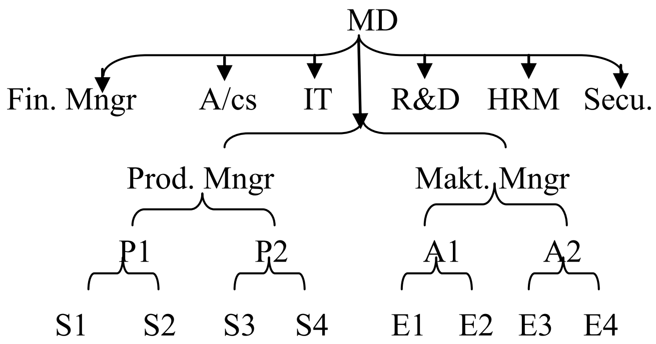
f) It reduces the work of the line managers.



5. **LINE & STAFF ORGANISATION-**

Line and staff management has two separate hierarchies: (1) the line hierarchy in which the departments are revenue generators (manufacturing, selling). Their managers are responsible for achieving the organization's main objectives.

(2) The staff hierarchy, in which the departments are revenue consumers. Their managers are responsible for activities that support line functions (such as accounting, maintenance, personnel management).



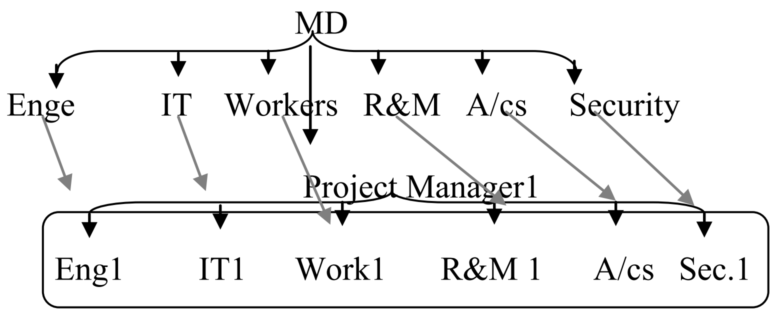
a) It is a complex organization structure.
b) It is a combination of line and functional organization
c) Entire planning of the department vests with the line managers.
d) Line officers are assisted by staff officers while planning and implementing.
e) Success depends on the effective coordination.

6. **PROJECT ORGANISATION**

The Project Organization defines the human infrastructure of the project. Here a project structure is created as a separate unit or division within a permanent functional structure. Specialists and workers from various functional departments are drawn to form this project structure. They will work under the overall leadership, control and co-ordination of a project manager to complete projects of a technical and costly nature. Eg. DMRC for Metro,

a) Project is generally long term.

b) There is a grouping of activities for the project.
c) The core concept is to gather a team of specialists to work on and complete a particular project.
d) The project staff is separated and is independent of the functional departments.
e) Each project is headed by a project manager.
f) Project staffs are accountable to the project head only.
g) Success depends on the effective coordination.



7. **MATRIX ORGANISATION** - Grid structure

A matrix organizational structure is a company structure in which the reporting relationships are set up as a grid, or matrix, rather than in the traditional hierarchy. Here employees have dual reporting relationships - to a functional manager and a product manager.

MD

	Eng.,	R&D,	A/cs,	HRM
Proj 1	‘’	‘’	‘’	‘’
Proj 2	‘’	‘’	‘’	‘’

a) Here exists multiple command structure.
b) Principle of chain of command is not followed.
c) An employee has to report to more than one superior.

8. **COMMITTEE ORGANISATION** (Juries):

Committee is a group of persons formed to discuss and deliberate on problems and to recommend or decide solutions. Committee may be formulated at any level of the organization. Its members may be selected from any level irrespective of the structure. Members may go into details of the problem. Committees can be different types. They include: Standing/ Ad hoc Committee, Executive/Advisory Committee, Line/Staff Committee, Formal/Informal Committee

9. **NETWORKING (VIRTUAL)**

Network of suppliers, manufactures, distributers, accounts processors, etc. are formed to conduct the business. In this structure, the firm outsources many of its functions to outsiders in the network. Eg. Flipcart, Amazone, Ola, Euber etc.

10. FREE FORM (ORGANIC/RATIO) ORGANIZATION

Rapidly changing temporary system to solve a spontaneous issue is called a free form organisation. It will be resolved after achieving the objective.

11. **TASK FORCE**- Group of people from different backgrounds to perform a specific task or mission are called a task force. A Task force is almost similar to ad-hoc committee. A task force is constituted when an organization faces some unique problem that cannot be solved by a single individual or department.

SPAN OF CONTROL

(Span of Management/Span of supervision)

It refers to the number of subordinates that report directly to a superior. There is a limit to the number of subordinates that a manager can effectively supervise. Classical schools of thought suggest the optimum number of span as 6/7. Span of control is related to the degree of responsibility exercised by the group members. The smaller the responsibility, the greater could be the span of control.

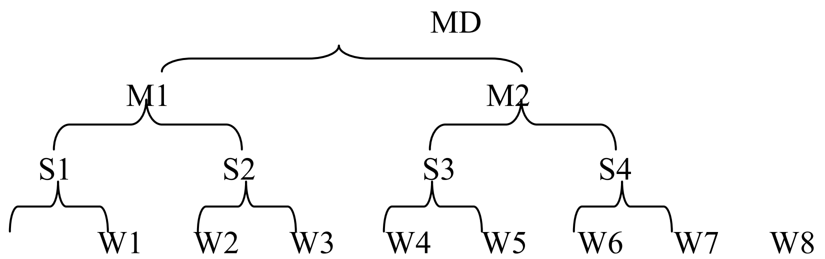
Factors determining Span of Management

1. Nature of work
2. Type of technology
3. Ability of the manager
4. Capacity of the subordinates

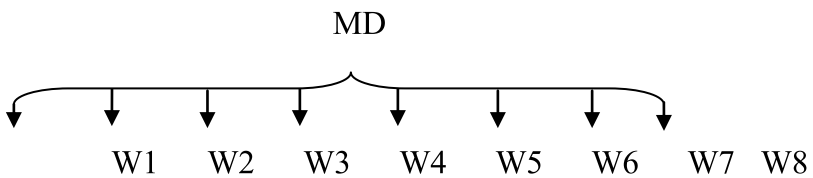
5. Degree of decentralization
6. Effectiveness of planning
7. Staff assistance like pvt secretary, PA, etc can reduce the work load of managers.
8. Communication techniques
9. Time available for supervision
10. Geographical dispersion of subordinates

Narrow and Wide spans

In a narrow span, a single manager oversees few subordinates. It gives a tall organization structure. It is also called Tall/Vertical/Narrow Organisation. If the span is 2 for a group of 8 workers, there will be 4 levels of management.



In a wide span, a single manager oversees a large number of subordinates. It gives a flat organization structure. It is also called Flat/Wider Organisation. If the span is 8 for a group of 8 workers, there will be only 2 levels of management.



GRAICUNAS THEORY OF ORGANISATION

VA Graicunas (1898-1952), French management consultant developed a mathematical formulae by analyzing superior subordinate relationships. There are three types of relationships:

1. Direct Single Relationships: It arises from the direct and individual contacts with the subordinates. Eg. If A has 2 subordinates B&C, then there would be two direct single relationships (A with B and A with C)

2. Direct Group Relationships: It arise between the manager and subordinate groups in all possible directions. A with B in front of C, and A with C in front of B

3. Cross-relationships: It arise from the subordinates working under a common superior. There can be two cross relationships in the above example- B with C and C with B

Graicunas' formulae :

Direct Single relationships = n

Direct group relationships = n($\frac{2\,n}{2} - 1$)

Cross Relationships = n(n-1)

Total Relationships = n((2 ^{n}/2)+n-1)663

DELEGATION OF AUTHORITY

Delegation is the assignment of any responsibility or authority to another person to carry out specific activities. Delegation is usually a one-way street. Eg. superiors delegate authority to subordinates. It is one of the core concepts of management leadership. Through delegation, a manager is able to divide the work and allocate it to the subordinates. Delegation of authority is one vital organizational process. It is inevitable along with the expansion and growth of a business enterprise.

Importance of Delegation

(a) It facilitates division of manager's work among the subordinates.

(b) This helps in reducing his work load.

(c) Manager can concentrate on key issues.

(d) Superior-subordinate relationship become meaningful

(e) It helps the subordinates to flourish their abilities and skill.

(f) It is helpful to both superiors and subordinates.

Elements of Delegation:

1. Assignment of duties or tasks.
2. Delegation of decision making authority.
3. Creation of obligation.
4. Creation of accountability for performance.

Need and Importance of OS

1. **Decision Making**: Organizational structure is important for decision making. Flat structures enable small companies to make quicker decisions. Well defined delegation of authority facilitates easy decision making in a tall and functional structure of large organisations.

2. **Communication**: Organisation structure is very important in the flow of communication. A suitable structure will ensure effective communication.

3. **Performance Evaluation**: Organizational structure is important for evaluating employee performance. The linear structure of functional and product organizational structures allow supervisors to better evaluate the work of their subordinates.

4. **Team Spirit:** Organizational structure allows for the chain of command. Department leaders are in charge of delegating tasks and projects to subordinates so the department can meet project deadlines. In essence, organizational structure fosters teamwork, where everyone in the department works toward a common goal.

5. **Change Management**: Organizational structure enables companies to better manage change in the marketplace, including consumer needs, government regulation and new technology. Company leaders always should strive to find the best organizational structure to meet those changes.

PRINCIPLE OF ORGANISATION

There are several principles of organization formulated by different scholars, but all based on 14 principles of Hentry Fayol.

1. Unity of objectives
2. Division of work (Specialisation)
3. Span of control
4. Scalar Principle (chain)

5. Defining the functions
6. Authority and responsibility
7. Management by Exception (Authority level principle)
8. Unity of command
9. Unity of direction
10. Accountability
11. Balancing between centralization and decentralization
12. Efficiency
13. Flexibility to adopt technical and other changes
14. Continuity by training and development
15. Facilitates leadership
16. Parity of authority and responsibility
17. Facilitates coordination
18. Makes the most of top talent- Talent is critical. Connection between the capabilities you need and the leadership talent you have. Business organization based on innovation, should respond quickly to changes in the market. Core skill based on low-cost pricing and extensive distribution is not suitable. Balance the highly technical CFO with least leadership through a COO who excel at the public facing aspects.

THEORIES OF ORGANISATION

I. Classical Organisation Theory: Administrative/Scientific management schools of thought propose tall structure. 4 pillars are: (1) Division of labor (2) Scalar Chain (3) Structure (4) span of control

II. Neo Classical Organisation Theory: Behavoural school schools of thought proposes flat structure, decentralization, informal organization

III. Modern Organisation theory –

a. Systems approach proposes technical, supportive, maintanence, adaptive, managerial sub systems in the organizational structure.

b. Contingency/Situational approach proposes tailor made structures for each organization.

ORGANISATIONAL CLIMATE/CULTURE

The concept was introduced by human relationists in the late 1940s. Organisational culture is connected with the beliefs and expectations about organizational life. Organisational climate is an indicator of whether these beliefs and expectations are being fulfilled. It's a general expression of what the organization is. It's a qualitative and intangible concept. It's a multi-dimensional concept which covers autonomy, authority structure, leadership style, degree of conflicts, cooperation, etc.

Organizational climate determines the work satisfaction. Satisfaction influences the efficiency of employees. Effective communication system, concern for people, participative decision making, technological changes, etc are required to develop a sound organization climate. Nature of the people in general influences the organisational climate and job satisfaction. Motivational factors also differs from individual to individual. Some are motivated by money (economic man), some are motivated by social relations and interactions (social man) and some are motivated by achievements (self actuating man).The good climate will provide for the satisfaction of all types of human beings.

COORDINATION

Co-ordination is the unification, integration, synchronization of the efforts of group members so as to provide unity of action in the pursuit of common goals. It is a hidden force which binds all the other functions of management. Co-ordination is a process. It is not fixed. It applies to group activities. It does not apply to individual activities. Coordinating function is the orderly arrangement of individual and group efforts to provide unity of action in the pursuit of a common goal. In an organization, all the departments must operate in an integrated manner so that the organizational goals are duly achieved.

Henri Fayol defines coordination as "to coordinate is to harmonise all activities of a concern so as to facilitate its working and its success. In a well-coordinated firm, each department works in harmony with others."

Balancing, timing and integration are the three major elements of coordination.

Balancing – enough of one thing is available to counter-balance the other.

Timing – Timing involves bringing together different activities under a common time schedule.

Integration – Unification of diverse interest under a common purpose.

COORDINATION – THE ESSENCE OF MANAGING

The basic objective of management is to integrate and harmonise human efforts. Coordination produces rhythm. Every function of management is an exercise in coordination. Coordination makes planning more effective, organization more well-knit, staffing more realistic, directing more efficient and controlling more regulative. All the managerial function revolves around coordination.

Types of Coordination

1. Internal Coordination: Coordination between different departments.
2. External Coordination: Coordination between organization and external groups (Govt., customers, investors, suppliers, dealers, trade union, competitors, etc.)
3. Vertical Coordination: Coordination between different levels of management hierarchy.
4. Horizontal Coordination: It means synchronizing the activities of same level of organization.
5. Procedural coordination: It is achieved through a manual describing procedures to be followed. Eg. Procedure for taking CL, late arrival, early leaving, etc. It helps the individuals to take decisions, especially on matters of limiting authority.
6. Substantive coordination: It is based on the fundamental principles of the organization. Recruitment of employees, sanction of long leave, terminating an employee, spending huge amount, etc.

Cooperation implies the willingness of the people to help each other. Coordination is impossible without cooperation. But cooperation does not ensure coordination. Cooperation is natural and voluntary. Coordination is a contrived (artificial) process.

PRINCIPLES OF COORDINATION

1. Early beginning – improves quality of planning
2. Direct personal contact – Interpersonal relationships is an effective means of coordination. It improves confidence.
3. Continuity – Coordination is a never ending process.
4. Reciprocal Relations – All factors in a given situation are interdependent. An individual may affect the group and the group may affect the individual.
5. Self-Coordination – If a department modifies their actions to affect the particular department favorably, self-coordination is achieved.

How to conduct a planning session:

Define the goals, Decide who will attend, Choose the right location, Create an agenda, develop a follow up plans

The basic steps in the management planning process involve creating a road map that outlines each task the company must accomplish to meet its overall objectives. Establish Goals. Identify Resources. Establish Goal-Related Tasks. Prioritize Goals and Tasks. Create Assignments and Timelines. Establish Evaluation Methods.

'Plans are only good intentions unless they immediately degenerate into hard work.'

PREVIOUS YEAR QUESTION

Section-A (1 weight)

1. What is MBO? 2011, 2014, 2015, 2017
2. Distinguish between MBO and MBE? 2011, 2013, 2014
3. Contingency planning ? 2011
4. What is span of control ? 2014
5. What is span of control ? what is the impact on the design of an organization ? 2011
6. What is the difference between line and staff positions? 2011
7. What is responsibility? How is it different from accountability? 2011

8. What is management by exception ? 2011
9. What is meant by policy? 2012
10. "Planning is an empty exercise without controlling " explain. 2012
11. What is organization chart ? 2012
12. Explain the term authority and accountability ? 2012
13. What is learning organization ?
14. Define delegation of authority ? 2014
15. What is organizational diagnosis ?
16. Explain matrix organization. 2014

Section-B (2 weight)

17. Explain the different types of action planning ?
18. What is delegation of authority ? What are the reasons for delegation ? 2011
19. What is power ? What are the different kind of power ? 2011
20. Explain the goal setting process through MBO. 2012
21. "A manager multiplies himself through delegation " explain ? 2012
22. How is delegation different from decentralization ? 2012
23. What are the fundamental steps in control mechanism ? 2012
24. What is span of control? Explain the factors governing the span of control. 2013
25. Describe the premises of planning ?
26. Describe the factors influencing organizational structure ? 2013
27. Explain in detail the determinants of organizational structure ? Give examples. 2015
28. Explain the steps in planning ? 2014
29. Describe forecasting techniques. 2014
30. State the barriers to effective delegation ? 2014
31. "Planning is looking ahead , and controlling is looking back k" discuss ? 2015
32. Discuss how external environment influence organizational structure. 2017

Section-C (5 weight)

33. Why is planning considered necessary function of management ? Discuss in brief the planning process ? 2012
34. Discuss the principles of an organization. Explain the different types of organization. Give merits and demerits? 2012
35. What do you understand by forecasting? Discuss the main technique of forecasting ? 2015

MODULE-3
ORGANISATIONAL BEHAVIOR

Organizational behavior (OB) deals with the study of human behavior. OB is the study of the way people interact within groups. It is the study about the individual and the influence of organization structure on the individual.

"OB is a branch of social sciences that seeks to build theories that can be applied to predicting, understanding and controlling behaviour in a work organisation." Aldag and Brief

"OB is the study of human behavior in organizational settings, the interface between human behavior and the organization, and the organization itself." *Gregory and Rickey*

In short OB attempts to study:

1) the behavior of individuals and groups.
2) the impact of organizational structure on human behavior.
3) the application of knowledge to improve efficiency.
4) OB can be divided into **three levels**:

a. Micro Level : The study of individuals in organizations
b. Meso-Level : The study of work groups.
c. Macro Level - The study of organizations as a whole.

SIGNIFICANCE OF OB

1) It helps to understand organization and employees in a better way.
2) It helps in improving industrial and labour relations.
3) It builds better relationship by achieving people's, organizational, and social objectives.
4) It covers a wide array of human resource like behavior, training and development, change management, leadership, teams etc.
5) It brings coordination which is the essence of management.
6) It improves goodwill of the organization.
7) It helps to achieve objectives quickly.

8) It makes optimum utilization of resources.
9) It facilitates motivation.
10) It leads to higher efficiency.
11) It improves relations in the organization.

RELATIONSHIP BETWEEN MANAGEMENT AND OB

Understanding the relationship between management and organisation is very useful for leadership. Organizational behavior management (OBM) is an important aspect of management. Theory and practice of OB helps the managers to manage more productively by facing with global changing, improving services, managing diversity, empowering people, deviant workplace and job satisfaction. The relationship can be assessed through the following points:

1. The OB is one of basic elements that support for management in business.
2. It helps to improve individual and group performance.
3. It helps the managers to understand behaviour and what individuals, groups and structure are doing.
4. It helps managers to face with difficulties in organizations.
5. It also helps to find out some best methods to resolve those problems.
6. It helps the managers to compose the resources-Men, Money and Material.
7. It helps the managers to perform the basic functions -planning, organising, leading and controlling.
8. It helps to manage unfriendly behaviors and other forms such as theft, insult, and gossip that exist in different workplace.
9. It helps to utilize the collective skills and experiences to provide services to customers.
10. It helps to guide the employees.
11. It helps to provide emotional support to employees
12. It helps to train the employees.
13. It helps the employees to reduce stress and to improve job satisfaction.

MODELS OF ORGANIZATIONAL BEHAVIOR

OB models are the techniques which help us to understand complex things and ideas in a clear manner. Each model is based on certain assumptions about the people working in that organization. Autocratic model, Custodial model, supportive model, Collegial model, etc. are some common models of OB.

1. The Autocratic Model

Autocratic model is the first model, which has roots in the industrial revolution. David McGregor has developed this model in his ‘theory X’. This model leads to tight control of employees at work. Authoritarian model is also found in the theory of scientific management developed by F.W. Taylor. It is the conventional view of management.

Under autocratic conditions, employees give higher performance either because of their achievement drive or their personal liking to the boss or because of some other factor.

Features:

1) The base of this model is the ‘power’ of the boss.
2) Power is the ability to get things done, sometimes over the resistance of others.
3) The managers give orders and the employees have to obey the orders.
4) The employees in are oriented towards obedience and dependence on the boss.
5) The employee need that is met is ‘survival’.
6) The performance result is minimal.
7) Organisation is authority oriented.
8) This authority is delegated by the right of command over the people.
9) The management believes that the employees have to be directed, persuaded and pushed into performance.
10) Management does the ‘thinking’ and employees ‘obey’ the orders.
11) Employee’s orientation is obedience to the boss.

12) The employees are paid minimum wages for minimum performance.

Merits:

1) Minimum performance can be ensured, because the employees have to satisfy the survival needs of themselves and their families.
2) Some employees give higher performance because of a drive to overcome challenges.
3) The model is successful in situations where the workers are actually lazy.
4) It is also suitable in the situation of time bound work.

Demerits

1) Employees may obey but they need not respect him.
2) The threat generally used by the managers is to withheld the wages if the workers do not obey them. Nowadays, this model is not applicable because there are minimum wages laws in most of the countries.
3) The leadership is negative because the employees are uninformed, insecure and afraid.
4) If the workers are educated and organised, they cannot be dictated to by the managers all the time.

2. The Custodial Model

The insecurity and frustration felt by the workers under the autocratic model sometimes led to aggression towards the boss and their families. To dispel this feeling of insecurity and frustration, the need was felt to develop a model which will improve the employer-employee relations. The progressive managers, to overcome the shortcomings of the Autocratic model, used the custodial model. This model begin to build on McGregor's Theory of Y.

Features:

1) This model emphasizes the economic rewards and benefits.
2) The success of the Custodial Model depends upon the economic resources (money).
3) The employees depend upon organisation rather than their boss.
4) The employer looks to security needs as a motivating force.

5) This introduces welfare programmers to satisfy security needs of employees.

Merits

a) Under this model, the employees are satisfied and happy.
b) It brings security and satisfaction to the employees.
c) This introduces welfare programmers to employees. Eg. On site day-care centre, free transport facility.
d) Welfare programmes lead to employee dependence on the organization.
e) The basis of this model is economic resources.

Demerits

a) It depends upon material rewards only to motivate the employees.
b) It ignores psychological needs of employees.
c) Employees are not strongly motivated. So they give only passive cooperation.
d) The performance result is passive cooperation.
e) Employees are not motivated to increase their capacities of which they are capable.
f) Though the employees are satisfied, they do not feel motivated.
g) Happy employees are not necessarily most productive employees.

3. The Supportive Model

The supportive model has originated from the ‘Principles of Supportive Relationships’ by Rensis Likert. The supportive model is founded on leadership, not on money or authority. In fact, the managerial leadership style provides an atmosphere to help employees grow and accomplish their tasks successfully. The workers are by nature not passive and disinterested to organizational needs. They are made so by an inappropriate leadership style. Supportive model believe that a change in the leadership style, will make the workers ready to share responsibility, develop a drive to contribute and improve themselves. Thus, under supportive approach, the management's orientation is to support the employee's job performance for meeting both organizational and individual goals. This model also begin to build on McGregor's Theory of Y.

Features:

1) This model is an improvement over the earlier two models- Autocratic and custodial.
2) It is assumed that the workers are not lazy and work shirkers by nature.
3) The Supportive Model depends on leadership instead of power or money.
4) The basis of this model is leadership with a managerial orientation of support.
5) The employees are oriented towards job performance and participation.
6) The management supports the employees' job performance, in addition to the monetary benefits.
7) The employee need that is met is 'status and recognition'

Merits.

a) Favorable organisational climate is created with the help of leadership.
b) Employees are helped to grow to the greater capacities, in compliance with the organizational goals.
c) It is assumed that the workers will take responsibility and improve themselves, if given a chance.
d) Workers can be self-directed and creative to the organization.
e) This model takes care of the psychological needs of the employees.
f) Supportive behavior helps in creating friendly superior-subordinate interaction.
g) It develops a high degree of confidence and trust.
h) The employees are oriented towards job performance and participation.

Demerits

a) This model has been found to be effective in affluent (developed) countries only. It is effective where the workers are more concerned about their psychological needs like high self-esteem, job satisfaction etc.

b) It has limited application in undeveloped and developing countries, where the majority of the workers are below the poverty line. For them, the most important requirement is the satisfaction of their physiological needs and security. They are not much concerned about the psychological needs.

c) The supportive model is found more useful and effective in developed nations. It is less effective in developing nations because of employee's less awakening in the developing nations.

4. The Collegial Model

The collegial model is an extension of the supportive model. The Dictionary meaning of **collegial** is ‘a body of persons having a common purpose’. This model is based upon the partnership between employees and the management. This model also begin to build on McGregor's Theory of Y.

Features:

1) The basic foundation of the collegial model lies on a feeling of partnership with employee.
2) Feeling of partners creates a favorable climate in the organisation.
3) Under collegial approach, employees feel needed and useful.
4) Workers see the managers as joint contributors and not as boss.
5) The collegial model relates to a team work/concept.
6) Both the management and workers accept and respect each other.
7) The workers accept responsibilities because they find it their obligation to do so, and not out of threat.

Merits

1) The collegial model inculcates the team spirit in an organisation.
2) This helps in developing a system of self-discipline in the organisation.
3) Feeling responsible backed by self-discipline creates a feeling of team work
4) In collegial environment, the workers have job satisfaction, job involvement, job commitment and some degree of fulfillment.
5) The collegial model is especially useful in research laboratories, educational institutions and similar work situations.

6) This approach produces improved results in appropriate situations.

Demerits

a) The Model is not suitable where workers are not educated.
b) It is not suitable in all situations
c) It is not suitable in undeveloped nations

The sum and substances of these four models of organizational behavior:

	Autocratic	**Custodial**	**Supportive**	**Collegial**
Basis	Power	Economic Resources	Leadership	Partnership
Orientation	Authority	Money	Support	Teamwork
Employee needs met	Survival	Security	Status & recognition	Self Actualisation
Impact on Employee	Dependent on boss	Dependent on Organisation	Participation	Self Discipline
Performance	Minimum	Passive Cooperation	Awakened Drives	Moderate enthusiasm
Assumption	Employees are lazy	Employees feel insecure	Workers are not lazy	Quality Workers
Suitability	Undeveloped Nations	Developing Nations	Advanced societies	Well advanced societies

Interpretation of Different Models:

It becomes very clear that there is no single model which is best suited to the requirements of all the organisations. The managers will have to make use of a combination of models depending upon the circumstances of the case. But keeping in view the emergence of professional management, the use of Supportive and Collegial will be more as compared to the Autocratic and Custodial Models.

Although there are four separate models, almost no organization operates exclusively in one. There will usually be a predominate one, with one or more areas overlapping in the other models. The collegial model should not be thought as the last or best model, but the beginning of a new model or paradigm.

(i) As soon as the understanding of human behavior develops or social conditions change, the model is bound to change. No one model is best for all times.

(ii) Models of organizational behavior are related to hierarchy of human needs. As society advances on the need hierarchy, new models are developed to serve the higher order needs that is paramount at that time.

(iii) Present tendency is towards more democratic models of organizational behavior.

(iv) Different models will remain in use though new model predominates.

5. Other Models:

A number of approaches can also classify some models of organisational behavior. A few of these models are as explained below:

(i) **Normative Models:** The normative models seek to find out that **what should be done** to produce optimum results. Most of the management theories are comprised of the normative models. While preparing the plans and policies the management is more concerned with what should be done by the managers and the employees and what should not be done.

(ii) **Empirical Models:** Empirical models describe **the activities the employees** actually perform. The organisational behavior is concerned with what is actually taking place in the organisations and how do people actually behave.

(iii) **Ecological Models:** All the functions of the organisation are affected by the **environment.** This interaction between the organisation and environment is known as ecological interaction. It is because the environment supplies the inputs which are converted by the organisation into outputs. Through a process of feedback output causes the emergence of new inputs.

(iv) **Non-Ecological Models:** As the name suggests this model is the opposite of ecological model. The non-ecological models assume **stability in the environment** and that everything will remain the same. This model does not help in generalizing that what will happen in future. In the modern day world, when the environmental factors are assuming a lot of importance, this model is not very useful.

(v) **Ideographic Models:** The models that are developed to **deal with specific cases** or unique situations are called ideographic models. This model deals with situations like single nation, single organisation, single group, individual, biography, historical episode etc. When the organisational behavior is concerned with **micro-level** analysis this model is generally used.

(vi) **Nomothetic Models**: These models deal with **general situations**. These are concerned with theory building on the **macro level** basis. These are concerned with generalizations, laws, hypothesis which indicates regularity of behavior and correlation between variables. These models deal with situations like cross country, cross organisation, cross group, cross individual analysis of organisational system.

CONTRIBUTING DISCIPLINES TO OB

Organizational Behavior is an applied behavioral science that is built upon contributions from a number of behavioral disciplines. The dominant areas are psychology, sociology, social psychology, anthropology, political science, and economics.

1. **Psychology**

Psychology is the science that seeks to measure, explain, and sometimes change the behaviour of humans and other animals.

Psychologists concern themselves with studying and attempting to understand individual behavior.

Learning, perception, personality, emotions, training, leadership effectiveness, needs and motivational forces, job satisfaction, decision-making process, performance appraisals, attitude measurement, employee selection techniques, work design and job stress

2. Sociology

While psychology focuses on the individual, sociology studies people in relation to their fellow human beings. Sociologists study the social system in which individuals fill their roles. Sociology studies people in relation to their fellow human beings to improve organizational performance.

Sociology is the study of group behaviour in organisations, group dynamics, design of work teams, organisational culture, formal organisational theory & structure, organisational technology, communications, power and conflict. Learning theorists, personality theorists, counseling psychologists, and industrial & organizational psychologists contributes to the OB.

3. **Social psychology**

An area within psychology that blends concepts from psychology and sociology and that focuses on the influence of people on one another. Major area is change – how to implement it and how to reduce barriers to its acceptance

It helps in measuring, understanding and changing attitudes, communication patters, building trust, the ways in which group activities can satisfy individual needs, group decision-making processes. OB have received valuable input from sociologists are group dynamics, design of work teams, organizational culture, formal organization theory and structure, organizational technology, communications, power, and conflict.

4. Anthropology

Anthropology is the study of various aspects of humans within past and present societies. Social anthropology and cultural anthropology study the norms and values of societies. Linguistic anthropology studies how language affects social life. It work on cultures and environments, differences in fundamental values, attitudes, and behavior between people in different countries and within different organizations.

Study on culture and environment has helped us understand differences in fundamental values, attitudes, and behaviour between people in different countries and within different organizations.

5. Political science

Political science studies the behavior of individuals and groups within a political environment. Specific topics of concern here include the structuring of conflict, allocation of power, and how people manipulate power for individual self-interest.

6. **Economics**: Economics is a social science concerned with the factors that determine the production, distribution, and consumption of goods and services. It is the study of scarcity, the study of how people use resources, or the study of decision-making.

7. **Technology**: Technology affects the behavior of employees. In today’s world, people are highly influenced by technology.

POWER

Some people like to work under strong authority because they feel that their boss is a natural born leader. Power is the ability to get things done, sometimes over the resistance of others. French and Raven described five bases of power They can be classified into positional power source and personal power source.

A. Positional Power Source.

1. **Legitimate** – This comes from the belief that a person has the formal right to make demands. A president, prime minister, monarch or CEO has legitimate power. Electoral mandates, social hierarchies, cultural norms, and organizational structure all provide the basis for legitimate power. This type of power is solely based on position. When one lose the title or position, power will instantly disappear. The people were influenced by the position rather than by the person.

2. **Reward** – This results from one person's ability to compensate another for obedience. If others expect that you'll reward them for doing what you want, there's a high probability that they'll do it. Pay hike, promotions, desirable assignments, training opportunities, and simple compliments etc. are examples of rewards controlled by people "in power." It may not be as strong as it first seems.

3. **Coercive** – This comes from the belief that a person can punish others for noncompliance. Threats and punishment are common coercive tools. One use coercive power when he imply or threaten that someone will be fired, demoted or denied privileges. His position allows him to do this. But he doesn't have the will or the justification to do so. This source of power is also problematic, and can be abused.

4. **Informational** – This results from a person's ability to control the information that others need to accomplish something. One may use information to help others, or as a weapon or a bargaining tool against them.

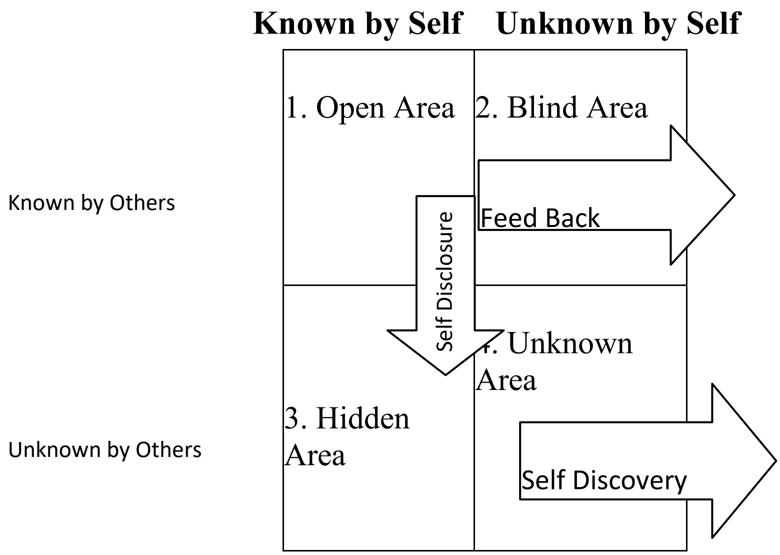
B. Personal power source

1. **Expert** – This is based on a person's high levels of skill and knowledge. The knowledge and skills will enable one to understand a situation, suggest solutions, use solid judgment, and generally outperform others. Thus people will listen to him, trust him, and respect what he say. His ideas will have value, and others will look him for leadership in that area. The reputation for rational thinking is a good way to build and maintain expert power to improve leadership skills.

2. **Referent** – This is the result of a person's perceived attractiveness, worthiness and right to others'. Celebrities have referent power, and that is why they can influence people in their buying decision. In a workplace, a person with referent power often makes everyone feel good, so he tends to have a lot of influence. A likeable person, but who lacks integrity, may rise to power and use that power to hurt and isolate people. He may use it to make personal advantage or to destruct others.

THE JOHARI WINDOW

The Johari Window is a communication model that is used to improve understanding between individuals. The word "Johari" is taken from the names of Joseph Luft and Harry Ingham, who developed the model in 1955. The Johari Window is shown as a four-quadrant grid.



1. **Open Area:** This quadrant represents the things that you know about yourself, and the things that others know about you. Eg. your behavior, knowledge, skills, attitudes, and "public" history.

2. **Blind Area:** This quadrant represents things about you that you aren't aware of, but that are known by others. This may include simple information and deep issues that you do not know (Eg. feelings of inadequacy, incompetence, unworthiness, or rejection). They are often difficult for individuals to face directly, and yet can be seen by others.

3. **Hidden Area:** This quadrant represents things that you know about yourself, but that others don't know.

4. **Unknown Area:** This last quadrant represents things that are unknown by you, and are unknown by others.

The ultimate goal of the Johari Window is to enlarge the Open Area, without disclosing information that is too personal. The Open Area is the most important quadrant, as, generally, the more your people know about each other, the more productive, cooperative, and effective they'll be when working together.

The process of enlarging the Open Area quadrant is called "self-disclosure," and it's a give-and-take process that takes place between yourself and the people that you're interacting with.

TRANSACTIONAL ANALYSIS (TA)

TA is a theory developed by Dr. Eric Berne, a psychoanalyst, in the 1950s. TA is a psychological method to improve communication. Freud's concept of the human psyche is composed of the id, ego, and super-ego. Berne postulated three more ‘ego states’—the Parent, Adult, and Child states. These ego states are largely shaped through childhood experiences.

Id: According to Freud, we are born with our **Id**. The id is an important part of our personality, because it is the basic, instinctual drives prevailing in all. Id is the only component of personality that is present from birth.

For eg. When a child is hungry, the id wants food, and therefore it cries. When the child is uncomfortable, or just wants attention, the id speaks up until his/her needs are met. The id doesn’t care about reality, about the needs of anyone else, only its own satisfaction.

Ego: The ego deals with reality. It tries to meet the desires of the **id** in a way that is socially acceptable. The ego recognizes that other people also have needs and wants, and that being selfish is not always good for us in the long run. Thus ‘ego’ is ready to behave as per the way that is accepted by the society.

For eg. She was really interested for the ‘liquor’, during the party, but she waited for the drinking water, because .

He was really in need of money, but he was not ready to steal.

Super-ego: The superego develops last, and is based on morals and judgments about right and wrong. Even though the superego and the ego may reach the same decision about something, the superego’s reason for that decision is more based on moral values, while the ego’s decision is based more on what others will think or what the consequences of an action could be.

For eg. She was really interested for the ‘liquor’, during the party, but she waited for the drinking water. Because she believed that taking ‘liquor’ is a bad habit as well as a wrong model to his children.

He was really in need of money, but he was not ready to steal. He knew that stealing was wrong, even though no one would know about it.

Typically, according to TA, people consistently use three ego-states:

(a) **Parent** ("exteropsyche"): A state in which people behave, feel, and think in response to an unconscious mimicking of how their parents (or other parental figures) acted, or how they interpreted their parent's actions. For example, a person may shout at someone out of frustration because he learned from an influential figure in childhood the lesson that he is relating to the situation.

(b) **Adult** ("neopsyche"): Adult is a state of the ego, which is most like an artificially intelligent system, processing information. It makes predictions about major emotions. While a person is in the Adult ego state, he is directed towards an objective appraisal of reality.

(c) **Child** ("archaeopsyche"): Child is a state in which people behave, feel, and think similarly, to how they did in childhood. For example, a person who receives a poor evaluation at work may respond by looking at the floor and crying, as when scolded as a child. Conversely, a person who receives a good evaluation may respond with a broad smile and a joyful gesture of thanks. The Child is the source of emotions, creation, recreation, spontaneity, and intimacy.

Life Position Quadrants

According to the International Transactional Analysis Association, TA is a theory of personality and a systematic psychotherapy for personal growth and personal change. There are four life positions that a person can hold. The positions are stated as life positions:

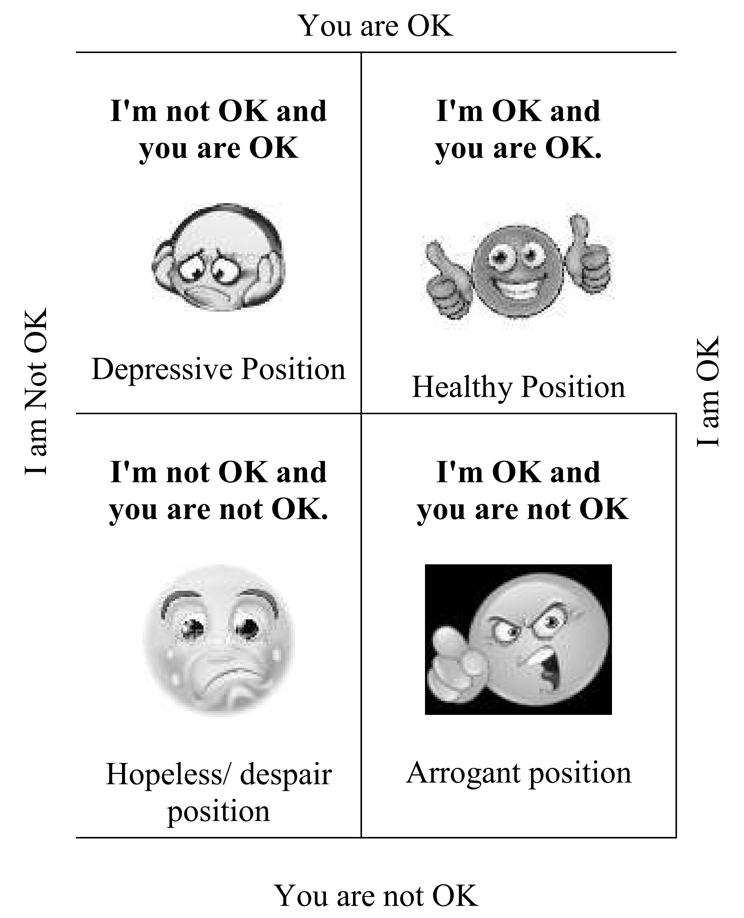
a) **I'm OK and you are OK.** This is the healthiest position about life. It means that I feel good about myself and that I feel good about others and their competence. He is ready to get on with others.

b) **I'm OK and you are not OK**. In this position I feel good about myself but I see others as damaged. It is usually not healthy. People in this position feel themselves superior to others. They see others as inferior and not OK.

c) **I'm not OK and you are OK.** In this position the person sees himself as the weak partner. He will unconsciously accept abuse as OK. People in this position have a particularly low self-esteem. They will put others before them. They may have a strong 'Please Others' driver.

d) **I'm not OK and you are not OK.** This is the worst position. It means that I believe that I am in a terrible state and the rest of the world is as bad. There is no hope for any ultimate supports.

Life Position Quadrants



Importance of TA

1. As a theory of personality, TA describes how people are structured psychologically. For this it uses the ego-state (Parent-Adult-Child) model.

2. The model helps explain how people express their personality in their behaviour.
3. It is a theory of communication that can be used for the analysis of systems and organisations.
4. It explains how our adult patterns of life originated in childhood. It assumes that we continue to re-play childhood strategies.
5. It offers a theory for child development.
6. In practical application, it provides a method of therapy for individuals, couples, families and groups.

CHALLENGES AND OPPORTUNITIES OF ORGANIZATIONAL BEHAVIOR

The following are some of the significant problems:

1. **Improving People Skills**: Technological changes, structural changes, environmental changes are accelerated at a faster rate in business field. The employees and executives must be equipped to possess the required skills to adapt those changes. There two different categories of skills – managerial skills and technical skills. Some of the managerial skills include listening skills, motivating skills, planning and organizing skills, leading skills, problem solving skill, decision making skills etc.

2. **Improving Quality and Productivity**: Designing an effective performance appraisal system requires built-in training facilities. This will help to upgrade the skills of the employees to cope up the demands of the external environment. The lower level management is requires more technical skills. As they move towards upward level, their roles needs more human relations and conceptual skills.

3. **Managing Workforce Diversity**: The product and services requires quality expected by the customers and users. For example, a customer of an automobile expects that the automobile engine will start when it is turned on. If the engine fails to start, the customer's expectations is not met. The customer will perceive the quality of the car as poor. The key dimensions of quality includes performance, features, conformance (industry standards), reliability, durability, after sale services, response,

aesthetics, reputations, : Past performance and other intangibles, such as being ranked first.

4. **Responding to Globalization**: Today's business is mostly market driven. Business operations are no longer restricted to a particular locality or region. Demand exist irrespective of distance, locations, climatic conditions, etc. The business operations are expanded to gain their market share and to remain in the top rank etc. Company's products or services are spreading across the nations using mass communication, internet, faster transportation etc. *(More than 95% of Nokia hand phones are being sold outside of their home country Finland. Japanese cars are being sold in different parts of globe. Sri Lankan tea is exported to many cities across the globe.)*

5. **Working in network organization:** Global working through one link i.e. INTERNET, technology changes the people to work together and communicate at thousand miles, people can work from their home and non-office locations. For an instance; by Facebook we can increase our networking by the use of technology.

6. **Empowering People:** Empowerment is defined as putting employees in charge of what they do by eliciting some sort of ownership in them. Encouraging the employees to participate in work related decision will sizably enhance their commitment at work. In self-managed teams, workers operate largely without boss. Due to the implementation of empowerment concepts at all levels, the relationship between managers and the employees is reshaped. Managers will act as coaches, advisors, sponsors and facilitators. It helps their subordinates to do their task with minimal guidance. The manager must learn to delegate their tasks to the subordinates and make them more responsible in their work.

7. **Coping with Temporariness**: In the modern world the Product life cycles are reducing, the methods of operations are improving, and fashions are changing very fast. In olden days, the managers needed to introduce major change programs once or twice a decade. Today, change is an ongoing activity for most managers. The concept of continuous improvement implies constant change. So, workers need to continually update their knowledge and skills to perform new job

requirements. Managers and employees must learn to cope with temporariness.

8. **Stimulating Innovation and Change:** Successful organizations must foster innovation and be proficient in the art of change. Otherwise they will be vanished from their field of business. Victory will go to those organizations that maintain flexibility, continually improve their quality, and beat the competition to the market place with a constant stream of innovative products and services.

9. **Emergence of the e-organization:** This means e-commerce and e-business. E- Commerce refers to the business operations involving electronic mode of transactions. It encompasses presenting products on websites and filling order. E-business refers to the full breadth of activities included in a successful internet based enterprise. As such, e-commerce is a subset of e-business.

10. **Improving Ethical Behavior:** Following unethical practices has become common practice. Eg. successful executives who use insider information for personal financial gain, employees in competitor business participating in massive cover-ups of defective products, chemical companies discharging its untreated effluents into the river, etc. Managers must evolve code of ethics to guide employees through ethical dilemmas. Organizing seminars, workshops, training programs will help improve ethical behavior of employees. The top-level management should define clearly the right and wrong conduct. It should develop a fair policy and appropriate system to increase confidence and trust over organization. There should have some logic against order you place to employees. Retaining consultants, lawyers, voluntary service organizations to assist the company in dealing with ethical issues will ensure positive ethical behavior.

11. **Helping the employees to manage work-life conflicts**: An individual has two side of life- one is professional life and the other one is family life. Flexible Working hours, reporting time, creating opportunities for employees, job security, design workplace and jobs.

12. **Dual Career Couples:** Dual career households are composed of couples in which both the members are committed to professional occupations. They generally found their job meaningful, work towards a career goal, possess a high degree of career goal, possess a high

degree of responsibility, commitment, and enjoy the opportunity of both independence and collaboration. They are generally concerned with issues like relocation, adjustment issues, stress/conflict making situations, etc.

ORGANISATIONAL DEVELOPMENT

Change is the only constant. – Heraclitus, Greek philosopher

Change is a common thread that runs through all businesses regardless of size, industry and age. Our world is changing fast and organizations must also change quickly. Organization development (OD) is the study of successful organizational change and performance. Kurt Lewin (1898–1947) is widely recognized as the founding father of the concept of OD. OD is concerned about how organizations and people function and how to get them function better.

According to Koonz, "OD is a systematic integrated and planned approach to improve the effectiveness of the enterprise. It is designed to solve problems that adversely affect the operational efficiency at all levels".

Features of OD

1) An initiative from the Top: The need for OD arises when the leader identifies an undesirable situation and seeks to change it.

2) Total System Change: Focus of OD is a total system change to make the organization to function better.

3) Action Orientated – OD pre-requisite actions for achieving results through planned activities.

4) Planned Change: OD is an approach for planned short term and long term change in the organisation.

5) Group process: It's an effort to improve interpersonal relations, communication system, intergroup conflicts, etc.

6) Collaborative Approach: It involves the employee's participation in change planning.

7) Humanistic orientation: It emphasis on increased use of human potential.

8) Change in individual: It acknowledges that individuals must change for the organizational change.

9) Problem solving: OD is designed to solve problems, and conflicts, and to meet challenges.

10) Assumptions on organizational culture: OD assumes that the culture of every organization is different. Thus there is no one-size-fits-all approach to OD.

11) Change Agent: OD generally seeks the service of an external change agent to intervene in the system.

12) Performance orientation: It emphasis on improving and enhancing performance.

13) Systems Approach: It emphasis on relationships among elements of the system.

OD INTERVENTION

OD intervention is a deliberate attempt to change the organization to a more effective state. Every action that influences an organization's improvement program can be said to be an intervention. Thus OD Intervention is a set of sequenced, planned actions or events intended to help an organization to increase its effectiveness. They are called techniques of OD intervention. For eg. Coaching, Conflict Management Counseling, Team building, Career Planning, quality control, Job enrichment, MBO, etc.

OD interventions techniques

They are the methods created by OD professionals and others. Every action that influences an organization's improvement program can be said to be an intervention. Organizations use these interventions depending upon the need or requirement. The most important interventions are:

1. **Survey feedback**: Information on Attitudes of employees about wage level, and structure, hours of work, working conditions and relations are collected and the results are supplied to the top management.

2. **Sensitivity Training**: It is conducted by creating an experimental laboratory situation in which employees are brought together. The

Team building technique and training is designed to improve the ability of the employees to work together as teams.

3. **Process Consultation**: The process consultant coaches and counsels individuals & groups in molding their behavior.

4. **The Managerial grid**: The managerial grid model (1964) is a style leadership model developed by Robert and Jane. This model identified five different leadership styles based on the concern for people and the concern for production.

5. **Coaching**: Coaching is a form of development in which a person called a coach supports a learner or client in achieving a specific personal or professional goal by providing training, advice and guidance. The learner is sometimes called a coachee.

6. **Performance appraisal**: A performance appraisal (PA) is a method by which the job performance of an employee is documented and evaluated. The objective is to understand the abilities of a person for further growth and development.

7. **Downsizing**: Downsizing is reducing the number of employees on the operating payroll.

8. **Goal setting and Planning**: Each division in an organization sets the goals or formulates the plans for profitability.

9. **Leadership development**: Selected employees are provided with leadership training by experts.

10. **Mentoring**: A mentor is a guide who can help the mentee to find the right direction and who can help them to develop solutions to career issues.

11. **Team Building and management by objectives:** These are another techniques through which the management intervenes in the functions of organization for changes.

12. **Job enrichment**: It is a management concept that involves redesigning jobs so that they are more challenging to the employee and have less repetitive work. In order to motivate workers, job itself must provide opportunities for achievement, recognition, responsibility, advancement and growth. In a job enrichment program the worker decides how the job is performed, planned and controlled and makes more decisions concerning the entire process.

13. **TQM**: A management approach to long–term success through customer satisfaction. In a TQM effort, all members of an organization participate in improving processes, products, services, and the culture in which they work.

14. **Quality circles**: A group of employees who meet regularly to consider ways of resolving problems and improving production in their organization. It is a participatory management technique that enlists the help of employees in solving problems related to their own jobs.

CHANGE AGENT

A change agent is a person from inside or outside the organization who helps an organization to transform itself. They focus on organizational effectiveness, improvement, and development. They are people who act as a catalyst for change. Change agent should have the qualities of:

(a) clear vision,

(b) patient yet persistent,

(c) asks tough questions and helping people come to their own conclusions,

(d) Knowledgeable and leads by example, and

(e) Strong relationships built on trust.

CHANGE MANAGEMENT

Change management is an approach to transition of individuals, teams, and organizations to a desired future state. CM Process includes the sequence of steps that project leaders (top management/ change agent) follow to apply change. It drives individual transitions and ensures the project meets its intended outcomes. It is an organizational process aimed at helping employees to understand, commit to, and accept changes in their current business environment.

Need for Change

Organizations change for a number of different reasons. These reasons include:

1. **Crisis**: Crisis is always a reason for changes. For eg. September 11 is the most dramatic example of a crisis which caused countless

organizations to change. Recently, demonetization of 500 & 1000-rupee notes and the consequent crisis forced many businessmen to opt for swiping machine.

2. **Performance Gaps**: The organization's goals and objectives are not being met or other organizational needs are not being satisfied. Changes are required to close these gaps.

3. **New Technology**: Identification of new technology and more efficient and economical methods to perform work.

4. **Identification of Opportunities**: Organisation may feel the need for change, when new opportunities are identified as to increase the competitiveness.

5. **Reaction to Internal & External Pressure:** Management, employees, and trade unions exert pressure for change. External pressures come from many areas, including customers, competition, changing government regulations, shareholders, financial markets, and other factors in the organization's external environment.

6. **Mergers & Acquisitions**: Mergers and acquisitions create change in a number of areas. When two organizations are merged and employees in duel functions are made redundant, change may become inevitable.

7. **Change for the Sake of Change**: When a new CEO is appointed, he may make changes just for his own sake.. The objective may be to prove to the board that he is doing something,

8. **Sounds Good**: Another reason to institute certain changes is that other organizations are doing so. It sounds good, so the organization tries it.

9. **Planned Abandonment**: Declining products, markets, or subsidiaries and allocating resources to innovation and new opportunities, etc. may also demand changes.

TYPES OF ORGANIZATIONAL CHANGE

1. **Mission & Strategy**: In theory, all changes in an organization are aligned to the organization's mission and strategy. In reality, changes may contradict it. When mission & strategy change the impact may resound throughout the organization.

2. **Organizational Structure**: Organizational structure refers to the objectives, roles and responsibilities of departments, teams and individuals. Major changes such as mergers & acquisitions are considered structural changes. However, structural changes may also be relatively minor (e.g. establishment of a small new team).

3. **Human Resources**: The recruitment and selection process in an organization has to be aligned with their corporate mission and objectives. For instance, the selection of employees to Taj Hotels focused more on hiring people with integrity and devotion to duty than on acquiring those with talent and skills. It helped them to bring heroic stories on the part of the employees during terrorist attack.

4. **Culture**: Change in culture requires changes to the principles, expectations, norms, working habits and symbols of an organization. Culture is important to strategic objectives such as productivity, innovation and compliance.

5. **Knowledge base**: Knowledge supports every program, project, initiative, process and product. Organizations increasingly identify knowledge as an important asset and target for change.

6. **Policies & Legal Agreements**: A new rule or policy can have a big impact on an organization. For eg. resignation with one month notice, VRS, etc.

7. **Technology**: Changes to technology infrastructure, systems, automations and tools. Some firms focus on technology change.

9. **Products, Marketing & Customer Relationships**: Changes to products, marketing and sales are a critical focus for many organizations.

10. **Integration**: Most changes require integration the technology, process, rules and culture. Processes need to work with technology. People need to work with processes. Rules apply to processes. Rules align with cultures.

RESISTANCE TO CHANGE

Overcoming resistance to changes is often one of the biggest challenges for continuous improvement. Resistance to change is the action taken by individuals and groups when they perceive that a change is occurring as a threat to them. According to Robert Tanner[14], there are 8 common **reasons for resistance to change**:

1. Loss of status or job security in the organization: In an organizational setting, employees, peers, and managers will resist administrative and technological changes, because they fear that the change will result in their role being eliminated or reduced.

2. Non-reinforcing reward systems: Organizational stakeholders will resist change when they do not see any rewards. Without a reward, there is no motivation for your team to support your change over the long term.

3. Surprise and fear of the unknown: The employees may be more fearful about the change, if they know little about the change and its impact on them. Organization needs to be prepared for the change.

4. Peer pressure: Organizational stakeholders will resist change to protect the interests of a group. According to Abraham Maslow, the need to belong to a group is a powerful need in the workplace. If the change effort threatens these workplace social bonds, some of your team members may resist your change effort.

5. Climate of mistrust: Trust, involves faith in the intentions and behavior of others. Trust is a fragile asset that is easily harmed.

6. Organizational politics: Some resist change as a political strategy to "prove" that the decision is wrong. Politics in organizations are a fact of life.

7. Fear of failure: Employees may resist changes because they are worried that they cannot adapt to new work requirements.

8. Lack of tact or poor timing: Undue resistance can occur because changes are introduced in an insensitive manner or at an awkward time.

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THEORIES OF CHANGE

A set of statements or principles devised to explain a group of facts or phenomena. Theory of Change is essentially a comprehensive description and illustration of how and why a desired change is expected to happen. Theories of Change (ToC) are a specific type of methodology for planning, participation, and evaluation that is used to promote change.

I. Lewin's 3-Stage Model of Change
II. Kotter's 8-Step Change Model
III. ADKAR Model - developed by Prosci
IV. The Change Curve –by Elisabeth Kübler-Ross

I. Lewin's 3-Stage Model of Change (1940s)

According to Kurt Lewin, there are three stages of change, as in the case of a reshaped ice. Unfreeze, Reshape, and Re-freeze.

A. Unfreezing stage: "Motivation for change must be generated before change can occur." Stake holders must be motivated before initiating any change. It prepares the organization to accept the change. . This is the unfreezing stage from which change begins. The following steps are required.

1. Assess the current state, and understand why change is required.
2. Determine what needs to change.
3. Ensure strong support from top management.
4. Use vision and strategy to create the need for change.
5. Emphasize on "why" change is required.
6. Manage and clear the doubts and concerns.

B. Reshape (Change): An uncertainty is created in the unfreeze stage. Now people begin to resolve their uncertainty and look for new ways to do things. At this stage people start to believe and support the new direction. People take time to participate proactively in the change. In order to accept the change, people need to understand how it will benefit them. The following steps are required:

1. Communicate the benefits throughout the planning and implementation of the changes.

2. Explain exactly how the changes will affect everyone.

3. Prepare everyone for what is coming.

4. Dispel rumors. Answer questions openly and honestly.

5. Deal with problems immediately.

6. Empower action through employee involvement.

7. Generate short-term wins to reinforce the change.

C. Refreeze: When the changes are taking shape and people have embraced the new ways of working, the organization is ready to refreeze. Even though change is constant in many organizations, this refreezing stage is still important. Without it, employees get caught in a transition trap. They aren't sure how things should be done. In the absence of a new frozen state, it is very difficult to tackle the next change initiative effectively. The following steps are required:

1. Anchor (fasten) the changes into the culture.
2. Identity what supports the change.
3. Identify barriers to sustaining change.
4. Develop ways to sustain the change.
5. Ensure leadership support.
6. Create a reward system.
7. Establish feedback systems.
8. Adapt the organizational structure as necessary.
9. Provide support and training.
10. Celebrate success.

II. Kotter's 8-Step Change Model

Kotter introduced an 8-step change model for helping managers who deal with transformational change. They are:

1. Create Urgency
2. Form a Powerful Coalition (Team)
3. Create a Vision for Change
4. Enlist a volunteer army (Change leaders)
5. Remove Obstacles

6. Create Short-Term Wins
7. Build on the Change
8. Anchor the Changes in Corporate Culture

1. Create Urgency: Many initiatives fail because the organisation lacks interest in the proposed change effort. Therefore the change manager should create a need for change.

2. Form a Powerful Coalition: Change manager needs a coalition (association) of effective people. They must be creative to guide, coordinate, and communicate its activities for change. The following steps are suggested:

a) Identify the true leaders in the organization, and key stakeholders .

b) Ask for an emotional commitment from key people.

c) Work on team building within the 'change coalition'.

d) Check team for weak areas

e) Ensure that 'change coalition' is a good mix of people from different departments and different levels

3. Create a Vision for Change: A clear vision helps everyone to make understand the change (why they are asked to do something). Determination of the key values, developing a short summary of intended future, strategy to execute the vision, and practicing the vision speech will help to communicate the vision.

Communicate the Vision: Kotter oppose special meetings to communicate the vision. Rather he advises to "talk about it every chance you get, use the vision daily to make decisions and solve problems (peoples' concerns and anxieties, openly and honestly). When you keep it fresh on everyone's minds, they'll remember it and respond to it."

4. Enlist a volunteer army (Change leaders): Change can only occur when group of people rally around a common opportunity. They must be bought moving in the same direction. It's not a project. It's a movement. It's a journey. So the change manager should identify, or hire, change leaders to deliver the change.

5. Remove Obstacles: Removing obstacles can empower the people you need to execute your vision, and it can help the change move forward. The major steps are:

a) Ensure that the organizational structure, job descriptions, and performance and compensation systems are in line with the vision.

b) Recognize and reward people for making change happen.

c) Identify people who are resisting the change, and help them see what's needed.

d) Take action to quickly remove barriers (human or otherwise).

6. Create Short-Term Wins: Nothing motivates more than success. If short-term wins are not there, critics and negative thinkers might hurt the change progress. Wins are the molecules of results. They must be recognized, collected and communicated – early and often – to track progress and energize.

7. Sustain acceleration (Build on the Change)**: M**any change projects fail because victory is declared too early. Real change runs deep. Quick wins are only the beginning**.** After every win, analyze what went right, and what needs improving. Keep ideas fresh by bringing in new change agents and change ideas. Press harder after the first successes. Your increasing credibility can improve systems, structures and policies. Be relentless with initiating change after change until the vision is a reality.

8. Institute change (Anchor the Changes in Corporate Culture): Make sure that the change (new behavior) continues, until they become strong enough to replace old habits. These results and initiatives have an extraordinary and immense value. It contributes to the spirit of the participants. It shows with evidence that this dual system is reachable and doable.

IV. Prosci's ADKAR Model

The **Prosci ADKAR Model**[15] is a goal-oriented change management model to guide individual and organizational change. ADKAR is an acronym that represents the five outcomes an individual must achieve

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[15] https://www.prosci.com/adkar

for change to be successful: **Awareness, Desire, Knowledge, Ability, Reinforcement.** ADKAR outlines the individual's successful journey through change.

(a) Awareness is the goal and outcome of early communications related to an organizational change. Stakeholders must be aware of the need and expected benefits of the proposed change. If they are not aware there reaction might be "It is a waste of time, it was fine before." If they are aware their reaction could be "How soon will this happen and how will this impact me?"

(b) Desire: Desire is the goal/outcome of resistance management. Employees will participate in the change, when a desire is created in them for change. When an employee has a desire to learn a new software, he may do it with heart. If an employee has no desire to change, he may say: "I'm not interested. What's in it for me?"

(c) Knowledge: Knowledge is the outcome of training and coaching. For effective change, one needs to know how to change.

(d) Ability: Ability is the outcome of practice and time. If an employee has knowledge but not ability, he may say "I get there, but it takes me twice as long." To bridge the knowledge to ability gap, coaching is required. Employees need time to achieve ability.

(e) Reinforcement: Reinforcement is the outcome of adoption, corrective action and recognition of successful change. The human brain is wired for habit, and physiologically we are programed to revert to old habits. We must have reinforcements to sustain the change.

IV. The Change Curve –by Elisabeth Kübler-Ross

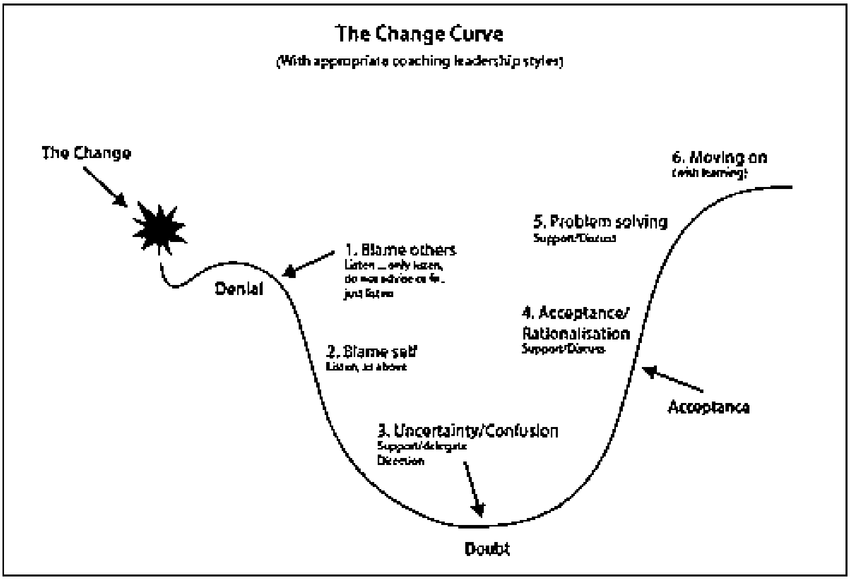
The Change Curve is a popular and powerful model used to understand the stages of personal transition and organisational change. It helps to predict how people will react to change. It helps to make personal transitions, and to ensure the help and support they need. The curve mainly contains three stages: Denial, Doubt and Acceptance.

Stage 1 Shock or Denial: When a change is first introduced, where people's initial reaction may be shock or denial. This manifests by blaming others as it is a challenge of the status quo. Tahis is easy to spot.

The leadership style proposed here is to simply listen. Don’t be tempted to jump in and fix it, don’t offer solutions, and don’t agree with them, just listen. Watch as they move to Stage 2, where again, you just listen. This can take some time, but you need to let them vent. Patience is often the key here!

Stage 2 Blame Self: In the second stage of the change curve, employees may become **critical of themselves**. Here also change will be unsuccessful. People can waver between these two stages for quite some time.

The proposed leadership style is patiently listening as in stage 1.



Stage 3: Confusion and doubt: Here the people will show signs of doubt and confusion. But it’s a good sign of the beginning of accepting the change. They may ask questions such as: Do I carry on with my work? What will my job be now? How do I use this new machine?

Again this is easy to spot. You'll probably hear sentiments like: ‘What am I supposed to do with my work?’, ‘Perhaps I should look elsewhere’, or ‘I am not sure of any of this’.

The proposed leadership style here is to start giving pointers, start directing them and give some context around the way things will look.

Explain the benefits of the change processes, people, future, and business value.

Stage 4 Acceptance Rationalisation: At this stage people stop focusing on what they have lost. They start to accept the changes. They begin testing and exploring what the changes mean, and so learn the reality of what's good and not so good, and how they must adapt.

Here things begin to get easier. This is a good time to start brainstorming ideas, solutions, and let them know you are supporting them. Watch for individuals who may slip into confusion. The change leader should be cautious at this stage, because people may slide backwards into doubt. This can be common.

Stage 5 Solutions and Problem Solving: People not only accept the changes but also start to embrace them. They stop focusing on what they have lost. They begin to rebuild their ways of working. At this stage organization can really start to reap the benefits of change. Here they take ownership for the change.

The change leader can propose new job descriptions, ideas and innovation at this stage. People begin testing and exploring what the changes mean. This is where the change stabilizes.

Stage 6 Moving on with changes: The change is now become 'normal' or routine and status quo. Individuals have a greater awareness of how to respond to change and begin to build the personal development aspects.

At this is the changes start to become second nature. At this stage, they not only accept the changes but also start to embrace them and begin to rebuild their ways of working.

ORGANISATIONAL DIAGNOSIS

Diagnosis is the identification of the nature and cause of a certain phenomenon. Organizational Diagnosisis a method to determine the gaps between current and desired performance and how it can achieve its goals.

"Organizational diagnosis is a process based upon behavioral science theory. It aims at publicly entering a human system, collecting data about human experiences with that system, and feeding that information back to the system. It promotes increased understanding of the system by its members" (Alderfer, 1981). It helps to determine whether change is desirable.

Diagnostic activities focus its attention to two areas:

(a) Subsystem: Top management, departments, formal and informal groups, individuals, etc.

(b) Organization processes (health): Decision-making process, communication patterns and styles, relationships between interfacing groups, the management of conflict, the setting of goals and planning methods.

Organisational diagnosis must be done by an expert from outside the organization. People cannot be diagnosticians of systems in which they are full-fledged members. It is due to explicit or hidden vested interests. Diagnosticians must maintain role of researcher- systematic, objective, unbiased, result-oriented, etc. Researcher must establish a liaison system between the researcher and the elements of the systems.

Phases of organizational diagnosis

1. Data Collection
2. Data analysis
3. Data interpretation
4. Suggestions for required change

LEARNING ORGANISATION

A learning organization is one that is able to change its behaviours and mind-sets as a result of experience. Here people continually expand their capacity to create the desired results. It is an organization with a deep-rooted philosophy for anticipating, reacting and responding to change, complexity and uncertainty. They actively creates, captures, transfers, and mobilizes knowledge to adapt to a changing environment. A learning organization is the business term given to a company that facilitates the learning of its members and continuously transforms itself.

"Leraning organization is a place where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole (reality) together."

According to Peter Senge, the following are the five characteristics of a learning organization:

a) Systems Thinking: Organisation is viewed as a system.
b) Personal Mastery: It is the commitment by an individual to the process of learning.
c) Mental Model: It is basic norms and values held by individuals and organizations.
d) Shared Vision: It means the commitment of people throughout the organization.
e) Team Learning: It is the process of supporting and developing the capacity of a team to create the desired results.

REACTIVE ORGANISATION Vs PROACTIVE ORGANISATION

REACTIVE ORGANISATIONS

A reactive person doesn't take any initiative in his life. He does not make any strategic decisions in life. He just goes where life kicks. He reacts to what happens to him, sometimes with positive, but more often with negative feelings.

Reactive organizations don’t change until situations force them to act. A reactive business might ignore danger signs. They allow serious problems to develop. They miss several opportunities for development.

PROACTIVE ORGANISATIONS

A proactive person asks himself what’s likely to happen and acts accordingly to get the best possible outcome. He acts before a situation becomes a source of frustration or crisis. His actions are based on growth mindset. He is prepared to take full responsibility for his life. A proactive person takes initiatives in improving business. Flexibility, adaptability and creativity are their common traits.

Proactive organisation initiates changes within the organization. They have a significant competitive advantage. They are flexible and adaptable in nature. They focus on continually improving their customer service, productivity, efficiency and workplace environments.

Proactive organizations continually analyze the business environment to improve their performance.

Previous year questions

Part A (1 weight)

1. Define OB? 2013, 15
2. Explain transactional analysis. 2013, 15
3. What is Learning Organisation?
4. What is Organisational Diagnosis? 2014. 15
5. Explain group decision making?
6. Define proactive organization 2017
7. What is learning organisation? 2013
8. What is meant by the term 'corporate culture'?

Part B (2 weight)

1. Describe the factors influencing Organisational Structure?
2. What is feedback? 2011
3. Explain the models of OB. 2014
4. Organisational models?
5. Describe the concepts of OB. 2014
6. "Change for the sake of change is no change at all." Comment on this statement. 2015
7. What do you understand by OD techniques? Discuss the major OD techniques. 2015
8. What are change barriers? How leaders overcome them? 2015
9. Elaborate TA analysis with various Ego states. 2017
10. What are major disciplines of OB? Explain their contribution. 2017
11. Explain the details determine Organisational structure? Give examples.
12. Discusses the new strategies for managing inter group performance?
13. Explain the reasons for resistance to change. 2013
14. Describe the need for change 2014

Part C (5 weight)

1. Explain the contributing disciplines of OB? 2013
2. What is change management? Explain its theories. 2013
3. Define OD. Explain its interventional techniques. 2014
4. Elaborate Johari Window with disclosure and feedback. 2017

Part D (20 marks)

14. Discuss the principles of an Organisation? Explain the different type of Organisation? Give merit and demerit?

MODULE-4
GROUPS IN ORGANIZATION

Groups in organization:

From the moment of birth a human being lives in the group called family. The child learns group norms, social values and rules of the society from this group of family. Thus family is the primary group. Family employs vast influence on the process of socialization, growth and modification of personality. Secondary groups like neighborhood, school, playground, peers, playmates, clubs, organisations, etc. influence the growth of the individual. During the whole life, human beings are a member of some group or other. His behavior is constantly influenced by the group to which he belongs at that time.

A group is two or more persons who interact with each other in such a manner that the behavior (performance) of one is influenced by the behavior of the others. Groups are constituted to provide individuals with mutual support.

Groups can be defined as "several individuals who comes together to achieve a particular task or goal."

"Groups consist of two or more persons engaged in social interaction with one another. The group have some stable structure, interdependence, common goals, and perceive that they are in fact part of a group." Barone and Byrne (1988)

NATURE OF GROUP

1. A group consists of more than one person.
2. A group must interact with each other.
3. The members must be interdependent in some manner.
4. The persons must have some common motive to achieve.
5. They meet together to satisfy some common purpose.
6. The relationship between members must be more or less stable.
7. Group is a social unit.

Thus just being in the same place at the same time is not enough. Sitting together in a cinema hall or in bus does not mean a group unless the persons have a common motive to achieve through this group. By making a brief conversation between two passengers in a bus/train/plain does not make a real group. Collection of individuals without a common purpose does not make a social group.

What makes a group?

The term 'group' is used in the following contexts.

a) **Physical proximity:** A number of persons sitting, talking or walking together may be called as a group.

b) **Common characteristics:** Here members may not have any relationship with each other, but they have some common characteristics. Eg. Tax payers, merchants, students, social workers, politicians, priests, etc.

c) **Members** of a particular organization: Political, religious, clubs, etc.

d) **Common goal:** Eg. Festival committee, enquiry commission, etc. Such groups disintegrates after the achievement of common goal.

REASONS FOR GROUP FORMATION

(a) Member's Point of View: Companionship, Identity, Information, Security, Esteem, sense of belongingness, Outlet of frustration, Perpetuation of cultural values, Generation of new ideas, Self-evaluation, Job satisfaction, Power, etc.

(b) *Organisation's point of view*: Delegation, Lightening responsibility, Filling gap of managerial ability, Careful planning, Medium of information, etc.

Kinds of group[16]

1. Primary and Secondary groups
2. Formal and Informal groups
3. Peer Group and Buddy Group
4. In-groups and Out-groups
5. Autocratic and Democratic group
6. Face to face and Co-acting groups
7. Membership and Reference Groups

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[16] http://www.psychologydiscussion.net

8. Command group and Task group
9. Friendship groups and Cliques
10. Interest Groups and Pressure Group
11. Committees and Commissions

1. **Primary and secondary groups:** Primary groups are those that are close-knit. They are typically small scale, include intimate relationships, and are usually long lasting. Eg. Family members, peer group

Secondary groups have the opposite characteristics of primary groups. They can be small or large. They are mostly impersonal and usually short term. Eg. Class mates, coworkers, etc.

2. **Formal and informal groups:** Members of a formal organization forms a formal group. Eg. Indian citizen, XYZ College Students, etc.

An informal group is one without any definite norms, rules or regulations. They are not organizationally determined; the members themselves form such groups for social interaction. Informal groups are social oriented. Functional proximity, like-minded people, similar status (in terms of hierarchy or economic status), etc. form informal groups. Eg. A picnic party, a tea party, Small friendship groups, play groups, gangs, etc.

3. **Peer group and Buddy Group**: Peer group is both a social group and a primary group of people who have similar interests, age, background, or social status. The members of this group are likely to influence the person's beliefs and behaviour. Peer groups are very influential on childhood and adolescent social development

Buddy group is a system of arranging individuals in pairs. It is common in trucking and militaries. It is done for mutual safety in a hazardous situation.

4. **In-groups and out groups:** Those who support the group goal and group norm are called "ingroup". Those who oppose the 'in group' are called "outgroup".

5. **Autocratic and democratic group:** If the existence of the group depends upon the leader of the group, it is called autocratic group. For eg. Political parties like 'Janapaksham, JSS, etc.

If every member of a group is allotted with some responsibility, it is a democratic group. Morale is high in democratic group as there is internal cohesion between the different members.

6. **Face to face and Co-acting groups**: When the members see the other members while doing the similar activities, it is called face to face group. The sights and sounds of others stimulate the individual to do more work. Eg. Collegues.

Co-acting means, to do or act together. People, who share the same goal and work towards it without communicating or interacting, is called Co-acting group. Eg. People for environmental protection, gender equality.

7. **Membership and Reference Groups**: If the entry is restricted on some features (say membership fee), it called a membership group. They are formed for the affiliation related needs. Eg. Rotary/Lions Club

Reference group includes individuals or groups that influence our opinions, beliefs, attitudes and behaviors. Eg. Family members, relatives, friends, etc.

8. Command group and Task Group:

Command group is a group consisting of individuals who report directly to the manager. It is a frequent type of formal group. It is relatively permanent and is shown in the organisational chart.

Task group is a temporary small group formed to complete a particular task. It is generally informal group in nature.

9. Committees and Commissions:

Committee is a group of persons formed to discuss on problems and to recommend or decide solutions. Its members may be selected from any level irrespective of the structure. Members may go into details of the problem.

Committees can be Standing/Ad-hoc-Committee, Executive/Advisory Committee, and Formal/Informal Committee. For example, Tender Purchase Committee (TPC), enquiry committee against an allegation.

Commissions are constituted by a Government either on an ad hoc or permanent basis. The objective is to guide, advise or provide solutions to various issues coming under the concerned ministry. Eg. Kothary Commission.

10. Friendship groups and Cliques

Friendship groups are formed by like-minded people.

Cliques are a small close-knit group of people who do not readily allow others to join them. They are very few numbers of colleagues (max.5/6) or friends who commonly associates.

11. Interest groups and Pressure Groups: Interest groups are formed by persons with similar interest. Eg. music club, volleyball club.

Pressure group (Lobby) is an organised group that seeks to influence the management/Govt. policy or legislation.

GROUP COHESIVENESS:

Cohesion means unity. Group cohesiveness means unity of the group members. A cohesive group will have more trust in their leader and group members. Generally, the more difficult it is to obtain the group membership, the more cohesive it will be.

GROUP DYNAMICS

Group dynamics is the study of the forces operating within a group. It refers to the attitudinal and behavioral characteristics of a group. It is concerned with why and how groups develop. Group dynamics can be used as a means for problem-solving, team work, and to become more innovative and productive as an organisation. There are several theories as to why groups are formed and developed.

THEORIES OF GROUP FORMATION

1. Festinger's Propinquity theory
2. Homans' Social Systems theory
3. New Comb's Balance theory
4. Kelley's Social Exchange theory
5. Tajfel's Social Identity Theory

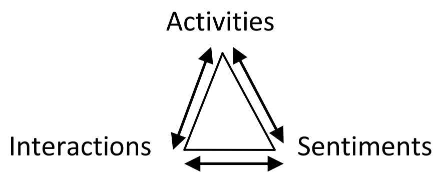
1. Festinger's Propinquity (Convenience) theory:

Accordingly individuals affiliate with one another because of geographical proximity. The law of propinquity states that the greater physical proximity between people, the greater the chance that they will form friendships or romantic relationships. The propinquity theory explains a basic factor, i.e., proximity of people at the workplace, leads to formation of groups. This phenomenon is observed in daily practice by all.

Propinquity theory was proposed by the psychologists Leon Festinger, Stanley Schachter, and Kurt Back, based on a study carried out in 1950 in the Westgate student apartments on the campus of MIT Massachusetts, USA.

2. Homans' Social System theory

Homan's theory is based on three concepts, namely, **activities, interactions and sentiments**, which are directly related to each other. The members of a group share activities and interact with one another not just because of physical proximity, but also to accomplish group goals. **Interaction** is the key element, which develop common sentiments for one another.



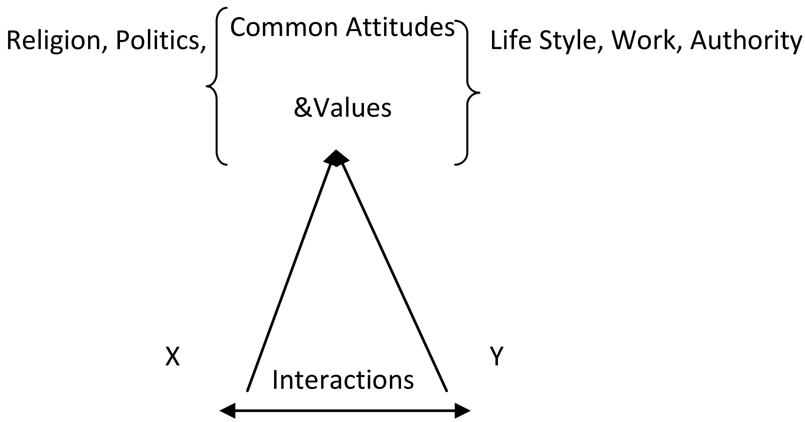
According to George C. Homans, "the more activities persons share, the more numerous will be their interactions and the stronger will be their shared activities and sentiments; and the more sentiments persons have for one another, the more will be their shared activities and interactions".

3. New Comb's Balance theory:

The theory as proposed by Theodore Newcomb states that "persons are attracted to one another on the basis of **similar attitudes** towards commonly relevant objects and goals. Once a relationship is formed, it strives to maintain a symmetrical balance between the attraction and the common attitudes. If an imbalance occurs, attempts are made to restore the balance. If the balance cannot be restored, the relationship dissolves".

There must be a balance in the relationship between the group members for the group to be formed and for its survival.

Similar attitudes and values are the main reasons for the group formation. Both propinquity and interaction play a role in the balance theory. Thus, the balance theory is additive in nature in the sense that it introduces the factor of 'balance' to the propinquity and interaction factors.



For eg. Mr. X will interact with Mr. Y and form a group because of some common attitudes and values such as authority, work, life style, religion, politics, etc. They strive to maintain a symmetrical balance between the attraction and the common attitudes. If they fail in their efforts, the group will get dissolved.

4. Kelley's Social Exchange theory

This theory is based on reward-cost outcomes of interaction between people. Social exchange theory is based on the idea that people seek to maximize rewards and minimize costs in any given social relationship.

To be attracted towards a group, a person thinks in terms of what he will get in exchange of interaction with the group members. Thus, there is an exchange relationship in terms of rewards and costs. A minimum positive level (rewards greater than costs) of an outcome must exist in order for attraction or affiliation to take place. Rewards form interactions gratify needs while costs incur anxiety, frustrations, embarrassment, or fatigue. Propinquity, interaction and common attitudes all have roles in the exchange theory.

Reward-to-cost ratios and comparison levels are subject to change over time, as individuals continually take stock of what they have gained and lost in their relationships. This implies that relationships that a person found satisfying at one point in time may become dissatisfying later because of changes in perceived rewards and costs. This may occur because certain factors may become less rewarding or more costly over time. For instance, sex may be extremely rewarding for members of a newly married couple but may become less so as passion and spontaneity decrease over the years

5. Tajfel's Social Identity Theory

This theory suggests that individuals get a sense of identity and self-esteem based upon their membership in silent group. According to Henri Tajfel (1970's), social identity is the portion of an individual's self-concept derived from perceived membership in relevant social group. The groups (e.g. social class, family, football team etc.) which people belongs to are an important source of pride and self-esteem. Groups give us a sense of social identity: a sense of belonging to the social world.

The theory states that the in-group will discriminate against the out-group to enhance their self-image. There are three mental processes involved in evaluating others as "us" or "them" (i.e. "in-group" and "out-group". These take place in a particular order.

Social Categorisation ⇨ Social Identification ⇨ Social Comparison

a. Categorization: People categorize objects in order to understand them and identify them. Similarly we categorize people (including ourselves) like black, white, Indian, Foreign, Malayalee, Christian, Muslim, student, and bus driver etc.

b. Identification: People adopt the identity of the group we have categorized ourselves as belonging to. If for example you have categorized yourself as a student, you will adopt the identity of a student and begin to act in the ways you believe students act.

c. Comparison: Once people have categorized themselves as part of a group, we then tend to compare that group with other groups. If our self-esteem is to be maintained our group needs to compare favorably with other groups.

STAGES OF GROUP DEVELOPMENT

A team cannot be expected to perform well right from the time it is formed. Forming a team is just like maintaining a relationship. It takes time, patience, requires support, and efforts to strengthen the group.

Bruce Tuckman presented a model of five stages Forming, Storming, Norming, and Performing in order to develop as a group.

1. Orientation (Forming Stage): The first stage of group development is the forming stage. This stage presents a time where the group is just starting to come together and is described with anxiety and uncertainty.

Members are discreet (judicious) with their behavior, which is driven by their desire to be accepted by all members of the group. Conflict, controversy, misunderstanding, and personal opinions are avoided. Members are starting to form impressions of each other and gain an understanding of what the group will do together.

At this stage, group members are learning what to do, how the group is going to operate, what is expected, and what is acceptable.

2. Power Struggle (Storming Stage): The second stage of group development is the storming stage. At this stage is where dispute and competition are at its greatest. This is the stage where the dominating group members emerge, while the less confrontational (challenging) members stay in their comfort zone. Questions around leadership, authority, rules, policies, norms, responsibilities, structure, evaluation criteria and reward systems tend to arise during the storming stage. Such questions need to be answered so that the group can move further on to the next stage.

3. Cooperation and Integration (Norming Stage) : In this stage, the group becomes fun and enjoyable. Group interaction are lot more easier, more cooperative, and productive, with weighed give and take, open communication, bonding, and mutual respect. If there is a dispute or disruption (disturbance), it’s comparatively easy to be resolved and the group gets back on track. Group leadership is very important, but the facilitator can step back a little and let group members take the initiative and move forward together.

4. Synergy (Performing Stage): Synergy is the creation of a whole that is greater than the simple sum of its parts. (1+1+1=6). The term synergy comes from the Greek word ‘synergia’ meaning "working together". At norming stage, the group becomes really united. At this stage, the morale is high. The group members actively acknowledge the talents, skills and experience that each member brings to the group. A sense of belongingness is established. Synergy is created. Group remains focused on the group's purpose and goal. Members are flexible, interdependent, and trust each other. Leadership is distributive and members are willing to adapt according to the needs of the group.

5. Closure (Adjourning Stage): This stage of a group can be confusing and is usually reached when the task is successfully completed. At this stage, the project is coming to an end and the team members are moving off in different directions. This stage looks at the team from the perspective of the well-being of the team instead of the perspective of handling a team through the original four stages of team growth.

CONFLICTS

Generally, conflict in organizations is inevitable. Intergroup relations between two or more groups are often necessary to complete the works of a business. Many times, groups inter-relate to accomplish the organization's goals. These inter-relations may cause conflicts.

Team conflict can be caused by: jealousy, reasoned debate, objective disagreement, or creativity. Workplace conflicts can be caused and worsened by poor hiring practices, scarcity of resources, ambiguity of tasks, differing interests or values, etc.

Conflict refers to some form of friction, disagreement, or discord arising within a group. It happens when the beliefs or actions of one or more members of the group are either resisted by or unacceptable to one or more members of another group. The term ‘conflict’ is used to describe:

a) Antecedent conditions (scarcity of resources, policy difference),
b) Affective states of individuals (stress, tension, hostility, anxiety, etc.)
c) Cognitive states of individuals (perception and awareness of the conflict situation), and
d) Conflict behavior (passive resistance to overt aggression)

Conflict exists everywhere. In a world where population is skyrocketing and opinion is vast, there is no way to avoid conflict in your life. So what do we do? We learn to resolve conflict. The only way to resolve conflict is to recognize conflict by understanding the stages of conflict. There are five stages of conflict. They can be resolved by learning and understanding how to solve the issue. A conflict relationship between two or more individuals in an organization can be analysed as a conflict episode. Each episode leaves an aftermath that affects the course of succeeding episodes.

CONFLICT PROCESS

There are five stages of conflict episode:

(i) **Latent conflict (role/conditions conflict/ potential opposition):** Participants not yet aware of conflict. People may be in conflict without being aware that they are in conflict. Latent conflict exists whenever individuals, groups, organizations, or nations have differences that bother one or the other. However, those differences are not great enough to act to alter the situation. Differential power, resources, differing interests, or values all have the potential to spark conflict if a triggering event occurs.

Eg. A server at a restaurant may have inputted an order incorrectly and the food being made for a table is the wrong food. The manager and table do not know this yet and conflict has not arisen yet.

(ii) **Perceived conflict (cognition):** Participants aware a conflict exists. The people involved in a conflict become fully aware that there is a conflict. In the above eg. the table has now been made aware and complained to management. Management will now go over to speak with the employee about it.

(iii) **Felt (affect) conflict:** Stress and anxiety are felt by one or more of the participants due to the conflict. The manager does not enjoy causing conflict and the employee does not enjoy being under scrutiny. Here decisions are to taken to act in a certain way.

(iv) **Manifest (behavior) conflict**: Under this stage, the conflict is open can be observed. The Manifest Stage can take a number of shapes including: e-mails, phone calls, phone messages, face-to-face meetings, or any situation in which the conflict could be observed. When the manager pulls the employee aside to speak with him, others perceive the conflict and now it is visible.

(v) **Conflict aftermath (conditions) Behavior:** This is the outcome of conflict, resolution or dissolution. Here the conflict is visible through yelling, fighting, crying, or smiling, etc. It takes place when there is some outcome of the conflict, such as a resolution to, or dissolution of, the problem. It happens when the manager corrects the mistake with the customer and takes appropriate steps to ensure correctness in correcting order.

LEVELS OF CONFLICT

The five levels of conflict are intrapersonal (within an individual), interpersonal (between individuals), intragroup (within a group), intergroup (between groups), and intra-organizational (within organizations).

Types of conflict:

1) **Functional (Positive) conflict** is a conflict or tension within a group that leads to positive results. It is healthy, constructive disagreement between groups or individuals. This supports the goals of a group and also improves it performance.

2) **Dysfunctional conflict** is unhealthy disagreement that occurs between groups or individuals. This conflict obstructs the achievement of the goals of a group. Dysfunction means abnormality or injury in the operation of a specified bodily organ or system.

3) **Personal (Intrapersonal) conflict** is an ethical decision that has to be made. Intrapersonal conflict occurs within an individual. For eg., a person has to decide whether to report a wallet found with `2000/- inside or to keep it for himself. This experience takes place in the person's mind. Hence, it is a type of conflict that is psychological. It involves the individual's thoughts, values, principles and emotions.

4) **Inter personal Conflict**: It refers to a conflict between two individuals. This occurs typically due to how people are different from one another. Coming up with adjustments is necessary for managing this type of conflict. However, when interpersonal conflict gets too destructive, calling in a mediator would help to resolve it.

5) **Intragroup conflict:** It is a conflict that arises between members of the same group. It is arises from interpersonal disagreements. Eg. team members have different personalities which may lead to tension.

6) **Intergroup conflict:** This conflict occur between members of two or more groups. It may take place when a misunderstanding arises among different teams within an organization. For eg. the sales department of an organization can come in conflict with the customer support department. This is due to the varied sets of goals and interests of these different groups. In addition, competition also contributes for intergroup conflicts.

7) **Inter-organizational conflict:** Conflict also occurs between organizations which are dependent. Eg. conflict between buyer and supplier organizations about quantity, quality and delivery times and other policy issues. Such conflict could also be between unions and organizations employing their members, between government's regulatory agencies and the organizations that are affected by them.

8) **Relationship conflict** is a conflict resulting from either personality clashes or negative emotional interactions between two or more people. Eg: You keep a very tidy workspace and your cube mate is always messy. This irritates you and causes tension and conflict.

9) **Task conflict** occurs when two parties are unable to move forward on a task due to differing needs, behaviors or attitudes. It can be conflict over organizational policies and procedures, distribution of resources, or the method or means of completing a task.

10) **Goal Conflict**: A goal is a desired result or possible outcome that a person or a system plans and commits to achieve. Goals drive our behavior. Sometimes goals are in conflict. For example, a student might want to study for an upcoming exam, but might also want to go out with friends to have a good time. When it is not possible to do both, the goals are in conflict.

11) **Role Conflict**: An individual plays a number of roles in social and organizational situation. Every individual in the organization is expected to behave in a particular manner while performing a specific role. When the expected role is different or opposite from the behavior anticipated by the individual in that role; conflict arises. For example, a Manager will suffer role conflict if forced to action against an employee who is his close friend.

12) **Economic conflict:** This is brought about by a limited amount of resources. The groups or individuals involved then comes into conflict to attain the most of these resources, thus bringing forth hostile behaviors among those involved.

13) **Socio-cultural Conflict:** different social groups have different cultural beliefs and ideas which conflict, and this conflict sometimes leads to crime.

14) **Generational Conflict:** Generational gap is a difference of opinions between one generation and another regarding beliefs, politics, or values. In today's usage, "generation gap" often refers to a perceived gap between younger people and their parents or grandparents. It arises whenever the interests or ideals of one generation collide openly with those of another.

15) **Organizational (workplace) conflict**: Workplace conflict includes any type of conflict which takes place within a workplace or among workers and/or managers. It is a broad concept that includes several types of conflict that are normally treated separately. It includes personal conflicts, inter personal conflict, inter group conflict, intra group conflict, role conflict, goal conflict, task conflict, relationship conflict, bureaucratic conflict, system conflict, conflict over business ideas, decisions or actions; personality clashes at work; Conflict with boss; workplace violence; criminal acts in the workplace etc.

CONFLICT AMONG THE SUBUNITS

There can be three types of conflict among the subunits of formal organizations are identified:

16) **Bargaining conflict:** Conflict among the parties to an interest-group relationship. Eg. Demands by different departments during budget allocation.

17) **Bureaucratic conflict:** Conflict between the parties to a superior-subordinate relationship. Eg. Chief Secretary and DGP; Governor and CM

18) **Systems conflict:** Conflict among parties to a lateral or working relationship.

Role of emotion in inter-group Conflicts

A key player in inter-group conflict is the collective sentiment that persons (in-group) feels toward the other group (out-group). Depending on the perceived degree of warmth and competence, there are four basic emotions:

(a) **Envy**- It results when the out-group is perceived to have high competence, but low warmth. Envious groups are usually jealous of another group's symbolic and tangible achievements.

(b) **Contempt**- It results when the out-group is taken to be low in both competence and warmth. Contempt is one of the most frequent intergroup emotions. Here the out-group is held responsible for its own failures.

(c) **Pity**- It results when the out-group is believed to be high in warmth but low in competence. Usually pitied groups are lower in status than the in-group. They are never believed to be responsible for their failures.

(d) **Admiration**- Admiration occurs when an out-group is taken to be high in both warmth and competence. This is very rare because these two conditions are seldom met. An admired out-group is thought to be completely deserving of its accomplishments.

CONFLICT RESOLUTION STRATEGIES

Each of us possesses our own opinions, ideas and sets of beliefs. We have our own ways of looking at things. We act according to what we think is proper. Hence, we often find ourselves in conflict with other individuals, groups, or within our own selves. Being in conflict can be a real pain in the neck. But it can happen anywhere where we interact with other people. It may be the workplace, in school, college, at home and in other places.

When a dispute arises, often the best course of action is to resolve the disagreement. Conflict resolution is to find a peaceful solution to a disagreement. There are many alternatives for conflict resolution. Deciding the type of dispute mechanism depends on a variety of factors including the nature of the dispute, the relationship between the two partners, the sensitivity of the issues involved, and the likely outcome and cost of litigation.

POSSIBLE OUTCOMES OF CONFLICT RESOLUTION

1) W**in-Lose Situation**:

A "Win" results when the outcome of a negotiation is better than expected. A "loss" results when the outcome is worse than expected. ‘Win-Lose’ is the classic situations where only one side perceives that the outcome as positive. Thus, win-lose outcomes are less likely to be accepted voluntarily. Here the strength and power of one person wins the conflict. It has its place, but it will create a loser. If that loser has no outlet for expressing their concerns, then it will lead to bad feeling. A manager should avoid this situation while dealing with a conflict.

2) Lose-Lose Situation:

A "loss" results when the outcome is worse than expected. Lose-lose situation arises when all parties feels the outcome as worse. It results in, ‘I’m not OK, you’re not OK’ feeling. For eg. Nuclear war can be treated as mutually assured destruction- lose-lose. It never happened was because both sides knew it would be a lose-lose situation.

3) **Mid-Point Situation:**

It happens through a compromise. Both parties give up something, in favour of an agreed resolution. It takes less time, but is likely to result in less commitment to the outcome. This is better than win/lose and lose-lose situation.

4) **Win-Win situation:**

A "Win" results when the outcome of a negotiation is better than expected. Win-win outcomes occur when each side of a dispute feels they have won. Since both sides benefit from such a situation, any resolutions to the conflict are likely to be accepted voluntarily. This is the ideal outcome. However, it requires patience, time, skill, efficiency and analytical skill from the part of the mediator.

5) **No-Win Situation:**

Here a person has choices, but no choice leads to a net gain. For example, if a judge offers the condemned the choice of death by being hanged, shot, or poisoned. All choices lead to death and the condemned is in a no-win situation.

STRATEGIES FOR DEALING WITH CONFLICT

The **Thomas-Kilmann** Conflict Mode Instrument is used globally in conflict handling. It specifies five strategies used to address conflict. They are Accommodating, Avoiding, Collaborating, Competing, and Compromising.

1. **Avoidance**: In this approach, there is withdrawal from the conflict. Here everyone pretends there is no problem. Here the issue is simplified. The conflict is dealt through a passive attitude. Individuals end up with ignoring the problem. The manager thinks that the conflict will resolve itself. The other people may think that you are neglecting the problem. One should confront the problem before it gets worse.

2. **Accommodating**: Accommodation involves dealing with an element of self-sacrifice. Individuals may set aside their concerns to maintain peace in the situation. It demands high degree of co-operation, and sacrifice. It may be an immediate solution to the issue. But it also a false manner of dealing with the problem. It is generally done when it is necessary to keep relationship with the other party.

3. **Competing**: This is the “win-lose” approach. Here one party act in a very assertive way to achieve his goals, without seeking to cooperate with the other party. Successful resolution is created, without compromising their satisfactions. Communication is an important part of this strategy.

4. **Collaboration**: This can be effective for complex scenarios where a novel solution is required. It requires a high-degree of trust. In this style, the aggressive individual aims to instill pressure on the other parties to achieve a goal. For eg. A parent/teacher correcting his son/student for change in character. It may be inappropriate where the aggressor becomes too unreasonable.

5. **Compromising:** Compromising is when both parties give up something to come to resolution. This is the "lose-lose" scenario where neither party really achieves what they want. It comes up with a resolution that would be acceptable to both the parties involved. Thus, one party is willing to sacrifice their own sets of goals, if others will also do the same. Hence, it can be viewed as a mutual give-and-take scenario.

6) **Smoothing Over the Problem**: Smoothing is also known as accommodating. It is like putting stress on agreeable points and avoiding the conflicting points. On the surface, harmony is maintained. But underneath, there is still conflict. It can work where preserving a relationship is more important than dealing with the conflict. But it is not always useful.

6) **Mediation**. Mediation involves a neutral third-party acting as a mediator. Mediator seeks to satisfy the needs of the two disputing parties. He sits down with the two parties and guides their discussion. He assists the parties to put an end to their conflict. Mediator has no independent authority to impose a settlement.

7) **Counseling**: It is a psychological mechanism to reduce intra personal conflict. Intra personal conflicts of individuals may lead to inter personal conflicts in the organization. When personal conflict leads to frustration and loss of efficiency, counseling may prove to be a helpful antidote. But only a few organizations can afford the luxury of having professional counselors on the staff.

8. Negotiation: Negotiation is a discussion aimed at reaching an agreement. It offers the best option and opportunity for peaceful conflict-resolution. Negotiation is a method by which people settle differences. It is a process by which compromise or agreement is reached. It avoids arguments and disputes. Individuals understandably aim to achieve the best possible outcome for their position. It is said that a properly managed conflicts can deepen relationships and strengthen the community.

10. Arbitration: The arbitrator is a neutral third party. Both parties argue their side of the dispute in arbitration. The arbitrator then renders a final binding decision (award) as to the solution to the dispute. It is a legal way to resolve disputes outside the courts. Eg. Banking Ombudsman,

11. Litigation (Law suit): Litigation is the process of taking legal action. Taking the case to court is the least preferred option. It increases the hostility (enmity). It turns the conflict into a win-loss situation. Pursuing legal action can be a drain on time and resources.

13. Business Associations: Business associations like State and National Chamber of Commerce, International Chamber of Commerce (ICC), International Center for Settlement of Investment Disputes (ICSID), United Nations Commission on International Trade Law (UNCITRAL), etc are common places and rules to deal with inter organizational conflicts.

BASIC RULES OF DISPUTE-RESOLUTION

1) Play fair. Apply the golden rules and principles of equality, justice and honesty.

2) Listen attentively and proactively. Try to understand each other's assumptions, ideas and intentions.

3) Respect each other. Don't insult, don't lie and don't play the "blaming" game.

4) Find the common ground. Focus on sameness and common interests.

5) Be clear about the objective. Be willing to consider other alternatives to find a win-win solution.

6) Focus on facts. Separate facts from fiction and emotion. Agree on the basic set of realities that are directly relevant to the dispute.

7) Use reason. Simply do what is reasonable according to most rational, objective observers.

8) Resist the temptation to use force. When there is a power differential, the stronger one may want to settle the difference through force or threats of force. Be careful about achieving an unjust victory.

9) Accept and tolerate differences. It is alright for a person to have deep convictions about his or her own beliefs and values.

10) Learn to co-exist. When there are clashing differences, then agree to (a) go separate ways and (b) live apart in peace.

11) Forgive each other. Both parties have to let go of past grievances and forgive each other in order to repair relationships.

12) Be prepared to compromise. There has to be some give and take for both parties. It is possible for a person to compromise without sacrificing his or her principles.

Managerial Actions/ Structures to Minimize Conflicts

1) Clarify the organizational mission & objectives to all.

2) Regularly review job descriptions. Get your employee's input to them. Ensure that job roles do not conflict.

3) Intentionally build relationships with all subordinates. Meet at least once a month alone with them in office.

4) Ask about accomplishments, challenges and issues.

5) Get regular, written status reports that describe accomplishments, currents issues, and plans for the upcoming period.

6) Conduct basic training on communication, conflict management, delegation, etc.

7) Develop procedures for routine tasks and include the employees' input.

8) Regularly hold management meetings with all employees and communicate new initiatives and status of current products or services.

9) Consider an anonymous suggestion box in which employees can provide suggestions. This can be powerful means to collect honest feedback, especially in very conflicted workplaces.

DECISION THEORY

Decision theory represents a generalized approach to decision making. It enables the decision maker to analyze a set of complex situations with many alternatives and many different possible consequences. Solution to any decision problem consists of these steps:

1. Identify the problem.
2. Specify objectives and the decision criteria for choosing a solution.

3. Develop alternatives.
4. Analyze and compare alternatives.
5. Select the best alternative.
6. Implement the chosen alternative.
7. Verify that desired results are achieved.

Decision Making under Certainty

When the decision maker knows the outcome, he will choose the alternative that has the highest payoff (or the smallest loss).

Decision Making under Uncertainty and Risk

Under complete uncertainty, either no estimate of the probabilities are available. The decision maker lacks confidence in the alternatives and probabilities of outcome. Decision making under uncertainty expresses degree of decision maker´s optimism. Uncertainty brings risk to the situation.

Risk is characterised by the following aspects:

1. Lack of perfect information
2. Existence of risk.
3. Unpredictable environment.
4. Unavailability of alternatives.
5. Not aware about alternatives.
6. No reliability of the available information.

In such circumstances, the manager should make assumptions about the situations. Decision depends on the personal judgment and experience of the Manager. The following are the modern techniques of decision making under risk and uncertainty:

i. <u>Risk analysis:</u> Risk is made up of two parts: the probability of something going wrong, and the negative consequences if it does. Risk Analysis is a process that helps to identify and manage potential problems. It includes:

a) Identification of the existing and possible threats.
b) Estimating the possibility of realizing these threats.
c) Estimating the possible impact of realization of threat.
d) Accepting, sharing, managing and controlling risk.

Decision Tree: It is a graphical representation of alternative actions and their possible outcomes. It helps to weigh possible actions based on their costs, probabilities, and benefits.

- Occupation
  - Business
    - More Risk, more tension
    - Scope for growth
  - Employment
    - Less Risk, no tension
    - Least scope for growth

ii. Preference (Utility) theory: Risk preference refers to the attitude people hold towards risks. It is a key factor in decision-making behavior. Some people are risk-takers and some are risk-averse. Generally top management are risk takers and they tend to take more risky choices.

DECISION MAKING AND CONFLICT

Decision making is accompanied by conflict. Conflict and choice are closely related. Choice produces conflict and conflict is resolved by making a choice. Any decisions have to take into account the conflicting needs of the individuals who are affected by the decisions. Conflict resolution is a part of the decision making process. How well the conflicts are resolved depends on the skill and leadership traits of the decision maker. The given below are some strategies:

a. Consensual decision making: In the real world organizations, each group has its own agendas. Hence some amount of consultation and some amount of overriding the individual agendas are required.

b. Keep the interests of the organization: This is needed to prevent individuals and groups hijacking the decision making process with their agendas.

c. Elicit information from the individuals: This helps to provide balance and grievance redressal to the affected parties.

GROUP DECISION MAKING

Group decision-making is a situation where individuals collectively make a choice from the alternatives before them. It has the advantages of drawing from the experiences and perspectives of a number of individuals. Hence, it has the potential to be more creative and more effective decision. Generally it is better than an individual decision.

Advantages of Group Decision Making

1. It takes advantage of the diverse strengths and expertise of its members.
2. This will create synergy.
3. A group can generate a greater number of higher quality alternatives.
4. Group will finally reach a superior problem solution than the individual.
5. It will lead to a greater collective understanding of the course of action chosen.
6. Many possible affected parties actually had input into the decision.
7. This may promote a sense of "ownership" of the decision.
8. This will contribute to a greater acceptance of the decision.
9. There will be greater commitment on the part of the affected individuals to make the course of action successful.

Disadvantages of Group Decision Making

1. Groups are generally slower to arrive at decisions
2. It is not suitable where decisions must be made very quickly.
3. Rebellious views of the majority opinion may be suppressed.
4. Alternative courses of action are not fully explored.
5. If a powerful leader dominates the group, the group may quickly conform to the dominant view.
6. There is risk of group polarization. (The tendency to converge on extreme solutions to a problem.)
7. Group members may not feel as much responsibility and accountability for the actions of the group.

GROUP DECISION MAKING TECHNIQUES

a. **Nominal Group Technique** (NGT)- To ensure participation of all.

b. **Delphi Technique:** Written responses to a series of questionnaires instead of physically bringing individuals together to make a decision.

c. **Decision trees**: It is a graphical representation of alternative actions and their possible outcomes.

d. **Brainstorming:** Here group members verbally suggest ideas or alternative courses of action. Generation of ideas and evaluation of ideas are kept separate, to have more ideas.

e. Dialectical inquiry: Here the group is divided into opposing sides. Each side debate on the advantages and disadvantages of proposed solutions.

DYSFUNCTIONAL ORGANISATION

The word dysfunctional contains the prefix dys- from the Greek meaning “bad”, “abnormal”, “damaged”, or “impaired”. An organization is dysfunctional when it works in a way that is not consistent with it’s goal.

Dysfunction means abnormality in the operation of a system. Regardless of size, all human groups are subject to dysfunction. Humans are dysfunctional by nature, and so does his organizations also.

CAUSES OF DYSFUNCTION

1. Misunderstood Mission: When members know the values and principles of their group, they can make decisions on their own.

2. Lack of Consensus: Team members need to share a common view of the problems to solve. For eg, Only some of the team members recognize a problematic situation. Then the team can't move in a unified direction to solve the problem. Sometimes team members agree on symptoms, but disagree on their underlying causes. Brainstorming sessions can help to uncover the real issues and their root causes.

3. Misunderstood strategy: People can work together when each member of the group knows how to fulfill its mission. People should also know how the strategy will be implemented.

4. Lack of team cohesion (unity): Good leaders promote trust within the group. They ensure that each individual feels like part of the group. A leader first demonstrates that he/she is trustworthy. Lack of team cohesion will result in dysfunction.

5. Lack of resources: Every organization needs timely availability of resources to function. If the team can't get the tools and materials to do the job, the job won't be done. Each team member will feel the frustration, and morale will suffer.

6. Constant Crisis: Organizations cannot survive in a continuous crisis mode. Management must provide breaks in the crises.

7. Organizational Insanity: "Insanity is doing the same thing over and over and expecting a different result." "If it doesn't work, don't fix it."

8. Pluralistic Ignorance: It is a social phenomenon, in which individuals guess wrongly about a group's beliefs and values. For eg. In a class, every student thinks that, except him everyone has understood the topic/concept. And hence he doesn't ask any doubt.

9. Relative success: It is easy for managers to fool themselves by comparing their operations to other, more dysfunctional organizations. They make the mistake of looking at relative success rather than absolute success.

10. Indirect Causes (Root cause): In continuous quality improvement, finding the "root cause" is a critical step in understanding defects and in improving processes. In too many organizations, "things happen" rather than "people and processes produce results."

11. OK Sorry's: Dysfunctional organizations can get locked into a "Sorry is OK" mentality. Dysfunctional organizations have a high tolerance for failure, as long as the attitude is right and "lessons have been learned."

12. Segmented morals: A small business owner once remarked, "Honesty as a policy only applies to the first ten thousand dollars. After that, the phrase is 'good business.'" Dysfunctional organizations are infected with a morality of selective morale. The stated values and actual behaviors are often in direct opposition to each other.

Previous year questions

Part A (1 weight)

1. Explain the details the reason for group formation? Which are these reasons are influential. Why?
2. Describe the theories of Group formation?
3. Define Group? Explain different types of group?
4. What do you mean by conflict?

5. What is synergy?
6. Explain Group Decision –Making. 2015
7. What are the strengths and weaknesses of group decision making? 2011

Part B

8. Distinguish decision making under risk and under conflict or competition. 2012

Part C

9. What do you understand by stages of group development? Explain it with examples. 2017

MODULE-5

MODERN TECHNIQUES IN MANAGEMENT

Management techniques are effective methods of managing that help to develop a productive workplace. They are not short-term tricks used to motivate employees. There is no single management technique that works in all situations. Management techniques are systematic and analytical methods used to assist in decision-making. These are the methods used to manage the company's daily activities, motivate employees and to guide the company's future path.

Importance of Modern Management Techniques

1. It helps in Managerial Decision Making.
2. It helps to develop a productive work place.
3. It helps to motivate employees.
4. It helps to manage firm's daily activities.
5. It guides the company's future development.
6. It encourages initiatives.
7. It encourages innovations.
8. It helps to reduce wastages.
9. It reduces absenteeism and labour turnover.
10. It encourages team spirit and creates synergy.
11. It develops a proactive organization.

1. TRADITIONAL MANAGEMENT TECHNIQUES:

Traditional techniques refer to the techniques that have been used by business organisation for longer period of time and are still in use. Such techniques include:

a. Personal Observation   b. Statistical Reports

c. Breakeven Analysis   d. Budgetary Control

e. Return on Investment f. Ratio Analysis.

g. Responsibility Accounting h. Management Audit.

i. PERT and CPM (Program Evaluation & Review Techniques, Critical Path Analysis)

j. MIS- Management Information System.

2. MODERN MANAGEMENT TECHNIQUES:

Management strategies and techniques largely change over time. This change is necessary because businesses themselves and the societies change as well. What was considered as good management technique years ago may be considered a poor management technique today. Modem techniques are those techniques, which are very new in management world. These techniques provide various new aspects for controlling the activities of an organisation. These techniques includes:

a. Quality Circle f. Kaizen

b. TQM g. Bench marking

c. Standardization h. Six sigma

d. TPM i. MDP

e. BPR

A. QUALITY CIRCLE (QUALITY CONTROL CIRCLE):

QC is a group of employees, who meet regularly to identify, analyze and solve work-related problems. It is originally a Japanese management technique. It is a participatory management technique. It enlists the help of employees in solving problems related to their own jobs. The practice was originated in Japan. The number of employees in the circle should not be too small or large, an ideal of 10 to 12 employees are advocated. Eg. IQAC of colleges.

The main objective of Quality Circles is ‘self and mutual’ development. It creates cohesive team work. They are engaged in continuous improvement activities. For this QC meets at regular intervals.

Basic principles of quality circle:

1. Every job is capable of being improved.
2. People do not resist change, they resist being changed.

3. Every employee is capable of attaining excellence in his work.
4. Every employee is capable of attaining the basic ability to improve the job.
5. People like to improve their job and derive satisfaction out of it.
6. People welcome improvement if they are involved through human touch, recognition & reward for work.
7. People like to participate in groups and desire for attention.
8. People have integrity and can be highly creative.
9. A man who does the job knows best about the job.
10. A worker at least knows the problems of the job.

Benefits of quality circle to the organization

a) Catalyze – attitudinal change.
b) Develop – participative culture & team spirit.
c) Improve – employee & employer relationship.
d) Improve – quality of the goods & services.
e) Improve – Human relations at work place.
f) Increase – productivity.
g) Leads – towards the better efficiency.
h) Reduce – work related errors & cost.
i) Save – amount of time.

Benefits of quality circle to the employees:

a) Advances – employee career & personal development.
b) Develop – latent problem solving capabilities.
c) Encourage – employee to get involve with common goal of the organisation.
d) Give – sense of participation.
e) Improve – individual communication capability.
f) Involve – worker in decision making.
g) Provide- job interest
h) Remove – frustration.

B. TQM (TOTAL QUALITY MANAGEMENT):

Quality management system **(QMS)** is a collection of business processes focused on consistently meeting customer requirements to enhancing their satisfaction. Quality planning, quality assurance, quality control and quality improvement are the major components of quality management. The following are the merits of quality management system:

1. QM is essential for customer satisfaction.
2. QM leads to customer loyalty.
3. QM helps to design a product which the customer actually wants and desires.
4. QM helps to reduce waste and inventory.
5. QM ensures increased revenues and higher productivity.

TQM was originated during 1960s in Japan. TQM is a management approach to long–term success through customer satisfaction. In a TQM effort, all members of an organization participate in improving processes, products, services, and the culture in which they work. TQM refers to a quest for quality that involves everybody in the organization.

"TQM is a corporate business management philosophy which recognizes the customer needs and business goals as inseparable with both industry and commerce." British Quality Association

Eg. Quick repayment system of cancelled tickets by IRCTC, 24 hour customer care, online fee payment system by MGU, One time registration by Kerala PSC, E-NET certificate by UGC, E-payment of bills by KSEB, etc. are TQM implemented recently.

The key aspect of TQM are:

a) Continuous improvement -Kaizen.
b) Customer satisfaction: Exceeding the customer's expectations.
c) Participation of all employees.

Basic Approaches:

TQM requires six basic approaches

1. **Committed and involved Top management:**

The fate of any company is determined by the way it is managed by its top management. Only a committed top management can inculcate the required culture.

2. **Focus on customer:**

Today's business starts and ends with the customer. The whole idea of TQM dwells around the customer and their satisfaction. Customers are treated as God of the business. The customer can be satisfied only if their requirements are clearly understood and the right products/services are delivered.

3. **Employee involvement**:

The success of any organization is always attributed to the involvement of the employees. Top management has to establish the quality consciousness into the employees. Employee involvement is an achievement.

4. **Continuous Improvement:**

Continuous and never ending improvement in all aspect of the business is the key to initial success achieved by TQM practices.

5**. Partnership with suppliers:**

The focus should be on quality rather than price. A good relation with suppliers ensures a timely supply of goods to reduce lead-time.

6. **Performance Measures:** -

Performance measures act as motivators for everyone in a company. Performance measures must be set objectively and they must be used fairly.

Benefits of TQM

1. Great customer satisfaction.
2. Improved quality of products and services.
3. Increases productivity.
4. Employee participation.
5. Team work and team spirit.
6. Improves creativity and innovation.
7. Increases employee satisfaction and motivation.

8. Increases profitability.
9. Increases goodwill of the firm.
10. Improves the quality of life of the society.

C. STANDARDIZATION OF PRODUCT & SERVICES

'Standard' means universally/widely accepted or established means of determining what something should be. Most of the nations have their own standardizing agencies.

Benefits of Standards

1. Standards help to reduce costs.
2. It rationalizes different varieties of products.
3. It helps to satisfy consumers.
4. It helps to open access to new markets.
5. It helps to improve environmental performance
6. It is the basis for the development of national and international regulation.
7. It saves time and reduces barriers to international trade.
8. It ensures safety, quality and value for money for consumers.

ISO: ISO is an independent, non-governmental international organization with a membership of 163 national standards bodies. ISO is responsible for the ISO 9000 (Quality management), ISO 14000 (Environmental management), ISO 27000 (Information security), ISO 22000 (Food safety management) and other international management standards. ISO was founded in 1947.

BIS: The Bureau of Indian Standards (BIS) is the national Standards Body of India. It is established by the Bureau of Indian Standards Act, 1986. Objective is the harmonious development of the activities of standardization, marking and quality certification of goods. The BIS Standard Mark (ISI Mark) is a quality mark.

Hallmarking is the accurate determination and official recording of the proportionate content of precious metal in precious metal articles

C. TPM (TOTAL PRODUCTIVE MAINTENANCE):

TPM was first developed in 1969 at Nippondenso (Denso) of the Toyota group in Japan under the leadership of Seiichi Nakajima of the Japan Institute of Plant Maintenance (JIPM). Seiichi Nakajima (1919-2015) is regarded as the "father of TPM".

TPM is a philosophy and culture of proactive maintenance of machines to ensures that equipment functions without breakdowns, interruption or defects. TPM is widely followed in the management of systems and machineries. TPM is a maintenance based technique. The goal of the TPM program is to optimize the maintenance activities throughout the plant or throughout the machine life. The main objective of TPM is zero interruptions, zero defects and zero accidents. There are eight pillars for TPM: Autonomous maintenance, Planned Maintenance, Quality Maintenance, Focused Improvement, Early Equipment Maintenance,

(1) Autonomous maintenance: It ensures minimum training to all operators. The machine operators are trained for the daily maintenance of the system and normal trouble shooting. All operators take care of small maintenance tasks. It will free up the skilled technician to concentrate on technical repairs.

A hand book showing the details and operation of the machine is also provided at the time of purchase. They do the initial cleaning and inspection before running the system. This pillar is based on the concept that if operators take care of small maintenance tasks it will free up the skilled maintenance people to concentrate on more value added activity and technical repairs

For eg. (a) A photo copy operator is trained with trouble shootings related to paper jam, cartridge re-fill, normal cleaning etc. (b) A car driver is trained with indicators of fuel reserve indicators, oil level check, mal function indicators, etc.

(2) Planned Maintenance: It proposes a periodical maintenance schedule. This periodical checking and service/maintenance is done by the manufacturer or by the authorised service centre or by a skilled technician. This ensures smooth and uninterrupted functioning of the machine. Manufacturer generally provides the service manual along with the machine. Planned Maintenance is a proactive approach. It helps to achieve optimum maintenance cost, improving reliability of

machines, zero equipment failure, zero break down and availability of spares all the time.

For eg. A car manufacturer insists periodical service of vehicle at specific intervals, say 10,000 km or one year.

(3) Quality Maintenance: The issue of quality can be addressed by ensuring that the equipment is able to detect and prevent errors during production. Fixing error codes helps to identify the error. Most of the manufacturers fix error codes for mal functioning. Machines detect and report any abnormal conditions. Service center experts can assist the operator to rectify the error with these codes. The errors which require the attention of the expert can also determine on the basis of this.

For eg. Malfunction indicators (fuel, oil, engine, etc) fixed in the car.

Samsung washing machine fixes CODE: 1E, E7, 1C for water level sensor. The meaning of error code with action plan is given in the users hand book.

(4) Focused Improvement: Here Problems relating to the equipment are identified and improvement goals set as a kaizen (continuous improvement) model. The firm builds-up a large base of employees or even expert customers for this improvement.

For eg. Face Book awards and rewards any public who detects failures of its software and gives suggestions for improvement.

(5) Early Equipment Maintenance: It aims to standardise the expected life of the machinery. The manufacturer specifies the expected life of the spare parts. The user is advised to replace the spare parts on expiry. It ensures proactive replacement of the spare parts before interruption. For eg. Hero Honda motor bike specifies oil replacement at every 4000 km.

(6) Education and Training: Continuous improvement is possible only through knowledge updating and skill improvement of the employees. It helps to reduce defects. Training is provided at all levels.

(7) Health, Safety & Environment: It aims to create a safe workplace and a surrounding area. Utmost importance to Safety is given in the plant. Objectives are to achieve zero accident, zero health damage and zero fires.

Eg. Providing easy access to fire extinguisher, conducting periodical mock drills, regular cleaning of toilets, prohibition of smoking, etc.

(8) Office TPM: Administrative functions are supportive functions. Spreading the TPM initiative into other functions removes the silo mentality[17]. It encourages horizontal cooperation within the workforce.

Advantages of TPM

1. It makes a proactive organization.
2. It educates all workers about the basic maintenance.
3. It follows the principle of principles of preventive maintenance.
4. It establishes a complete system of maintenance for the entire machine life.
5. It increases productivity.
6. It increases efficiency of employees.
7. It improves the quality of product/services.
8. It minimizes system failure/ breakdowns and accidents.
9. It reduces customer complaints and increases customer satisfaction.
10. It provides a base for Research & Development.

D. BPR (BUSINESS PROCESS RE-ENGINEERING):

Synonyms: Business Process Redesign (BPR), business transformation, process innovation, business reinvention, change integration

BPR is a business management strategy, originally pioneered in the early 1990s. It is the implementation of radical change in business processes to achieve breakthrough results. There is a fundamental rethinking and radical redesign of core business processes. It aims to achieve dramatic improvements in critical performance measures such as quality, cost, and cycle time.

BPR focus on the following:

a) BPR involves innovation at all levels.
b) It advices for demolishing what you have now and start from the beginning.

[17] Silo mentality is a mentality where employees are not willing to share the knowledge/information, within the organization.

c) Transform every aspect of your organization.
d) Increase output quality and customer satisfaction
e) Reduce the cost and cycle time of a process.

Steps in BPR

1) Define the organizational/departmental objectives.
2) Identify the needs of the system.
3) Study the existing procedure/system.
4) Formulate new and innovative plan – Redesign.
5) Evaluate the design in the planning premises.
6) Implement the new design.
7) Obtain feedback for corrections.

Benefits of BPR

1) It reduces cost to a considerable extent.
2) It gives a dramatic improvement in the quality.
3) It boosts competitiveness of the firm.
4) It encourages revolutionary thinking.
5) It changes the corporate culture.
6) It revolves around customer satisfaction.
7) It helps to reduce organisational complexity.
8) It eliminates unnecessary activities and procedures.

Business process improvement - (**BPI**) is a strategic planning methodology aimed at identifying the employee skills that could be improved. These will smoother procedures, ensure more efficient workflow and overall business growth. This process is also termed as functional process improvement.

Case study

The traditional method of QP distribution of Universities involves the following steps.

1) Comptroller of exams through various section heads, appoints three teachers for preparing questions.

2) Receipts of QP from the teachers by post by the Comptroller.
3) Random Selection of one QP out of 3 QPs
4) Sending the QP for DTP to Press.
5) Printing and packing of QPs.
6) Collection of packets by the Comptroller.
7) Distribution of QPs to various exam centers through delivery vans.
8) Receipt and storing of QP by Chief Examiners/Principals.
9) Opening of QP by the Chief examiners before 15-30 minutes of exam.

MG University introduced BPR in 2017 with the help of a specific software/server. This reduced the cost to a considerable extent and eliminates the chance of QP leakage.

1) Comptroller of exams through various section heads, appoints three teachers for preparing questions.
2) Teachers upload the QPs to the server controlled by the Comptroller.
3) Comptroller of exams releases one of the QPs just before 30 minutes for downloading.
4) Principal/Chief examiner downloads through his user id and password, and takes sufficient prints.

E. KAIZEN

"Journey of a thousand mile begins with a single step"

Lao Tzu

"Do small things with great love" mother Teresa

'Kaizen' is a Japanese business philosophy of continuous improvement of working practices, personal efficiency, etc. Japanese words Kai = change, Zen = good. Kaizen means "change for the better"

Kaizen refers to activities that continuously improve all functions. It involves all employees from the CEO to the workers. Kaizen aims to eliminate waste by the improvement of process and functions. The word refers to any improvement, one-time or continuous, large or small. It can be applied to any kind of work, and any type of organization.

Kaizen is continuous improvement and it works on the basic principle of ‘change is for good.’

Guiding principles of Kaizen:

(1) Good processes bring good results.

(2) Go see for yourself to grasp the current situation.

(3) Speak with data, manage by facts.

(4) Take action to correct root causes of problems.

(5) Work as a team and not as a ‘group’

(6) Kaizen is everybody’s business.

Features:

1. Many small changes accumulated over time, brings big results.
2. It does not mean that kaizen equals small changes.
3. The majority of changes may be small.
4. Everyone is involved in making improvements.
5. Kaizen is a daily process, the purpose of which goes beyond simple productivity improvement.
6. Focus on small ideas and improvements which can be implemented on the same day.
7. It is a humanized approach to workers and to increasing productivity.
8. People at all levels of an organization participate in kaizen.
9. Kaizen methodology includes making changes and monitoring results, then adjusting.
10. Large-scale pre-planning and projects are replaced by smaller experiments.

PHASES/STEPS IN KAISON

(a) **Identify** an opportunity

(b) **Analyze** the process

(c) **Develop** an optimal solution

(d) **Implement** the solution

(e) **Study** the results

(f) **Standardize** the solution

(g) **Plan** for the future.

Kaizen generates small improvements as a result of coordinated continuous efforts by all employees. The following are some basic **tips for doing Kaizen**:

1) Replace conventional fixed ideas with fresh ones.
2) Start by questioning current practices and standards.
3) Seek the advice of many associates before starting a Kaizen activity.
4) Think of how to do something, not why it cannot be done.
5) Don't make excuses. Make execution happen.
6) Do not seek perfection.
7) Implement a solution right away, even if it covers only 50 percent of the target.
8) Correct something right away, if a mistake is made.

For example :

- In a study conducted in 2009, it is found that, when hospitals followed a simple checklist before a surgical procedure, death rates decreased by 40 percent.
- The checklist provided by the election commissioner reduces the burden of Presiding Officers largely.
- A simple checklist in the study room will reduce a lot of time.
- A master switch for the whole classroom electrical fittings will save a lot of electricity.
- Simple smile or a word of appreciation will reduce a lot of tensions.

Benefits of Kaizen

1. It brings in changes acceptable by all.
2. It improves employee participation in change process.
3. It improves employee morale.
4. It helps to reduce cost and increase profit.
5. It increases customer satisfaction.

F. BENCHMARKING

Also referred to as **"best practice benchmarking"** or **"process benchmarking"**

The word meaning of bench mark is standard, point of reference, etc. Benchmarking is a systematic process for identifying and implementing best or better practices.

Benchmarking is comparing one's business processes and performance metrics to industry bests and best practices from other companies. Management identifies the best firms in their industry, or in another industry where similar processes exist. Then compares the results and processes of those studied. It is a measurement of the quality of an organization's policies, products, programs, strategies, etc. It explain why these firms are successful.

Benchmarking Methodology/Process/Steps

Benchmarking may be a one-off event. It is often treated as a continuous process. Here organizations continually seek to improve their practices. There is no single benchmarking process that has been universally adopted. The following is an example of a typical benchmarking methodology:

1) Identify problem areas: through informal conversations with customers, employees, or suppliers; focus groups; in-depth marketing research, quantitative research, surveys, questionnaires, etc.
2) Identify other industries that have similar processes:
3) Identify organizations that are leaders in these areas: Look for the very best in any industry and in any country. Consult customers, suppliers, financial analysts, trade associations, and magazines to determine which companies are worthy of study.
4) Survey companies for measures and practices: to identify business process alternatives and leading companies.

5) Visit the "best practice" companies to identify leading edge practices: Companies typically agree to mutually exchange information beneficial to all parties and share the results within the group.
6) Implement new and improved business practices: Take the leading edge practices and develop implementation plans.

Types of costs in benchmarking:

1) **Visit Costs** - This includes hotel rooms, travel costs, meals, a token gift, and lost labor time.
2) **Time Costs** – Time involved for researching problems, finding exceptional companies to study, visits, and implementation.
3) **Benchmarking Database Costs** - Organizations find it is useful to create and maintain a database of best practices for the future use.

The cost of benchmarking can substantially be reduced through many internet resources. These aim to capture benchmarks and best practices from organizations, business sectors and countries to make the benchmarking process much quicker and cheaper.

Types of Benchmarking

I. Informal Benchmarking: This is the type of benchmarking that most of us do unconsciously at work and in our home life. We constantly compare and learn from the behavior and practices of others – whether it is how to use a software program, how to cook a better meal, or play our favorite sport.

II. Formal Benchmarking: It includes Performance Benchmarking and Best Practice Benchmarking.

1. Performance benchmarking: This involves comparing the performance levels of organisations. It involves the comparison of financial measures (such as expenditure, cost of labour, cost of buildings/equipment, cost of energy, adherence to budget, cash flow, revenue collected) and non-financial measures (such as absenteeism, staff turnover, the percentage of administrative staff to front-line staff, budget processing time, complaints, environmental impact or call centre performance).

2. Best practice benchmarking: This is a search for and study of organisations that are high performers in particular areas. It involves the

whole process of identifying, capturing, analysing, and implementing best practices.

3. Internal Benchmarking**:** Comparing performance between different groups or teams within an organization.

4. External Benchmarking**:** Comparing performance with companies in a specific industry or across industries.

5. Process benchmarking**:** Observation and investigation of business processes with a goal of business process redesign or improvement.

6. Financial benchmarking**:** Observation and investigation of financial practices of other firms.

7. Performance benchmarking - The firm assess their competitive position by comparing products and services of target firms.

8. Product benchmarking - The process of upgrading or designing new products by comparing competitors' products.

9. Strategic benchmarking – It involves observing how others compete to redesign or modify the existing strategies. Eg. a company can compare advertising and promotional strategies with those of other companies.

10. Best-in-class benchmarking – This involves studying the leading competitor or the company that best carries out a specific function.

11. Technical/ Product benchmarking**:** The process of bench marking extended to technical products.

12. Automotive benchmarking**:** The process of bench marking used in automotive industry.

For example, MG University has adopted a model of 'question bank' for the preparation of Question papers, from the similar practice of some 'autonomous colleges'. Previously it was prepared by external experts. 'Random selection form QB' eliminates the chances of out of syllabus questions.

Merits of Bench Marking

1. It brings easy acceptance to changes.
2. It helps to adopt the industry bests in organisations.
3. It helps to reduce cost and increase profit.
4. It increases customer satisfaction.

5. It implements creative ideas.

6. It increases quality of work.

G. MDP: (**The Management Development Program**)

MDP is concerned with providing well designed training to the practicing and future managers. It helps the employees to develop their personal and professional competence. MDP prepares one to become a better leader of the unit, department, or firm. It is uniquely designed to build ones capacity to lead his/her organisation into the future. MDPs are tailor made programs designed to cater the needs of the organization. These are being designed as short-duration skill development programs for business executives. Real-world case studies, small group discussions, interactive presentations, etc. are used in MDP.

Training existing managers in their chosen domains is of most importance. The dynamic global business environment requires the managers to be proactive in understanding and acting upon business decision. The MDPs are designed to address the need of business organizations to take hard decisions in dynamic environment.

MDPs are meant for corporate executives and personnel working in social and government organizations. Top management institutions in India like IIMs, Manipal Global Education Services (Banking), XLRI, etc. provides tailor made MDP programs for the business world.

Objectives of MDP

1. To design and deliver short-duration quality programs for the working executives of Indian industry, education, and government sectors.

2. To equip them with the advanced knowledge and skills in the business and management practices.

3. To facilitate the personal contribution of the managers, to the success of their organizations.

4. To refresh their knowledge.

5. To reacquaint themselves with present-day thinking

6. To gain insights and self-enrichment.

7. To familiarize themselves with the latest tools, techniques and skills of management.

8. To provide the tools and insight to think more strategically.

9. To provide the tools and insight to balance competing demands on the time.

10. To provide the tools and insight to engage in more forward-thinking leadership.

11. To challenge his/her views about management.

12. To enhance his/her understanding of the relevance and role of managers in today's organisations.

13. To provide periodic updating of the managerial skills to succeed in an intensely competitive globalized world.

Steps in MDP

1. Identify the organisation's objectives: The objectives tell "Where we are going" and will develop a framework from which the executive needs can be determined.

2. Ascertaining Development Needs: It requires forecasting its needs for present and future growth. This is based upon a comprehensive job analysis. It specifies the kind of management work to be performed, and the kind of executives needed. It also specifies the kind of education, experience, training, special knowledge, skills personal traits, etc, required for such work.

3. Appraisal of present Management talents: It is made with a view to determining the type of personnel available within an organisation. The performance of a management individual is compared with the standard expected of him.

4. Management power Inventory: It is prepared for the purpose of getting complete information about each individual (bio-data). It indicates the strengths and weaknesses of each executive. It helps to assess the availability of executives for higher positions.

5. Individual Development Program: This is guided by the results of the performance appraisals. It is undertaken to meet the needs of different individuals. The weak and strong points of an individual are

known from his performance appraisal reports and on this basis, training program are framed and launched.

6. Establishment of Development Programs: A comprehensive and well-conceived program is prepared, covering different fields viz. human relations, decision making, leadership etc.

7. Evaluating Development Programs: The most important means of evaluating (Feedback) development programs are observation, ratings, trainee surveys, trainee interview sets.

Methods / Techniques of MDPs

Different types of techniques are used to acquire and develop various types of managerial skills and knowledge. They are:

a) Decision making skills: In basket, Business game, Case study

b) Interpersonal skills: Role play, Sensitivity training, Behavior Modeling

c) Job knowledge: On the job experiences, Coaching, Understudy

d) Organizational knowledge: Job rotation, Multiple management

e) Specific individuals: Special projects, Committee assignments

Example for MDP

Let's take the example of a company with the following organizational values: RESPECT – PLEASURE – EFFICIENCY, and let's see how these values can be transposed into managerial behavior:

RESPECT: can be translated into listening, dialogue, fairness, behavioral stability, but also respect of one's commitment, deadlines, processes, etc.

PLEASURE: can be translated into team-spirit, involvement, motivation, creativity, joie de vivre, etc.

EFFICIENCY: can be translated into organizational skills, delegation, mobility, attention to details, decision-making, etc.

MDP implementation examples.

- Orientation and refresher programs for assistant professors.
- Bank officers training program at Manipal Global Education Services, Bangalore. (say Federal Manipal School of Banking)

Merits of MDP

1. It brings easy acceptance to changes.
2. It increases quality of work.
3. It improves employee morale.
4. It increases efficiency of employees.
5. It reduces employee turnover.
6. It increases productivity.
7. It reduces the need for supervision.
8. It reduces accidents, wastages, and damages.
9. It provides a platform for self-development.
10. It increases profitability and goodwill.

H. SIX SIGMA

Six Sigma is a customer-driven quality-control program, developed by Motorola.

"Six Sigma is a limit of 3.4 defects per one million products or service processes, where anything not acceptable to the end customer is considered a defect."

The objective of 'six sigma' is the implementation of a measurement-based strategy. It focuses on process improvement and variation reduction through the application of Six Sigma improvement projects. The Six Sigma DMADV process (define, measure, analyze, design, verify) is an improvement system used to develop new processes or products at Six Sigma quality levels.

What is Six Sigma

In statistics, the standard deviation is a measure used to quantify the amount of variation or dispersion of a set of data values. (SD, also represented by the Greek letter sigma **σ** or the Latin letter s)

Sigma capability measures the capability of the process to produce defect-free outputs. A defect is anything that results in customer dissatisfaction. The higher the sigma capability, the better its performance.

Six sigma is a statistical concept that measures a process in terms of defects – at the six sigma level, there 3.4 defects per million opportunities. It is a philosophy and a goal: as perfect as practically possible. Six Sigma is a highly disciplined process that enables organizations deliver nearly perfect products and services. The figure of six arrived statistically from current average maturity of most business enterprises.

A six sigma process is one in which 99.99966% of all opportunities to produce some feature of a part are statistically expected to be free of defects. Sigma levels are:

Sigma level	% defective	% yield	Defects/million (10 lakhs)
1	69%	31%	6,90,000
2	31%	69%	3,10,000
3	6.7%	93.3%	67,000
4	0.62%	99.38%	62,000
5	0.023%	99.977%	230
6	**0.00034%**	**99.99966%**	**3.4**
7	0.0000019%	99.9999981%	0.19

Phases of Six Sigma:

1. Define specific goals to achieve outcomes.
2. Measure reduction of defects.
3. Analyze problems, consider cause and effects.
4. Improve/Design process on bases of analysis.
5. Control/Verify process to minimize defects

Tools & techniques

1. Check Sheets (collect data to make improvements)
2. Pareto Charts(define problem and frequency)
3. Cause and effect diagram (Identify possible causes to solve problem)
4. Histogram (Bar charts of accumulated data to evaluate distribution of data)
5. Scatter diagram (plots many data points and pattern between two variables)
6. Flow Chart (Identify unwanted steps)

7. Control charts (Control limits around mean value)

Merits of Six Sigma

1. It reduces defects to the minimum.
2. It increases customer satisfaction.
3. It increases sales and cost of after sale services.
4. It increases profitability.
5. It increases quality of product and services.
6. It increases productivity.
7. It increases goodwill.

Demerits of Six Sigma

1. Cost of implementation is high.
2. It is time consuming.
3. It increases the cost of production and so the price.
4. It is difficult to achieve for small/medium business.
5. It may bring rigidity in the firm.
6. It requires additional cost for training.
7. It requires additional cost for quality control.

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Previous year questions

Section **A** 1weight One page

1. Define quality circle. What are its' benefits? 2011
2. Explain TQM. 2013
3. Explain bench marking. 2013
4. What is MDP? 2013
5. What is BIS? 2012
6. Describe Quality circle. 2014
7. What is six sigma? 2014, 2015
8. Explain Kaizen model of quality. 2017

Section B 2 weights 2 pages

9. What is standardization? What are it's benefits? 2011
10. Define MDP. Explain it's steps. 2014
11. Explain 6-Sigma. How it is impacting modern day manufacturing. 2017
12. Explain various models of Quality Management. 2017

Section C 5 weights Five pages

13. What is Kaizen? What is the trend in management regarding this tool? 2015
14. Define total quality management. Elaborate on the concepts and functions of total management. 2011
15. Define MDP. What are steps in MDP? 2015
16. Elucidate the 3 modern techniques in management.

Section A 2 marks Half page

17. What is social audit? 2011
18. What is 'corporate culture'? 2011
19. Write note on dual sub ordination. 2012
20. What is an organisation chart? 2012
21. Examine the principles of direction. 2012
22. Explain the terms of 'authority' and 'accountability'. 2012

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