PRINCIPLES OF MANAGEMENT

The three approaches to the evolution of management

The approaches are: 1. The Classical Approach 2. The Behavioral Approach 3. The Quantitative Approach.

1. The Classical Approach:

The classical school represented the first major systematic approach to management thought. It was distinguished by its emphasis on finding way to get the work of each employee done faster. It is primarily based upon the economic rationality of all employees.This evolved that people are motivated by economic incentives and that they will rationally consider opportunities that provide for them the greatest economic gain. The classical school can be broken down into three historical philosophies of management. These are:

A. Scientific management, B. Administrative management approach, and C. Bureaucratic model.

A. Scientific Management: The growth of factory system led to numerous problems in production and in labour control. Managers could not solve the problems by trail and error methods. The results could not be predicted. So the need arose for better management techniques.The use of method of science for solving management problems was thought of. The scientific management concept was first developed by F.W. Taylor in between 1895 and 1911.F.W. Taylor is being called as the Father of scientific, management. In 1878 he joined as a labourer at Midvale steel company in the USA. From that position he progressed to become Chief Engineer in 1884. He published papers on "piece rate system", "the art of cutting metals" and "shop management". He published a book on "The Principles of Management" in 1911.

F.W. Taylor discovered the application of method of science for solving industrial problems.

Application of scientific methods means adopting the following procedures to solve problems:

a. Observation,

b. Measurement, c. Experimental comparison, and d. Formulation of procedure.

He applied the scientific approach to technical and behavioural human problems.The main features of Taylor's scientific management are:

a. Science and not rule of thumb. b. Harmony and not discord. c. Maximum output and not restricted output. d. Specialization-Division of work between management and workers. e. Training and development of workers.

a. Science and not rule of thumb: Taylor said that rule of thumb would not help to solve problems in industries. He believed in scientific methods and approach. By applying the scientific methods the industrial efficiency can be improved as explained below.

1. Standardisation of working condition: Providing good working condition will improve industrial efficiency.The different working conditions are: i. Proper lighting. ii. Ventilation. iii. Temperature iv. Humidity v. Colour. vi. Cleanliness. vii. Noise, and viii. Seating.

Applying scientific approach, Taylor found out the minimum requirement of working condition.

2. Standardisation of Working Methods: For doing any job, the best method should be found out. Taylor invested Motion study (now called method study) techniques for this purpose. In this, the method of doing a job is scientifically studied. The waste efforts are eliminated. This leads to savings in human efforts.

3. Establishing the Standard of Performance: Taylor said that production time for each job should be found out scientifically. For this he invented time study techniques. Here the job is broken into elements. Each element is termed separately, and the total time for the job is found out. This will help to plan the daily work of each worker.

b. Harmony and Not Discord: Taylor said that the employer and employee should have complete understanding. The interest of employer and employees should be same. c. Maximum Output and Not Restricted Output:

Taylor evolved methods of getting more production from the workers. He said that workers must be encouraged for higher production. This was done by giving incentive wages for higher producers. He introduced differential piece rate system for this purpose. The workers who produced above the standard level were paid a higher piece rate. Those whose production was lower were paid a lower piece rate.

d. Specialisation-Separation of Physical and Mental Activity: Taylor said that the workers must be relieved of the mental activities so he separated the mental activity from physical activity. Physical activities are carried out by the people inside the shop. Mental activities are carried out by the people in the office. He evolved the functional organisation structure.

He identified the activities in an industry into eight functions. They were called Gang boss, Speed boss, Repair boss, Inspection boss, Instruction card clerk, Time and cost clerk, Route clerk and disciplinarian. The first four foremen worked inside the shop floor. The other four worked in the office.

e. Training and Development of Workers: Taylor insisted that the workers should be given proper training before they are put in the production line. He said that the selection of workers should be done scientifically. Right person should be employed for the right job.

B. ADMINISTRATED APPROACH

Scientific management focused primarily on the efficiency of production, but administrative management focused on formal organisation structure and the delineation of the basic process of general management. This approach is also known as functional or process approach and is based primarily on the ideas of Henry Fayol (1841-1925).

Henry Fayol is recognised as the first person to systematize the administrative approach activities into six groups, all of which are closely dependent on one another.

They are:

(i) Technical,

(ii) Financial,

(iii) Commercial,

(iv) Accounting, and

(v) Managerial.

He broke down the managerial function into five steps including planning, organizing, commanding, coordinating and controlling. Further, he developed fourteen management principles that have been widely circulated as guide for management thought.

These are:

(i) Division of work,

(ii) Authority,

(iii) Discipline,

(iv) Unity of command,

(v) Unity of direction,

(vi) Subordination of individual interest to the common goal,

(vii) Remuneration of staff,

(viii) Centralisation,

(ix) Scalar chain,

(x) Order,

(xi) Equity,

(xii) Stability of staff,

(xiii) Initiative, and

(xiv) Esprit de corps.

(i) Division of Work:

Accordingly, a work is given only a particular work to do. Hence, he can become a specialist and this specialisation will bring a better efficiency and maximum output.

(ii) Authority:

It is the right to direct to get the work done. This authority is given to execute responsibilities entrusted and the responsibility is the accountability of authority.

(iii) Discipline:

Discipline is defined by H. Fayol as "outward mark of respect for employment agreements and organisational rules." These should be enforced fairly and judiciously.

(iv) Unity of Command:

An employee should receive orders from only one supervisor. If this is not followed, confusion and conflict will emerge.

(v) Unity of Direction:

Fayol states this principle that "there should be one head and one plan for a group of activities." For example the production department should have only one production manager. Without unity of direction, unity of command cannot function.

(vi) Subordination of Individual Interest to the Common Goal:

While every employee is working with his individual interest, there will be an organisational interest. So, the individual interest should be integrated with the organisational interest. The employees should give importance first to the general interest/common goal than his individual interest.

(vii) Remuneration of Staff:

Remuneration is the payment for services provided by the employees. Since the remuneration and additional incentives inspires employees to provide their maximum effort to the organisation, the amount of payment and methods of payment should be chosen carefully and should be fairly paid.

(viii) Centralisation:

If the top-level person has the full power, it will be called as centralization. By contrast, if the power is delegated to the subordinates, it will be called as decentralisation. Fayol believed that while some authority should be given to the subordinates to make decisions, all major policy decisions should be made at the top management level.

(ix) Scalar Chain:

It means "Line of authority". According to this principle, communication that is, orders and instructions should be sent from the top management to the lowest level in the organisation through the line of authority.

(x) Order:

This principle indicates the arrangement of resources, which may be physical, and human order means. "A place for everything and everything in its place." This can be done properly by developing precise knowledge of the human requirements and the resources of the concern and having a constant balance between their requirements and their resources.

(xi) Equity:

Equity means a combination of fairness, kindliness and justice. Managers should be both fair and friendly to the subordinates.

It is not that only the chief executive ought to apply equity in his dealings with the subordinates. Rather, it is the duty of the chief executive himself to ensure that managers at all levels apply equity in their dealings with their subordinates. It will help in soliciting loyalty and devotion from subordinates.

(xii) Stability Off Staff:

Higher labour turnover indicates bad management and bad results and its should be minimized. Tenure and long term commitment therefore should be encouraged. It is better to have one manager of average ability than to have very efficient managers who merely come and go.

(xiii) Initiative:

The power of thinking, and executing is called initiative. It is the capacity to decide what needs to be done. Therefore, subordinates should be encouraged. At times, they will come forward with new ideas and effective plans.

(xiv) Esprit do Corps:

This is the French word which means feeling of harmony and union among people in the organisation. So, the employees should work as a team. There is strength in unity.

C. Bureaucratic Model:
The third major pillar in the development of classical organisation was provided by Max Weber's bureaucratic model. Weber developed a set of rational ideas about administrative structure of large, complex organisations that define what has come to be known as bureaucracy.

The basic characteristics of a bureaucratic organisation are as follows:

(i) A division of labour based on functional specialization.

(ii) A well-defined hierarchy of authority.

(iii) A system of rules concerning the rights and duties of positional incumbents.

(iv) A system of procedures for dealing with work situations.

(v) Impersonality of interpersonal relations.

(vi) Selection and promotion of employees based on technical competence.

i. A Division of Labour Based On Functional Specialisation:

A maximum possible division of labour makes it possible to utilize all links of the organisation experts who are fully responsible for the effective fulfillment of their duties.

ii. A Well-Defined Hierarchy of Authority:

Each lower official is under the control and supervision of higher one. Every subordinate is accountable to his superior for his own decisions and actions and the decisions and actions of his subordinates in turn.

iii. A System of Rules Concerning the Rights and Duties of Positional Incumbents:

The rules regarding the rights and duties of employees should be clear-cut. The responsibility of each employee in the organisation should be clearly defined and assigned and strictly adhered.

iv. A System of Procedures for Dealing with Situations:

These procedures must be time-tested and equally applicable under similar situations of work.

v. Impersonality of Interpersonal Relations:

Rewards should be based on efficiency rather than nepotism or family connections. The functioning of the organisation based on rational and objective standards, excludes the prejudices. This unbiased approach predictably leads to optimum efficiency.

vi. Selection and Promotion of Employees Based on Technical Competence:

The employees must be protected against arbitrary dismissal. The system of promotion should correspond to seniority or merit or both.

This would help produce staunch loyalty to the organisation.

2. The Behavioral Approach:
The behavioural approach on the human relations approach is based upon the premise of increase in production and managerial efficiency through an understanding of the people.

The human relations approach of management involves with the human behaviour and focused attention on the human beings in the organisation. The growth and popularity of this approach is attributable to Elton Mayo (1880- 1949) and his Hawthorne experiments.

The Hawthorne experiments were carried out at the Hawthorne plant of the western electric company. These experiments were carried out by Elton Mayo and the staff of the Harvard Business School, main researchers were Elton Mayo, White Head, Roethlisberger and Dickson. The first of Mayo's four studies took place at a Philadelphia textile mill.

The problem he investigated was excessive labour turnover in a department where work was particularly monotonous and fatiguing. The workers tended to sink into a dejected, disconsolate mood soon after being

assigned there eventually they would lose their tempers for no apparent reason and impulsively quit. At first Mayo thought the reason for the worker's behaviour must be physical fatigue.

So, he instituted a series of rest periods, during the workday. In course of trying to schedule these periods in the most efficient manner, management experimented with allowing the workers to do the scheduling themselves. The effect was dramatic. Turnover fell sharly to about the same level as that for the rest of the plant, productivity shot upward and the melancholy moods disappeared.

Similar results were obtained at the Hawthorne plant of the western electric company. Mayo's another studies made at the Bank hiring room and at an aircraft factory. Hence the Mayo's study showed that the role played by social needs is more responsive to the social forces operating at work than the economic rewards.

3. The Quantitative Approach:

This approach involves the application of modern quantitative or mathematical techniques for solving managerial problems. This approach is also known as decision theory approach, mathematical approach, quantitative approach, operational approach etc. These quantitative tools and methodologies are designed to add in decision-making relating to operations and production. According to Lindsay, these techniques assist the management for improving their decisions by:

(i) Increasing the number of alternatives that can be considered. (ii) Assisting in faster decision-making based upon objective analysis of available information. (iii) Helping management in evaluating the risks and results of different courses of action. (iv) Helping to bring into optimum balance the many diverse elements of a modern enterprise.

The technique generally involves the following 4 steps:

(i) A mathematical model is constructed with variables reflecting the important factors in the situation to be analysed. (ii) The decision rules are established and some standards are set for the purpose of comparing the relative merits of possible courses of actions. (iii) The empirical data is gathered which would relate parameters in the goal utility. (iv) The mathematical calculations are executed so as to find a course of action that will maximize the objective function or the goal utility.

The following are some of the areas where these techniques are extensively used:

(i) Linear programming. (ii) Queuing theory. (iii) Inventory modelling. (iv) Regression analysis. (v) Simulation. (vi) Preventive Control and replacement problems. (vii) Competitive problems and problems of Game Theory.

The major features of this approach are as follows:

a. Rational decision-making. b. Mathematical models. c. Computer applications. d. Evaluation criteria.

a. Rational Decision-Making: An organisation is considered as a decision-making unit and the main job of a manager is to make decisions and solve problems. The quality of managerial decisions determines organisational efficiency.

b. Mathematical Models: A model is a simplified representation of a real life situation. It utilises mathematical symbols and relationships. It reduces a managerial decision to a mathematical form so that decision-making process can be stimulated and evaluated before the actual decision is made. But great care is required to ensure that all material relationships, constraints and variables are incorporated in the model.

c. Compute Applications: The computer can handle in minutes extremely complex problems with an immense volume of data and also calculate numerous variations in the solution.

d. Evaluation Criteria: Models are evaluated for effectiveness against the set criteria like cost reduction, return on investment, schedules and deadlines etc.

Uses of Quantitative Approach:

(i) The methods and techniques developed under it are being increasingly used for managerial decision-making. (ii) There is orderly thinking in management leading to more exactness. (iii) This approach has given effective tools to solve problems of planning and control.

Limitations of Quantitative Approach:

(i) It has made little contribution in the areas of organising, staffing, motivation and leadership.

(ii) It over stresses decisional rules of a manager at the cost of inter-personal and informational rules.

(iii) Models and techniques are many times far from the realities of the management situation.

(iv) It covers only a part of the manager's job as it cannot effectively deal with inter-personal and group relationships-decision making is only a part of management.

UNIT-2

Meaning of decision-making

Decision-making is a process of selecting the best among the different alternatives. It is the act of making a choice. There are so many alternatives found in the organization and departments. Decision-making is defined as the selection of choice of one best

alternative. Before making decisions all alternatives should be evaluated from which advantages and disadvantages are known. It helps to make the best decisions. It is also one of the important functions of management. Without other management functions such as planning, Organizing, directing, controlling, staffing can't be conducted because in this managerial function decision is very important. According to Stephen P. Robbins, "decision-making is defines as the selection of a preferred course of action from two or more alternatives."

Importance of decision-making

1. **Implementation of managerial function**: Without decision-making different managerial function such as planning, organizing, directing, controlling, staffing can't be conducted. In other words, when an employee does, s/he does the work through decision-making function. Therefore, we can say that decision is important element to implement the managerial function.

2. **Pervasiveness of decision-making:** the decision is made in all managerial activities and in all functions of the organization. It must be taken by all staff. Without decision-making any kinds of function is not possible. So it is pervasive.

3. **Evaluation of managerial performance:** Decisions can evaluate managerial performance. When decision is correct it is understood that the manager is qualified, able and efficient. When the decision is wrong, it is understood that the manager is disqualified. So decision-making evaluate the managerial performance.

4. **Helpful in planning and policies:** Any policy or plan is established through decision making. Without decision making, no plans and policies are performed. In the process of making plans, appropriate decisions must be made from so many alternatives. Therefore, decision making is an important process which is helpful in planning.

5. **Selecting the best alternatives:** Decision making is the process of selecting the best alternatives. It is necessary in every organization because there are many alternatives. So decision makers evaluate various advantages and disadvantages of every alternative and select the best alternative.

6. **Successful; operation of business:** Every individual, departments and organization make the decisions. In this competitive world; organization can exist when the correct

and appropriate decisions are made. Therefore, correct decisions help in successful operation of business.

A **decision** is a choice made between two or more available alternatives **decision making** is a process of choosing the best alternative for reaching objectives **decision making** is covered in the planning section of this text managers must also make **decision** when performing the other three managerial function-organizing, influencing, and controlling- the subject requires a separate chapters.

Managers make decision affecting the organization daily and communicate that decision to other organizational members. Not at all managerial decision is equal significance to the organization, some affect the large number of organization members, cost a great deal of money to carry out, or have a long term effect on the organization.

Types of Decision Making

There are two types of **decision making**:

- Programmed **decision making**
- Nonprogrammed **decision making**

Programmed decision making - Programmed decisions are routine and repitative, and the organization typically develops specific ways to handle them. A programmed decision might involve determining how product will be arranged on the selves of the supermarket. For this kind of routine, repetitive problem, standard-arrangement decisions are typically made according to established management guidelines.

Nonprogrammed decision making - Nonprogrammed decision, in contrast is typically on shot decision that are usually less structured than programmed decision. An example of the type of nonprogrammed decision that more and more and more managers are having to make is whether a supermarket should carry an additional type of bread.

Objects of Decision Making

Problem finding - Problem finding, as part of the intelligence phase, in conceptually defined as finding a difference between some existing situation and some desired state. This is compared to reality, difference and identified and the difference are evaluated as to whether they constitute a problem.

Organizational models

1. Historical models in which the expectation is based on an extrapolation of past experience

2.Planning models in which the plan is expectation.

3. Models of other people in the organization, such as superiors, subordinates, other departments.

4. Extra organizational models in which expectations are derived from competition, customers and professional organization.

Problem formulation

There is always a significant danger, when a problem is identified, as solving the wrong problem. The purpose of problem formulation is to clarify the problem, so that design and choice activities operate on the right problem.

1. Determining the boundaries i.e. clearly identifying what is included in the problem.

2.Examining changes that may have precipitated the problem.

3. Factoring the problem into smaller sub problems.

4. Focusing on the controllable elements.

Development of alternative - A significant part of the process of decision making is the generated of alternatives to be considered in the choice phase. The act of generating alternative is creative and creativity may be taught. Basic creativity may be also be enhanced by alternative generation procedure and support mechanisms. The creative

process requires that there be adequate knowledge of the problem area and its boundaries domain knowledge and motivation to solve the problem.

Advantages of Decision Making

Life is full of difficult decision for us to make, and no matter how simple we try to make our lives, how many self help books or articles we read, how much we try to learn from other people's experience, etc.we always end up confronted with a hard decision to make. There simply is no escape from it.

Group Decision Making

Abstract

Many managers like to believe that they are accomplished in such group decision making processes as action planning goal setting and problem setting and problem solving. However their ability to implement such techniques effectively is often hindered by their lack of understanding of the dynamics of these group decision making processes. As a result these managers often end up perpetuating problems that they themselves create through their insensitivity to the needs of other group members.

Decision by lack of response (the plop method)

The most common – and perhaps least visible- group decision making method is that in which someone suggest an idea and before anyone else has said anything about it someone else suggests another idea until the group eventually finds one it willacton.

Decisionbyauthorityrule

Many groups start out with-or quickly set up-a power structure that makes it clear that the chairman or someone else in authority will make the ultimate decision. The group can generated ideas and hold free discussion but at any time the chairman may say that having heard the discussion, he or she has decided upon a given plan.

Decision by minority rule

One of the most often heard complaints of group members is that they feel railroaded into some decision usually this feeling result from one , two, or three people employing tactics that produce decision and therefore must be considered decision but which are taken without the consent of the majority. A single person can enforce a decision particularly if he or she is in some kind of chairmanship role by not giving opposition an opportunity to build up.

Decision by majority rule (voting and polling)

More familiar decision making procedures are often taken for granted as applying to any group situation because they reflect our political system. One simple version is to poll everyone's opinion following some period of discussion. If the majority of participants feel the same way, it is often assumed that is the decision. The other method is the more formal one of stating a clear alternative and asking for votes in favor of it, votes against it, and abstentions.

The better way

Because there are time constrains in coming to a group decision and because there is no perfect system, a decision by consensus is one of the most effective methods. Unfortunately, it is also quit important to understand that consensus is not the same thing as unanimity. Rather it is states of affairs where communication have been sufficiently open and the group climate has been sufficiently supportive to make everyone in the group feel that they have had their fair chance to influence the decision.

What are the actual steps in a decision made by a group?

1. Identify the problem

2. Clarify the problem

Phases of Decision Making Process

Phase 1 - Identification

This is the first phase in the decision making process. It involves identification and the clear definition and formulation of the problem. In this phase a written problem statement is prepared, which specifies the nature and magnitude of the problem. It is necessary to determine how important and urgent the problem is not well defined, the decision instead of solving the problem may complicate it. This phase requires the manager to use his imagination, experience and judgment in order to identify the real nature of the problem.

Phase 2 - Analysis

The second phase of the decision making process involves determining the causes and scope. The problem should be classified to determine the futurity, periodicity and impact of the decision required as well as limiting or strategic factor relevant to the decision. The most important part in this phase is to find out the real cause or source of the problem. Analyzing the real problem implies knowing the cause of gap between what is and what should be and understanding the problem in relation to the objectives of organization. In some cases all the required information might not be available. In such a case, the manager has to judge the risk involved in the decision.

Phase 3 - Search

After defining and analyzing the problem, the next phase of the decision making process involves the search for the several possible alternatives. A problem can be solved in several ways all of which are not equally good. A wide range of alternative

should be prepared this also increase the manager's freedom of choice. This is done in order to ensure effective decision making but it is advisable for the manager to limit his discovery of those alternative which are strategic or critical to the problem.

Phase 4 - Selection

The forth phase of the decision making process deals with comparing and scrutinizing the various developed alternative to identify the pros and cons of each. Also this phase requires certain criteria like feasibility, cost, organizational goals, risk, timing, economy of effort, limitation of sources etc.

Phase 5 - Selection

The last phase is the most critical part of the decision making process. A wrong choice would negate all effort made in the previous steps. The judgment may be influenced by the intuition and personal value system of the decision maker. The selected solution must be acceptable to those who must implement it and who are affected by it.

Models of the Decision Making Process

Models are the tools of the decision making process which help the managers to assess the situations before they have happened by mimicking the real experiences and situation, without the expense of developing the situation for real. Here the decision makers use simulation to try to mimic the way that the firm or elements within the firm, will respond to changes in operating characteristics sometimes mathematical techniques such as queuing theory or linear programming are applied to mimic the real life situation.

Models can be classified into various categories

- Conceptual models

- Iconic models

- Analog models

- Schematic models

Conceptual models

Conceptual models are those formed through our experience, knowledge and intuition. They are further subdivided as

- Descriptive models - Verbal models - Mental models

Descriptive models represent a higher level of conceptualization and may be articulated and communicated.

Iconic models

Iconic models are those that resemble what they represent, although the properties of an iconic model may not be the same as those of the real system it represent iconic models include physical and pictorial models.

Analog models

Analog models are those that are built to act like real system, although they look different from what they represent. These models employ one set of properties to represent some other set of properties possessed by the real system. An artificial kidney dialysis machine that provides life support is an example of an analog model.

Symbolic models

Symbolic models use symbols to designate the components of a system and relationship among those components. They are abstract models in which symbols are substituted for systems characteristics.

They are of three types:

- Graphical representation

- Schematic models, and

- Mathematical equations

Steps in the process of Decision Making

1. Identifying and diagnosing the real problem

Understanding the situation that sets the stage for decision making by a manager is an important element in decision making. Pre determined objectives past acts and decision and environment consideration provide the structure for current decisions. Once this structure is laid, the manager can proceed to identify and determine the real problem.

2. Discovery of alternatives

The next step is to search for available alternatives and assess their probable consequences. But the number of forces reacting upon a given situation is so large and varied that management would be wise to follow the principle of the limiting factor. That is management should limit itself to the discovery of those key factors which are critical or strategic to the decision involved.

3. Analysis and evaluation of available alternatives

Once the alternatives are discovered, the next stage is to analyze and compare their relative importance. This calls for the listing of the pros and cons and different alternatives in relation to each other. Management should consider the element of risk involved in each of them and also the resources available for the implementation.

4. Selection of alternatives to be followed

Defining the problem, identifying the alternatives and their analysis and evaluation set the stage for the manager to determine the best solution. In this matter, a manager is frequently guided by his past experience. If the present problem is similar to one faced in the past, the manager has a tendency to decide on the basis past experience is a useful guide for the decision in the present. But it should not be followed blindly. Changes in the circumstances and underlying assumption of decisions in the past should be carefully examined before deciding a problem on the basis of experience.

5. Communicate of the decision and its acceptance by the organization

Once decision is made, it needs to be implemented. This calls for laying down derivative plans and they communicate to all those responsible for initiating action on them. It will be better if the manager takes into account beliefs, attitude and prejudices of people in the organization and is also aware of his own contribution to implantation of the decision. It is further required that subordinates are encouraged to participate in decision making process so that they feel committed and morally bound to support the decisions.

MANAGEMENT BY OBJECTIVES

After setting up an acceptable set of goals for each employee through a give-and-take collaborative process, the employee is asked to play a major role in devising an action plan for achieving these goals.

In the final stage of the MBO process, employees are asked to develop control processes, to monitor their own performance and to suggest corrective measures if deviations from plans do occur.

The entire process is a combination of planning and control.

Features of Management by Objectives

In the light of the above definitions of MBO, the following features of it can be identified;

1. It is a technique and philosophy of management.

2. Objective setting and performance review are made by the participation of the concerned managers.

3. Objectives are established for all levels of the organization.

4. It is directed towards the effective and efficient accomplishment of organizational objectives.

5. It is concerned with converting an organizational objective into a personal objective on the presumption that establishing personal objectives makes an employee committed which leads to better performance.

6. The basic emphasis of MBO is on objectives. Management by Objectives tries to match objectives with resources.

7. Objectives in MBO provide guidelines for appropriate systems and procedures.

8. A periodic review of performance is an important feature of MBO.

9. MBO provides the means for integrating the organization with its environment, its subsystems, and people.

10. Employees are provided with feedback on actual performance as compared to planned performance.

Related: 6 Stages of MBO Process

Common Elements of a Management by Objectives Program

The essence of MBO is participative goal setting, choosing a course of actions and decision-making process. An important part of the MBO is the measurement and comparison of the employee's actual performance with the standards set.

Management by Objective defined as a management system in which specific performance goals are jointly determined by employees and their managers, progress toward accomplishing those goals is periodically reviewed and rewards are allocated on the basis of this progress.

4 Common Ingredients of an MBO Program are;

1. Goal specificity,

2. Participative decision making,

3. An explicit time period, and

4. Performance feedback.

Let's briefly look at each of these.

1. Goal Specificity

The objectives in MBO should be concise statements of expected accomplishments. It is not adequate, for example merely to slate a desire to cut costs, improve service or increase quality.

Such desires need to be converted into tangible objectives that can be measured and evaluated for instance to cut departmental costs by 8 percent to improve service by ensuring that all insurance claims processed within 72 hours of receipt, or to increase quality by keeping returns to less than 0.05 percent of sales.

2. Participative Decision Making

In MBO, the objectives are not unilaterally set by the boss and assigned to employees, as is characteristic of traditional objective setting.

Rather, MBO replaces these imposed goals with participative determined goals. The manager and employee jointly choose the goals and agree on how they will be achieved.

3. An Explicit Time Period

Each objective also has a concise time period in which it is to be completed. Typically the time period is three months, six months, or a year.

4. Performance Feedback

The final ingredients in an MBO program are continuous feedback on performance and goals that allow individuals to monitor and correct their own actions.

This continuous feedback is supplemented by periodic formal appraisal meetings in which superiors and subordinates can review progress toward goals, which lead to further feedback.

Benefits of Management by Objectives

In addition to the fact that goal-orientation of management promotes a sense of motivation among the people within the organization, MBO has certain other benefits which are narrated as under:

1. **Improves Management**

Objectives cannot be established without planning, and results-oriented planning is the only kind that makes sense. MBO forces managers to think about planning for results, rather than merely planning work or activities.

In order to make objectives realistic, Management by Objectives also requires that managers think of the way they will accomplish results and the resources and assistance they will require.

2. Encourages Personal Commitment

MBO encourages employees to commit themselves to their goals because they have before them clearly defined objectives.

Moreover, the fact that they often participate in goal- setting, improves their commitment to work. As a matter of fact, people become enthusiastic when they control their own fate.

3. Clarifies Organization

MBO forces management to clarify organizational roles and structures. So far as possible, organizational positions are built around the key results expected of the people occupying them.

Moreover, the companies that embark on MBO programs can easily discover deficiencies in their organization and take the necessary steps to rectify.

4. Device for Organizational Control and Systematic Evaluation

It serves as a device for organizational control integration. MBO helps in making a more systematic evaluation of performance.

5. Develops Effective Control

There is no better incentive for self- control and no better way to know the standards for control than having a set of clear goals.

When each and every employee knows what to achieve, control becomes very easy and automatic.

6. Improving Productivity

Management by Objectives helps in improving productivity as the management team concentrates on the important task of reducing costs.

7. Motivating the Subordinates

It stimulates the subordinates' motivation.

8. Personal Satisfaction

It provides a greater opportunity to managers for personal satisfaction on account of participation in objective setting and rational performance appraisal.

9. **Locating Weak and Problem Areas**

It helps in locating weak and problem areas because of improved communication and organization structure.

Weaknesses of Management by Objectives

With all its advantages, a system of MBO may also have a number of weaknesses, arising out of the inability in applying the MBO concepts judiciously.

The weaknesses are;

1. Failure to teach the philosophy of MBO which is built on concepts of self-control and self-direction that are aimed at making managers as professionals.

2. Failure to give proper guidelines to goal setters by making them well aware of the corporate goals in advance.

3. Difficulty in setting verifiable goals that help in the process of control.

4. Emphasis on short-run goals often jeopardizes the achievement of the long-term objectives.

5. The danger of inflexibility also causes a serious problem since managers may strive for goals that have been made obsolete by revised corporate objectives, changed premises, or modified policies.

Limitations of MBO

Although MBO is generally taken as the panacea for all the problems of an organization, it is not without weaknesses or limitations. The following are the limitations of Management by Objectives;

1. MBO cannot be implemented effectively on account of the difficulty in setting verifiable objectives.

2. The open atmosphere for appropriate objective-setting is absent because of differences in the status of subordinates.

3. Managers may not get time to do even their normal work as MBO involves much paperwork and holding many meetings.

4. There is a tendency on the part of the managers to emphasize short-term objectives and to become more precise in objective setting and accomplishment.

5. MBO is a philosophy of managing an organization in a new way. However, many managers fail to understand and appreciate this new approach.

6. MBO represents the danger of inflexibility in the organization, particularly when the objectives need to be altered. In a dynamic environment, a particular objective may not be valid forever.

The essence of MBO is participative goal setting, choosing the course of actions and decision making. An important part of the MBO is the measurement and the comparison of the employee's actual performance with the standards set.

The MBO should be defined that Management By Objectives is a management system in which specific performance goals are jointly determined by employees and their managers, progress toward accomplishing those goals is periodically reviewed and rewards are allocated on the basis of this progress.

Nature and Purpose of Planning

Nature of Planning

ü Planning is goal-oriented: Every plan must contribute in some positive way towards the accomplishment of group objectives. Planning has no meaning without being related to goals.

ü Primacy of Planning: Planning is the first of the managerial functions. It precedes all other management functions.

ü Pervasiveness of Planning: Planning is found at all levels of management. Top management looks after strategic planning.

ü Middle management is in charge of administrative planning. Lower management has to concentrate on operational planning.

ü Efficiency, Economy and Accuracy: Efficiency of plan is measured by its contribution to the objectives as economically as possible. Planning also focuses on accurate forecasts.

ü Co-ordination: Planning co-ordinates the what, who, how, where and why of planning. Without co-ordination of all activities, we cannot have united efforts.

ü Limiting Factors: A planner must recognize the limiting factors (money, manpower etc) and formulate plans in the light of these critical factors.

ü Flexibility: The process of planning should be adaptable to changing environmental conditions.

ü Planning is an intellectual process: The quality of planning will vary according to the quality of the mind of the manager.

Purpose of Planning

ü To manage by objectives: All the activities of an organization are designed to achieve certain specified objectives. However, planning makes the objectives more concrete by focusingattention on them.

ü To offset uncertainty and change: Future is always full of uncertainties and changes.Planning foresees the future and makes the necessary provisions for it.

ü To secure economy in operation: Planning involves, the selection of most profitable courseof action that would lead to the best result at the minimum costs.

ü To help in co-ordination: Co-ordination is, indeed, the essence of management, the planning is the base of it. Without planning it is not possible to co-ordinate the different activitiesof an organization.

ü To make control effective: The controlling function of management relates to the comparison of the planned performance with the actual performance. In the absence of plans, a management will have no standards for controlling other's performance.

ü To increase organizational effectiveness: Mere efficiency in the organization is not important; it should also lead to productivity and effectiveness. Planning enables the manager to measure the organizational effectiveness in the context of the stated objectives and take further actions in this direction.

Features of Planning

ü It is primary function of management.

ü It is an intellectual process

ü Focuses on determining the objectives

ü Involves choice and decision making

ü It is a continuous process

ü It is a pervasive function

Types of Plans

Plans commit individuals, departments, organizations, and the resources of each to specific actions for the future. Effectively designed organizational goals fit into a hierarchy so that the achievement of goals at low levels permits the attainment of high-level goals. This process is called a **means-ends chain** because low-level goals lead to accomplishment of high-level goals.

Three major types of plans can help managers achieve their organization's goals: strategic, tactical, and operational. Operational plans lead to the achievement of tactical plans, which in turn lead to the attainment of strategic plans. In addition to these three types of plans, managers should also develop a contingency plan in case their original plans fail.

Operational plans

The specific results expected from departments, work groups, and individuals are the **operational goals.** These goals are precise and measurable. "Process 150 sales applications each week" or "Publish 20 books this quarter" are examples of operational goals.

An **operational plan** is one that a manager uses to accomplish his or her job responsibilities. Supervisors, team leaders, and facilitators develop operational plans to support tactical plans (see the next section). Operational plans can be a single-use plan or an ongoing plan.

- **Single-use plans** apply to activities that do not recur or repeat. A one-time occurrence, such as a special sales program, is a single-use plan because it deals with the who, what, where, how, and how much of an activity. A budget is also a single-use plan because it predicts sources and amounts of income and how much they are used for a specific project.
- **Continuing or ongoing plans** are usually made once and retain their value over a period of years while undergoing periodic revisions and updates. The following are examples of ongoing plans:
- A **policy** provides a broad guideline for managers to follow when dealing with important areas of decision making. Policies are general statements that explain how a manager should attempt to handle routine management responsibilities. Typical human resources policies, for example, address such matters as employee hiring, terminations, performance appraisals, pay increases, and discipline.
- A **procedure** is a set of step-by-step directions that explains how activities or tasks are to be carried out. Most organizations have procedures for purchasing supplies and equipment, for example. This procedure usually begins with a supervisor completing a purchasing requisition. The requisition is then sent to the next level of management for approval. The approved requisition is forwarded to the purchasing department. Depending on the amount of the request, the purchasing department may place an order, or they may need to secure quotations and/or bids for several vendors before placing the order. By defining the steps to be taken and the order in which they are to be done, procedures provide a standardized way of responding to a repetitive problem.
- A **rule** is an explicit statement that tells an employee what he or she can and cannot do. Rules are "do" and "don't" statements put into place to promote the safety of employees and the uniform treatment and behavior of employees. For example, rules about tardiness and absenteeism permit supervisors to make discipline decisions rapidly and with a high degree of fairness.

Tactical plans

A **tactical plan** is concerned with what the lower level units within each division must do, how they must do it, and who is in charge at each level. Tactics are the means needed to activate a strategy and make it work.

Tactical plans are concerned with shorter time frames and narrower scopes than are strategic plans. These plans usually span one year or less because they are considered short-term goals. Long-term goals, on the other hand, can take several years or more to accomplish. Normally, it is the middle manager's responsibility to take the broad strategic plan and identify specific tactical actions.

A **strategic plan** is an outline of steps designed with the goals of the entire organization as a whole in mind, rather than with the goals of specific divisions or departments. Strategic planning begins with an organization's mission.

Strategic plans look ahead over the next two, three, five, or even more years to move the organization from where it currently is to where it wants to be. Requiring multilevel involvement, these plans demand harmony among all levels of management within the organization. Top-level management develops the directional objectives for the entire organization, while lower levels of management develop compatible objectives and plans to achieve them. Top management's strategic plan for the entire organization becomes the framework and sets dimensions for the lower level planning.

Contingency plans

Intelligent and successful management depends upon a constant pursuit of adaptation, flexibility, and mastery of changing conditions. Strong management requires a "keeping all options open" approach at all times — that's where contingency planning comes in.

Contingency planning involves identifying alternative courses of action that can be implemented if and when the original plan proves inadequate because of changing circumstances.

Keep in mind that events beyond a manager's control may cause even the most carefully prepared alternative future scenarios to go awry. Unexpected problems and events frequently occur. When they do, managers may need to change their plans. Anticipating change during the planning process is best in case things don't go as expected. Management can then develop alternatives to the existing plan and ready them for use when and if circumstances make these alternatives appropriate.

■ **Meaning**

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production and they are used only by the active human group. In this way it can be said that man-power occupies a prominent place among all the available sources in the enterprise.

Now the question arises whether all the employees in an organisation work according to their full capacity. In answer to this question it can be said that ordinarily the employees do not work according to their full capacity. Generally they work because of the social pressure, need for a job and authority of the superior. According to one estimate they use only 60% of their capacity. However, it is essential to utilise the remaining 40% of their capacity for the easy attainment of the pre-determined objectives of the enterprise. This is possible only when they are inspired to work with greater dedication and fuller enthusiasm. Such inspiration or guidance can be given by an executive who is not only an efficient manager but a good leader also. A leader is an individual who exercises his influence on all the persons in a group in such a manner as to make them work with complete enthusiasm and confidence and to their fullest capacity for the attainment of the objectives of the enterprise. Such qualities of a leader are called leadership.

■ **Definitions of Leadership**

Generally, leadership is defined in the form of the qualities of a particular individual. With the help of these qualities he guides the people and makes them capable of working willingly upto their fullest capacity. A successful leader gives the necessary encouragement to his subordinates in their work performance rather than pushing them in doing it. There is a difference of opinion about the qualities of a leader among various scholars. According to some scholars leaders are born not made. According to this point of view these qualities are inborn and that they cannot be acquired. On the contrary, some scholars

are of the opinion that leaders can be made. Combining these two views **Ordway Tead** has presented this point of view, *"Leaders are born and also made. Those who possess the qualities of leadership make use of them whenever they find an opportunity and come to light automatically.........".*

The following are the opinions of various scholars in respect of leadership:

(1) According to **Koontz and O'Donnell,** *"Leadership may be defined as the ability to exert interpersonal influence by means of communication toward the achievement of a goal."*

(2) According to **George R. Terry,** *"Leadership is the ability of influencing people to strive willingly for mutual objectives."*

(3) According to **Franklin G. Moore,** *"Leadership is the ability to make men act the way the leader wants."*

> **TOOL KIT** ③
>
> **Some Companies and Their Leaders**
> * Microsoft — Bill Gates
> * Reliance Industries — Dhirubhai Ambani
> * Infosys — Narayana Murthy
> * Tata — J.R.D. Tata
> * Wipro — Azim Premji

In conclusion, it can be said that leadership is that ability of an individual on the basis of which, in special circumstances, through the medium of communication, guides the employees by impressing them with his conduct in such a manner that they, without any pressure, automatically start working at their full capacity for the attainment of the objectives of the enterprise.

■ Characteristics or Nature of Leadership

After analysing the definitions of leadership, the following major characteristics become quite apparent:

(1) **Followers**: The first requirement of leadership is the presence of followers without whom leadership cannot be thought of. Without followers, a leader himself has no existence. Therefore, it is important that leader should have followers (or the employees) to work with.

(2) **Personal Ability**: Leadership depends on the ability of a particular individual. For example, the degree of the success of a manager will be in proportion to his qualities of leadership. Different scholars have different opinions about the ability of an individual with reference to leadership. According to one opinion this ability is inborn, while according to the other view this ability can be acquired. Still the third opinion holds the view that leaders are born as well as made.

(3) **Influencing Process**: Leadership is a process of influencing people. It means taking other people under one's influence. Under leadership a leader behaves with his followers in such a manner that they come under his influence effortlessly and they start working in accordance with his wishes.

(4) **No Need of Coercion**: It is an important characteristic of leadership that it does not require coercion. A manager so impresses the employees with his behaviour that they willingly start working. Leadership does not mean getting work out of the employees under coercion.

(5) **Full Capability Utilisation**: It is clear that ordinarily an individual does not work at his full capacity. He needs to be encouraged to do so and this is possible only under leadership. Thus, it is a characteristic of leadership that the followers start working at their full capacity.

(6) **Ideal Conduct**: It is important for leadership that a leader should have an ideal conduct. He should not only be delivering lectures to others but should behave in a manner that he expects from others. For example, if a manager tells his employees to be punctual in coming to their work but himself always arrives late at office, he cannot be a successful leader.

(7) **Leadership is a Continuing Process**: Leadership is a continuous process. In other words, the job of a leader does not end by explaining the objectives of the organisation to his followers but they have to be regularly guided. Therefore, it can be said that leadership is a dynamic process.

(8) **Leadership is a Part of Management but not all of it**: Generally, management and leadership are thought to be synonyms, but it is a wrong idea. Under management, we include planning, establishing the organisational structure for the implementation of planning, appointing competent persons on different posts in the organisational structure, and exercising control over them. All these functions require a manager but he cannot successfully perform these functions if he does not know how to lead or get work done through other people. The reality is that a leader is not appointed separately but a manager has to take the burden of leadership while performing his managerial functions.

Under leadership the followers have to be influenced while all the above mentioned functions come under management. These functions cannot be performed without leadership. Thus, management is incomplete without leadership. On the other hand, if leadership is considered to be management it loses its existence because it requires the objectives determined by the management. If there are no objectives, what for the leadership should be and for whom it should be. It is , therefore, clear that leadership is a part of management but not the whole of it.

(9) **Leadership is ever a new Process**: Normally the nature of work, the efficiency of people, enthusiasm for work and level of competition continue changing. In this way new problems daily confront the leader in the changing situations. To face these problems the leader has to find out new techniques of leadership so that he continues motivating his followers as usual so that they can successfully achieve the objectives. It is, therefore, said that leadership is always a new process.

(10) **Leadership is something a person does, not something he has**: Leadership is associated not with the name of a person or his position but with his works. In other words, leadership is recognised from the way how successfully a person influences his followers. For example, a person holding a high post can lack the qualities of leadership, while another person on a low level post can be a leader because of his really good behaviour. In other words, the presence of the qualities of leadership in an individual does not depend on his bookish knowledge but on his practical knowledge.

(11) **Leadership transforms Potential into Reality**: Leadership is that power which brings to light the latent abilities with the help of one's conduct. Generally, some employees cannot

receipt of the refined material, the output of the finished goods will be decreased which will finally result in a loss. This can only be prevented with the help of efficient leadership. By establishing coordination among the activities of the employees leadership increases the pace of work and gives rise to the feeling of cooperation among the employees.

(5) **Facility to the Executives**: When, in any organisation, a manager by using his capability of leadership establishes a spirit of coordination among the employees and gets their complete cooperation, he himself is benefitted. By using his leadership capability he makes the employees utilise their full capability. In such a situation the work load of the manager diminishes and he can utilise his remaining time in other important managerial functions. In this way leadership has its importance even for the executives in providing convenience to them.

(6) **Fulfilling Social Responsibility**: Through efficient leadership the employees rise above their individual interests and work for the interests of the enterprise. This benefits the employees also. They are provided the necessary facilities because of which their standard of living improves. On the other hand, because of the joint efforts of efficient leadership and efficient employees the consumers get good quality products on less prices. In this way the managers, through their leadership, can easily achieve the objective of social responsibility of the organisation.

(7) **Basis for Success of Business**: In this respect **John G. Glover** has expressed his views in this manner, "*Inefficient leadership, rather than any other reason, is responsible for the failure of most of the business organisations.*" The measure of success in business is the successful attainment of the pre-determined objectives. The achievement of the objectives remains only in the realm of imagination so long as the cooperation of the employees is not achieved through motivation. In order to convert imagination into reality cooperation is needed which can be possible only through efficient leadership. Efficient leadership can help in clearings the greatest hurdle.

It is thus clear that howsoever good the organisational structure may be and howsoever educated the executives be, the absence of capable leadership not only makes the attainment of the objectives of the organisation difficult but impossible.

■ Functions of a Leader

Leadership is an inspiring medicine which motivates the employees for the accomplishment of the pre-determined objectives of the organisation. According to **Koontz and O'Donnell**, the major function of leadership is to create proper enviornment and maintain it throughout to achieve the desired results. The following are the functions of a leader:

(1) **To Define Organisational Goals**: The first function of leadership is to explain the objectives of the organisation. The leader himself gets acquainted with the objectives and places them in simple language before the employees. The works required for the accomplishment of objectives are given priority. The works which happen to be the prominent ones are placed on the top in a definite sequence so that they can be specially taken care of in their performance.

(2) **To divide the Work as per Capability**: After having determined the works required for the achievement of the objectives of the organisation, they are divided among the employees according to their capabilities. The more difficult and important works are assigned to educated and trained employees.

(3) **To Guide the Activities**: The leader gives his subordinates the necessary guidance in their efficient work performance. They are told how a work can be accomplished with the help of some method in the minimum time.

(4) **To Maintain Discipline**: The fourth major function of leadership is to maintain discipline. A leader can inspire his subordinates to observe the prescribed rules only through discipline. It is especially important to note that the type of discipline which a leader expects from his followers has to be first made applicable to his ownself. That is why it is said, "Discipline after self administration," meaning thereby that one has to make rules applicable to one's ownself before talking about discipline.

(5) **To Create Effective Communication**: Under leadership proper communication is created to establish a balance among different activities of the organisation and also to maintain cordial relations among the employees. The communication process is considered complete only when something said by someone is received by the other party in the same spirit in which it has been said. Communication should be in simple language so that every individual can easily understand its meaning. It makes many successful rounds of exchange of ideas among the manager and employees possible.

(6) **To Understand the Feelings of his Subordinates**: Another important link in the chain of functions of leadership is to understand the feelings of the subordinates. Why does a human group follow a particular individual? In reply to this question it can be said that this particular person provides them security, gives them opportunities to earn money, gives them the authority to work and tries to understand their feelings. That is why they follow him. Anybody who takes care of the above mentioned things is willingly accepted as a leader. As a result of this they work with full dedication and enthusiasm.

(7) **To Secure Cooperation**: It is clear that the job of converting the objectives of the organisation into reality is done by the employees. It is not possible so long as there is complete cooperation between both the sides (manager and the employees). Now the question arises how this feeling of cooperation should be created. The suggestions and the advice given by the employees should be respected; their difficulties whether they are connected with the organisation or with their family life should be listened to sympathetically, and they should be given chances of promotion. All these functions can be performed only by a leader.

(8) **To Represent the Organisation**: The leader also represents the organisation. When he gives orders and directions, apart from being the manager, he is representing the enterprise also. Similarly, when he handles the outside people, he represents the enterprise.

(9) **To Make Decisions**: The changing situations present many new problems to the leader and to solve them he has to take decisions. Not only this, even in daily works like what work is to

Qualities of a Leader

The following are the qualities for successful leadership:

(1) **Ability to Motivate**: Leadership means motivating the followers to follow the leader. It shows that it is important to have the ability to motivate in order to make the meaning of leadership meaningful or purposeful. The leader should know the different methods of motivation so that the employees can be motivated according to their nature.

(2) **Ability to Communicate**: The chief function of a leader is to have communication with the employees and other individuals regarding various information, orders, thoughts, etc. This job should be performed in a simple language keeping in view the ability of the person receiving communication so that the receiver takes the communication in the same spirit in which it is conveyed. The effect and its quickness will depend on the amount of communication skill of the person concerned.

(3) **Quick Decision-making Power**: A leader has to face many new difficulties. In order to handle these problems successfully, he should have substantial decision-making power. If the decisions are taken quickly, the leadership gets an extra shine. Quick decision-making power presents no hurdle in any work and makes the right work possible at the right time. In its absence the leader and the entire organisation look weak, works get delayed unnecessarily, the consumers get dissatisfied and finally, the reputation of the enterprise suffers.

(4) **Integrity**: It is important that a leader should be a man of integrity . It means that the style of his functioning should depend on goodwill, truth, morality and be free from deceit. A leader is a link between the owner and the employees. Therefore, he should be faithful to both. For example, the owner should be informed before hand about any possible loss and the employees should not be fed on false promises.

(5) **Full of Courage**: A leader should be courageous. Courage here means that whatever he feels should be strongly implemented. In other words, the leader should fearlessly stick to the decision once taken. A courageous leader never wavers on the path of truth and never falls a pray to the feelings of his opponents. This quality of a leader affects the people working with him and they also become quick in their work performance.

■ Approaches/Theories of Leadership

Management without leadership is like a dead body. Management experts have given a special attention to the study of leadership keeping in view the importance of its role in management. In this context different thinkers have presented different views about it from time to time. According to the oldest concept, *'Leaders are born not made'*, meaning thereby that leadership ability is inborn and this cannot be developed later on. According to the latest concept *'Leaders are born too and also can be made'*. Some scholars feel that the success of leadership depends on the individual qualities, while some people are of the view that the success of leadership depends on the situations in which the leadership is provided. On the other hand, according to some scholars leadership ability depends on the necessities of the followers. Some experts consider it as the outcome of the individual qualities of the leader and the situations. In this way many theories of leadership have been presented and a brief description of these is given below:

■ (1) The Trait Theory

Bernard and Ordway Teed have propounded this theory. According to this theory, leadership ability in a particular person depends on his special individual qualities. In other words, if that individual possesses these special qualities he will certainly be a successful leader in all the situations. This theory also believes that **Leadership ability is inborn and it cannot be achieved by making any effort.** All the researches conducted between 1930 and 1950 considered individual qualities as the best. Many researches were conducted later on also and in spite of some differences, leadership ability came to be rested on these qualities. **Stogdill** has divided the forty qualities pointed out by different scholars into five parts:

(i) **Physical Traits:** 5 qualities like energy, appearance, height, etc., have been included in this category.

(ii) **Intelligence and Ability Traits:** This category includes 4 qualities like intelligence, scholarship, etc.

(iii) **Personality Traits:** This category includes 16 qualities like adaptability, preparedness, enthusiasm, self-confidence, etc.

(iv) **Task related Traits:** This includes 6 qualities like initiative, persistence, etc.

(v) **Social Traits:** This category includes 9 qualities like cooperativeness, administrative ability, etc.

● Criticism

Now these days when many important researches are being conducted in the field of management, modern scholars criticise the trait theory. The critics have given the following arguments:

(i) **Lack of Uniformity:** The first important argument of the critics is that many scholars have given a long list of the leadership qualities and there is no uniformity in it. Some scholars consider some particular qualities more important while some others point out some opposite qualities. In this way because of the lack of uniformity it cannot be said with absolute certainty as to what leadership qualities are necessary in an individual.

(ii) **Ignorance about Situations:** Critics also feel that a person with some limited qualities cannot be successful in all the situations. In actual practice a leader needs different qualities in different situations. In the trait theory about leadership the situations have been ignored and it is felt that if an individual has some listed qualities he will be a successful leader.

(iii) **Unclarity about the Degree of Traits:** In this theory a list of leadership qualities has been given without clarifying the degree or extent of these qualities that a person should possess, and what qualities are more important and what qualities carry less importance.

(iv) **Problem of Measuring the Traits:** The critics argue that it is difficult to know whether a particular individual has the proper amount of a particular quality or not. Personality traits can only be measured in different ways but on this basis no final decision can be taken.

After going through this criticism of the trait theory we can conclude that this principle was important when the facilities for the creation of leadership ability were not available and hence, it was treated as an inborn quality. Today there is no dearth of training in management or leadership ability. Hence, it will be wrong to say whether it is an inborn quality or to assert that a person with some special qualities will be successful in all the situations.

■ (2) The Situation Theory

According to this point of view, the leadership qualities in an individual is the result of situations. It is important to clarify here that this principle does not mean to say that an individual need not possess the qualities given in the trait theory and that only situations can make him a leader. This theory says that the individual must have qualities and, having these qualities, the situations determine his success. It means that an individual can be a successful leader in certain special situations, while the same individual can be an utter failure in some other situation. For example, **Churchill** proved to be a successful leader during the war but after the war when peace returned people did not accept him as their leader. After the Second World War Hitler in Germany, Mussolini in Italy and Roosevelt in America are such examples.

It is, therefore, clear, that the qualities which a leader requires are determined to some extent by the necessities of the situations in which he has to work as a leader.

Pointing out the difference between the trait theory and the situation theory it has been said that according to the former theory an individual with some special qualities will succeed as a leader in all the situations. However, according to the latter theory having some qualities, the situations determine the success of the individual as a leader.

● Criticism

Like the first concept this concept is also not complete in itself. According to **McFarland** the situation theory like the trait theory, gives an incomplete and limited clarification about leadership. The critics of this theory have given the following arguments:

(i) This theory does not tell whether a successful leader in one situation will be successful in another situation also.

(ii) This theory also does not clarify as to what different qualities are needed in different situations.

■ (3) The Follower's Theory

According to follower's theory of leadership, the leadership ability of a person depends on his followers. Why the followers accept a particular individual as their leader. The reason for this is their primary necessities. Anybody who can make the maximum contribution to the fulfilment of their needs, is accepted as their leader and they start following him. In reality the leadership ability depends on the fulfilment of the necessities of the followers. Hence, in order to find out the leadership ability of a person it is important to know as to how many followers are ready to accept him as their leader.

● Criticism

Like other theories, in this theory also only one aspect has been stressed. According to this, only the followers determine the leadership ability. In reality the followers are the only factor among many others which determine the leadership ability but it cannot be said that the followers alone determine it.

■ (4) Behavioural Theory

According to this theory, the behaviour of a leader should be ideal. In the words of **Ray A. Killian**, *A leader may be basically a decision-maker , an advisor, an informer, a solution giver of problems or a planner, he should present an ideal behaviour before his followers.* It means even a person with all the qualities cannot be a successful leader if he does not present an ideal example before his followers.

In other words, this theory is concerned with the behaviour of a leader and not with his qualities. This point of view gives the greatest importance to the behaviour of a leader. But this cannot be denied that the behaviour of a leader is determined by his individual qualities, followers, aims and the environment. In this way there are four factors which influence the proper behaviour- the leader, the followers, the goals and the environment. A combination of the following factors determines the type of behaviour expected of a leader:

(i) The level of the individual qualities of the leader, (ii) the followers', faith towards the leader, (iii) the nature of goals, and (iv) the achievement of the determined goals by the leader with the help of the followers in the available environment.

In conclusion, according to the behavioural theory the leadership ability depends on the behaviour of the leader with his followers and their behaviour depends on the above mentioned four factors.

In the trait theory the leadership ability depends on some special qualities while the behavioural theory considers the behaviour of the leader more important.

• Criticism

The behavioural theory of leadership has also been subjected to criticism. It has been pointed out against it that it is not necessary that a man with an ideal behaviour will always be a successful leader. At a particular time he can successfully lead his followers with his behaviour but he can be a failure at some other time with the same behaviour. Thus, here 'time', which is an important factor, has been ignored.

(5) Group Approach Theory

This theory has been propounded by **Kurt Lewin**. According to him a leader should be studied as a group rather than as an individual because a leader is connected not with one individual but a human group. Each group tends to develop its own unique norms and an individual can become an effective leader only if he accepts the norms of the group and operates within them.

(6) X and Y Theory

Mc Gregor expounded this theory. According to the X theory, an individual does not utilise his full capability willingly. The feeling of doing work has got to be awakened in him and he has also to be directed.

On the other hand, according to Y theory, an individual himself wants to work. The reason for this is that the tendency to work lies within him and that he is optimistic. The function of leadership is only to guide.

According to X point of view, work performance of the followers requires the arousing of a feeling to work and which needs guidance, while in the Y point of view, only guidance is sufficient. In brief, it can be said that in the X point of view the leader uses his power and forces his decisions on the followers. On the contrary, according to the Y point of view he has consultations with his followers.
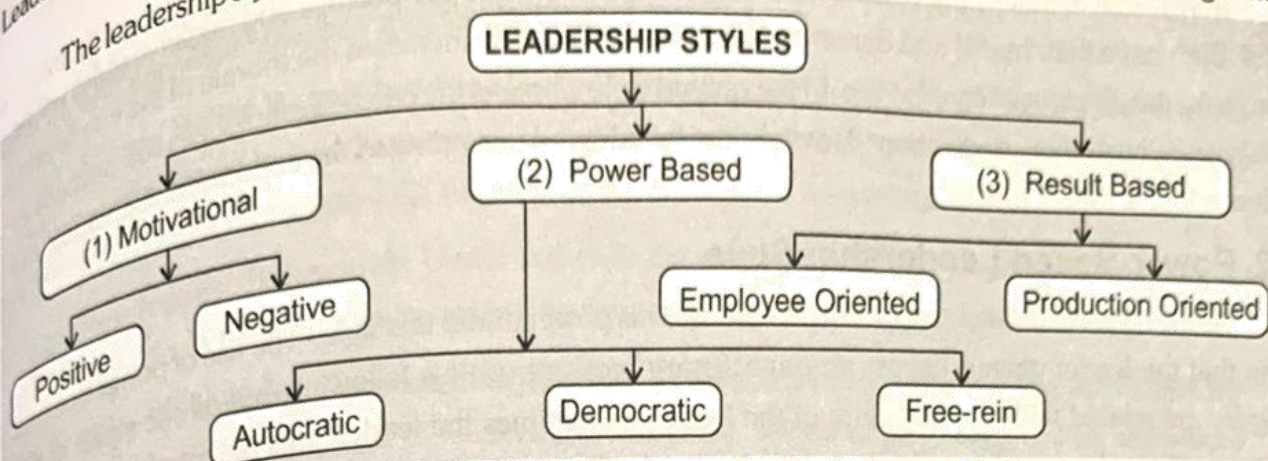
(7) Path Goal Theory

According to this point of view, in order to find out the presence of the leadership ability in an individual, it has to be found out as to what amount of strength and expectancy he generates among his employees. This point of view is based on expectancy model of motivation. (It means motivation = valence x expectancy). Strength here means encouraging the all round development of the employees and expectancy means preparing the way for the attainment of goals. A leader tries to remove the hurdles likely to come in the attainment of objectives with the help of training and direction. This point of view makes it clear that the conduct of the leader increases motivation and satisfaction to such an extent that

The leadership styles adopted by different managers have been clarified in the following diagram:

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                            LEADERSHIP STYLES
                                   |
        ┌──────────────────────────┼──────────────────────────┐
        |                          |                          |
  (1) Motivational          (2) Power Based            (3) Result Based
        |                          |                          |
   ┌────┴────┐                     |              ┌───────────┴───────────┐
   |         |                     |      Employee Oriented      Production Oriented
Positive  Negative                 |
   |         |                     |
   |     Autocratic           Democratic              Free-rein
```

1. Motivational Leadership Style

The methods which are used by the managers to influence the behaviour of the subordinates include the motivational style which may be called the chief style in this category. Under this style the employees are motivated with a view to utilising their maximum capability. Motivational leadership style is of two kinds:

(1) **Positive Leadership Style**: When a leader satisfies his followers by economic and non-economic incentives to get their cooperation for the attainment of the objectives of the organisation, it is called positive style of leadership. Economic incentives mean increase in pay, share in profit, etc., while non-economic incentives include respecting their feelings, participation in taking decision, etc. The employees are fully satisfied by this style of leadership and they start working with full dedication and devotion. Since it establishes sweet relationship between the leader and the followers it helps in establishing industrial peace.

Evaluation: This style of leadership creates a feeling of satisfaction among the employees on the one hand, while on the other hand some slothful employees become careless. They do not work even after getting the incentives. Therefore, this style of leadership should be adopted carefully keeping in mind whether the work is being done according to the incentives given or not.

(2) **Negative Leadership Style**: Under this style the employees are motivated not by some economic or non-economic incentives but by some unhelpful behaviour. It is only because of this that it is called negative style of leadership. It includes getting work through coercion, removing from the job, deduction from the salary, getting them to over work, stopping annual increment, etc. Under this style the manager gets work out of the employees with a strong hand. Careless employees are specially taken care of. In case of faulty work performance punishment is awarded.

• **Evaluation**

Employees can be motivated by this style for sometime but a prolonged use of this style is harmful to their morale and their attachment to the enterprise gradually declines and the industrial peace is hindered.

- **Suitable Style**

It is difficult to determine which style out of the above mentioned positive and negative styles will be useful. Both have their merits and demerits. Whereas the first style increases the morale of the employees, it can make the employees careless too. In the second style whereas the careless employees can be made to work but it reduces their dedication. Any style can be adopted according to the conditions. Generally, the leaders adopt a mixed form.

■ 2. Power Based Leadership Style

As the name of the style suggests a leader uses his power under this style. The use of power does not mean that the leader always keeps an unnecessary pressure on his followers, but all the styles in this category are related with the authority of the leader. Sometimes the leader uses his absolute authority, while sometimes he uses his authority a little less and still sometimes he does not use his authority at all. The different forms of this style of leadership are as under:

■ (1) Autocratic Leadership Style

This style is also known as the leader-centred style. Under this style the leader keeps all the authority centred in his hands and the employees have to perform the work without changing any of his orders. If any employee is careless in his work performance, he is punished. The leader does not decentralise his authority for the fear of losing his importance. Consequently, the responsibility of the success or failure of management remains with the manager. The leader motivates his followers to achieve objectives by creating an environment of fear and punishment. The job or promotion all depends on the will of the autocratic leader. The employees do not have the least right to present their opinion in respect of any decision.

- **Characteristics**

The following are the characteristics of the autocratic leadership style:

(i) **Formal Relations:** This style creates formal relations among the leader and his followers. Formal relations mean relations with individuals in accordance with the organisational structure. Within the limitations of the organisational structure an individual can have interaction with other individuals.

> **TOOL KIT** (4)
>
> **Autocratic Leadership Style?**
>
> It refers to that leadership style in which the leader tends to run the show all by himself.

(ii) **Centralised Authority:** In this style a manager is not prepared to share his authority and responsibility with others. Consequently, all the authority of work performance remains centralised.

(iii) **Single Man Decisions:** In this style of leadership the manager himself takes all the decisions. He takes it for granted that he does not need any other individual. Hence, the manager motivates the employees with a sense of over confidence.

(iv) **Negative Motivation:** The manager feels that his importance lies in the fact that the work should be done the way he likes. He maintains an environment of threat and fear for the sake

of his own satisfaction. Such an environment motivates the employees in a negative manner and consequently, their morale declines.

(v) **Wrong belief Regarding Employees:** The manager is a victim of the thinking that the employees do not work when motivated by love and they require hard control. Impelled by this thought managers take the help of the centralised leadership style.

(vi) **Employees' Behaviour:** Under this style the employees behave in an obedient manner. They do as they are told to do and do not think anything less or more of their own.

(vii) **Only Downward Communication:** The thinking and suggestions of the employees are meaningless in this style of leadership. Therefore, the communication is only downward which means that the managers only tell them their ideas but do not listen to the employees' ideas.

(viii) **Tight and Close Supervision and Control:** A very tight control is exercised over the employees in order to obtain the objectives of the organisation. The employee concerned is punished if the real progress falls short of the desired progress and so much so he can be removed from service also.

• Advantages

The autocratic leadership style has the following advantages:

(i) **Quick and Clear Decisions:** Because of the centralised authority all the decisions are taken by a single individual and hence there is no unnecessary delay and they are comparatively clearer.

(ii) **Satisfactory Work:** Since the work performance of the employees is under strict control, the quantity and quality of the work happen to be satisfactory.

(iii) **Necessary for Less Educated Employees:** This style is very useful for the less educated and persons of less understanding. They have no capability of taking decisions because of little education. The employees of this category can only work and not take decisions.

(iv) **Source of Motivation for Managers:** This style gives the managers more satisfaction from their work because they can get work out of the employees as they wish or desire. On the other hand, the employees perform their work as a sort of duty. Satisfied with the work, the managers consider themselves successful and this acts as a sort of motivation for them to do better in future.

• Disadvantages

This style has the following disadvantages:

(i) **Lack of Motivation:** This style does motivate the managers but it lowers the morale of the employees. This is natural because working in an environment of fear does lower their morale and hence the chief objective of the leader which is motivation, cannot be achieved.

...ples of Management

(ii) Less Productivity: When the morale of the employees falls, it directly affects productivity. The employees do the same amount of work that is allotted to them. They do not make use of their full capability, even if they can do better.

(iii) Agitation by Employees: Since the employees are not given any participation in taking decisions, they are turned into machines - working like machines incapable of doing anything of their own. Similarly, managers can make the employees do as they wish. The employees consider such a leadership style as uninteresting and oppose it.

(iv) Possibility of Partiality: Since all the authority is centralised in a single individual, he tries to please his favourites and flatterers by giving them work of less laborious nature. Such a partiality creates a feeling of bitterness and anger among the employees which they sometimes reflect through strike. This creates a danger for the industrial peace.

● **Suitability**

Autocratic leadership style is suitable in the following situations:

(i) When the leader is the most knowledgeable member of the group.

(ii) When there is little time for decision-making.

(iii) When subordinates are uneducated.

(iv) When subordinates are unexperienced.

■ (2) Democratic Leadership Style

This style is also known as group centred leadership style. These days this leadership style is very much in vogue. Under this decisions regarding different works are not taken by the manager alone but they are taken in consultation with the employees. The manager has full confidence in his subordinates and accepts their suggestions after making some modifications. This leadership style is based on the decentralisation of authority and as a result of which the employees get full opportunity to display their initiative, creativity, capability and dedication to the enterprise. Under this, the manager respects the suggestions made by his subordinates, and also makes efforts to fulfil their necessities. Thus, the employee starts feeling that he, too, is a part of the enterprise and has some importance. The use of this leadership style creates good industrial relations.

> **TOOL KIT** ⑤
>
> **Democratic Leadership Style?**
>
> It refers to that leadership style in which the leader consults with his subordinates before making any final decision.

● **Characteristics**

The following are the characteristics of democratic leadership style:

(i) **Cooperative Relations:** The chief characteristic of this style is the existence of cooperative relations among the managers and the employees. Participation in the management decisions gives the employees a feeling of self-respect, as a result of which the employees are always ready to be cooperative in every way.

(ii) **Positive Motivation:** In this style the employees are motivated by economic and non-economic incentives. The economic incentives include rise in salary, while the uneconomic incentives are in the form of more authority and more respect.

(iii) **Belief in Employees:** The managers inherently believe that the employees by nature want to work, do their work with interest, accept their responsibility and try to perform their work in a good manner. This faith of the managers in the employees increases their morale.

(iv) **Open Communication:** This style encourages open communication among the managers and the employees. Open communication means both ways communication, meaning thereby that apart from saying their own thoughts the managers receive the suggestions of the employees with pleasure.

(v) **Group Decision-making:** All the decisions are taken by the managers with the cooperation of the subordinates.

(vi) **Cooperative Behaviour among Employees:** Because of the friendly behaviour of the managers all the employees work with much enthusiasm. This enthusiasm leads to cooperative behaviour among the employees also.

(vii) **No Need of Tight Control:** This leadership style makes the manager teach his subordinates to accept responsibility. Once this sense of responsibility is created, they themselves determine their objective and try to achieve the objectives of the enterprise. In this way when the employees themselves work willingly, it does not require any tight control over them.

● **Advantages**

Democratic leadership style has the following advantages:

(i) **High Morale:** Under this style the enthusiasm of the managers and the employees is sky-high. Both consider each other their well-wishers. This finishes all the complaints and bitterness and all start getting the maximum job satisfaction. This also results in the decrease in employees' turnover.

(ii) **Creation of more Efficiency and Productivity:** Since the employees are participants in the decision-making, they give full cooperation in implementing them. In this way their efficiency increases. The employees display their initiative in finding out new techniques of work performance so that the work can be performed better and in less time. Consequently, productivity gets a boost.

(iii) **Peaceful Industrial Relations:** This style is extremely helpful in making industrial relations peaceful. The employees want to work the maximum with the utmost responsibility. In such an environment when one side wants to get the work done and the other side is in favour of doing the work willingly, all the opportunity of any conflict comes to an end. In case there is any such opportunity the things are decided with the help of mutual consultations.

(iv) Quick Acceptance of Changes: In the absence of democratic leadership style the employees oppose the implementation of new technology and other changes taking place from time to time, because the methods earlier adopted by them in their work performance make them expert and they start feeling that the new technology, is simply a burden. On the other hand, because of this leadership style there is a feeling of cooperation and the employees accept the changes willingly.

(v) Availability of Sufficient Time for Constructive Work: Under this leadership style the workload of the managers gets decreased. By using their spare time constructively they make the development and expansion of the enterprise possible.

- **Disadvantages**

   The following are the disadvantages of the democratic leadership style:

   (i) Requirement of Educated Subordinates: The chief characteristic of this leadership style is that the subordinates are made partners in taking decisions, so much so that some little affairs are left to them. Such a cooperation can be expected only from the educated employees. Hence, this style is suitable only to the educated category of employees.

   (ii) Delay in Decisions: It is clear that while taking decisions the subordinates are always consulted. This makes it a long process because it is not necessary that all the employees should give a unanimous decision and there can be a difference of opinion among them. In such circumstances there is an unnecessary delay in the work performance which needs to be completed early.

   (iii) Lack of Responsibility in Managers: Sometimes the managers try to evade responsibility by observing that the decisions were taken by the subordinates because they were made partners in taking some important decisions. Thus, they must be held responsible. Such an attitude of the managers injures the feelings of the employees.

   (iv) Many Types of Employees: All the subordinates working with a manager cannot be of the same level. Some subordinates want that all the orders given to them should be very clear and that nothing is left to them so that they can evade their responsibility. Some other people get ready even in the absence of clear orders. Therefore, it is not possible to lead a mixed human group through this style.

- **Suitability**

Democratic leadership style is suitable in the following situations:

   (i) When group members are skilled and eager to share their knowledge.

   (ii) When plenty of time is available for decision-making.

   (iii) When leader wants to involve the subordinates in decision-making.

   (iv) When roles are clear.

■ (3) Free-rein Leadership Style

This leadership style is also described as *Laissez-faire* or *Individual-centred style*. In this style the manager or the leader takes little interest in managerial functions and the subordinates are left on their own. The inherent idea behind this concept is that if the subordinates are allowed to work on the principle of laissez-faire, they will put in more hard work and make use of their full capability. Under this the managers, by explaining the overall objectives, help the subordinates in determining their own objectives. Apart from this they provide resources for work performance and, if need be, they also advise the employees. This style is absolutely different from the autocratic leadership style.

> **TOOL KIT** (6)
>
> **Free-rein Leadership Style?**
>
> *It refers to that leadership style in which the leader gives his subordinates complete freedom to make decisions.*

● Characteristics

The following are the characteristics of the free-rein leadership style:

(i) **Full Faith in Subordinates:** A prominent characteristic of this style is that the managers consider their subordinates capable, active and responsible individuals and have full faith in them.

(ii) **Independent Decision-making System:** In this style the management related decisions are taken by the subordinates instead of the managers. They can, however, consult the managers.

(iii) **Decentralisation of Authority:** This style is based on the principle of decentralisation. It means that the managers widely distribute their authority to enable every individual to determine his objective and make his plans accordingly. The managers only perform the function of coordination, direction and general control.

(iv) **Cooperative Relations:** In this style the managers have full faith in their subordinates and consider them equal partners. They are given full authority and responsibility regarding their work. Consequently, cooperative relations develop among them.

(v) **Motivation through Authority:** The subordinates are encouraged by giving them more authority. On receiving authority they develop a feeling of self-respect which motivates them.

(vi) **Two Way Communication:** In this style all the employees consult one another in their work performance and, in case of need, the services of the managers are also available.

(vii) **Self-directed, Supervisory and Controlled:** After having once explained the objectives, the only job of the manager is to interfere only in adverse situations. The supervision and control is done by the employees themselves.

(viii) **Sense of Responsibility in Employees:** In this style every worker fully understands his responsibility and makes every effort to discharge it.

● Advantages

Free-rein leadership style has the following advantages:

(i) **Development of Self-confidence in Subordinates:** When all the authority in their work performance is given to the employees, they become habituated in taking decisions which creates self-confidence in them. They start achieving better work performance in future.

3. Result Based Leadership Style

In this style of leadership the leader or the manager keeps in mind the results of works. Under this leadership style two arguments are given with regard to the attainment of the objectives of the organisation. According to the first argument, keeping in view the upliftment of the followers will automatically help the accomplishment of the objectives. According to the second argument, rather than keeping the interest of the followers in mind, the attention is kept centred round the new techniques of production. In this way the result based leadership style is of two types, which are briefly described as under:

(1) **Employee Oriented Leadership Style**: In this the leader considers his followers above all the others. This concept is based on the idea that if the employees are treated in a human way, their feelings are respected, their problems are solved and work conditions are improved, the desired results are automatically achieved. This type of idea motivates the employees to work unitedly.

● **Evaluation**

Since more stress is laid on the understanding of the feelings of the employees, the leader has got to be an expert in the field of psychology. If the leader has an understanding of this field he will learn about the wishes of the followers in time and prove a successful leader. On the other hand, this style is not useful where most of the people in the human group happen to be careless and irresponsible.

(2) **Production Oriented Leadership**: In this style more attention is paid to the increase in production rather than human welfare. This style is based on the idea that by adopting new techniques of production, keeping the employees busy and motivating them regularly to work, the objectives of the organisation can be easily achieved and there is no need to adopt a human attitude towards them.

● **Evaluation**

The chief advantage of this style is that maximum production can be achieved with the minimum cost. On the contrary, there is no good effect on human relations. Since the employees are not given enough attention, a feeling of insecurity and instability is created. Hence, it is possible in this style to affect economy in production costs for a short time and not on long time basis.

● **Suitable Style**

After having studied both the types of styles under the result based leadership style, we can conclude that the employee oriented leadership style is more useful. The motivation under this style

UNIT-4

QUES: WHAT IS MOTIVATION? EXPLAIN ITS THEORIES

MOTIVATION: The term motivation is derived from English word Motive which is borrowed from the Latin word-"Movere". The meaning of Movere is to move. Generally, motives is the drives, needs, desire, wants or impulses. In management, motivation is human factor. Motivation relates with that internal force which directs the people to act in a particular way to get something or satisfy their needs. Because of this a manager feels some short of challenge to motivate the people in their respective job. Similarly, to get the worked performed is not a easy task. But it is the duty of manager to make the people to work as per the direction given by him.

Definition

Some of the definitions given by management experts are explained bellow: Paul Hersey and Ken Blanchard-"Motives are sometimes defined as needs, wants, drives or impulses within the individual.

Dale S. Beach-"Motivation can be defined as a willingness to expand energy to achieve a goal or reward".

Carrol Shartle-"Motivation is a reported urge or tension to move in a given direction or to achieve a certain goals".

Most of the management experts have given more emphasis upon the motives, drives, desires, needs and wants of the people.Therefore, motivation may be considered as the act of inspiring the subordinates by the superior or manager on behalf of the enterprise to engage them in gainful works. Motivation is based upon a chain in which the needs are recognized and man comes in action through   which he satisfies his needs.

Need-Want-Satisfaction Chain
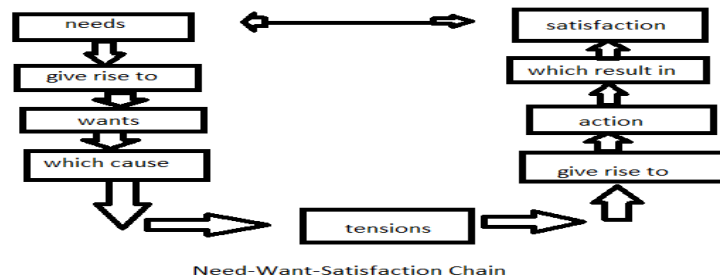
Natures/Features/Characteristics of Motivation

The nature of motivation can be defined in following manner:

1.Psychological concept: Motivation is related to mental state of a person. So, motivation is a psychological aspect. Psychology is a mental condition which arises in the mind of a person and directs to act in a particular way. Motivation is related with the needs and motives which generate within an individual. It is the function of management which encourages the capable person to do work with his maximum efficiency. A man having physical, mental and technical capability may not be ready to work properly. But motivation techniques encourage to work with great effficiency

2.Never ending process: Motivation is important till the existence of the management. It is an unending process. It is dynamic in nature. The needs of a person arise continuously one after another. For instance- a man satisfies one want or one set of wants and after getting satisfaction again he feels another want and tries to satisfy the same. As desires, wants, needs, and motives are dynamic and changes occur frequently, the motivation too should be considered as dynamic.

3.Related to human resources: Motivation is related to human resources and needs. It is concerned with the feelings, desires, motives and needs of a man. Ofcourse, a man may be motivated but we cannot motivate other factors of production or resources like capital, land and machine.

4.Cause and effect of human satisfaction: A man works to fulfill his own motive. Wants, desires,

environment, condition, attitude,thought or experiences are the several causes which may encourage a man to work to get satisfaction. Thus, motivation is the cause and effect of human satisfaction.

5.Total individual motivation: Generally, an individual is found being motivated and satisfied as a whole. An individual is a whole. He cannot be seperated. If a person gets wound in his hand or leg, after medicine, he cannot say that the hand/leg is satisfied and cures, not me, rather he feels the satisfaction as a whole.

6.Inspiration and encouragement: To motivate the people is a very difficult task and responsibility of a manager because he is responsible to inspire and encourage the subordinates in work in such a way that they could perform their job in efficient way.

7.Complex and unpredictable: Motivation is not that simple, it is very complex. No one can determine, explain and predict the behaviour of person as the desire, drives and attitudes are changed frequently in a varying situation and circumstances.

8.Positive and negative motivation: Motivation may be positive or negative on the part of employer. Positive motivation is concerned with the use of incentives like increase in salary, allowances, grant of reward, promotion etc. Whereas, negative motivation includes forcing people to work by holding out threats or punishment such as loss of job, demotion, deduction of salary.

PROCESS OF MOTIVATION
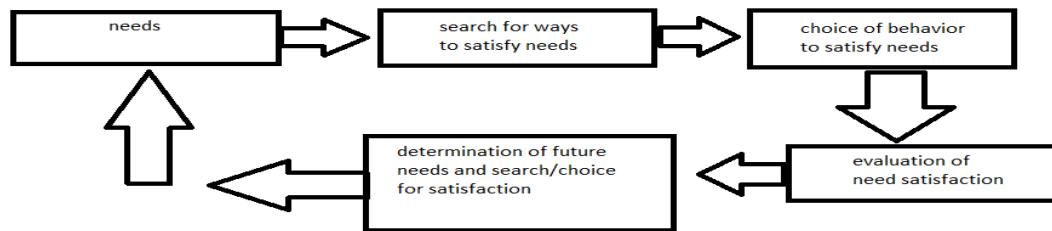
Above figure shows that the motivation process begins with needs(a kind of deficiency) and needs creates tension. Only after the satisfaction of the needs, a person will be relaxed from the tension. In order to fulfill needs, a person searches for ways which may give satisfaction. Then he will begin to work hard to earn more so that present needs could be satisfied and future needs could be managed too.

Individual Needs/Human Needs

Motivation is the process to satisfy a want and satisfaction is experienced when the outcome has been achieved. Motivation is a technique to satisfy a want or goal. It is determined in the mind of a person when he feels desire or needs or wants. Thus, it is concerned with the individual or human process. Different individuals have different needs, that too subject to be changed in
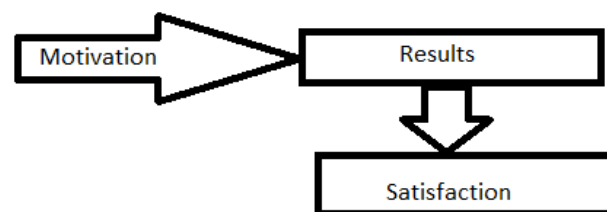

Motivation-Satisfaction Relationship

different situation and market too.

 Human motives are totally based upon their needs. Due to some motive, an individual acts in a particular manner. Generally, needs means something lacking and to acquire that a man may be motivated to work. So, a manager should try to understand the needs, desire or wants of the staffs so as to motivate them in a work. Besides, he should also try to understand the objectives, mission and values of the employees. There is no doubt about the human needs are of variety in

number and nature both. Similarly, these all needs create tension in the mind of an individual which may motivate them to work and acquire some solution and they are not simple. Satisfaction of needs may help an individual to be free from tensions. We all know that needs differ from individual to individual and in the same individual from time to time. So, from the above explanation, individual/human needs can be classified in the following manner:

Classification of Human needs
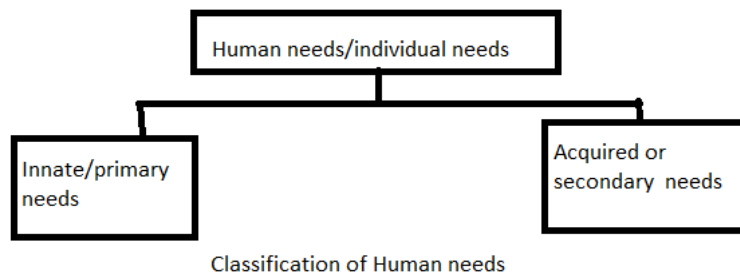
1.Primary/innate needs: Different individuals may have different needs or wants. These needs inborn needs which develop within oneself. All these needs are physiological needs in nature and are known as food, water, air, shelter, etc. These needs are also called basic needs and are very important of the preservation of a human life.

2.Secondary/acquired needs: These needs are also known as other than physiological needs. An individual may have other needs and wants and these needs differ individual to individual. Generally, these needs are related to mind and spirit rather than to the physiology of life and are felt by the person is his social life.

Importance   **Of**   **Motivation**

Motivation has become very effective tools to achieve organizational goals and manager has to use this tool to motivate or inspire the staff member in their respective job in such a manner that they could work effectively and efficiently. Motivation is important to both organization and individual. So, following are some of the importance of motivation:

1.Higher productivity: Through the motivation techniques an organization can easily achieve higher level of productivity because by motivating the subordinates, a manager can encourage them to work with great efficiency and if works are performed efficiently, it will lead an organization to increase total production and productivity.

2.Utilization of factors of production: In an organization, human resource is one of the important resources. And if this resource is properly utilized then only other factors, rather can be utilized properly. Motivation makes human resource work sincerely and performing the given task efficiently. If employees work efficiently then only there will be possibility of utilizing of other factors of production properly and that too in maximum.

3.Best remedy for resistance to changes: The changes in an organization and its working styles are usual phenomenon because organization changes in its production technology, marketing process and even due to environmental changes, many changes occur on the organization. But, if they are properly and timely motivated and managers give knowledge and inspiration, they will accept the changes even more enthusiastically.

4. Higher morale of personnel: Motivation increases the working efficiency of the workers. The workers having higher morale are asserted as the assets or the organization. By lowering turnover rate and keeping the absenteeism low, a motivated employee can contribute the organization.

5. Healthy industrial relation: Motivation helps to create healthy industrial relation within the organization. The relation of management and trade union will be very friendly.

Maslow's Need Hierarchy Theory

Many learned authorities have propounded several Human Motivation Theories. Some of the motivation theories and the name of the propounders are given below:

a. The expectancy theory   -Victor H. Vroom

b. Equity theory   -J. Stacy Adams

c. Need theory of motivation   -David C. McClelland

d.Two factor theory   -Frederick Herzberg

Among the above mentioned theories, the hierarchy of needs theory which is also known as Maslow's Need Hierarchy Theory is most popular and widely accepted theory. This theory is based on the needs of the people which appears in a distinct way. Maslow's saw human needs in the form of hierarchy, ascending from the lowest to highest.
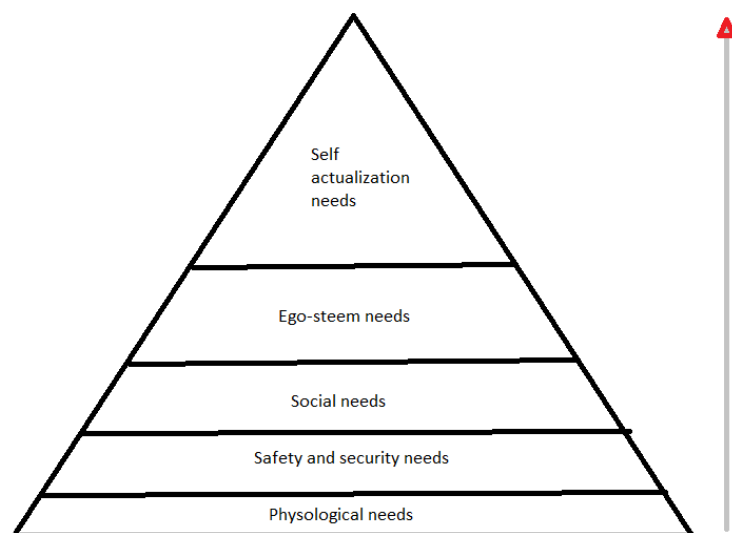
Maslow's theory is based on the following assumption and are described below:
1.Unlimited wants: Human wants are unlimited and never ending. After one of his wants satisfied, another appears in its place. Again, to satisfy another wants, a man engages himself in work.
2.Unsatisfied needs is a motivator: Man will lose his willingness to work and his capacity too, if needs are satisfied. So, it is only unsatisfied needs which may encourage or motivate the staff to perform the job.

 3.Hierarchy of importance: It is easy to determine the most important to less important needs. It says that needs can be classified according to priority and they can be arranged in priority according to a hierarchy of importance.

The basic human needs placed by Maslow in an ascending order of importance can be illustrated :

Self actualization needs

Ego-steem needs

Social needs

Safety and security needs

Physological needs

Those all are described here under:

1.Physiological needs: These needs are the primary and the basic needs for food, water, air, clothing and shelter that are must be satisfied before the individual can consider higher order needs. For instance, a hungry person possessed by the need to obtain food, ignores other needs. After the satisfaction of physiological needs, other needs enter. Thus, these needs are generally satisfied by providing adequate salary, wages etc.

2.Safety and security needs: It is the second level needs in Maslow hierarchy theory which include security, protection from physical harm and avoidance of the unexpected risk of loss. Virtually, these needs are concerned with physical safety and economic security. For eg. saving accounts, life insurance, membership of health club etc.

3.Social needs: Human beings are social animals and they are social in nature. A man lives in society, loves society,believe in society, learns from society and gets from society. Being social, he gains experiences from the society and thus feels some needs. These needs include belongingness, friendship, love and affection etc. A manager should know these needs and manage well to motivate the employees.

4.Esteem or ego needs: These needs are of two types: (a) self esteem and (b) public esteem. Self esteem means esteem to the eye of self which in the eye of public as praise, power, prestige, appreciation, recognition etc. These all needs are concerned with one's prestige and respect of an individual.

5.Self-actualization needs: It is the top level of needs in Maslow's need hierarchy theory. It is concerned with the need for fulfillment, for realizing one's own potential, for using one's talents and capabilities totally. These needs are also known as self prestige, self achievement and self confidence. This self actualization needs are most difficult to the manager to identify and focus.

Positive and Negative Motivation

Motivation is the process of inspiring, encouraging and inducing the employees towards their jobs for the attainment of the objectives. The motivation can be classified mainly into four groups and they are:-Financial and non financial motivation-Individual and group motivation Intrinsic and extrinsic motivation-Positive and negative motivation From the above mentioned classes of motivation, positive and negative motivation is taken for ourdiscussion:

Positive Motivation It is the process in which a manager attempts to influence the employees behavior in such a way which could enhance the courage and zeal towards the job. It is concerned with the incentives such as increase in salary, allowances, benefits, provision of promotion, rewards and others; achievement such as, praise, encouragement, acceptance by group and respect by the management. Similarly, positive motivation may be financial or non-financial or individual or group motivation

Negative motivation It is an act of forcing the staff members to work by holding out threats or punishment such as reprimands, disciplinary actions, demotion, loss of job, deduction of salary etc. Any kind of deterioration may be included in negative motivation.

QUES. CONTROLLING

The Controlling acts as a very useful managerial function or the tool as it ensures that the actions conform to the expected results with the help of the suitable feedback systems. This process also includes correcting any deviation time in order to see that the results are ensured within the proper time and the costs as per the planned standards.

One very important point that should be kept in mind is that for having the control, it is very necessary to plan the things, i.e., without the planning, the control cannot be obtained. The major reason behind this is that if we will not know about the things that are to be achieved, the resources that are available, the various things that are to be taken care of etc. then it will not be possible to carry on with the process in a controlled manner.

So now, it can be said that planning is very much needed both at the personal level as well as at the organisation level as it acts as a mental discipline and plays a very major role in the process of the controlling. But one very important thing that should be taken care of is that the planning that is done for controlling the process should be done very carefully and should not be vague in nature, i.e., should be very meaningful so that it can help in the establishment of the controlling standards.

Control or controlling techniques are nothing new to business. They are as old as the business itself. Controlling is necessary for even the very best can be improved. Control implies

information combined with action. It is a process of directing a set of variables towards predetermined objectives.

Managerial function of control implies measurement and correction of the performance of subordinates in order to make sure that enterprise objectives and the plans devised to attain them are accomplished. Process of control ensures that what is done is what was intended. Thus, control is the function of management which comes at the end but is never ending. It is a function to be exercised at each level of management and not related to the top management only.

Controlling consists of verifying whether everything occurs in conformities with the plans adopted, instructions issued and principles established. Controlling ensures that there is effective and efficient utilization of organisational resources so as to achieve the planned goals. Controlling measures the deviation of actual performance from the standard performance, discovers the causes of such deviations and helps in taking corrective actions.

What is Controlling – Definitions: By Koontz & O'Donnell, G. Terry, Brech and Donnell

Control is any process that guides activity towards some predetermined goals. Thus, control can be applied in any field such as price control, distribution control, pollution control, etc. However, control as an element of management process can be defined as the process of analysing whether actions are being taken as planned and taking corrective actions to make these to conform to planning. Thus, control process tries to find out deviations between planned performance and actual performance and to suggest corrective actions wherever these are needed.

For Example – Terry has defined control as follows:

"Controlling is determining what is being accomplished, that is evaluating the performance and, if necessary, applying corrected measures so that the performance takes place according to plan."

What is Controlling – Importance

Control is a fundamental function of management that ensures achievement of goals according to plans. The absence of control could be very costly and unproductive. It is an essential feature of scientific and successful management.

The importance of control will be evident from the following:

(i) Basis of Execution of Plans:

Control is the only means to ensure that the plans are being properly implemented. It measures progress, un-covers deviations indicates corrective steps and keeps every things on track. It is an indispensable past of management. J. Beatty has saw that without watch fullness and feedback of an efficient control system there is little likelihood that even the best laid plans will even work out as expected.

(ii) Achievement of Goals:

It keeps activities on the right path because the process of control is goal oriented. If anything goes on wrong track, remedial steps are undertaken immediately. It helps to minimise wastage and losses.

(iii) Decentralisation of Authority:

An effective control system facilitates the delegation of authority and ensure that the subordinates do not deviate from a predetermined course of action. The feedback information helps managers check whether actions taken at lower levels are in the line with what has been planned or not.

(iv) Basis for Future Action:

The control system provides feedback information and reveals shortcomings in plans. It helps in preparing better plans in future. The long term planning is not possible until control information is available in time to the managers. It facilities decision making in future.

(v) Orders and Disciplines:

While pursuing goals, managers and their subordinates often commit mistakes. A good control system helps check and diagnose the problems before they turn serious in nature. It keeps the subordinates under check and brings discipline among them.

(vi) Promotes Coordination:

It facilitates coordination between different departments and divisions by providing them unity of direction. It builds the individuals and their activities with the common objectives. It also plays the role of bridge between different levels of authority.

(vii) Cope with Uncertainty and Change:

The environment in which organisations operate is complex and ever changing. The organisation should keep a watchful eye on such development and respond intelligently. The timely actions can be initiated to prevent mistakes from becoming serious threats.

(viii) Boosting the Morale of the Employees:

Every employee knows it very well that what he is expected to do and what are the standard of performance against which his performance is to be compared. Such healthy attitude on the part of employee toward the work place helps in keeping morale of employees at higher level.

On the analysis of mentioned definitions, the features of controlling are as follows:

Feature # 1. Basic Function:

Control is an essential function of every manager who is performing the functions like planning, organising, staffing and directing. In fact it is a follow up action to other functions of management.

Feature # 2. Continuous Process:

Controlling is a continuous process having no definable end. It involves constant and regular monitoring of activities in order to improve the performance.

According to Koontz and O'Donnell, "just as the navigator continuously takes a planned action, so should the business manager continually lake a reading to assure to himself that his enterprise or department is on course". The manager has to perform this function continuously along with other functions of management.

Feature # 3. Dynamic Process:

Control is dynamic in the sense, not static. It involves review of standards as well as corrective actions which may lead to changes in other managerial functions. A properly designed control system can help managers anticipate, monitor and respond to changing circumstances.

Feature # 4. Forward Looking:

Control is related to future because past cannot be controlled. It involves postmortem examination of past events. It seeks to improve future results on the basis of experience gained in the past. A successful control process is one that effects corrections to the organisation before the deviations become serious.

Feature # 5. People Oriental:

R.C. Davis has said that the approach of managerial control is people oriented. It is attained through people and not things. The attitudes of people are more important for the success of control.

Feature # 6. Pervasive Function:

It is an essential function of every manager. Every manager working in organisation irrespective of his position has to control and command over the activities of subordinates as to produce desired results. The nature and extent of control may differ from one level to another.
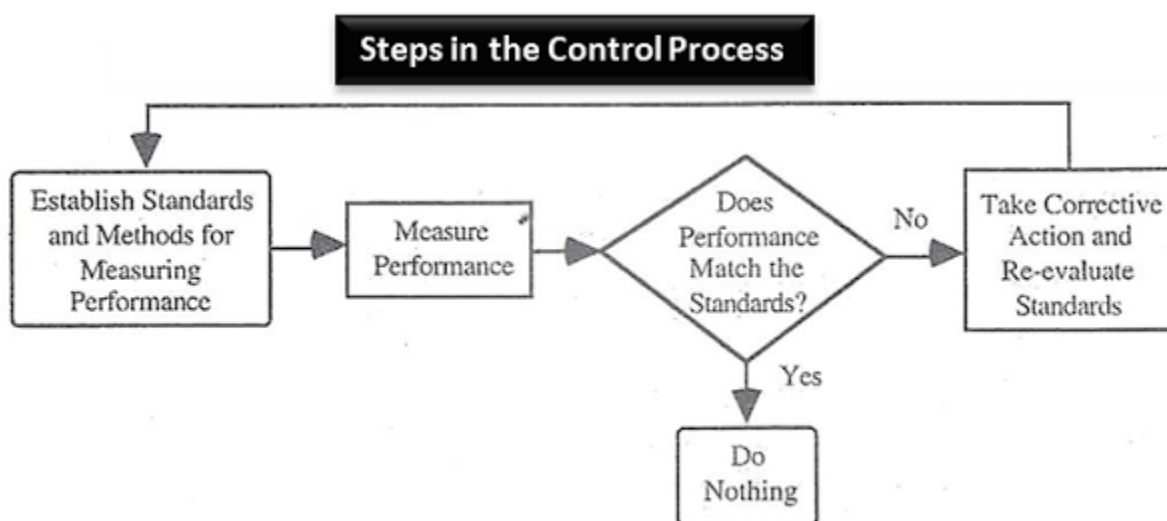
Feature # 7. Goal Oriented:

Control guides activities towards predetermined goals. The function of controlling is positive. It should not be considered negative in character. The primary focus of controlling is to active results.

Feature # 8. Action Oriented:

The essence of control lies in the corrective action taken to bridge the gap between standards and actual performance. The corrective action is designed to improve the performance in future. The timely action to correct defeats minimise waste of time, money and efforts.

4 Steps of Control Process are;

1. Establishing standards and methods for measuring performance.

2. Measuring performance.

3. Determining whether performance matches the standard.

4. Taking corrective action.

Steps in the Control Process

Establish Standards and Methods for Measuring Performance → Measure Performance → Does Performance Match the Standards? — No → Take Corrective Action and Re-evaluate Standards

Yes → Do Nothing

These steps are described below;

1. Establishing Standards and Methods for Measuring Performance

Standards are, by definition, simply the criteria of performance.They are the selected points in an entire planning program at which **performance is measured so that managers can receive signals about how things are going** and thus do not have to watch every step in the execution of plans. Standard elements form precisely worded, measurable objectives and are especially important for control. In an industrial enterprise, standards could include sales and production targets, work attendance goals, safety records, etc.In service industries, on the other hand, standards might include several time customers have to wait in the queue at a bank or the number of new clients attracted by a revamped advertising campaign.

2. Measuring the Performance

The measurement of performance against standards should be done on a forward-looking basis so that deviations may be detected in advance of their occurrence and avoided by appropriate actions. Several **methods are used for measuring the performance** of the organization. If standards are appropriately drawn and if means are available for determining exactly what subordinates are doing, appraisal of actual or expected performance is fairly easy. But there are many activities for which it is difficult to develop accurate standards, and there are many activities that are hard to measure. It may be quite simple, for example, to establish labor-hour standards for the production of a mass-produced item and it may be equally simple to measure performance against these standards, but in the less technical kinds of work.
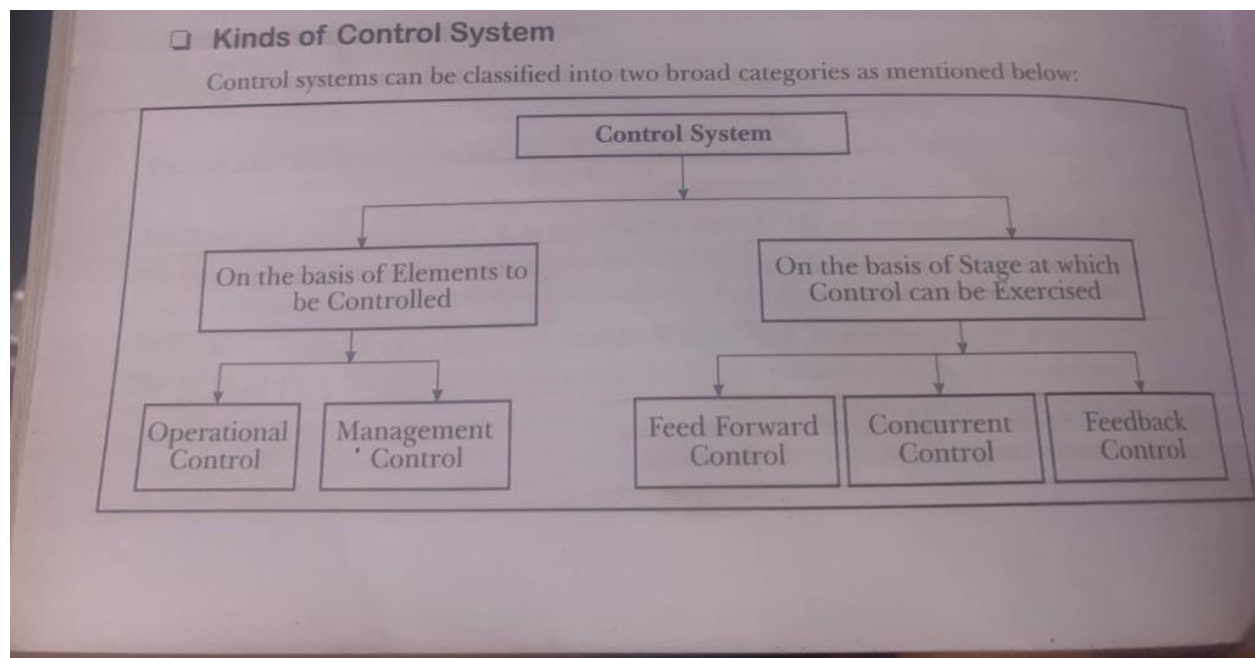
For example, controlling the work of the industrial relations manager is not easy because definite standards cannot be easily developed. The superior of this type of manager often rely on vague standards, such as the attitude of labor unions, the enthusiasm, and loyalty of subordinates, the index of labor turnover and/or industrial disputes, etc. In such cases, the superior's measurements are often equally vague.

3. Determining whether Performance Matches the Standard

Determining whether performance matches the standard is an easy but important step in the control process. It involves comparing the measured results with the standards already set. If performance matches the standard, managers may assume that "everything is under control". In such a case the managers do not have to intervene in the organization's operations.

4. Taking Corrective Action

This step becomes essential if performance falls short of standards and the analysis indicates that corrective action is required. The corrective action could involve a change in one or more activities of the organization's operations. For example, the branch manager of a bank might discover that more counter clerks are needed to meet the five-minute customer-waiting standard set earlier. Control can also reveal inappropriate standards and in that case, the corrective action could involve a change in the original standards rather than a change in performance. It needs to be mentioned that, unless managers see the control process through to its conclusion, they are merely monitoring performance rather than exercising control.

❏ **Kinds of Control System**

Control systems can be classified into two broad categories as mentioned below:

- **Control System**
  - **On the basis of Elements to be Controlled**
    - Operational Control
    - Management Control
  - **On the basis of Stage at which Control can be Exercised**
    - Feed Forward Control
    - Concurrent Control
    - Feedback Control

• [A] On the basis of Elements to be Controlled

Based on elements to be controlled, control can be divided into two categories. These are the following:

(1) Operational Control: It refers to the process of ensuring that particular activities / jobs are carried out efficiently and effectively. It focuses on individual jobs rather than on total management system. The following are the examples of operational control system:

  (i) **Quality Control:** Meeting quality standards during the production process.

  (ii) **Production Control:** Manufacturing according to set programmes.

  (iii) **Stock Control:** Ensuring enough supply of raw materials to maintain flow of output.

  (iv) **Supply of Control:** Meeting deadlines of delivery of goods to satisfy customers.

  (v) **Cost Control:** Maintaining various expenses as per pre-determined standards.

  (vi) **Budgetary Control:** Maintaining performance as per budgetary targets.

Features of Operational Control

The main features of operational control system are as follows:

  (i) It is based on procedures and rules.

  (ii) It is programmed in advance, hence very little managerial judgement is required.

  (iii) Its focus is on maintaining internal stability.

  (iv) Rewards and punishments are used to ensure compliance with the system.

  (v) The external environment is considered as fixed or given.

(2) Management Control: It refers to the process of ensuring that resources are obtained and used efficiently and effectively. Its main objective is to maintain equilibrium with the ever-changing and uncertain external environment. It focuses on total management functions rather than on individual jobs. For example, procuring some particular items of raw materials for inventory is comes under operational control whereas inventory management as a whole comes under management control.

Features of Management Control

The main features of management control system are as follows:

  (i) It is based on objectives and policies.

  (ii) As the standards are not very much clear, considerable management judgement is required.

  (iii) It involves control on non-routine and variable activities.

  (iv) It gives due weightage to the principles of 'Control by Exception' and 'Critical Point Control'.

  (v) It is more decisional control than action control.

Differences between Operational Control and Management Control

Basis of Difference	Operational Control	Management Control
1. Meaning	It refers to the process of ensuring that particular activities are carried out effectively and efficiently.	It refers to the process of ensuring that resources are obtained and used efficiently and effectively.
2. Focus	Individual activities.	Total Management Functions.
3. Basis	Procedures and Rules.	Objectives and Policies.
4. Nature	Action Control.	Decisions control.
5. Examples	Quality control, Production Control, Stock Control, Budgetary Control, etc.	Facing the changes in the external environment is an example of it.

- **[B] On the basis of Stage at which Control can be Exercised**

Based on the stages at which control can be exercised, control can be divided into three categories. These are the following:

  (1) **Feed Forward Control:** It refers to that control system which anticipates problems before they actually occur. It is also known as predictive control system. For example, a Cash Budget for the coming year can predict inflow and outflow of cash. If shortage of cash is anticipated; say, in August, a bank loan can be arranged well in advance, probably on more favourable terms and conditions.

  (2) **Concurrent Control:** It refers to that control system which is exercised during the process. It enable us to take timely action before larger damage takes place. For example, quality control charts used in manufacturing process enable us to take immediate corrective action before any major damage is done.

  (3) **Feedback Control:** It refers to that control system which measures results after the completion of the process. It is also known as Historical Control System. It tells management to what extent objectives are actually achieved. Budgetary control is an important example of feedback control.