Managing People

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MANAGING PEOPLE

CONTENTS

1   MEANING OF MANAGEMENT

The term 'management' commonly refers to a group of people holding executive positions in an organization, while the activity of management is that aspect of work which is concerned with the efforts of the workforce of an organization.

1.1   THE EVOLUTION OF MANAGEMENT

Management in one form or another has been practised since the beginning of human society. Since early times people grouped together for various purposes, for example, hunting, agriculture and other activities which required team work. To be effective, such groups needed leaders – people whose tasks were to plan what was to be done and how, and to direct and control the efforts of others.

These leaders – whether they were the heads of families or clans, or chiefs appointed to lead tribes – can therefore be seen as having been the first 'managers,' as such, because they influenced the activities of other people. In a large number of cases the early leaders held their positions by brute strength, forcing other people to obey their commands, while some of them were benevolent leaders who really looked after their groups.

With the passage of time the concept of management has changed from the one practised in earlier times to the one which has elements of humane approach, motivation etc.

1.1.1   MANAGEMENT TODAY

In modern times management is considered to be an art. It is "the art of managing the activities of other people." A manager's measure of success, or otherwise, depends upon his/her skill in dealing with other people.

1.1.2   THE PURPOSE AND NEED FOR GOOD MANAGEMENT

We can say that "management involves ensuring that a group of people work together in the most effective and efficient manner to achieve a stated goal in the best and most economical way."

1.2   THE PROVISION OF LEADERSHIP

Management is a job but it is a job which is much more difficult because it involves dealing not with 'inanimate' objects, services or theories but with men and women who are unpredictable. Each of these men and women has a different or complex character, skills and abilities, likes and dislikes, prejudices, and so on. Management involves providing leadership to such groups of people – the workgroup – because these people:

- Need adequate training to perform their work effectively;
- Need advice, guidance and assistance;
- Are to be motivated and controlled;
- Need to be organized as a workgroup, and their efforts are to be coordinated so that they work together as a team.

1.3   THE 'TECHNICAL' AND 'HUMAN' ASPECTS
OF A MANAGER'S JOB

The modern world of commerce is very complex, and this very complexity has led to what is called 'specialization' or the 'division of labour', by which different people specialize in performing – and become specialists in – different types of work.

The 'technical' or 'functional' work of different managers can – and does – vary enormously. There are sales managers, production managers, finance managers, stores managers, and many more. Moreover, the technical or functional work of, say, a factory manager in one enterprise might well differ greatly in many respects from that of a factory manager in another enterprise.

Nevertheless, all those different types of managers should have considerable knowledge of the technical aspects of their specific jobs in addition to being proficient 'managers of people.' It is, in any case, not easy to train, supervise and control the work of others without knowing what they are – or should be – doing.

So the duties of any manager comprise two quite different aspects:

- The technical or functional aspect which is concerned with the work to be performed by the enterprise or department or section or workgroup;

                                                    and
- The managerial aspect which is concerned with the people who are to perform the specified work in the enterprise or department or section or workgroup.

1.4   MANAGEMENT IN BUSINESS

Most businesses have competitors producing or providing similar goods or services to their own. And in most cases a particular business can prosper – and indeed survive – only by keeping abreast or ahead of the competition. And it can only expand – for the benefit of its owners and its employees alike – by doing better than its competitors.

Only a skilled manager can 'weld' his/her subordinates into an efficient and coordinated team capable of achieving its objective in the best and most economical way.

1.5   THE PLACE OF MANAGEMENT IN MODERN WORLD OF COMMERCE

Commerce is a subject about which all managers should have a basic working knowledge. It is concerned with the methods by which products, which comprise many different types of raw materials, components, goods and services, are transferred – bought and sold, that is, distributed – to consumers (end-users) from the people and businesses who or which produce the raw materials or components or the goods, or provide the services.

1.5.1   PRODUCTS: GOODS AND SERVICES

Raw and processed materials, and manufactured articles – which are often called 'goods' – are tangible items, that is, they can be seen and touched, and some of them can be tasted and/or smelt. The range of such 'physical' items is vast – from such raw materials as iron ore and crude oil to manufactured articles of all shapes and sizes – from tiny computer microchips to huge oil rigs, ships and aircraft.

What are called 'services,' on the other hand, are intangible, that is, they cannot usually be seen, touched, tasted or smelt. They generally consist of some work performed, only the results of which might be seen or felt. Some examples of services include the work performed by accountants, lawyers, doctors, dentists, financial institutions, insurance companies etc.

1.5.2   THE PUBLIC AND PRIVATE SECTORS

In most countries there are two types of enterprises:

- **The public sector**

These enterprises are controlled by the government. They are established and run primarily for the benefit of the population as a whole – such as National Health Service, or to provide security for the nation and its citizens such as the armed forces, enterprises such as coal mines, electricity generation entities etc.

- **The private sector**

These enterprises are primarily owned by individuals or small or large groups of people. They are run with the aim of making profit for their owners.

1.6   TYPES OF ENTERPRISES

Enterprises – both in private and public sector – have a huge variety of their objectives, and can be broadly divided into the following categories:

1.6.1   INDUSTRIAL ENTERPRISES

Enterprises like mines which extract coal, iron etc. fall into this category. They sell these to other enterprises for use as power or for use in manufacture. Other enterprises are involved in processing or refining raw materials which are further used in the manufacture of other products. Still other enterprises use raw or processed material in manufacture of various products.

1.6.2   TRADING/DISTRIBUTIVE ENTERPRISES

The common activity of these enterprises is buying and selling – that is, distribution – of the raw materials, components and products produced by the industrial enterprises. Enterprises involved in trading and distribution range from one-man small shops to large chains of supermarkets. Some enterprises deal in wholesale business. They buy products in large quantities from producers/manufacturers and sell them in small quantities to retailers who in turn sell in still smaller quantities to consumers.

1.6.3   SERVICE ENTERPRISES

Services provided involve the performance of some work, only the results of which might be seen or felt. Examples include banking, finance, transport, maintenance and repair of machinery etc. Others include a wide variety such as accountants, lawyers, dentists, etc. There

are other enterprises which provide specialized services which are often called utilities – such as electricity, gas, water, communication etc.

1.6.4 MULTI ACTIVITY ENTERPRISES

There are also some enterprises which fall into more than one of the three categories. For example, an enterprise may sell office machines and also provide maintenance service for these materials.
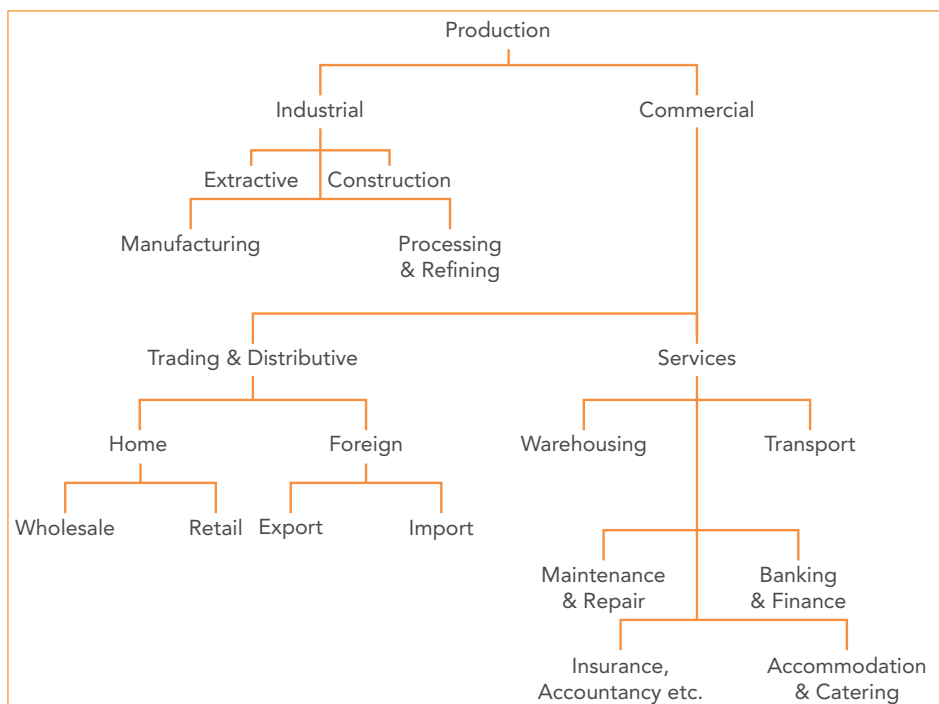
1.7 TYPES OF BUSINESS UNITS

In the private sector, the range and variety of a manager's work, duties and responsibilities might depend on the type, size and ownership of the business unit by which he/she is employed. The basic types of business units in the private sector are:

- Sole-proprietor
- Partnership firms
- Limited liability companies

1.7.1 SOLE PROPRIETOR

The most common form of business ownership is sole proprietorship, sometimes called the individual proprietorship. The business is owned by one person. It is usually operated by the owner, possibly with the help of family members or a few employees. Sole proprietorship can usually operate with very limited capital resources.

- **Advantages:**
  - This type of business is easy to set up.
  - It is very flexible. The owner has the freedom to run the company how he/she likes.
  - The proprietor can offer a personal service.
  - He/she can keep all the profits to himself/herself.
  - Finances are kept private and accounting requirements are simple – the services of an accountant may not be needed.
  - The business can be changed to suit local needs.

- **Disadvantages:**
  - After normal trading hours, there still remains a lot of paperwork to be done, and only one person to do it. One will need to work long hours to meet tight deadlines.
  - It is more difficult to raise money to expand the business.
  - If the owner is ill, he may have no cover to enable the business to carry on.
  - It is risky. The owner is on his/her own, with no one to share the responsibility of running the business. He/she has unlimited liability.

- ***Examples of sole proprietorship:***
  - Small shop owner – fruit, vegetables, groceries
  - Furniture shop owner
  - Financial advisor
  - Plumbing/electrical services
  - Freelance journalist/author

1.7.2 PARTNERSHIP FIRMS

A partnership is a group of people working together in business in order to make a profit. A partnership is straightforward to set up – it involves two or more people running a business together. They share control of the business, and own it between them. A partnership is also a suitable structure for a small business.

Most partnerships have a Partnership Agreement. This sets out matters such as the amount of capital investment contributed by each partner, the sharing out of profit (and loss) by the partners, and what to do if there is a dispute. It is a good idea to have Partnership Agreement because if something does go wrong – if there is a dispute – it will set out how the matter can be settled. A Partnership Agreement is not essential, but it does contribute towards the smooth running of a business.

- **Advantages:**
  - More capital is available than in a sole proprietorship business.
  - The workload is usually shared.
  - There are likely to be more skills available – one partner may be a technical expert, another good salesperson, another financial expert, and so on.
  - There is cover for holidays, sickness and other emergencies.

- **Disadvantages:**
  - There is danger of disagreement among partners. If some of the partners are dishonest or incompetent, the others could be left with large debts and a big mess to clear up.
  - Death, retirement etc. of any of the partners threatens to break up the business.
  - All partners have unlimited liability. If the business fails, or if one partner is successfully sued, then all partners are responsible for all debts. In addition, if one partner fails to pay income tax (for example), the other partners may have to pay it for him/her, as well as their own.

- **Examples of partnership**:
  - Accounting firms
  - Legal firms
  - Groups of doctors, builders etc.

1.7.3 LIMITED COMPANIES

A limited company is a business:

- Owned by shareholders;
- Run by directors;
- Set up as a body that is separate from its owners (shareholders).

A limited company is very different from a sole proprietorship business. The sole proprietor or partner **is** the business: if the business goes 'bust' then so does the owner. The shareholder-owner of a limited company **stands apart** from the business, which is a body in its own right. If the company goes 'bust' the shareholder is protected by limited liability, and does not lose all his/her money – just the money invested in the shares of the company.

There are two types of limited companies:

- **Private limited company:** Most small or medium-sized businesses which decide to incorporate (become a company) become private limited companies. They are often family businesses with the shares held by the members of the family. Private companies cannot offer their shares for sale to the public at large, and so they may find it difficult to raise money.
- **Public limited company:** Public limited companies are larger than private companies. They can offer their shares for sale on Stock Market in order to raise money, but not all public limited companies do this.

- **Who controls limited companies?**

Shareholders own a limited company and appoint directors to control the management of the company and plan for its future.

- In the case of **private limited company**, the shareholders often are the directors, and so the shareholders can be said to control the company. One of the directors is the managing director.
- In the case of **public limited company**, the shareholders can only speak and vote at the company meetings (often only once a year) and it is the directors who control the company.
- All companies have to register with the relevant government agency. A company will also need the following documents:
    - **The Memorandum of Association:** This states what a company can do.
    - **The Articles of Association:** This is the internal 'rulebook' for the directors.

- **Advantages:**
  - A public limited company has more capital available than partnerships do.
  - It has a legal position as a company in its own right, not just a group of partners.
  - The owners have limited liability.

- **Disadvantages:**
  - This type of company is expensive to set up. Legal and accounting fees can be especially costly.
  - In private limited companies, shares cannot normally be bought or sold to the public. The director has to approve the buyer. This may limit capital.
  - Careful accounts must be kept. The company is legally obliged to publish and register its accounts annually. A public limited company must also have a full audit every year. The requirements for public limited company in this area are much stricter than those for a private limited company.
  - The business is less flexible than the other types of ownership.

- **Examples of limited companies:**
  - Marks and Spencer
  - Microsoft Corporation
  - Larsen & Toubro

Sole Proprietor   **Partnership**   **Limited Company**
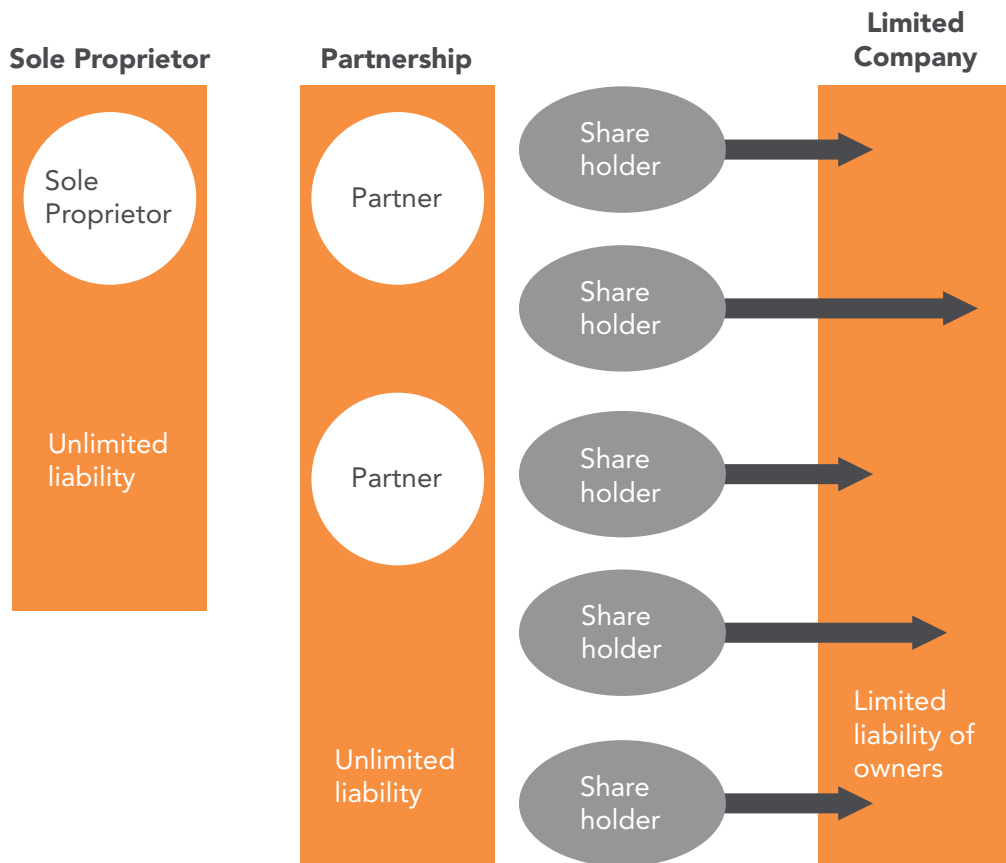
The shareholders are separate from the business

The owners are the business

Fig. 1/1 Types of business units

2   THE FUNCTIONS OF MANAGEMENT

The 'managerial' aspect of any manager's job or work can be divided into five functions or types of activities. They are:

- Planning
- Organizing
- Coordinating
- Motivating
- Controlling

2.1   PLANNING

Planning is the basic managerial function. Planning helps in deciding the course of action to be followed for achieving various organizational objectives. It is a decision in advance, what to do, when to do, and who will do a particular task. Planning is a process which involves 'thinking before doing.' It is a process of looking ahead. The primary objective of planning is to achieve better results. It involves the selection of organizational objectives and developing policies, procedures, budgets and strategies. Planning is a continuous process that takes place at all levels of management. A detailed planning is done in the beginning but the actual performance is reviewed and suitable changes are made in plans when actual execution is done. Plans may be of many types, such as short-range plans, medium-range plans, strategic plans, administrative plans, and operational plans.

2.1.1   ESTABLISHING PRIORITIES

A manager and his/her team need to prioritize the actions that are to be taken and put into a sensible order rather than to try out every action at the same time. While establishing priorities, the intention is to decide what to do first in the order of importance, not to pick out the easy tasks and forget the more difficult ones or concentrate only on things we like to do.

Asking these questions will help:

    1. Is the action short or long term?

2. Is the action realistic or feasible?
3. What kind of resource will be needed in terms of:
   • People
   • Money
   • Equipment and tools
   • Materials
   • Time

4. What are the constraints in terms of:
   • Time
   • Money
   • Resources
   • Equipment and tools
   • Skills
   • Availability
   • Level of support

5. Who else needs to know or be involved?
6. What is a suitable order of events?
7. What are the expected improvements or benefits in terms of:
   • Output
   • Quality
   • Cost effectiveness
   • Safety
   • Welfare
   • Systems
   • Procedures
   • Behaviour
   • Communication
   • Organization

8. Having asked these questions, is the action justified?

2.1.2 MAKING THE PLAN

A systematic step-by-step approach reduces the likelihood of the plan being unrealistic or unachievable.

- To achieve success:
  1. Prepare Micro-plan – break down each action into various steps.
  2. Examine each step and decide the following:
     - What is the objective of this step and how does it fit into the overall action?
     - Who is the person or persons who will be responsible for carrying out this step?
     - What is the time frame (start and finish)? Is it movable?
     - What resources are needed?
       - ✓ Money – how much, where from?
       - ✓ People – how many, what skills, directly or indirectly controlled?
       - ✓ Equipment – what type, where from?
       - ✓ Tools – what type, where from? Who needs?
       - ✓ Permits – are they needed? Who issues?
     - Reporting progress – frequency, method, who to?
     - What difficulties can be anticipated? How can they be overcome?
     - Who will be affected? How do we communicate?
     - How do we monitor and control progress?

  3. Using information gathered above, formulate the overall plan.
  4. Having formulated the plan, check the plan's validity. If it is properly prepared, it should answer the following:
     - Why – are we doing this?
     - When – will we do it?
     - Where – will it be done?
     - Who – will do it?
     - What – are we going to do?
     - How – will it be done (methodology)?

  5. Reviewing progress: A review of progress can and should take place at pre-specified intervals both during execution and on final completion of the plan. The following questions should be posed at each review:
     - Did the plan start on time? If not, why not? Was the original timing correct? Are there any learning points?
     - Is progress as per schedule? If not, why not? Are there any learning points?
     - Are the objectives and the plan correct? If not, why not? Were they too ambitious or unrealistic? Did the personnel involved really understand what was needed? Are there any learning points?
     - Is a re-plan necessary?

o How do we consolidate the learning points? Are we sure of the reasons why things went wrong? Can we ensure that the same mistakes are not repeated?

6. After reviewing the plan, modify and extend it, if necessary.

2.2 ORGANIZING

Every organization needs the services of a number of people to look after its different aspects. The management sets up the objectives or goals to be achieved by its personnel. The energy of each individual is channelized to achieve the organization's objectives. The function of organizing is to arrange, guide, coordinate, direct and control the activities of the organization. It provides the necessary framework within which people associate for the attainment of objectives. It also includes designing jobs, structuring organization, and training employees to do so.

2.2.1 DEFINITION OF ORGANIZATION

Organization may be defined in various ways:

- An organization is the structure and process by which a cooperative group of human beings allocates its tasks among its members, identifies relationships and integrates its activities towards common objectives.
- Organizing is to provide business everything it needs to operate efficiently. It is to do with relationships.
- Organization structure is designed to clarify who is to do what tasks and who is responsible for what results. Organization means a formalized intentional structure of roles and positions.
- An organization structure is the way the organization allocates its resources towards meeting its strategic aims. It is commonly defined by organization charts. There are many structures that are in use, but no single structure is best for every company and for every period in its operation. Structures change and develop so as to meet the aims of organization at any given time.

We have in general the following structures:

- Line
- Staff
- Line and staff
- Project-based
- Functional
- Flexible
- Matrix
- Informal

2.2.2 TYPES OF ORGANIZATIONS

- **Formal organization:** Formal organization means the intentional structure of roles in a formally organized enterprise. Keeping in view unity of objectives and organizational efficiency, several principles are used in establishing a formal organization.
- **Informal organization:** Informal organization means any joint personal activity without conscious joint purpose, even though contributing to joint results. Informal relationships established, however, do help in achievement of organizational goals. Informal organizations may include machine-shop group, the 2nd floor employees, the football club, the coffee/snacks club, the engineering forum etc.

2.2.3 ORGANIZING

- Promotes collaboration and negotiation among individuals and groups;
- Improves effectiveness and efficiency of communication;
- Creates clear-cut lines of authority and responsibility;
- Improves activating and controlling functions of manager.

2.2.4 PROCESS OF ORGANIZATION

The process of organization involves the following steps:

- To identify the work to be performed;

- To classify or group the task;
- To assign these groups of activities or work to individuals;
- To organize training;
- To delegate authority and fix responsibility;
- To coordinate these authority-responsibility relationships of various activities.

2.3   COORDINATING

Organizing and coordinating are very closely linked, and very frequently coordinating is an essential continuation of organizing. Coordinating involves ensuring that all efforts move smoothly together in the same direction, that is, towards the common objectives.

Coordinating is as essential to top management level as it is at junior management and supervisory levels. For example, the managing director or general manager must ensure that the efforts and activities of all the various departments of an enterprise are in harmony and in cooperation. There would be no point, for example, in the sales department endeavouring to sell items which are not yet in production! Good relations and communications between departmental managers must be developed and fostered so that they all work together in harmony. At the other end of the scale, a junior manager, supervisor or foreman must coordinate the work of his/her subordinates in his/her workgroup so that although different people might be performing different tasks, work will, when necessary, flow smoothly and continuously from one person to the next.

2.4   MOTIVATING

Motivating is the will to act. What we call 'motives' are the reasons why people act in certain ways. Today's increasingly competitive business world needs a highly motivated workforce for any organization seeking to achieve good results. It is only through the efforts of the workforce that the objectives of the enterprise can be achieved. Hence a manager should be aware of what these motivational forces are. Therefore, the managerial function of motivation is concerned with the human resource of an enterprise.

However, research in human behaviour has suggested that people are motivated by a number of different needs, at work and in their personal life. Recognizing and satisfying these needs

will help a manager to get the best from people. Hence a manager or supervisor must make an attempt to know something about each of his/her subordinates. For example:

- Financial reason is the main motivating force for many people. However, this may ultimately result in a better performance.
- Job satisfaction is the motivating factor for many people. These people get motivated when they feel that their skills and efforts are being recognized and appreciated by the management.
- Some people may do their best when they are given field jobs. On the other hand, there are others who would prefer desk jobs. Both categories of employees work best in their preferred work situation.

A manager must ensure that his/her team must work willingly. For this, it is necessary for them to recognize what the correct motivation for each member is.

There are a lot of 'motivators' that actually drive people to achieve. These are what a manager should aim to provide in order to maintain a satisfied workforce. How much a person enjoys achievement depends on its recognition. The ability to achieve, in turn, depends on having an enjoyable job and responsibility. The greater that responsibility the more that individual can feel the satisfaction of advancement. Motivators are built around obtaining growth and self-actualization from tasks. A manager can raise motivation in his/her staff by increasing their responsibility, thereby enriching their jobs.

An essential foundation for motivation is a positive environment created by a manager. Employees have the right to expect fair treatment and understanding. They also expect professional competence, part of which includes delegating tasks in order to increase staff-members' self-management and participation.

A manager should establish a system that is constructive – not obstructive – in which people can hope to perform at their best. He/she should find out where subordinates' strengths and interests lie, then delegate responsibilities.

There must be a two-way communication within an enterprise. All employees must be regularly informed about matters which affect them. The ideal approach when providing information is that everybody should know about everything that concerns them directly or indirectly, in full and accurate detail, as soon as possible.

A manager must ensure that subordinates have a sense of job security. Threats of dismissal or any other punitive action may induce better benefits in the short term, but they are not recommended in modern management as they are likely to result in a dissatisfied

workforce. Subordinates want to be looked upon as human beings and not as mere tools of performance. They expect a fair and unbiased approach from their manager who must, therefore, demonstrate the right leadership qualities. A manager must understand the fact that free or easy-to-supply incentives are a simple way to motivate subordinates and get their cooperation. For example, he/she may start by thanking people for a job well done, and follow this up with a written acknowledgement. He/she must be friendly and polite at all times – bad manners de-motivate – and deal sympathetically with personal requests, such as time off for a special purpose. Such actions on the part of a manager will ensure that the subordinates will have loyalty to their manager and be ready to work well and willingly.

2.5   CONTROLLING

Controlling is the management function of ensuring that performance conforms to plans. Control is essential for achieving the objectives of an organization. The planning of various activities does not ensure automatic implementation of policies. Control is the process which enables management to get its policies implemented and take corrective action if performance is not according to the pre-determined standards. If planning is the beginning of the management process, controlling may be said to be the final stage.

The process of controlling involves the following steps:

- Establishing standards of performance;
- Measuring actual performance;
- Comparing the actual performance with the standard;
- Finding variations or deviations, if any;
- Taking corrective action or measures.

There are three types of control:

- **Preliminary control:** It is achieved through policies and procedures. Implementation of Quality Assurance System is an effective step in this direction.
- **Concurrent control:** It is the least of the operating control which means that operational managers are responsible for ensuring that the products and services being offered by the company are available for sale at the right time, in the right quality and quantity at an appropriate cost.
- **Feedback control:** It is carried out after gathering some data, analyzing and returning for corrective action.

2.5.1 SUPERVISING SUBORDINATES

The managerial function of controlling is the supervision of employees and subordinates. It is to ensure that the employees perform their allotted work as per procedures, and that they avoid wastage of effort or materials. Only giving instructions is not sufficient. It is necessary that the subordinates are supervised, and for this purpose they have also to be given motivation, guidance and training.

2.5.2 MAINTAINING RECORDS OF PERFORMANCE

Another important aspect of controlling is maintaining records of performance. These records related to various aspects, such as production, sales etc. provide guidance for future planning. Periodical reports – daily, weekly, monthly etc. – ensure that the management is able to exercise control over the various activities of the organization.

2.6   MANAGEMENT IN PRACTICE

Managing, like all other practices – whether medicine, engineering, accountancy, or education – is an art. It is know-how. It is doing things in the light of the realities of a situation. Yet managers can work better by using the organized knowledge about management. In order to handle their jobs managers need the right mix of five key managerial skills. These are classified as technical, human, conceptual, diagnostic, and political. The first three have been recognized for many years. Diagnostic and political skills have also now received attention as organizations have become more complex.

2.6.1   TECHNICAL SKILL

Technical skill is a proficiency in a specific activity that involves methods, processes, procedures, or techniques. Individual performers expect their superior to be able to help them with technical problems.

2.6.2   HUMAN SKILL

Human skill is the activity to work with, understand, motivate, and communicate with individuals and the group. Human skill also includes the ability to communicate with people, to resolve conflict, and to discipline. Since the manager's job involves constant interaction with people, human skills are essential.

2.6.3   CONCEPTUAL SKILL

Conceptual skill is the ability to understand abstract or general ideas and apply them to specific situations. It usually means understanding how the total organization can be affected by a specific activity. Although it may always be apparent, every action taken in an organization has ramifications elsewhere.

2.6.4   DIAGNOSTIC SKILL

Diagnostic skill is the ability to analyze the nature of a problem with people, ideas, things or events. A good diagnosis precedes a recommended solution to a problem (like medicine or

automotive repair or management). Managers are frequently called on to size up a problem in order to take appropriate corrective action.

2.6.5 POLITICAL SKILL

Political skill is the ability to acquire the power needed to achieve one's objective. Specific political skills include being able to win others over to one's cause.

2.7 MANAGING CHANGE

Organizations grow and change. Change may include duties and responsibilities, designated rules and regulations, and there is insistence on individual competence. Generally the division of labour strategy becomes extensive as change takes place. As an industry expands, likewise an organization also expands. Its staff population increases, more activities are handled and its management should keep pace with the change that is taking place. Therefore managers as leaders should be capable to manage change.

Change is an issue that affects people in various ways. Fullan and Stiegelbauer (1991) observe three broad phases to the change process. The first involves initiation. It consists of the process that leads up to a decision to adopt or proceed with change. The second is implementation, which involves the first experience of putting the ideas into practice. The third is continuation that refers to whether the change gets built in as an on-going part of the system or it is discarded.

Heller (1998) states: "Change is the single most important element of successful business management today. To remain competitive in increasingly aggressive markets, organizations have to adopt a positive attitude to change." He further asserts that most changes that occur in an organization are instigated, at least in part, from within. However, most sizeable changes are generated from the topmost level and generally unexpected by subordinate staff. A manager initiates changes but is also often required to act as a link between different levels of staff. He/she must ensure that the system does not prevent the ideas of subordinate staff from being heard.

The process of change requires the leader to communicate with all relevant employees in the organization. These should continue even during implementation in order to produce satisfactory results in the achievement of goals and objectives. The process also requires leaders who have concern for production and people.

3   THE RESPONSIBILITIES OF MANAGEMENT

3.1   MEANING OF RESPONSIBILITY IN MANAGEMENT

Managers, regardless of their seniority, have responsibilities towards a number of different people or groups of people. The higher or the more senior is a person's managerial position in an enterprise, the greater will be the number of people who are dependent on his/her skills and abilities for their livelihood.

- His/her subordinates will depend on them to ensure that their jobs are secure.
- His/her managerial colleagues will depend on them to ensure that their section or department of the enterprise – or, indeed, the enterprise as a whole – achieves its objectives.
- The owners or shareholders will depend on the attainment of the objectives to produce the 'returns' on their investments.
- Customers will depend on the business to provide the right goods and/or services in the right places, at the right times and at the right prices.
- Suppliers will depend on the survival of the business for markets for their own products or services.

A manager therefore has to accept greater responsibilities as he/she climbs each rung of the 'promotion ladder' to top managerial positions. And, of course, each time he/she rises in seniority, the greater will become the number of people subordinate to them towards whom they have responsibilities and obligations.

Figure 3/1 below shows, in an inverted-pyramid diagram, the relationship between managerial seniority and breadth of responsibility in a company.
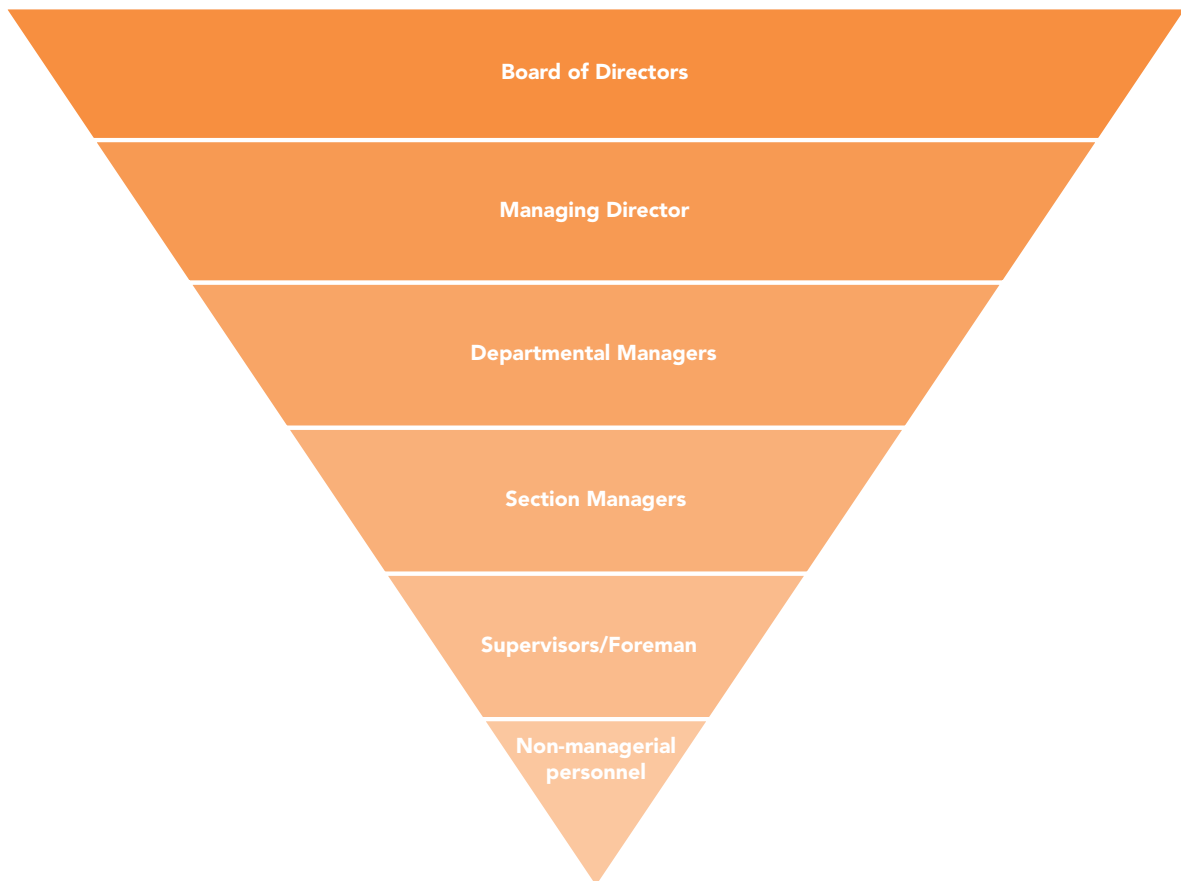
Fig/ 3/1 Relationship between managerial seniority and breadth of responsibility in a company

If we think of each stage on the pyramid as being a rung of a ladder – as shown in Fig. 3/2 – we can see that merely by being one rung higher the supervisor carries wider responsibilities than does the junior below him/her. Not only is he/she responsible for instructing their subordinates what work to perform and how and when to perform it, but they are also responsible for ensuring – by checking – that they do perform the work carefully as required. He/she is involved in all functions of management, if only on a limited scale.

Managing Director

Departmental Manager

Section Manager

Supervisor/Foreman

Non-Managerial Personnel
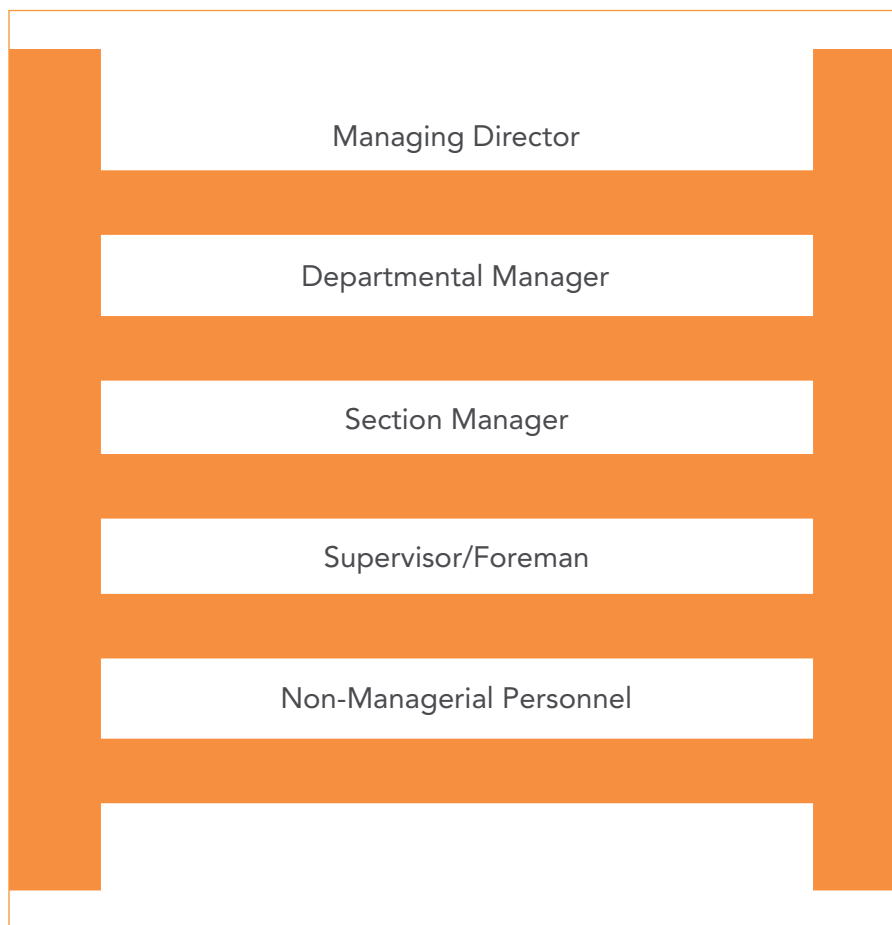
Proceeding up the 'ladder,' we can see that each of the people on the next stage or 'rung' automatically bears greater responsibilities.

3.2   RESPONSIBILITY AND REWARDS

The degree or breadth of a person's responsibilities in an enterprise is generally reflected in the rewards in terms of money or other benefits which he/she receives. It is because the more senior the position held by a person, the greater are the likely consequences for the enterprise of his/her actions and decisions. For example, an error by a junior employee is unlikely to cost the company very much. But if the managing director of that company was to make a wrong decision or take a wrong action, it could have serious consequences for the company in terms of financial loss or loss of reputation, lost production, and/or sales. Conversely, even excellent work by an individual junior employee might not affect the overall prosperity of a business, but the right decision or the right action at the right time by a senior executive might bring far-reaching benefits to the enterprise. Hence his/her value to the enterprise is greater.

Furthermore, at the end of the work day a junior employee can go home and forget everything about his/her work till the next day when he/she goes to work. On the other hand, senior executives quite often are called upon to have meetings with clients/customers over lunch/dinner, at weekends etc., or may have to discuss important matters with their clients on telephone even during their off hours. This restricts their personal time available to them for themselves and their families. Obviously they ought to be compensated for this by giving them some sort of rewards.

3.3   THE MEANING OF AUTHORITY

Authority in organization is the right in a position for making decisions affecting others. Authority is the right to give orders and the power to extract obedience. In general, it includes the following rights:

- Right to make decisions on the problems, situations and issues related to activities assigned to him/her;
- Right to use resources for performing assigned activities in a satisfying manner;
- Right to give orders and instructions to subordinates regarding work being performed by them and to seek compliance to given orders.

3.3.1 SOURCES OF AUTHORITY

There are three basic sources of authority:

- **Charismatic** – through personality and its traits, for example, historic personalities and great figures in society and business.
- **Traditional** – sanctioned and granted by traditions and customs prevalent in the society, such as teachers, parents, religious heads or guardians etc.
- **Rational** – legal formal rights and powers vested in the organization by the state.

3.3.2 RELATIONSHIP OF RESPONSIBILITY WITH AUTHORITY

In management responsibility is closely linked to authority. A person might have the authority, that is, he/she has been 'authorized,' to take certain actions or decisions. For example, a person might have been authorized to sign cheques to pay money from the

bank account of the business. In such a case it is the person's responsibility to ensure that the information contained in cheques is correct. Yet another person in business might have been authorized to recruit new staff. That person's responsibility is to ensure that the best personnel are recruited.

In effect, if a person is authorized to take certain actions or decisions, it means that responsibility for the consequences of those actions or decisions has been delegated (passed or transferred) to him/her by the board of directors or his/her superior. Therefore, that person must have the authority to act in such a manner as to enable him/her to fulfill his/her responsibilities.

3.4   RESPONSIBILITIES TOWARDS THE EMPLOYING ENTERPRISE

The basic responsibility is to provide a full day's work for the salary/wages and other benefits received as the result of that employment. The basic sense of responsibility is all that is generally required from a junior employee. However, all those people in more senior positions have greater responsibilities towards the enterprise. These include:

- Ensuring that they perform their own responsibilities, to the very best of their abilities and in the best interests of the enterprise;
- Ensuring that the customers/clients of the enterprise receive full satisfaction from the goods or services provided by the enterprise;
- Ensuring the safety of the assets of the enterprise;
- Ensuring that confidential information about the enterprise is actually kept confidential;
- Ensuring that all suggested improvements and modifications, inventions etc., likely to benefit the enterprise, are brought to the attention of those able to make decisions concerning their adoption or otherwise;
- Ensuring that harmonious relations exist between managerial staff and other employees in the sections/departments concerned, and, whenever possible, in the enterprise as a whole.

3.5   RESPONSIBILITIES TOWARDS SUBORDINATES

Every manager must understand that subordinates are not of a 'lower order' or mere work-units to be 'used' or looked down upon; they are an essential part of the manager's team – without whose concerted efforts all his/her planning, organizing and his/her ambitions will

come to nothing. He/she must appreciate that each individual has his/her own character, feelings, likes and dislikes, and emotions, and he/she must adapt their approach to each person accordingly.

He/she should:

- Ensure that the wages policy is fair to all his/her subordinates;
- Demonstrate his/her interest in their well-being, and do so in a fair and unbiased manner;
- Try to organize workload so that each subordinate can adequately cope with that allocated;
- Understand that it is an obligation of management to improve working conditions and terms of service whenever resources permit;
- Understand that management as a whole has an obligation to provide safe working conditions;
- Assist his/her subordinates to develop and to improve their positions and their prospects for advancement when opportunities arise.

3.6   RESPONSIBILITIES TOWARDS THE COMMUNITY

With the success of any business being dependent on the abilities of its management, the fact that management does have responsibilities towards the community must be accepted. Although some managers still consider industrial disputes to be purely 'internal affairs,' in many cases they can actually affect – and sometimes seriously inconvenience – the community as a whole, or sections of it. Therefore, management's responsibility to avoid disputes whenever possible is as much towards the community as it is to the enterprise and to its employees.

In general, management:

- Should be socially conscious;
- Should have concern for the natural environment;
- Should have respect for consumers and the community at large.

4 THE DELEGATION OF RESPONSIBILITY
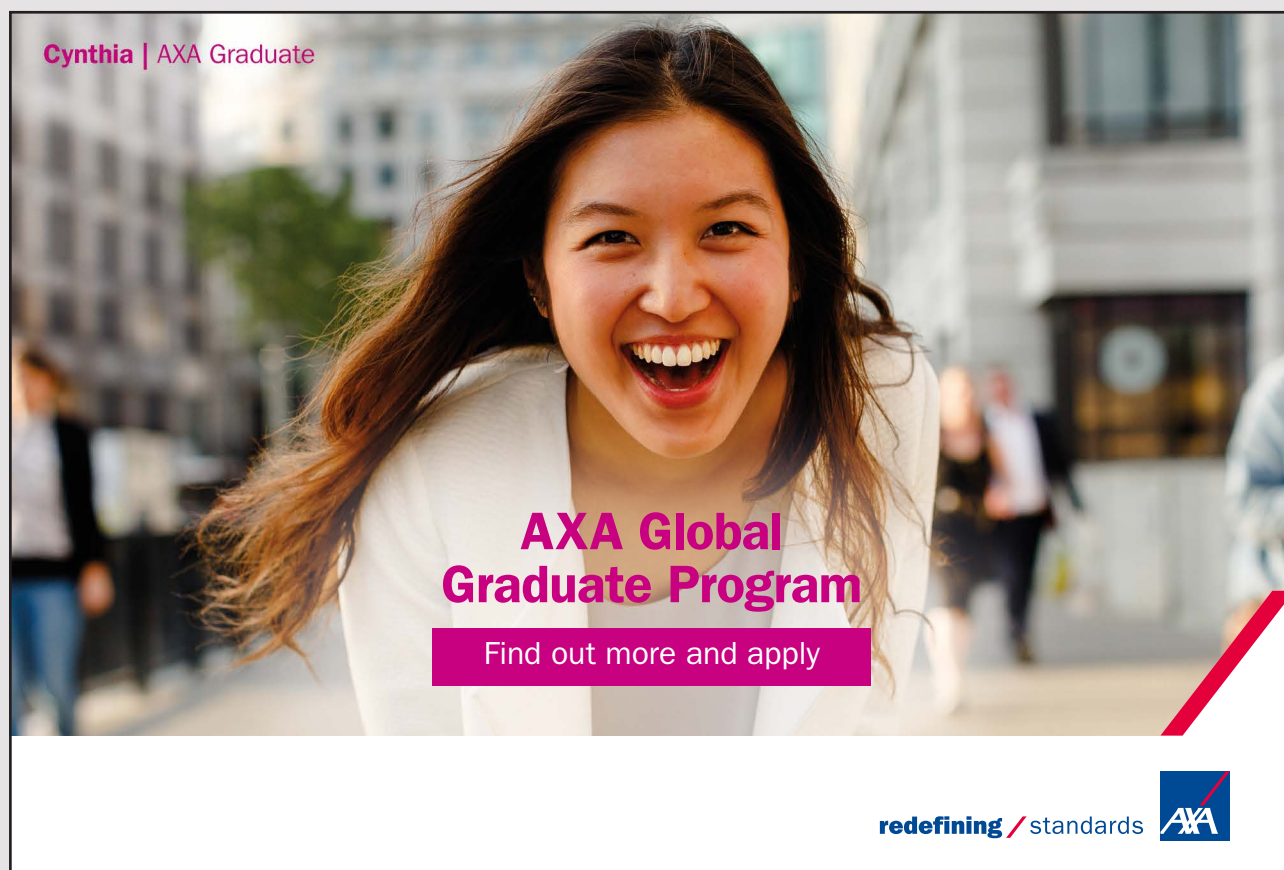
4.1 THE MEANING OF DELEGATION

In management 'delegation' means:

> *"To entrust a person with the responsibility for certain work, actions and decisions: to 'transfer' the responsibility from one person – a manager, for example, to a subordinate – a supervisor or foreman, for example."*

4.2 THE NEED FOR DELEGATION

Delegation of responsibility is essential in any enterprise, because – except, perhaps, in very small businesses – no one person can be responsible for, and can control every little aspect and activity. Even the sole proprietor might have to delegate some responsibility – for bookkeeping or accounting, for instance – to another person.

4.3   DELEGATING RESPONSIBILITY IN THE RIGHT MANNER

It is essential that delegation is done in the right way. The following points need to be taken care of:

- Each subordinate should be trained both to perform the work he/she is expected to do – as well as to accept any responsibilities which go with the position.
- The work in each section/department must be distributed as evenly as possible, so that one member of the team is not idle while another has far too much to do.
- It must be carefully organized that the extent of responsibility each subordinate is likely to shoulder is decided as per his/her ability and potential.
- Each subordinate should be allowed – and encouraged – to accept the full quantity of responsibility he/she can carry. Naturally, this should start in a small way, but as soon as a person has demonstrated that the first area of responsibility is being coped with successfully, a little more should be added, and so on, until that subordinate is carrying all the responsibility that he/she can reasonably be expected to carry.

4.4   BENEFITS OF DELEGATION

The following benefits can accrue to a manager who delegates responsibility:

- It leaves him/her more time to concentrate on the more important aspects of their work.
- The work is evenly spread among all the personnel in a section/department, and nobody is unduly burdened.
- Subordinates get encouraged to learn more and to develop a sense of responsibility.
- Opportunity for staff development and promotion is created.
- In case of a superior not being available, the work of the enterprise goes on smoothly.

4.5   AUTHORITY

Authority in organization is the right in a position for making decisions affecting others. Authority is the right to give orders and the power to extract obedience. In general, it includes the following rights:

- Right to make decisions on the problems, situations and issues related to activities assigned to him/her.
- Right to use resources for performing assigned activities in a satisfying manner.
- Right to give orders and instructions to subordinates regarding work being performed by them and to seek compliance to given orders.

4.5.1 DELEGATION OF AUTHORITY

Authority is to be delegated for creating the structure of organization. It is a core element of organizing process, since organizing has little meaning without delegation of authority.

Delegation is:

- A process of assigning various degrees of decision making authority to subordinates;
- A process by which a manager assigns some of his/her tasks to subordinates on selective basis and allows them to exercise authority on his/her behalf to perform the assigned task;
- The primary formal mechanism by which a network of authority relationship is established;
- Conferring authority from one executive of organizational unit to another to complete a particular assignment.

4.5.2 PROCESS OF DELEGATION

The following stages and steps are to be carried out in a sequence:

- Sizing up workload;
- Assigning work appropriately;
- Granting authority;
- Creating accountability.

4.6 RESPONSIBILITY, AUTHORITY AND ACCOUNTABILITY

Responsibility refers to those obligations which a person is expected to perform to the best of his/her abilities in a given direction. It is an obligation of subordinates to perform duty

as required by his/her superior. It is the duties and activities assigned to a position or to an executive.

4.6.1 FEATURES OF RESPONSIBILITY

- Obligation to perform assigned work satisfactorily;
- Acceptance of assigned work leads to becoming responsible;
- Cannot be transferred or delegated;
- Acceptance of responsibility leads to becoming accountable to the superior;
- Flows from lower to higher levels.

4.6.2 ACCOUNTABILITY IS AN OBLIGATION:

- To keep superior informed about the progress of work on a regular basis;
- To explain any failure in performance.

4.6.3 IMPORTANCE OF DELEGATION OF AUTHORITY

Delegation of authority:

- Is crucial to creating managerial hierarchy;
- Permits managers concentrate on key activities;
- Facilitates decision making;
- Causes subordinate to accept accountability;
- Is based on the principle of division of work.

4.6.4 GUIDELINES FOR EFFECTIVE DELEGATION

Effective delegation can be achieved by making use of the following guidelines:

- Establishing objectives;
- Evaluating competence of subordinates;
- Defining responsibility and authority clearly;
- Motivating subordinates;
- Establishing communication channels;

- Imparting proper training;
- Exercising supportive supervision;
- Determining standards of performance;
- Incorporating a feedback system.

4.7   ORGANIZATIONAL STRUCTURE OF ENTERPRISES

When the business expands from its original stage – with the consequent employment of more personnel – some, if not all, of the specialist subdivisions of sections will themselves have developed into full sections. Each original small section will have grown into a full department, comprising a number of sections. This situation will require creation of the organizational structure, and can be illustrated in what is known as an organization chart as shown in Fig. 4/1.
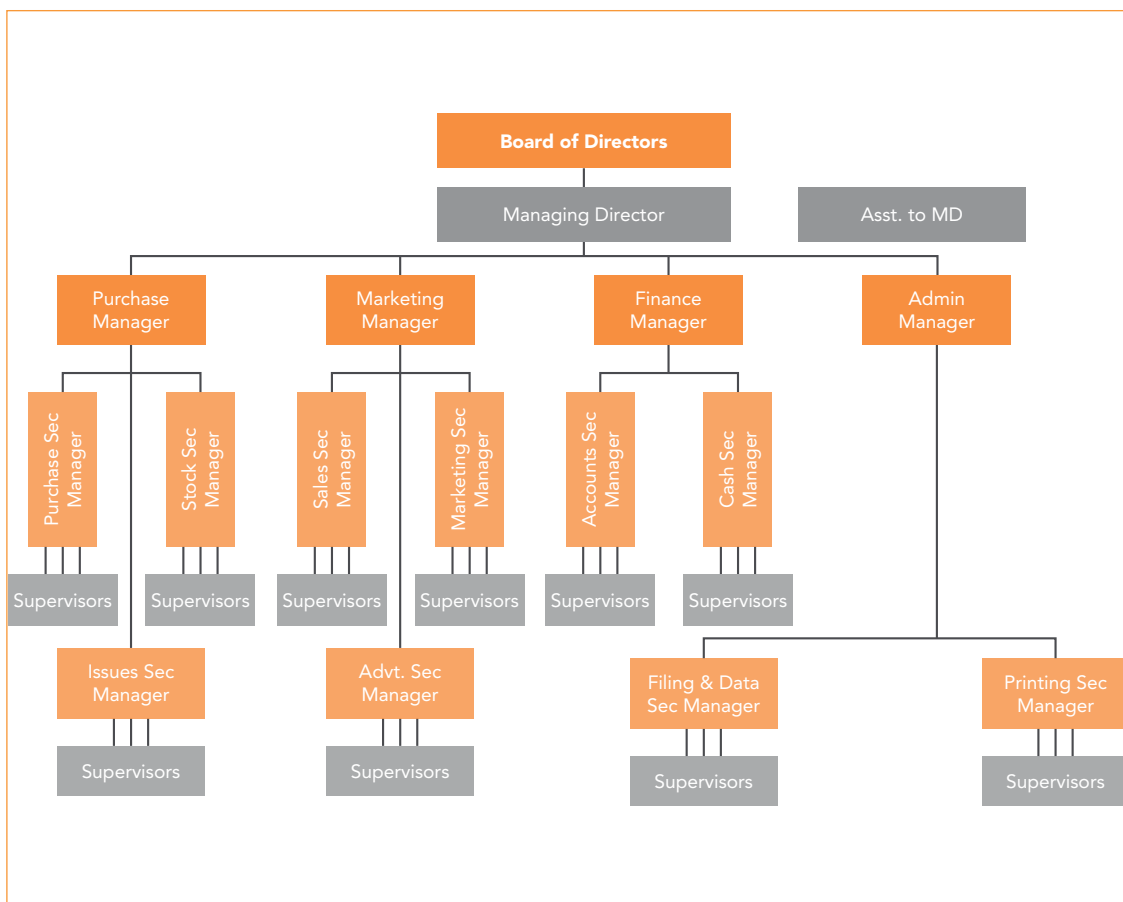
Fig. 4/1 Sample organization chart of a company

This chart shows responsibility and authority being delegated "downwards." But at the same time those shown lower in the chart are accountable for their actions and decisions, etc. to the executive positions in the next "box" upwards.

4.7.1 PLANNING THE ORGANIZATIONAL STRUCTURE

Depending on the type and size of the enterprise, the stages in the setting up of an effective organizational structure for it are likely to be as follows:

- The 'key' activities of the business must be established.
- The various similar or related activities should be grouped together into 'departments;' the most logical grouping is by 'function,' that is, by the type of activity, for example, production, marketing, finance, etc.
- The activities of a particular department should be further divided, and then grouped together into sections; for example, all those activities concerned with advertising and publicity might be included in the advertising section of the marketing department.
- An organization chart should then be produced to depict the proposed organizational structure.
- Based on the estimates of the volume of work which will be performed by each section, the number of personnel required must be determined.
- The specialist knowledge or talents required of departmental and sectional managers must be determined and set down. Coupled with that action is the necessity to lay down the extent and the limits of authority and the duties of all those personnel who will hold managerial positions; and the authority to delegate must be provided.
- To ensure the effective coordination of all parts of the enterprise, effective procedures and systems of communication must be devised and installed.

4.7.2 SPAN OF CONTROL

It refers to the number of immediate subordinates who report to a manager/supervisor. But there is a limit for the number of subordinates a manager can effectively supervise, though the exact number will depend on the impact of underlying factors. Factors that affect span of management are:

- Quantity and quality of delegation of authority;
- Formulation of organizational plans;
- Availability of assistance from staff functions;
- Nature of work performed by subordinates;
- Types of communication network;
- Abilities, skills and training of superiors and subordinates.

4.7.3 TYPES OF ORGANIZATIONAL STRUCTURE

Basically, there are three types of organizational structure:

- **Line organizational structure:** This is the simplest form of organizational structure and can be very efficient in small and medium-size enterprises. This is illustrated in Fig. 4/1. The 'chain of command' is direct, and so decisions can usually be made quickly and implemented rapidly.
- **Functional organizational structure:** This is the type of organization in which it is the function – the type of activity – which determines the areas of authority and responsibility. An expert or specialist is placed in charge of each function, and he/she will have direct control of that function wherever it is undertaken within the enterprise. For example, the office manager will have authority over clerical and secretarial staff working in any department. However, this form of organizational structure makes control more difficult as there are no clear lines of authority.
- **Line and staff organizational structure:** This is a combination of line organizational and functional organizational structures. It is commonly used successfully.
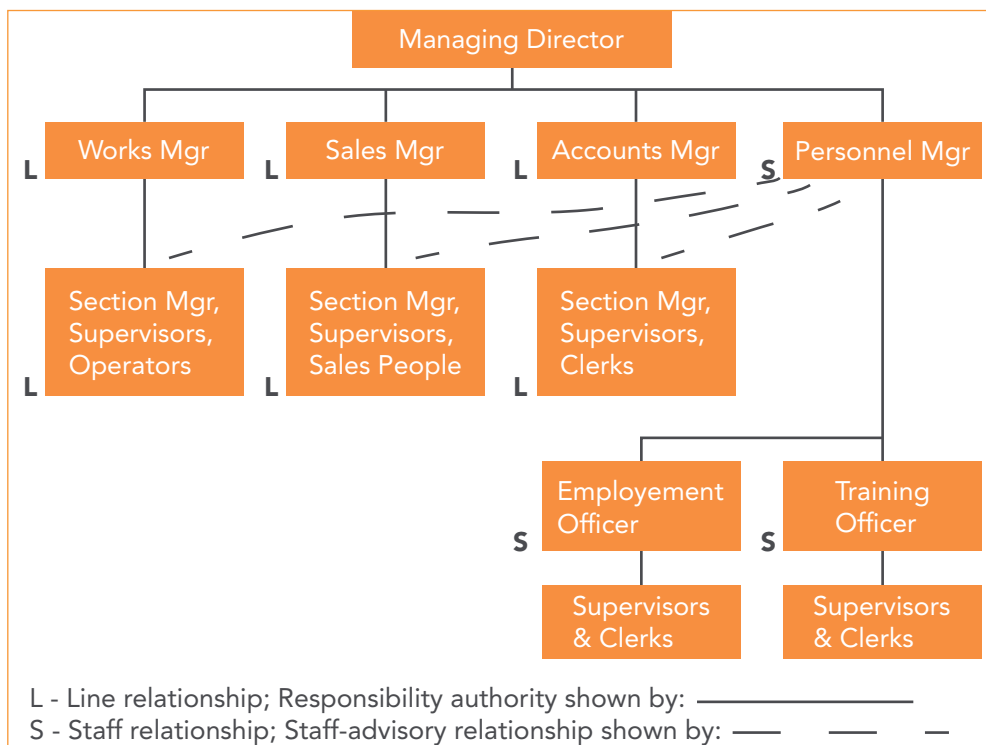
Fig. 4/2 Line and staff organizational structure

In such an organizational structure:

- The 'line' managers control the primary functions; such as marketing and production, which are directly concerned with achieving the objectives of the business;
- The 'staff' managers are generally involved with secondary functions, which assist the smooth and efficient running of the primary functions.

In the organizational structure depicted in Fig. 4/2 the HR Manager is directly responsible for his own department, and has full authority over its staff. However, although he/she provides services for the line managers and line supervisors with regard to recruitment of personnel, personnel records, as well as for safety and welfare activities, he/she has no authority over the personnel working in those other departments.

However, the relationship between the line managers and the staff managers must be clearly defined, and cooperation between them must be encouraged by top management. There is no value, for instance, in a line manager continually rejecting or refusing to consider or accept the advice or assistance of the HR manager; while the HR manager must not be permitted to usurp the authority of line managers

5 COMMUNICATION IN MANAGEMENT

5.1 THE MEANING OF COMMUNICATION

Communication, in the context of management and administration, can be defined thus:

> *"It is the conveying of a message or an idea from one party to another
> in such a manner that both parties understand its identical meaning."*

Let us also understand that:

- By 'conveying' we mean 'passing on.' This is usually done by speaking or writing. Managers and supervisors need to spend much of their time talking to people, and at least some of their time, listening to other people, including their subordinates.
- Communication does not only involve 'giving instructions.' Even within the same workgroup 'messages' – which can include facts and information, reports, suggestions, advice and guidance, and even ideas, as well as instructions – will need to be passed from one person to another.
- 'Identical meaning': Not only must information or instruction or ideas be passed from one party to another, but the 'receiving' party must understand exactly what the 'sending' or 'transmitting' party had in mind. If one party does not clearly understand the meaning of a message – or misunderstands or misinterprets its meaning – errors and mistakes, disagreements and disputes, and even accidents, can occur. With a little care and thought such problems can easily be avoided by using effective communication. It is, therefore, important for managers and supervisors to know not only when to communicate, but also:
  - How to communicate properly and effectively with other people;
  - How to remove or overcome any 'barriers' which might hinder clear and effective communication and understanding.

5.2 IMPORTANCE OF GOOD COMMUNICATION

Effective and rapid communication is a vital 'tool' of management:

- Without communication, nothing could happen in an enterprise.
- No information or instructions could be given or received.

- There could be no contact between members of management and their subordinates.
- There could be no contact with customers or suppliers.

5.3 TYPES OF ADMINISTRATIVE COMMUNICATION

There are two types of administrative communication:

- **Internal communication** – communication between the employees of an enterprise – from managers to subordinates, between managers, from subordinates to supervisors/managers, between members of a workgroup.
- **External communication** – communication with contacts outside the enterprise – with existing and potential clients, customers, suppliers etc.

5.4 EFFECTIVE INTERNAL COMMUNICATION

Effective internal communication will ensure the following:

- With effective communication, every member of management and every other employee should receive precise and accurate information, to ensure that every person working for the enterprise knows exactly what they are expected to do, when and where; for what and for whom, and to whom, they are responsible. Misunderstandings and misinterpretations – which can result in wastage of time, effort, labour or money and/or loss of profit – can therefore be greatly reduced or even eliminated.
- No enterprise exists in a 'vacuum;' change in trading conditions, in economy, in law and in attitudes, and in fashions and consumer demand, as well as technological developments, occur continuously. For an enterprise to prosper – and indeed to survive – its management must not only be able to react quickly in the right way to change, but must also be able to pass clear instructions quickly to all those people concerned. Instructions and information must get quickly from managers to supervisors and from supervisors to their subordinates, so that the changes and new methods can be interpreted without delay, particularly if new or existing employees need training or retraining.
- Effective two-way communication will help to promote good understanding between management and other employees, and that in turn can help to reduce disputes. Effective communication should not concentrate only on passing

instructions 'down the line' and on receiving reports at higher levels; it should also be concerned with a two-way flow of needed information. The modern workforce (both managerial and non-managerial) is no longer content to blindly accept 'instructions' from above; employees want – and need – to know how decisions taken and instructions given might affect their livelihood and job security.

- Readily available and accurate information about the enterprise, its prospects and achievements and any problems it faces, generate a healthy interest in the enterprise among its personnel – which is by itself a form of motivation.

5.4.1 VERTICAL COMMUNICATION

Vertical – up and down – communication must operate in both directions: 'upwards' as well as 'downwards.'

- It is important for employees to be able to make known quickly to those of their seniors concerned any complaints or grievances they might have, and of course, to have faith that attention will be paid to them and that action will be quickly taken. In this way minor grievances will not grow into major ones because of resentment about management's apparent lack of interest.
- There is usually personal contact at the lower end of the communication network – that is, between junior managers, supervisors, foremen and their subordinates – and therefore with goodwill and understanding from both sides many minor grievances should be quickly resolved. However, if circumstances require it, managers, foremen and supervisors must not hesitate to communicate problems 'upwards' to those of their seniors who have the authority to make decisions and to take the action necessary in the circumstances.
- To enable top management to coordinate the activities of the entire enterprise and to reach quickly to circumstances which arise, what are called 'lines of communication' must be established, and operated efficiently. Such actions will ensure that not only regular and accurate reports, statistics etc. are received, but that information on matters requiring immediate attention will be received without delay. That, in turn, will enable decisions to be reached quickly and any necessary changes to plans, work schedules etc. to be implemented as early as possible.
- Another very important reason for establishing lines of communication 'upwards' is that they encourage a flow of ideas and suggestions on a wide range of matters, which might be beneficial to the enterprise, 'up' to those who are able to discuss and consider them, and make decisions concerning them. After all, it

is those personnel who are in intimate, day to day contact with the operational activities of an enterprise and who are more likely to be able to make suggestions on better methods of working, time saving, cost reductions, the elimination of duplicated effort or waste etc. than top management, which is remote from day to day 'details.'

- It is not sufficient to merely establish lines of communication; they must be examined from time to time to ensure:
  - That they are being used as they were planned to be used; and
  - That they are still adequate; circumstances and personnel change, and so the lines of communication might have to be modified. Outmoded lines of communication can quickly lead to ineffective communication. Delays, misunderstandings simply lead to action not being taken.
- Whenever possible or feasible, a system of 'feedback' should be built into the communication network so that the senders of communications can check that they are being received, understood and acted upon.

5.4.2 HORIZONTAL COMMUNICATION

In addition to vertical communication, there must also be 'horizontal' – sideways – communication within an enterprise. By this we mean a flow of information between personnel of about equivalent status in different departments of the enterprise, for example, between its sales manager and its production manager.

- Horizontal communication can only be effective if there is cooperation between the various departments and their senior executives (whose attitudes are likely to affect the attitudes of all their subordinates). Top management must encourage the spirit of cooperation and coordination among executives to avoid loss of efficiency in the organization as a whole.
- If there are personality clashes, jealousies, or departmental (or even section) managers, cooperation might be minimal and there might be a reluctance to pass on information, or the deliberate withholding or delaying of information.
- It is important to note that horizontal communication is concerned with the flow of information, and NOT with the flow of instructions or authority. For example, a salesman could perhaps 'request' a member of the accounts department to make a check on a customer's creditworthiness, but he would have NO authority to instruct the person to make the check, or to demand that it be made.
- It would be most tactless for the manager of one department to communicate directly with a subordinate in another department without the knowledge and consent of that subordinate's departmental head. And it could cause trouble if there was an attempt by a manager to give instructions to an employee of another department.

5.5 EFFECTIVE EXTERNAL COMMUNICATION

An enterprise needs to have a very effective system of external communication in order to deal with clients/customers – existing as well as potential – and various other agencies, organizations, individuals etc.

- Without external communication, an enterprise would be isolated from its potential and existing clients and/or customers and its suppliers. Effective and efficient two-way communication is important:
  - In maintaining good public relations;
  - In ensuring that customers or clients are satisfied with the standard of the goods or services provided;

- In ascertaining that what is being produced is what customers or clients really want;
- In ensuring that any consumer complaints are speedily and satisfactorily dealt with;
- In ensuring that consumers are kept apprised of new and/or improved products (e.g. through advertising and publicity).

In short, we can say that external communication is largely concerned with keeping the 'buying public' happy, and endeavouring to enlarge the size of it.

- Good, regular communication by an enterprise with its suppliers is also essential to ensure the continuous availability of all necessary items and services. It is also not simply a matter of placing orders, but of ensuring receipt of requirements at the right times and places on the most advantageous terms. Up to date information is necessary on changes in prices, discounts offered, credit terms allowed, promotional campaigns etc. In addition, contact must be maintained with alternative suppliers, and their terms of supply need to be known.
- Accurate and up to date information is also necessary about the activities of competitors, about new technological developments, about buying trends and consumer demands, about changes in fashions etc. Communication might also have to be maintained with shareholders, with training establishments, trade associations, government departments, professional firms, banks and other financial institutions, and with a wide variety of other people and/or organizations.

5.6 EFFECTIVE COMMUNICATION SKILLS

In order to communicate we interact with others through various methods.

5.6.1 FACE-TO-FACE COMMUNICATION

It is the easiest. You can explain what you mean. If the person does not understand, ask yourself:

- Are you using the language they understand – not difficult but simple words?
- Are your ideas going over their heads?

3 areas that matter in communication:

- Words: what we say
- Tone: how we say it
- Body language: how we look when we are saying it

5.6.2 LISTENING SKILLS

The art of listening is essential to clear communication. Hearing is not listening. We hear all sorts of noises every waking moment but we don't listen to them.

- Listening is more important than just 'hearing:
    - You often 'hear' what you want to hear.
    - Listening is the other half of communication.

- When listening:
    - Give your full attention
    - Do not assume what the other person is going to say
    - Show by eye contact and an interested expression that you are paying attention.
    - Make notes if necessary

5.6.3 THE TELEPHONE

Communicating by telephone is yet another way the profile of your organization is perceived. For the person on the other end of the phone you are that organization. While on telephone:

- Listen carefully and concentrate on what is being said.
- Do not allow disturbances in the room to interfere with your listening abilities.
- Use words and your tone of voice to communicate your understanding of what is being said. Let your caller know you are listening by making verbal indications such as 'Mm,' 'OK.'

5.6.4 LETTER WRITING

In order to communicate effectively you must produce quality letters for your reader. Follow these steps:

- Planning your letter: Is your objective:
    - To give information?
    - To sell an idea?
    - To promote an action?
    - To clarify something?
    - To rectify a situation?
    - To promote yourself?

- Structuring your letter:
    - Greeting
    - Heading
    - Introduction
    - Information
    - Action
    - Conclusion

- Writing your letter: Information and language should be:
    - Accurate
    - Brief
    - Clear

5.6.5 REPORT WRITING

Quite often you may have to prepare a report on the progress of work, on an on-going project, or a planned activity of your department/organization. It is necessary to understand that people want a report that is well thought of, well prepared and is effective.

- The first thing you need to think of:
    - Who is my reader?
    - What does he/she know of this subject?
    - What are the objectives of this report?

- Planning the report:
    - Consider how long it is until the report is required.

- How long do you have to work on gathering the information?
- How long on structuring and writing the report?
- How long on checking, revising, and perhaps retyping the report?

- Structure of the report (suggested):
  - Title page
  - Contents
  - Summary/Abstract
  - Introduction
  - Findings
  - Conclusion
  - Recommendations
  - Appendices, acknowledgements, references, bibliography, etc.
  - Index

- Presentation/Typing
  - Wide margins
  - Double spacing
  - Paragraphs
  - Headings in different type face
  - Consistency in numbering system

5.7   CHOOSING PAPER ON SPOKEN WORD

Should we communicate on paper or by the spoken word? Different occasions call for different action. If you need to contact someone urgently and for a brief communication, a telephone call would probably be your best choice. You could even go to the person or call him/her and clarify the matter. On the other hand, if you have a very complicated message to explain, then sending a letter/note would be better. The receiver will have time to digest the information properly.

Newsletter →
Report →
Notice →
Form →
Fax →

Written

← Advertisement
← Note
← Letter
← E-mail

Meeting

Unplanned chat →
← Telephone conversation

Talk →

Spoken

← Interview
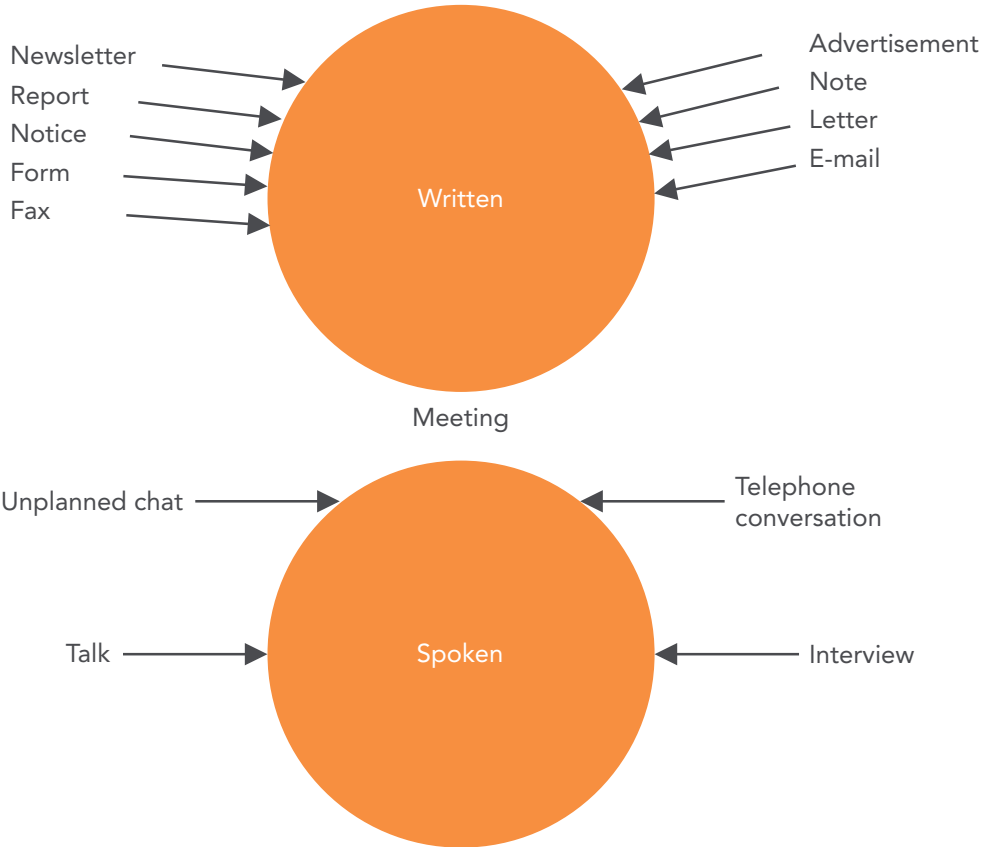
6   PLANNING AND FORECASTING

6.1   PLANNING

Planning entails deciding how the pre-determined 'objectives' of a business should be achieved in the most efficient and economical way in accordance with policy. Planning is the activity concerned with making plans. Plans are really 'routes to objectives.' Once the objectives of an enterprise have been set, planning is necessary to work out how to achieve the objectives in practice, within the framework of the policies formulated.

6.2   FORECASTING

Planning is concerned primarily with activities in the future. There has to be some guidance as to what might occur in the future. What is called forecasting is, therefore, essential if management is to be able to carry out effectively its planning function.

To forecast is to determine – as accurately as possible – the probable course of future events which might affect the enterprise and its activities. A forecast, then, is an assessment of the expected pattern of future events and the ways in which it might have effects on the operations of the enterprise or sections of it.

6.2.1   DETERMINING THE COURSE OF FUTURE EVENTS

It is not possible to anticipate or foresee the future exactly, but the more accurate the forecasting the lower will be the degree of uncertainty and the greater the possibilities of formulating reliable plans – and, in consequence, the greater will be the chances of achieving the objectives. Forecasting is, therefore, an essential accompaniment of planning. Based on the forecast, plans can be formulated to deal successfully with expected future events, and to take steps to deal with any problems which are anticipated and may arise in the future, or to avoid them before they arise.

No one can predict the state of the economy, or the possible situation of an enterprise, in ten years' time with any great degree of certainty, but the best attempt possible must be made, and many different methods can be used, depending on circumstances.

The accuracy of forecasts will frequently be influenced by certain considerations such as the extent of 'unknown' factors as opposed to those factors which can easily be predicted because they are based on past performance, accounting records or statements, experience or published information. Also, it cannot always be assumed that 'known' factors will remain constant, for instance, future sales of a product might not be the same as past sales of it because external influences (some of which might not be predictable) might increase or decrease sales.

It is, of course, vital that the data on which forecasts are made are as accurate or valid and up to date as possible. In addition, the forecast must be clear to those who will use it on which to base plans, so that they will use it, and the information in the forecast must be relevant to the planning to be undertaken.

6.2.2   RELATIONSHIP BETWEEN PLANNING AND FORECASTING

Forecasting should be a continuous process, and forecasts should be available at regular intervals: monthly, quarterly, six-monthly or yearly, as circumstances require. This enables those members of management involved in planning to compare the latest forecasts with those on which their original plans were based, and allows them to determine whether any modifications to their plans need to be made in view of changed circumstances and in the light of experience.

6.3   BUDGETING AND BUDGETARY CONTROL

6.3.1   MEANING OF BUDGETING

- **Budgets** are plans which are prepared in advance to show how the financial and material resources will be required and be used by a particular enterprise during a specified period.
- **Budgeting** is the act of preparing those plans.
- **Budgetary control** refers to the use of the plans to control the relevant activities of the enterprise.

6.3.2 IMPORTANCE OF BUDGETING

A major failing of far too many businesses – and in particular smaller ones – is that their managements do not prepare or use budgets. The point is that a budget is a plan, and all responsible planning is far better than no planning at all.

6.3.3 BENEFITS OF BUDGETING

Some of the benefits which can be gained from budgeting include:

- The people who are responsible for preparing the budgets have to consider all aspects of expenditure estimated to be incurred by the business and compare it with the income estimated to be generated during the period concerned. In doing so, areas of wastage or excessive spending might be identified, as might areas in which income might be being lost or in which potential is not being fully exploited. The opportunity for remedial action to be taken is therefore provided.
- The comparison between budgeted figures and actual results might also reveal areas of the enterprise's operations which require management's attention and action.
- The existence of budgets makes all employees, including managers and supervisors, aware of the need to conserve the resources of the business.
- The preparation of the 'master budget' for the entire enterprise requires that all sections and departments of it cooperate fully with each other e.g. production and sales, and are aware of each other's areas of responsibility.

6.3.4 BUDGET PREPARATION

The responsibility of preparing budget depends largely on an enterprise's size, its organizational structure, and its range of activities. The owner/manager or the partners of a small business might prepare its budget. A large organization is likely to set up a 'budget committee' to take charge of all matters relating to budgeting.

It is helpful if the budgeting system and procedures, as well as the responsibilities of the people producing budgets, are set down in writing. The people responsible for producing budgets should not work in 'isolation,' particularly when a large department is concerned. Supervisors in charge of sections, and in some cases even individual employees, should be

consulted. After all, those intimately involved with certain tasks or groups of tasks are most likely to be able to make reliable estimates.

6.4 CATEGORIES OF BUDGETS

6.4.1 SALES BUDGETS

These are based on sales forecasts and on the estimated revenue therefrom. The two main methods used are:

- Using statistics showing volumes of past sales, and identifying factors which influence increases or decreases in certain periods;
- Obtaining the opinions of experienced sales personnel, both individuals and groups of sales people and those in managerial positions.

6.4.2 PRODUCTION AND PLANNING BUDGETS

In non-manufacturing enterprises there will be really 'purchasing budgets' or 'stock control budgets.' Whatever the activities of a particular enterprise, those executives who are responsible for ensuring that the products are available when required for sale, must base their budgets on the sales forecasts – hence the need for close interdepartmental cooperation in preparing them – and in fulfilling them.

An important matter concerns the 'stock levels' maintained by the enterprise, whether they are for goods produced by it (and the materials/components used in the manufacture) or are purchased by it for sale.

Only if forecasting and budgeting can be done as accurately as possible, and if there is good interdepartmental cooperation, can problems be anticipated and, whenever possible, solved in advance.

6.4.3 CASH BUDGETS

The term 'cash' refers both to money in hand and money at bank. There is little benefit in a business budgeting for production and sales if at some stage during the budget period it runs out of cash without the means for financing the production or selling activities.

It is therefore essential to budget for cash, so that any likely shortfall of cash will be anticipated, and plans can be made in advance to overcome the problem. It might be necessary to arrange for short-term finance, such as a bank overdraft or a bank loan, which will have to be agreed upon in advance by the bank manager concerned. Alternatively, more long-term finance might be required by such methods as a share issue or debentures.

6.4.4 MASTER BUDGET

Many other budgets can be prepared for various sections of an enterprise. Examples include budgets for selling expenses, distribution expenses, administration expenses, manufacturing expenses, capital utilization, manpower, direct materials, direct labour, and others.

Once the various budgets have been prepared, they are collated and incorporated into a 'master budget,' which is a 'blue print' for the enterprise for the coming period.

6.5 BUDGETARY CONTROL

The approval of the master budget is not the end of the budgetary process. It is, in fact, merely the beginning. The whole purpose of budgeting is the establishment of 'standards' against which actual results, whether in the form of income, expenditure, production or sales, can be compared.

6.5.1 BUDGET REVIEW STATEMENTS

A good method of exercising budgetary control involves preparing regular budget review statements every month (or every four weeks for more accurate comparison between periods). Such statements will enable a manager to spot quickly whether the business or the department or section of it under his/her control is over-spending or under-spending in any area, and allow the reasons for the variances to be quickly investigated – and for the necessary corrective action to be taken quickly.

6.6 MANPOWER PLANNING

Manpower planning is concerned with forecasting and estimating the future demand for labour by an enterprise, and with laying down policies and plans to ensure that, as far as

possible, the correct number of each grade of staff is available and trained when needed. It is thus directed specifically at the current and future size and composition of a workforce.

Although it is accepted that the results of the manpower planning cannot predict with certainty what the future holds, it can forecast the probable detailed staffing needs in both the short term and the long term. That in turn will ensure the correct phasing of recruitment and training programmes, to ensure that the correct number of people with the necessary training, skills and experience are placed in the right jobs at the right times.

6.6.1 DIVISION OR SPECIALIZATION OF LABOUR

Before management became a profession, many workers performed a variety of tasks. This system wasted a lot of time and quite often led to inefficiency in the performance of some of the assigned tasks. In order to bring improvement in this system and to increase efficiency, skilled management started re-organizing work in such a manner that each worker performed single task. It was found that the workers became more proficient at performing the single task assigned to them, and the time taken by each member to perform his/her task was greatly reduced.

As the process of each worker performing a single task has continued, it is generally known as 'division of labour' or 'specialization of labour.' A complicated task is broken down into manageable individual tasks on which individual workers or groups of workers can specialize. It has been found that as a 'job' of work is made up of number of 'tasks,' the fewer tasks a worker does in his/her job, the more skilled and efficient they become in performing these tasks. Today specialization is practised in almost every organization. To carry out this specialization, and to update it periodically, a team of experts might be engaged to perform certain studies.

6.6.2 ORGANIZATION AND METHOD STUDIES (O & M STUDIES)

It is a systematic examination of an organization's structure, procedures and methods, and management and control, from the lowest to the highest. Its objective is to assess their comparative efficiency in achieving defined organizational aims.

O & M concerns itself mainly with administrative procedures and employs techniques such as operations research, work study, and systems analysis. It is basically the systematic examination of activities in order to improve the effective use of human and other material

resources. Essentially it is a specialist function that has a primary objective of improving an organization's efficiency and control. In this way, it can be seen as an essential function that should be part of the makeup of any organization. For example, O & M Study might be undertaken to simplify office work and reduce costs. It may be to reduce paper work and eliminate unnecessary activity, or eliminate duplication of time or effort. For this it may find solution in recommending the system of internal e-mail and posting of information on the organization's network rather than sending out printed paper. O & M Study can provide a basis for the approach to almost any project.

6.6.3 WORK STUDY

In contrast to O & M, this activity is concerned with examining all aspects of production work, carried out with the object of improving efficiency and reducing wasted effort – both of which will result in improved productivity. There are two areas of work study:

- **Motion Study:** Its aim is to find from detailed study of what is currently being done – ways of reducing time-wasting movement e.g. by locating tools of materials more conveniently by a machine operator.
- **Work Measurement:** It is concerned with measuring the time taken to perform the various activities involved in a task and, by then adding up the various times, arriving at the total time taken to perform the whole task. Work measurement seeks to determine how long a certain job should take a qualified and/or experienced worker to perform, and the results can be used in setting performance standards.

6.6.4 PROCEDURES

Both O & M and Work Study involve similar procedures. The basic steps that have to be followed can be summarized as follows:

- Select the area/process that requires attention.
- Record the current situation.
- Analyze and examine the current situation.
- Develop, design and evaluate alternative solutions and recommend improvement opportunities.
- Implement the chosen solution. It can be done on a pilot basis to begin with.
- Maintain and monitor the implemented solution. This is to ensure that what was intended to be implemented has been implemented. It is also to ensure that benefits are achieved.

7 THE MANAGEMENT OF PERSONNEL

7.1 THE 'HUMAN RESOURCE'

The 'human resource' of an organization is composed of all the efforts, skills or capabilities of all the people who work for that organization. The executives of an organization are supposed to manage its human resource in the most effective manner so that personnel work well in the best interests of the organization, and in their own interests, too. For this purpose, it is essential that good personnel relations are established with the entire work force.

7.2 RECRUITMENT OF PERSONNEL

The term 'recruitment' refers to the first stages in the process of vacancies in an organization. These vacancies may arise on account of the following:

- **Creation of a new position:** It may be necessary because of increase in the workload of existing employees or the general expansion of the organization. First, HR department will have to analyze whether it is not possible for the existing workers to share additional work.
- **Resignation/termination of an existing employee:** First, HR department will have to decide whether it is necessary to fill this vacancy. It may be possible to distribute the work of this employee among the existing ones. It may also be an opportunity to re-design the work allotment to various existing employees.

7.2.1 INTERNAL RECRUITMENT

A vacancy may be filled by a person who is already working in the organization in another position, section, or department. This may provide an opportunity for transfer or promotion to an existing employee who might be interested in this position.

7.2.2 EXTERNAL RECRUITMENT

This involves the filling of vacancy from a source outside the organization. These sources may include the following:

- Colleges, technical colleges, and universities
- Employment agencies
- Recruitment consultants
- Advertisements in newspapers
- Posting on recruitment websites

7.3 RECRUITMENT PROCESS

Before a decision about recruitment is made, it is necessary to ensure that the various aspects of a potential recruitment have been considered. For this purpose, various steps will have to be taken.

7.3.1 JOB ANALYSIS

Job analysis is the process by means of which a description is developed of the existing methods and procedures of doing a job, physical conditions in which the job is done, relation of the job to other jobs and other conditions of employment.

The nature of jobs changes over a period of time. New developments take place. New personnel are employed. All this necessitates that jobs are reviewed and analyzed to suit the changed circumstances. In order to describe a job it is necessary first to analyze it. This is done to find out the following things about the job:

- What different tasks are to be performed? Is it a single task or a small number of multiples tasks?
- How the different tasks are to be performed. It means the procedures to perform these tasks in the best possible way.
- What qualifications (education, training, skills, etc.) and personal qualities (good eyesight, good hearing, pleasant voice etc.) should be possessed by the candidate.
- For what and for whom the candidate will be responsible.

Job analysis enables an enterprise to compare different jobs. This will provide information about the status of various jobs as well as for job evaluation and in training.

7.3.2 JOB DESCRIPTION

A job description describes a particular job. It states the purpose of a job and its relations with other jobs and people. A job description contains the following:

- Job title, section or department, and details of the workgroup;
- Objectives of the job, for example, for the post of supervisor of dispatch section: "*To ensure the dispatch of mail properly and immediately*;"
- List of duties;
- Responsibilities – for what and for whom the person will be responsible;
- Information about the relationship with people connected with the job – both inside and outside the enterprise;
- Information about the work environment – private office or open-plan office;
- Details about the hours of work, paid holidays, sick leave etc.;
- Details about salary, overtime, bonus, and other benefits.

Job description gives detailed information about the job, and enables a candidate to make a decision whether he/she wants to join the job. It also prepares them to perform duties with full understanding and without any doubts.

7.3.3 EMPLOYEE SPECIFICATION

This gives details about the personal qualities which are essential – or desirable – for a candidate to have in order to perform his/her job efficiently. Employee specification stresses on all or most of the following personal qualities:

- **Physical qualities** – age, height, speech, hearing, eyesight, handwriting etc.
- **Mental qualities** – mental alertness, critical thinking, decision making etc.
- **Skills** – different skills required for the job. For example, for technical jobs one needs to have mechanical/technical ability, and for secretarial jobs he/she needs to have good knowledge of word processing, switchboard operation etc.
- **Qualifications** – education, training, practical experience etc.
- **Personality and temperament** – honesty, reliability, ability to work in a team etc.

This enables the employer to assess the suitability of a candidate for a particular job. The employer will be able to decide whether the candidate is mentally, physically, temperamentally, and skill-wise suitable, and will be able to fit in the workgroup with which he/she has to work.

7.3.4 ATTRACTING SUITABLE CANDIDATES

After the relevant job analysis, job description and employee specification have been completed, the HR department is ready to take steps to attract suitable candidates to apply for the job. For this purpose, advertisement is posted in newspaper, on recruitment website etc.

7.4 SELECTION

Once the applications have been received in response to the advertisement, the information about the applicants is compared with the requirements for the position applications have been invited. The applicants, who fulfill the criteria, are short-listed and invited to attend a personal interview.

7.4.1 EMPLOYMENT INTERVIEWS

- **System of interviews:** An interview is a face-to-face meeting and discussion between an applicant and the employer's representative. Depending on the type of post, interview can be conducted by a single manager – usually HR manager – or HR manager and the manager of the department for which interviews are being conducted. For managerial positions there is a panel of interviewers including HR manager, Departmental manager, one of the top managers, and an internal/external interview specialist.
- **Aim of interviews:** The aims of employment interview are the following:
  - To confirm the information already provided by the applicant;
  - To enable interviewers to compare in detail each applicant's personal characteristics with those provided in the application form;
  - To enable interviewers to assess the applicant's behaviour, mannerisms, alertness etc.;
  - To enable the applicant to seek relevant information about the job and the organization as a whole;
  - To enable the interviewers to short-list the most suitable candidates from among those who attended the interview.

- **Conducting interviews for best results:**
  - Interviewers must understand that some candidates may be shy or nervous at the beginning of the interview. They need to be made comfortable by starting the interview with general conversation such as the time taken to

reach the venue of the interview, their mode of transport, their place of residence etc.

- There should be no disturbance – telephone ringing, secretary or other office staff entering the room etc. – during the interview.
- Candidates should be encouraged to talk and give information without frequent interruptions. The interviewers need to talk less. The focus should be on the candidate speaking.
- If a candidate gives a wrong answer to a specific question, the interviewers should never point out the mistake. Rather supplementary questions may be asked, or the topic may be changed.
- At the end of the interview, the candidate should be given an opportunity to seek information about the job and the organization, and clear and precise answers are to be given.
- Finally, the candidate should be told when he/she can expect to learn the result of the interview, and should leave the interview room in a pleasant and positive frame of mind.

7.4.2 APPOINTMENT

After the selection has been made, the most suitable candidate should preferably be informed by telephone, and then a written confirmation is to be sent. This letter should contain all the relevant details such as post, date of joining, and the official to who the candidate should report. The appointment letter should contain, or be accompanied by, particulars of the 'terms and conditions of employment,' such as hours of work, starting salary, other benefits and perhaps even a copy of the relevant job description.

7.4.3 DEALING WITH UNSUCCESSFUL CANDIDATES

Candidates who have been found unsuccessful at the interview should be informed accordingly as early as possible by tactfully worded letters, which would ease disappointment and avoid upsetting the recipients.

7.4.4 TRIAL OR PROBATIONARY PERIOD

Initially the selected candidate is employed for a 'trial period' or 'probationary period.' This period might be one month, three months or even longer, depending on the seniority of

the post or on the amount of training necessary so that the work can be performed to the required standard.

The probationary period allows the employer to assess whether the candidate selected is actually suitable in real-life work situation. At the same time, this period allows the new employee time in which to decide whether he/she will be happy working for the organization.

At the end of the probationary period the new employee might be called for a talk with the departmental or HR manager during which reports on progress made can be discussed. If both the parties are satisfied, the employee is 'confirmed' in the post, otherwise he/she needs to be informed and the employment can be terminated.

7.5   INDUCTION

7.5.1 MEANING AND PURPOSE

The process of induction is meant to induct a new employee into the new social setting of his/her work. The new employee is introduced to his/her job situation and informed about the rules, working conditions, privileges and activities and other particulars pertaining to the organization.

It is important to give a new employee a good impression on the first day of work. However, the induction programme should not end there. It is also important to have a systematic induction programme, spread over several days, to cover all the ground in the shortest effective time.

Most of the information is likely to be embodied in a handbook which is distributed to all employees, and in the case of rank and file workers, the induction programme may consist of brief explanation by a member of Personnel/HR department or the supervisor under whom the employee will work.

In the case of supervisory and management employees, induction training may be more elaborate. Some organizations show movies explaining their activities. Others arrange for lectures on the organization, and its practices. In some organizations, the new recruits spend anywhere from a day to several months in each department to gain firsthand experience in various types of work.

7.5.2 EFFECTIVE INDUCTION PROGRAMME

In some organizations, induction programme is divided into phases. In the first phase, the induction is generally done by a member of the Personnel/HR department who informs the new employee particulars relating to the organization. In the second phase, induction is done by the supervisor. He/she informs the newcomer about his/her job, duties, responsibilities, importance of his/her job in relation to other jobs etc. Further, he/she is introduced to the rest of the work team. The induction programme should be drawn up in consultation with all those involved. Depending on the size and complexity of the business this may include:

- Senior management
- Supervisors or line managers
- Personnel officers
- Health and Safety managers
- Employee or trade union representatives

7.5.3 WHAT INDUCTION PROGRAMME INVOLVES

Usually induction involves the new employee meeting and listening to different people talk about various aspects of the business. Other methods include written information, audio-visual aids and group discussion. The following items are generally covered in the induction programme:

- Introduction to the business/department and its personnel/management structure
- Layout of buildings (factory/offices)
- Terms and conditions of employment
- Relevant personnel policies, such as training, promotion, and health and safety
- Business rules and procedures
- Arrangement for employee involvement and communication
- Welfare and employee benefits and facilities

7.5.4 FOLLOW UP

An informal 'follow-up' task between the section/department manager and the new employee during the first few weeks could be advantageous as it would remove any doubts or misunderstandings the employee may have. It will also ensure that the manager concerned is able to spot any errors or deficiencies in the new employee's work and correct them immediately. He/she may also give practical help and advice. This is likely to result in

establishing a good working relationship between the manager and the new employee – thus ensuring efficiency and productivity of the new employee for the benefit of the organization.

7.6   TRAINING AND DEVELOPMENT

When new employees join an enterprise, they already have certain skills for the job they have to perform. However, they are new to the system and procedures of the enterprise. People have different levels of abilities. While some jobs are fairly easy and they can learn to do them quickly, there are some difficult jobs for which it is necessary to give them training. While some employees learn fast, others may take a little longer.

The initial training is mainly provided within the enterprise as the employees have to work there as members of a workgroup. Even the existing employees need further training as there are always new developments in processes and because of technological developments. In order to remain productive and useful, employees have to be provided with opportunities for further training and development. This will not only enhance the existing skills of employees but will also increase the efficiency and productivity of the enterprise. It is the responsibility of a manager to organize training and development programmes for the subordinates. If he/she is not able to provide this training himself/herself, he/she has to engage himself/herself in supervising and controlling it.

7.6.1   KEY TO SUCCESSFUL STAFF TRAINING

The following may be considered the key elements of successful staff training:

- Some people learn more quickly than others. It is also possible that learners may finally learn to do better than those who thought they knew everything. Hence it is necessary for a manager or supervisor to observe each individual carefully and guide him/her accordingly.
- Training somebody to do something takes longer than doing it oneself. Hence the trainer needs to have a lot of patience in explaining, and must allow them sufficient practice time.
- When the task is difficult, it needs to be broken down in small steps. This will simplify the job, and will enable the trainee to understand faster and better.

7.6.2 ON-GOING TRAINING FOR ALL EMPLOYEES

Training is an on-going process. New technology becomes available, new ideas emerge. New methods are to be adopted. Processes are changed. This means that training has to be continuous. It cannot be limited only to new employees but the existing employees also have to be made a part of the on-going training programmes. This is necessary for the following reasons:

- If all employees are made a part of on-going programmes, they will learn to perform various jobs. When a particular member of a workgroup is absent for some reason, another member may take over his/her work also. This will avoid any delays which might occur otherwise.
- When people keep doing the same routine work day after day, it leads to over-confidence, carelessness, mistakes, and even accidents. Such employees may become bored with their routine jobs and may not have interest in their work, and may even decide to leave. On the other hand, if they are trained to perform other specialized jobs also, they will be motivated to work with interest, and will be an asset to the enterprise.
- Employees know that if they learn new skills, it may mean promotion and higher financial benefits. This will encourage them to participate in on-going training programmes, and also they will continue to work willingly and efficiently.

7.6.3 REMUNERATION POLICY

Top management usually decides remuneration policy in consultation with HR manager, and if necessary, with trade union and staff association. A remuneration policy might also be affected by the following factors:

- Strength of the trade union or staff association;
- Economic climate of the country;
- Availability of labour in a particular area;
- Government policies, etc.

7.6.4 SYSTEM OF REMUNERATION

Different employees of the same organization might be remunerated by different systems, according to the type of work they perform. The following are the most common systems of remuneration:

- **Time rates:** Payment of an agreed amount is made for agreed period of 'working time.' Other employees are paid monthly. They include managerial and supervisory staff, clerical and secretarial staff, professional and specialist staff etc.
- **Piece work rates:** Payment is made according to the 'output,' that is, the 'quantity' of an 'acceptable quality' of an item produced
- **Bonus:** It is a reward for output or achievement above previously agreed levels. Some schemes are based on an individual's output, while others are based on the output of the group. This is usually paid at the end of the work year.
- **Incentives:** They are usually given to employees for a variety of factors such as good time keeping, increased productivity, reducing operational costs or wastage, or involving in innovative activities.
- **Commissions or target bonuses:** This generally applies to sales people, and is based on the volumes of sales achieved above a certain pre-determined 'target.' Some are paid on an individual salesperson's achievement, while others are based on the performance of a group, and shared out proportionately.
- **Allowances:** Depending on the nature of their work, some employees might be paid allowances, for example, cost of transport, client/customer entertainment expenses, cost of clothing and accessories, travel allowance etc.
- **Annual paid holiday:** This is the most common benefit applicable to employees who are eligible for a certain number of holidays (or vacation) on an annual basis.
- **Sickness pay:** An employee who falls ill or sustains injury, whether in the workplace or outside, gets a recovery period 'off' work during which he/she will continue to receive pay.
- **Additional (or fringe) benefits:** Some categories of employees might receive additional benefits which are commonly referred to as 'fringe benefits' or 'perks,' for example:
    - Company-owned motor vehicle for personal use
    - Rent-free residential accommodation
    - Shares of the organization
    - Interest-free advance
    - Cost of meals (or on subsidized rates) in the organization's canteen
    - Loans
    - Pension/superannuation funds
    - Medical/health insurance
    - Group life insurance
    - Flexible working hours
    - Working from home or other locations

8 THE MANAGER AND SUBORDINATES

8.1 ATTRIBUTES OF SUCCESSFUL MANAGERS

The following attributes are commonly associated with successful managers:

8.1.1 BASIC KNOWLEDGE AND INFORMATION

- **Command of basic facts:** Successful managers know what is in their organization. They have knowledge about objectives and plans, product, organizational hierarchy etc. It is necessary for them to store all this information otherwise they will not know where to look for information about such matters.
- **Professional knowledge:** This includes technical knowledge such as production technology, marketing techniques, sources of finance, and basic principles of management like planning, organizing, directing, motivating, and controlling.

8.1.2 SKILLS

- **Sensitivity to events:** A manager must sense what is going on around him/her. They are open to information such as facts and figures, and also feelings of other people. Such a manager is able to take suitable decisions in various situations.
- **Decision making skills:** The job of the manager is concerned with making decisions. Sometimes these can be made using logical techniques. Other decisions may require the ability to weigh advantages and disadvantages. Sometimes they need to have a very high level of judgment. Therefore, the manager must develop decision making skills and have the ability to find a balance between logic and personal feelings.
- **Social skills:** Management is often defined as "getting things done through other people." Though this may not be a complete definition of management, it tells us that the manager requires interpersonal skills. A manager must develop a number of abilities which are necessary in activities such as communicating, delegating, negotiating, persuading, using authority etc.

8.1.3 PERSONAL QUALITIES

- **Emotional balance:** The manager works in situations which involve authority, leadership, meeting targets and deadlines, conflicts etc. The manager has to be able to maintain emotional balance and self-control so that they may face various situations confidently and successfully.
- **Being proactive:** The managers have some objectives to achieve. They cannot plan everything in advance. Several times they have to respond to the needs of the situation which has arisen suddenly. The manager must also be able to have qualities such as being committed, having a missionary zeal, taking responsibility instead of passing the blame to subordinates.
- **Creativity:** It means that the manger must have the ability to come up with new responses to situations. They must have new ideas and also be able to recognize a good idea when it comes from the subordinates.
- **Mental agility:** Then manager must have the ability to grasp problems quickly, to think of many things at the same time, and see the whole situation quickly. In the busy modern world of business this quality is necessary for success.

8.2 IMPORTANCE OF BEING 'UNDERSTANDING'

A manager needs to be an understanding person and to be willing, within reason, to assist his/her team members with their personal problems as well as with problems concerning their work.

8.2.1 CONSISTENCY OF ACTIONS

A manager must not act in a certain way in one case, and then act in a different way in other similar or identical circumstances involving another subordinate; to display such damaging partiality or bias would cause jealousy and resentment.

8.2.2 DISPLAYING INTEREST

A manager needs to be able to display an interest in his/her subordinates as individuals. It is pleasing to a member of staff to be wished a "happy birthday" or a "happy anniversary" by his/her manager, or for his/her particular hobby to be remembered, or for the manager to remember the particular football/cricket team supported, and so on.

Such actions and remarks cost the manager little, but they show that he/she is interested in their team members – as indeed they should be – and the returns in the form of a better work climate and a more contented and loyal team can be enormous.

8.2.3 CORDIAL RELATIONS

The manager's aim must be to build up a good working spirit and to earn the trust, respect and loyalty of his team. Such feelings bring with them a measure of self-discipline and ensure cordial relations all around.

8.2.4 APPROACHABILITY

A manager must strive to be amicable and 'approachable.' If his/her manner is unfriendly, or if he/she is rude or abusive, or bad tempered, impatient, 'distant' or aloof, his/her subordinates will be reluctant to approach him/her for any help or advice they might need, or to pass on important information which might affect efficiency.

8.2.5 SETTING GOOD EXAMPLES

To a certain extent the actions and behaviour of subordinates in the workplace arise from and mirror the examples which a manager sets them, because they will tend – perhaps unconsciously – to follow his/her lead.

8.2.6 GIVING PRAISE AND ENCOURAGEMENT

To enable him/her to get the best from his/her subordinates, a manager must be prepared to encourage them and to give them praise when and to whom it is due.

8.3 DISCIPLINARY ACTION

Managers and supervisors always try to motivate, guide, advise, and control their subordinates. In spite of this, occasions will arise when there is no alternative but to take disciplinary action. Before committing to any proposed disciplinary action, a manager might consult

the HR manager and brief him/her fully on the situation that has arisen and seek guidance. After having the full backing of the HR manager he/she must act firmly and confidently.

Depending on the severity of the offence, disciplinary action takes different forms. The following procedure may be adopted:

- If it is a first offence, the person should be spoken to and advised. For example, if a subordinate arrives late at work without a satisfactory explanation, a counseling session might be beneficial.
- If the person continues behaving in the same way, for, say, a week, a formal written warning is needed.
- If he/she continues committing this offence, a final written warning needs to be given by the HR department, specifying the penalty if the employee does not improve his/her behaviour within stated time limit.
- If the employee still does not improve, he/she has to be penalized. The penalty may be transfer to another section, suspension without pay, or dismissal from job.

8.4   EMPLOYEE COUNSELING AND PROBLEM SOLVING

Situations which can lead to disciplinary action may be avoided by taking certain steps. This involves having a talk with the subordinate, trying to find a solution to the problem which is creating such a situation. This process of settling problems without resorting to disciplinary action is called employee counseling.

Several problems are related to work while others are personal problems. Generally a manager or supervisor is concerned with the employee's work-related problems, but sometimes he/she may have to deal with an employee's personal problems also because that may have been the cause of starting a work-related problem.

Solution to a problem can be found only through a joint discussion between the manager and his/her subordinate. This needs to be a two-way process. Sometimes a manager or supervisor arranges a counseling session, but other times it is initiated by the employee when he/she needs to share some problem.

It is important that the manager or supervisor keeps the information to an employee's counseling session confidential from other employees.

Every problem that needs to be addressed through counseling is individual in nature. Hence for each problem the manager or supervisor has to adopt a flexible approach and not try to fix every problem with the same solution.

Employee counseling is likely to be successful if the following points are considered:

- The subject for discussion should be introduced in a discrete manner and not done openly.
- The reasons for the discussion should be explained to the employee in a sympathetic manner so that he/she has confidence to discuss the matter further.
- Questions should be asked in a gentle manner so that the subordinate is able to appreciate how the manager or supervisor is trying to help him/her.
- Quite often all the questions related to the problem may not be addressed in one session. A few more sessions may be necessary in order to get all the facts right. Hence a lot of patience is to be exercised.

After the problem has been established, an effort has to be made by both the parties to find a solution acceptable to both. These employee counseling sessions will be effective only when the subordinates have confidence in the ability and sincerity of a manager or supervisor to solve their problem. On the part of manager or supervisor it is necessary to have a lot of patience and understanding. When such a situation exists, it is possible to have a high level of employee motivation. This is also a very effective method of controlling employee behaviour.

8.5   EQUAL OPPORTUNITIES POLICY

Equality in the workplace means that there is fair treatment for each individual. Everyone is supposed to have equal access to job opportunities, promotion and other benefits. It also means that there should be a system of equal pay for similar work in the organization.

There should be no discrimination on the basis of sex, race, religion or physical disability. Today a large number of organizations have a policy referring to discrimination on the above-mentioned grounds. A good equal opportunity policy includes age, marital status, gender, HIV and AIDS. The policy should state a commitment to equality in the areas of recruitment, promotion, training, performance appraisal and pay, transfers, terms and conditions, disciplinary procedures and dismissal, policies against harassment etc.

Policies alone are not enough. There must be a commitment to put them into practice by specific measures, and this should be the responsibility of management at a senior level. The policy should be publicized to all staff and job applicants.

An important part of implementing equal opportunity policy is monitoring its effectiveness. In the case of sex, race or disability, there are usually arrangements to collect statistics to ensure that these people are represented in the workforce.

8.6   RESIGNATIONS

Resignation occurs when an employee decides to terminate his/her employment with an organization. Whatever a manager may do to retain experienced staff, resignations will occur. When this happens, it is useful if the manager conducts an 'exit interview' with the employee concerned, to try to ascertain the real reason why he/she is leaving.

8.6.1   UNAVOIDABLE RESIGNATIONS

In many cases resignation is unavoidable on account of certain circumstances, for example, illness, accident, marriage, pregnancy, death in the family, or intention of self or spouse to move to another city, etc.

8.6.2   AVOIDABLE RESIGNATIONS

Sometimes resignations may occur on account of lack of motivation, terms and conditions of employment, difficult relationships with co-workers or manager/supervisor, denial of promotion or salary increase etc. In such situation the manager must try to find out the real reason for resignation. He/she might not be able to do anything for a particular employee, but he/she can definitely analyze the situation and make a report to the higher management and give his/her recommendation for future.

8.7   RETIREMENT

An employee 'retires' from the job when he/she has reached a certain age, and not because of any other reason.

8.7.1 RETIREMENT AGES

Ages at which people retire vary from country to country and from one organization to another. There might also be age differences for retirement between men and women e.g. air hostesses.

8.7.2 RETIREMENT BENEFITS

At the time of retirement, employees are generally eligible for certain retirement benefits. These differ as per the laws of the country, and rules of different organizations. They are usually of the following types:

- **Provident fund:** Throughout the period of his/her employment, the employee contributes a certain percentage of his/her salary, which is deposited in the bank or relevant government fund, with matching amount from the employer. At the time of retirement the employee has access to this fund. However, not all countries have this provision.
- **Gratuity:** In some countries and organizations, when an employee retires, he/she is given gratuity. It is calculated on the basis of the number of years of employment multiplied by the last basic pay drawn. The total amount is given to the retiring employee. In some countries, this type of gratuity is given even when the employee is not retiring but leaving the organization after working there for a certain number of years.
- **Pension:** In most countries, as well as some organizations, the retiring employee is eligible for monthly pension for life. Sometimes it is linked to group life insurance, and the employee's pension is credited every month to his/her bank account by the insurance company concerned.

8.7.3 COUNSELING FOR RETIREMENT

It is desirable for the manager – preferably HR manager – to arrange for counseling related to retirement well before an employee is to retire. This way the employee can be gradually prepared to accept psychologically the fact of the forthcoming retirement, and plan accordingly.

9   LEADERSHIP AND MANAGEMENT

9.1   LEADERSHIP

The organization is made up of groups of people. An essential part of management is coordinating the activities of groups and directing the efforts of their members towards the goals and objectives of the organization. This involves the process of leadership and the choice of an appropriate form of behaviour.

Leadership might be interpreted in simple terms, such as 'getting others to follow' or 'getting people to do things willingly,' or interpreted more specifically as "the use of authority in decision making." It is interpersonal influence which is exercised in a situation and directed through the communication process towards the attainment of a specified goal. It is often associated with the willing and enthusiastic behaviour of followers. Since leadership is an inspirational process, a leader influences long-term changes in attitude. It doesn't necessarily take place within the hierarchical structure, and many people operate as leaders without role definition. Leadership is related to motivation and the process of communication through which one person influences the behaviour of other people. The process of leadership is not separable from the activities of groups. Effective leadership is a two-way process.

Leadership is a dynamic form of behaviour, and occupies a central position in management. It is the activity of influencing people to strive willingly for group activities.

9.2   APPROACHES TO LEADERSHIP

Three main theoretical frameworks have dominated leadership research at different points in time. They include the trait approach, the behavioural approach, and the situational approach. There is yet another one – the functional (or group) approach.

9.2.1   TRAITS APPROACH

The basic premise behind trait theory was that effective leaders are born, not made. According to this theory, traits are innate, inherent personal qualities. It follows that if a leader is seen to possess certain traits, his leadership index can be read off a leadership meter. Three necessary and sufficient conditions must be satisfied if traits should be unique determinants of the leadership index. These may be summarized thus:

- The trait quality should follow a descending order as one traverses from the highest (top executives in leadership positions) to the lowest (employees) levels of the enterprise system.
- There must be high correlation between the level of a manager's traits and the level of his/her success.
- The correlation between success and traits should be higher as one goes up the management hierarchy from bottom (employees) to top executive levels.

Early trait research was largely theoretical, offering no explanations for the proposed relationship between individual characteristics and leadership. It also did not consider the impact of situational variables that might moderate the relationship between leader traits and measures of leader effectiveness. As a result of the lack of consistent findings linking individual traits to leadership effectiveness, empirical studies of leader traits were largely abandoned in the 1950s.

9.2.2 LEADER BEHAVIOUR APPROACH

In the 1950s the focus of leadership research shifted away from leader traits to leader behaviour. The premise of this stream of research was that the behaviour exhibited by leaders is more important than their physical, mental, or emotional traits.

One concept based largely on the behavioural approach to leadership effectiveness was the Managerial (or Leadership) Grid developed by Robert Blake and Jane Mouton (1964). The Grid combines "concern for people" with "concern for production":

- **Concern for people:** This is the degree to which a leader considers the needs of the team members, their interests, and areas of personal development when deciding how best to accomplish a task.
- **Concern for production:** This is the degree to which a leader emphasizes concrete objectives, organizational efficiency and high productivity when deciding how best to accomplish them.

Using the above parameters, Blake and Mouton defined the following five leadership styles:
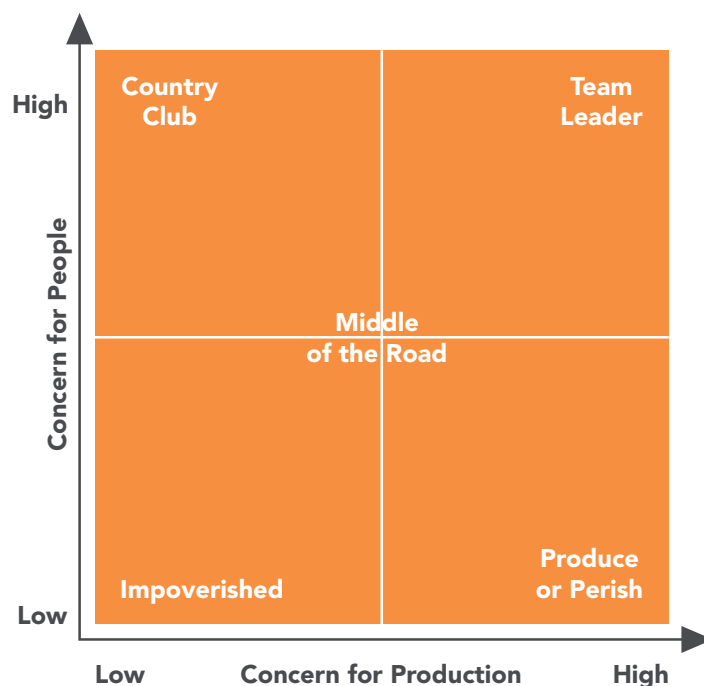
Fig. 9/1 Blake & Mouton's Managerial Grid

- **Country Club Leadership – Low Production / High People (1, 9):** This style of leader is most concerned about the needs and feelings of members of his/her team. These people operate under the assumption that as long as team members are happy and secure they will work hard. What tends to result is a work environment that is very relaxed and fun but where production suffers due to lack of direction and control.

- **Produce or Perish Leadership – High Production / Low People (9, 1):** Also known as Authoritarian or Compliance leaders, people in this category believe that employees are simply a means to an end. Employee needs are always secondary to the need for efficient and productive work people. This type of leader is very autocratic, has strict work rules, policies, procedures, and views punishment as the most effective means to motivate employees.

- **Impoverished Leadership – Low Production / Low People (1, 1):** The leader is mostly ineffective. He/she has neither a high regard for creating systems for getting the job done, nor for creating a work environment that is satisfying and motivating. The result is a place of disorganization, dissatisfaction and disharmony.

- **Middle-of-the-Road Leadership – Medium Production / Medium People (5, 5):** This style seems to be a balance of the two competing concerns. It may first appear to be an ideal compromise, but there is a problem in this, though. When you compromise, you necessarily give away a bit of each concern so that neither

production nor people needs are fully met. Leaders who use this style settle for average performance and often believe that this is the most anyone can expect.

- **Team Leadership – High Production / High People (9, 9):** According to Blake and Mouton model, this is the pinnacle of management style. These leaders stress production needs and the needs of the people equally highly. The premise here is that employees are involved in understanding organizational purpose and determining production needs. When employees are committed to, and have a stake in the organization's success, then needs and production levels coincide. This creates a team environment based on trust and respect, which leads to high satisfaction and motivation and, as a result, high production.

9.2.3 CONTINGENCY OR SITUATIONAL APPROACH

Situational theory of leadership proposes that the organizational or workgroup context affects the extent to which given leader traits and behaviour will be effective. According to Mullins (2004), the situation is the most important factor which determines the behaviour and nature of the leader's action. The theory classifies leader behaviour into the two broad classes of task-oriented and relationship-oriented behaviour.

Situational leadership is also closely linked to another factor of holistic leadership, namely, the empowerment of followers, which focuses on the situation in which the leader finds him/her, and leadership will be determined by this situation.

9.2.4 FUNCTIONAL (OR GROUP) APPROACH

This approach to leadership focuses on functions and content of leadership. John Adair (1979) asserted that "the effectiveness of the leader is dependent upon three areas of need within the group: the need to achieve common task, the need for team maintenance, and the individual needs of group members."

Interaction needs within the group
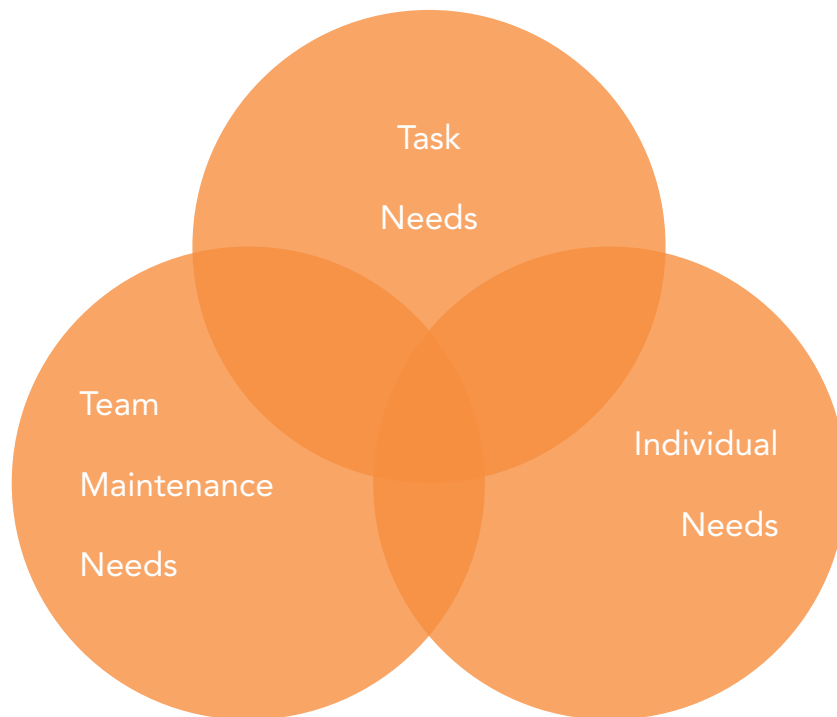
- **Task needs:** They involve defining group tasks, planning the work, controlling quality.
- **Team maintenance needs:** They involve inculcating team spirit, setting standards, effective communication.
- **Individual needs:** They involve looking after personal needs, rewards, conflict resolution.

9.3   LEADERSHIP STYLES

All leaders do not possess the same attitude. They do not get the things done in the same manner. The leadership style varies with the type of people the leader deals with. The main leadership styles are the following.

9.3.1   AUTOCRATIC LEADERSHIP STYLE

In this style, a leader has complete control over the team. The team cannot put forward their views even if they are best for the organization. They cannot question the way the leader gets things done. The leader himself/herself gets the things done. The advantage

of this style is that decision making is faster and productivity is higher under the leader's supervision. The disadvantage is that it leads to greater employee absenteeism and turn over. This leadership style works only when the leader is the best in performing, or when the job is of routine nature.

9.3.2 DEMOCRATIC OR PARTICIPATIVE LEADERSHIP STYLE

In this style the leader encourages team members to participate in the decision making process. The leader guides the employees on what to perform and how to perform. The employees communicate to the leader their suggestions. The advantage of this style is that it leads to satisfied and motivated employees. It also leads to greater creativity. The disadvantage is that it is time-consuming.

9.3.3 THE LAISSEZ FAIRE LEADERSHIP STYLE

In this style the leader totally trusts the team to perform the jobs themselves. He/she attends to the intellectual aspects of his/her work and does not focus on the management aspect of his/her work. The employees are encouraged to give suggestions. This leadership style works only when the employees are skilled, loyal, and experienced.

9.3.4 THE SITUATIONAL LEADERSHIP STYLE

In this style, leadership behaviour is determined by two main situational factors – the personal characteristics of subordinates, and the nature of the task. Leadership behaviour is based on both the willingness of the leader to help subordinates and the needs of the subordinates for help. Leadership behaviour will be motivational to the extent that it provides necessary direction, guidance and support, helps clarify path-goal relationship and removes any obstacles which hinder attainment of goals. By using one of the leadership behaviour the leader attempts to influence subordinates' perceptions and motivation, and smooth the path to their goals.

Situational leadership is a combination of:

- **Task behaviour:** provides direction, sets goals, defines their roles, directs how to undertake roles; and

- **Rational behaviour:** has two-way communication, listens to the group, and provides support and encouragement.

High Task	⟷	Low Relationship
High Task	⟷	High Relationship
Low task	⟷	High Relationship

9.4   TEAM BUILDING

For the successful functioning of an organization it is essential that the managers devote sufficient time and effort to promote the spirit of team work. No individual can do the work all alone and effectively too. Building a strong team of employees for performing various responsibilities ought to be the prime objective of managers. The task is not as easy as it seems. It is easy to get the players, but getting them to play together is the hardest part, but with a clear vision and sustained efforts it can be done.

9.5   THEORY OF MANAGEMENT

Several scholars, who have researched on the genesis of management, maintain that it is as old as civilization and has been practised since the evolution of societies. Communities came together under the authority of a chief or a king who was supposed to lead the people. While the Egyptians built their pyramids, or the Chinese built the Great Wall, management activities such as authority, planning, organizing, controlling and evaluating were observed. There was also division of labour, and leaders practised supervision of work. Even today, in villages and small towns, these management activities are still practised. Management theories have been developed from the primitive base and they are continuously being tested to justify their contribution in societies.

Modern management theory is not something which has just happened – it has evolved, and is continuing to evolve to meet ever-changing circumstances, technologies, challenges, ethical and other ideas and 'new' theories. As a matter of fact, under management theory, there are various management approaches, which can be applied to achieve organizational objectives and goals. These are the following.

9.5.1 THE SCIENTIFIC MANAGEMENT THEORY

At the turn of the 19th–20th century, the most notable organizations were large and industrialized. Often they included ongoing, routine tasks that manufactured a variety of products. The United States highly prized scientific and technical matters, including careful measurement and specification of activities and results. Management tended to be the same. Frederick Taylor (1911) developed the 'scientific management theory' which espoused the careful specification and measurement of all organizational tasks. Tasks were standardized as much as possible. Workers were rewarded and punished. This approach appeared to work for organizations with assembly lines and other mechanistic routine activities.

9.5.2 CLASSICAL ORGANIZATION THEORY

In this category of management theory are Max Weber's bureaucratic theory and Henri Fayol's administrative theory. Max Weber attempted to do for sociology what Taylor had done for industrial operations. He embellished the scientific management theory with his bureaucratic theory. He focused on dividing organizations into hierarchies, establishing strong lines of authority and control. He suggested organizations develop comprehensive and detailed operating procedures for all routine tasks. Weber developed a set of principles for an 'ideal' bureaucracy. These principles included: fixed and official jurisdictional areas, a firmly ordered hierarchy of super and subordination, management based on written records, expert training, official activity taking priority over other activities, and that management of a given organization follows stable, knowable rules.

Fayol believed that management had some principal rules: to forecast and plan, to organize, to command, to coordinate, and to control. He developed fourteen principles of administration to go along with management's five primary roles. As quoted by Stoner and Freeman (1987), these principles are: specialization, authority, responsibility, unity of command, unity of direction, subordination of individual interest to the general interest, remuneration of staff, centralization, line of authority, order, equity, stability of tenure, initiative, and spirit de corps. Fayol believed personal effort and team dynamics were part of an 'ideal' organization.

9.5.3 HUMAN RELATIONS MOVEMENT

Eventually, unions and government regulations reacted to the rather dehumanizing effects of scientific and bureaucratic management theories. In the 1920s more attention was given to individuals and their unique capabilities in the organization. A major belief included that the organization would prosper if its workers prospered as well. Human resource

departments were added to organizations. The behavioural sciences played a strong role in helping to understand the needs of workers and how the needs of the organization and its workers could be better aligned. This prompted the development of many other approaches to management. Some of these approaches focus on psychological and sociological aspects of life in a work situation.

9.5.4 OTHER MANAGEMENT THEORIES

Edward Deming is considered to be the founder of modern quality management and is regarded by the Japanese as the key influence in their post-war economic miracle. Deming (2000) postulated several assumptions such as, create constancy of purpose for conditional improvement of products and services; build quality along with price; adopt and institute leadership aimed at helping people to do a better job; encourage effective two-way communication, etc.

Douglas McGregor (1987) postulated management ideas as contained in "Theory X" and "Theory Y." Using human behaviour research, he noted that the way an organization runs depends on the beliefs of its managers. "Theory X" gives a negative view of human behaviour and management that he considered to have dominated management theory. It also assumed that most people are basically immature, need direction and control, and are incapable of taking responsibility. They are viewed as lazy, dislike work and need a mixture of financial inducements and threats of loss of their job to make them work ('carrot and stick mentality').

"Theory Y," the opposite of "Theory X," argues that people want to fulfill themselves by seeking self-respect, self-development, and self-fulfillment at work as in life in general. The six basic assumptions of "Theory Y" are: work is as natural as play or rest; effort at work need not depend on threat of punishment; commitment to objectives is a function of rewards associated with their achievement; the average human being learns, under proper conditions, not only to accept but to seek responsibility; high degree of imagination, ingenuity and creativity are not restricted to a narrow group but are widely distributed in the population; under the conditions of modern industrial life, the intellectual potentials of the average human being are being only partly utilized.

9.6   MOTIVATING

Motivation is the will to act. What we call 'motives' are the reasons why people act in certain ways.

9.6.1 MASLOW'S THEORY OF NEEDS

This theory by Abraham Maslow (1943) argues that individuals are motivated to satisfy a number of different kinds of needs, some of which are more powerful than others. Maslow argues that until these most powerful needs are satisfied, other needs have little effect on an individual's behaviour. In other words, we satisfy the most powerful needs first and then progress to the less powerful ones. As one need gets satisfied, and therefore, less important to us, other needs come up and become motivators of our behaviour.

Maslow represents this prepotency (being more powerful than others) of needs as a 'hierarchy,' in the following figure. The most powerful needs are shown at the bottom of the pyramid, with powerfulness decreasing as one makes progress upwards.
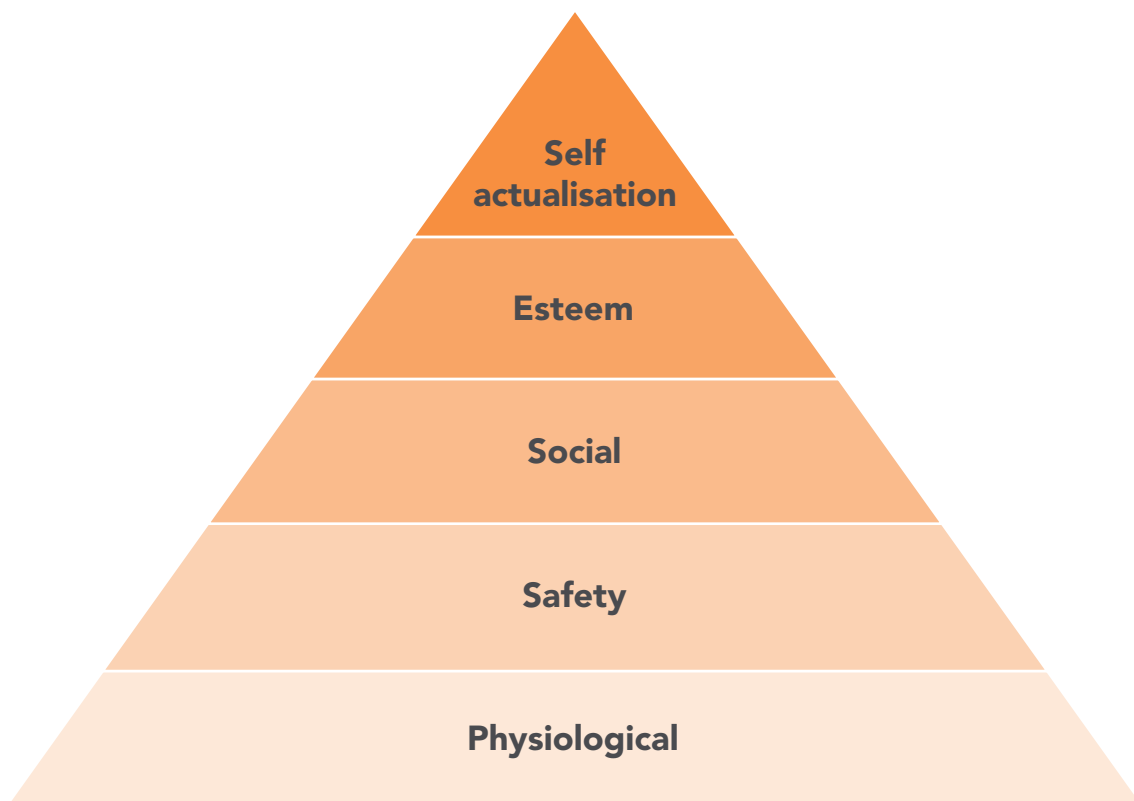
- **Self-actualization needs:** reaching your maximum potential, doing your best thing.
- **Esteem needs:** respect from others, self-respect, recognition.
- **Social needs:** application, acceptance, being part of something.
- **Safety & security needs:** physical safety, psychological safety.
- **Physiological needs:** hunger, thirst, rest.

9.7   MOTIVATION STRATEGIES

Today's increasingly competitive business world needs a highly motivated workforce for any organization seeking to achieve good results. It is only through the efforts of the workforce that the objectives of the enterprise can be achieved. Hence a manager should be aware of what the motivational forces are. To a large extent, a high level of employee motivation is derived from effective management practices. To develop motivated employees, a manager must do the following.

9.7.1   EMPOWERING EMPLOYEES

Empowerment occurs when individuals in an organization are given autonomy, authority, trust, and encouragement to accomplish a task. Empowerment is designed to unshackle the worker and to make a job the worker's responsibility.

- **Providing an effective reward system:** Managers often use rewards to reinforce behaviour that they want to continue. Rewards demonstrate to employees that their behaviour is appropriate and should be repeated. If employees don't feel that their work is valued, their motivation will decline.

9.7.2   REDESIGNING JOBS

Many People go to work and go through the same, unenthusiastic actions to perform their jobs. These individuals often refer to this condition as burnout. But smart managers can do something to improve this condition before an employee becomes bored and loses motivation. Redesign attempts may include the following:

- **Job enlargement:** It increases the variety of tasks a job includes. It may reduce some of the monotony, and as an employee's boredom decreases, his/her work generally improves.
- **Job rotation:** This practice assigns people to different jobs or tasks to different people on a temporary basis. The idea is to add variety and to expose people to the dependence that one job has on other jobs. Job rotation can encourage higher levels of contributions and renew interest and enthusiasm. The organization benefits from a cross-trained workforce.

9.7.3 CREATING FLEXIBILITY

Today's employees value personal time. Because of family needs, a traditional 9 to 5 work day may not work for many people. Therefore, 'flexi time,' which permits employees to set and control their own work hours, is one way that organizations are accommodating their employees' needs. Here are some other options organizations are trying as well:

- **A compressed work week:** It is a form of 'flexi time' that allows a full time job to be completed in less than the standard 40-hour, five-day work week. Its most common form is the 4/40 schedule, which gives employees three days off each week. This schedule benefits the individual lower absenteeism and improved performance. Of course, the danger in this type of scheduling is the possibility of increased fatigue.

- **Job sharing:** It occurs when one full time job is split between two or more persons. Job sharing often involves working one half-day, but it can also be done on weekly or monthly sharing arrangements. When jobs can be split or shared, organizations can benefit by employing talented people who would otherwise be unable to work full time. The qualified employee who is also a parent may not want to be in the office for a full day but may be willing to work half-day. Although adjustment problems sometimes occur, the management can be good for all concerned.

- **Telecommuting:** It is sometimes called 'flexi place,' and is a work arrangement that allows at least a portion of scheduled work hours to be completed outside of the office, with work-at-home as one of the options. Telecommuting frees the jobholder from needing to work fixed hours, wearing special work attire, enduring the normal constraints of commuting, and having direct contact with supervisors. Home workers often demonstrate increased productivity, report fewer distractions, enjoy the freedom to be their own boss, and appreciate the benefit of having more time for themselves.

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