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Evolution of Management Theory

The evolutionary or development of management is divided into several periods.

- **Pre-Industrial Period** - In the pre-industrial period, management was practiced by various parts of the world including Africa. The well-known kingdom of Ghana, Mali and Songhai are known to have had a wonderful administrative system. Ghana's judicial system, for example, was well organised and managed and had both a lower court and a court of appeal. The army was very efficient and well disciplined that the King of Ghana put up 200,000 warriors in the field within a short notice.
- **Industrial Revolution** - This was the period of intellectual awakening when the scientific and technological discoveries of Galileo, Watt, Gilbert and Harvey, and other prominent geniuses gave rise to the industrial revolution. One of the major advantages of the industrial revolution is that it gave birth to accelerated rate of resources accumulation and the growth of large scale enterprises. It brought under one roof hundreds of employees working together. This created its own management problems for the entrepreneurs. It made the division of labour, specialization and delegation of responsibilities necessary as the owner-manager could no longer supervise all his operations alone.

With this, emerged different concepts and principles on how to manage a business effectively. These are conveniently divided here into **four groups**:

- (a) The scientific management movement;
- (b) The human relations school;
- (c) The administrative school, and
- (d) The modern approaches to management

1. **The Scientific Management Movement** The scientific management school placed special emphasis upon production. Their main pre-occupation was what to do in order to increase employee productivity so that the entrepreneur could realize enough revenue. Scientific management was intended to bring about "a complete mental revolution", which must occur in the minds of the workmen and management.

Frederick Winston Taylor - Frederick W. Taylor is often referred to as the father of Scientific Management. According to Taylor: Scientific management is not any efficient device, nor a device of any kind for securing efficiency; it is not a new system of figuring cost; it is not a new scheme of paying men, it is not a piece work system, it is not a bonus system; it is not a premium system, it is not a scheme for paying men; it is not holding a stop watch on a man writing things down on him.

According to **Taylor**, the essence of scientific management was to:

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- (a) increase the output of the average employee, and
- (b) improve the efficiency of management.

Taylor believed that each worker was motivated by financial need and that his tendency for restricting output was fear of replacement.

Thus, **Taylor** insisted that management should not rely on tradition or intuition, but rather should subject every job to a critical analysis, inventive experiments and a thorough objective evaluation which he applied in the machine shop in order to attain best results. Taylor was criticised for his lack of humanitarian concept.

Charles Babbage

One of the fore-runners of Frederick Taylor was Babbage who spent his life working on the “Difference Engine”, a project considered to be a fore-runner of our modern data processing equipment. His major contributions to the field of management include:

- (a) Division of labour and specialization. He stressed the need for dividing and assigning labour on the basis of skill. He used pin production to illustrate the benefits of division of labour pointing out the savings in time and the acquisition of skill within a relatively short time as a person concentrates on only one operation.
- (b) Automatic operation. He stressed the need for replacing manual operations by automatic machinery.

Frank Gilbreth

Gilbreth is known for his work on time and motion studies. His book **Cheaper by the Dozen**, made him very popular. Gilbreth believed that there was one best way which was believed to be the way that required the least motion. **He identified seventeen basic elements in on-the-job motions which he called “Therblings”. (Gilbreth spelt backwards):**

His other contribution was the development of a flow chart which highlighted the need for breaking an operation into units and steps for different employees to perform.

Henri Fayol's

The first principles of management were advocated by a French engineer and geologist, Henri Fayol. He isolated a set of principles that have been taught to other managers and students of management over the years. The fourteen (14) principles of management cover all aspects of management – human relations, scientific management as advocated by Babbage and Taylor.

In the development of management concept over the years, no nation appears to have a monopoly.

Charles Babbage and Frederick W. Taylor are from the United States of America, Robert Owen is a Scot, while George Elton Mayo is from Australia. They worked to find the best way of increasing the productivity of workers and improving their economic, social and psychological well being.

Modern Approaches to Management

After a scholarly review of management concept over the years, Harold Koontz in his article "The Management Theory Jungle" has classified the major "schools" of management into six broad areas:

(1) The Management Process - This school of thought perceives management as a process of getting things done through and with people operating in organized groups. The management process school attempts to establish a conceptual framework, identify the principles and formulate a theory of management based on it. This group believes in the universality of management. He grouped **Henri Fayol, and Frederick Taylor** as belong to the same school. **This school, he believes, looks to the function of managers.**

(2) Empirical School - This is Koontz's second classification. He groups in this section those who studied management through the analysis of the experience of successful managers. An attempt was made by examining the successful operation to form generalization concerning the nature of management and be able to apply the best management techniques. **Ernest Dale, the Great Organizers typify this group.**

Taylor and Fayol were men with many years of practical experience on the job and what they postulated **were based on their own experiences.** Dale's Comparative Approach is based on structure **less experience.** Both aim at deriving concepts or principles to be used as a guide for the practice of management.

(3) Human Relations School - This group concentrates on the interpersonal relationship between management and workers.

(4) Decision Theory School - This group believes in rational decision making.

(5) Mathematical School - There is a close relationship between the mathematical school and the decision theory school. These people classify themselves as "Management Scientists". They attempt to quantify some areas of management such as planning, decision making and control in the form of mathematical symbols and models. In recent times, this field is called operations research. With the advent of computers, this school has gained recognition and has extended its activities to include simulation and game theories requiring sophisticated algebraic symbols and equations. It can be seen from this management jungle that this field is approached by many experts in different ways. As Scott points out, it is best to use the systems concept as a way of describing the total organization rather than emphasizing a specific function such as enunciated by the various schools.

Management Functions and Behaviour

The manager does not spend all his time managing. He is like a football coach. He does not play the game but directs the players on how to play. Like a vice-chancellor of a university, he does not have to teach in the classroom but must plan admission, develop committees, represent the university, have budgets and reports prepared and ensure that students are properly housed. A manager that fails to achieve the objectives as expected, is either dismissed or asked to resign.

Management as Art

According to C.C NWACHUKWU (1992) Pages 4

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Art is the imposition of a pattern, a vision of a whole, on many disparate parts so as to create a representation of that vision; art is an imposition of order on chaos. The artist has to have not only the vision that he or she wants to communicate, but also skills or craft with which to present the vision.

Art requires technical skill, and conceptual ability. An artist must possess the know-how in order to create a desired object. To be a successful or creative artist, one has to understand the fundamental principles governing it. In the same manner, to be a successful manager, or top flight executive, one has to master the art of managing.

Management as Science

Science attempts through systematic procedure to establish the relationships between variables and the underlying principles. Management is science, when it employs systematic procedure or scientific methods to obtain complete information about a problem under consideration and the solution is subjected to rigorous control procedures to ensure the correctness and establish validity.

Principles of Management

It is often difficult to formulate principles in management because of the difficulty in conducting controlled experiments. One of the most important variables – people, is not easy to control.

One of the principles of management, "unity of command," states that "each subordinate should be accountable to one, and only one superior." Sometimes this principle is violated especially when an organization has established well-defined superior – subordinate relationships.

Fayol, after more than 40 years of practical business experience drew up his principles of management. The same is true of Taylor, Chester Barnard and Alvin Brown.

Management is not 'an exact science; it deals with people whose behaviour is unpredictable and complex. Research is often difficult without some established principles.

Management as a System

The systems approach to management encourages management to perceive the internal and external environmental factors as an integrated whole.

Universality of Management

Management function is identical in all formal organizations whether it is a profit-making organization or a "non-profit-making organization.

Managers seldom perform the actual activities themselves. Their functions are managerial, not technical.

What managers do in organizations are the same –

1. Managers make decisions.
2. Managers focus on objectives.

3. Managers plan and set policies.
4. They organize and staff.
5. They communicate with subordinates, colleagues and superiors.
6. They direct and supervise by secure actual performance from subordinates.
7. They control organizational activities.

Organizational Goals/Objectives

All organizations are purposive. They are established to accomplish an objective. Individuals in an organisation work in order to help accomplish these objectives. These individuals wish to accomplish their own goals through the organisation. **When the goals of the individual and the goals of the organisations are the same, we have goal congruency.**

Advantages of Organizational Objectives

The importance of organizational objective in a developing country can hardly be overstated. As pointed out earlier, management personnel in developing countries are young, inexperienced and often have a shallow concept of organizational principle. It is not unusual for the owner not to have clearly stated objectives except "to maximize profit". In public corporations, for example, their objectives are general at best. Often one hears such phrases as "make profit," "be self-supporting," etc. and these objectives move from profit making to social welfare redistribution. In civil service the situation is worse. There are no targets, no deadlines or definite expectations from management. It is important to highlight the need for goals.

- Organizational Goals help the Organization to orient itself to its environment:
- Good organizational goals .help in policy formulation and administration
- Clearly stated objectives; help all sub-systems to pull in the same direction thus making for easy co-ordination of activities.
- Clear objectives make **for consistency and unity of purpose and direction**. It prevents management from stressing short-run gains at the expense of long-run company objectives. Objectives serve as motivators and provide a definite direction.

The major organizational goals include:

- (a) Profitability
- (b) Survival
- (c) Growth
- (d) Market-share
- (e) Productivity
- (f) Innovation

- (g) Employee welfare
- (h) Service to customers and
- (i) Social responsibility.

Nigerian Civil Service One of the major problems as identified earlier confronting the Nigerian Civil Service is the lack of clear objectives. The objectives of the civil service are intangible so are their results. The aim of the civil service is "to serve the people". This sounds ambiguous and cannot easily be subjected to any quantitative or qualitative evaluation. To determine when a civil service has become result oriented entails having specific, limited, clearly defined targets to be accomplished within a given time. As Drucker puts it, "only if targets are defined can resources be allocated to their attainment, priorities and deadlines be set, and somebody be held accountable for results". The Nigerian Civil Service does not have definite expectation from employees because the goals are at best hazy even to the key management personnel who end up becoming "administrators" instead of managers. Lack of clear cut objectives and goals is in part responsible for the constant personality clashes, excessive red-tapism and bureaucracy. Many key executives, "push files" and lack initiative and ingenuity.

Conflict of Interest

Conflict of interest arises when an executive deals with a company in which it has vested interest. An executive who is a majority shareholder in a company that is their major supplier of raw material is "likely to" have a conflict of interest. The same fact is true when a manager is the owner of a company that contracts to construct roads, buildings, or offers any other contract for the organization. The manager will find it difficult to enforce quality or engage in hard bargaining. He will most likely supply inside information to his company on the lowest and highest bids already received. In order to avoid a conflict of interest, some companies have rules that state: No member of management of the company is allowed to accept any gift or gratuities from third persons which might conceivably tend to induce him to violate his duties to the company or to have any appreciable interest in any business enterprise which is a supplier or has business relationships with the company. The punishment for the violation of such rules is immediate dismissal.

Unethical Business Practices in Nigeria

The most common unethical business practices in Nigeria are presented below:

1. Outright bribe
2. Unfair practices in pricing
3. Price discrimination
4. Dishonest advertising
5. Price collusion by competitors
6. Unfair and prejudice in hiring
7. Cheating of customers

8. Dishonest advertising
9. Unfair credit practices
10. Overselling
11. Collusion by competitors
12. Dishonesty in making and keeping to contracts.

Factors that determine Ethical Conduct-Socially Accepted Ethics

An organization is an integral part of the society and is influenced by social, political, economic and technological factors prevailing in a society. The ethical conduct of an organization is in part determined by the moral ethics prevailing in the society as a whole. If the society condones general laxity that will influence the organization, the society sets the ethical climate.

Ethical Climate in the Industry

The ethical climate in an industry influences the behaviour of a company. As 10-20% commission appears to be the accepted bribe for an award of a contract in Nigeria, every company competing for a contract has to build in such a commission in its quotation if it has to obtain the contract. The general feeling shared by many company executives is "if you can't beat them, join them". Thus, gari sellers, and rice sellers have the "magic cup" to sell their commodities to a customer unless the customer is vigilant.

The general attitude seems to be caveat emptor (let the buyer beware.)

A Man's Personal Code of Behaviour

There are many honest and sincere people in organizations who will eschew riches if the only way to be rich is through unethical practices. **They are guided by their personal conviction and conscience.** If they are company executives, they set the tone and get others to follow. In general, the ethical standard of an organization is dependent upon the ethical standard of each member of the group.

The Behaviour of Management

The ethical standards of a company are determined by the ethical standards of the executive. They set the ethical behaviour patterns to be emulated by the subordinates. If they resent and firmly condemn unethical practices in the company, the subordinates will toe the line. **The subordinates' ethical behaviour is reinforced and influenced by the behaviour of management.**

Factors Determining Ethical Decision

- A man's personal code of behaviour
- Behaviour of a man's superior in the company
- Formal company policy
- 4. Ethical climate of the industry
- Behaviour of a man's equals in the company

Factors Determining Unethical Decisions

- The behaviour of a man's superior in a company

- Ethical climate of the industry
- Behaviour of a man's equals in the company
- Lack of company policy
- Personal financial needs.

DECISION MAKING

Decision making is one of the most crucial activities of management. The necessity to decide is the everyday preoccupation of management in all types of organisations, whether small enterprises or multi-national corporations.

Decision in Business

In business, there are absolutely no right or wrong decisions but intelligent choices. What one considers a right decision in a particular time frame may turn out to be an unintelligent decision if the circumstances change.

Decision Making Process

Definition A decision is the selection of alternative course of action from available alternatives in order to achieve a given objective. The decision process is influenced by the unique environment of the decision maker, his organisational position, available knowledge and experience in decision making. A decision is a choice aimed at achieving optimum result in a given situation.

Decisions are made when a person finds himself in a situation where he must act and he is not quite sure of the choice that will give the best result. **A decision** could be seen as a mental process that forces us to analyse the situation in order to master it, or increase our knowledge on the area in which decision is to be made. **An intelligent decision** is one which yields the best intelligent response to a situation. **Decisions** aim at making things happen – in order to achieve an objective. **Absence of a decision** is a decision. A decision not to act or to postpone a major decision is a decision.

Nature of Decision Making

As pointed out earlier, decision making presupposes the existence of alternatives. From these alternatives, the decision maker selects the one that will yield the desired result.

Classification of Decision

Decision making under Certainty Certainty – it is assumed that there is a single-space, complete and accurate knowledge of the consequence of each event. A decision made with full knowledge of the occurrence of an event is said to be decision under certainty. In this situation, the decision maker knows what the stated value of the pay-off is expected to be.

Decision Making Under Risk

Uncertainty – the consequence of each choice cannot be defined by a correspondence relationship even within a probabilistic framework.

Decision Making Under Uncertainty

Risk – it is assumed that accurate knowledge about the probability distribution of the consequence of each alternative exists.

Stages in Decision

Making Every decision making process has some basic elements in order to be effective. They include:

- the formulation of goal or goals
- mental process to acquire knowledge on the situation
- analysis to determine alternative course of action
- choice procedure
- implementation.

Formulation of Goals

For one to make a decision, one must have goals that one expects to achieve. The goals to be achieved may be determined by the organisation and could aim at minimizing cost or maximizing profit.

Acquire Knowledge

A rational decision requires the decision maker to acquire a thorough understanding of the problem in order to make an intelligent choice. This demands that the decision maker saturates himself with facts about the situation. At this stage he seeks information from employees who have expert knowledge about the situation understudy. When vital decisions are to be made, “brainstorming” is encouraged in order to avoid costly, hasty decisions. It is advisable to hear both from those who are interested in the problem and those who are opposed to it.

Analysis to Determine Alternatives

The essence of analysis at this stage is to determine possible courses of action – the search for alternatives.

Decision Decision

Is the selection of the course of action believed by the decision maker to yield the best result under the circumstances.

Implementation

A decision process is not completed until it is implemented. The essence of any decision is to secure action. If this stage is not properly carried out, the entire process is a waste of time and resources.

Group Decision Making

An organisation is not better than the people that make it up. The success or failure of an organisation depends on the creativity of its human resources. Efficient and effective utilisation of these people to make use of their intellectual abilities, in part, helps the growth of the organisation. **There is a popular**

saying that “two heads are better than one, even if they are ‘coconut’ heads”. This illustrates the importance of participative decision making.

Committee Decision

In modern organisations, committees are increasingly being used as effective administrative tools.

A **committee** could be seen as a group of people assembled together to take action on an administrative task. In some organisations, there are committees for each key functional area such as finance, production, sales, auditing, purchasing, and engineering. These are generally permanent committees.

Committee Chairman

The success or failure of a committee in most instances depends on the chairman. The chairman is expected to be a mature, intelligent, skillful, versatile person who is capable of accommodating varied opinions.

Benefits and Limitations of Committees

- Makes different view points available.
- Better coordination.
- Committee as Advisers.
- Collective responsibility for decision.
- Lack of Accountability.

Use of Committees in Nigerian Organisations

Committees, standing and ad hoc, are extensively used in Nigerian organisations. All organisations with more than 50 employees have one form of committee or the other. In a study of Nigerian establishments, 78 percent of the organisations reported the existence of one committee or the other with varying degrees of authority and life span. Interestingly, 58 percent of the respondents in industry, commerce and service organisations advocated the use of more committees while 28 percent of the respondents in the public service advocate for the use of more committees. Some managers, 68 percent, serve in more than four committees at a time. Only 2 percent serve in only one committee.

Creativity in Decision Making

A good committee could be very creative. A creative committee is one that comes up with new ideas, new approaches, and new ways of doing old things, doing a common thing in an uncommon way, a new product, or new application or a combination of existing knowledge.

Steps in Creative Thinking

Studies have shown that certain steps are necessary in creative thinking. These can be summarised as follows:

- **Problem identification** The first step in creative thinking is the perception that a problem exists.
- **Investigation** Investigation is the second step in creative thinking. In this step, the individual examines the problem and analyses old ways of performing the task.

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- **Incubation** This is a very important stage in the process. Here, the entire mind reflects on the problem. It may involve the use of the unconscious mind. The creative person is at this time in a special state of mental “stress”, and detaches himself from things around him. He could go around the circles with a real solution arising and he could at this stage leave the problems for a while to avoid mental fatigue. This period is characterized by frustration and helplessness. This is often referred to as the gestation period. Rest is recommended. The rest period would refresh the mind.
- **Illumination** An ideal brainstorming session highlights the importance of new ideas.
- **Verification** Some of the major criticisms of brainstorming are that it is time consuming. Many man-hours are spent in generating ideas and also in crystallizing them. It also produces many superficial ideas.

Operations Research (OR)

The mathematical techniques used as aid to decision making are often called **operations research**.

Churchman et al defined operations research as:

“an application of the scientific method to problems arising in the separation of a system which may be presented by means of a mathematical model and in solving of these problems by resolving the equation representing the system”.

Operations research has gained wide acceptance because of its use in modern high speed electronic computers.

Operations Research is applied in a variety of business problems which include: (1) Productive scheduling (2) New product development (3) Long-range planning (4) Warehouse location selection (5) Retail outlet selection (6) Product mix selection (7) Air and highway traffic control (8) Portfolio management.

Linear Programming (LP)

Linear programming is a relatively new mathematical technique in situations requiring the optimum allocation of resources, money, capital equipment, raw material and personnel. It is useful in production management because allocation problem pose great complexity involving a large number of variables can equally be solved through linear programming techniques.

Queuing Theory

Queuing theory is often called waiting-line theory. The system is used in determining the optimal utilisation of a facility in an intermittent service. In the use of the queuing theory.

PLANNING ‘ORGANISATIONAL’

Planning has been defined previously as one of the five major functions of management. However, since planning is a bridge between the present and the future, **it has been called the primary management function**.

Organisational Planning

Organisational Planning Planning is a decision making activity requiring the process of ascertaining objectives and deciding on activities to attain these objectives.

Planning Defined

As such the planning process has three characteristics (Boone, 1981). These are:

1. **Planning is anticipatory in nature.** A decision must be made now as to what to do and how, before it is actually done.
2. **Planning is a system of decisions.** It involves a process of making decisions which will define what is to be achieved in the future and the formulation of action plans for achievement of goals.
- 3 **It is focused on desired future results.** Planning is a means of ensuring that the important organisational objectives are accomplished as and when desired.

The Six P's of Planning

They are as follows:

- **Purpose.** An effective planning system requires a clear understanding of the organisation's purpose. What are the reasons for the organisation's existence? Is it to increase profit or increase market share or generate more employment or introduce more products, etc? This purpose must be clear and elaborate.
- **Philosophy.** Philosophy incorporates the fundamental beliefs as to how the organisation's purpose is to be achieved. For longterm survival and growth, a philosophy of ethical conduct must be adopted. For example, General Motor's philosophy is based upon profitability through quality, service and ethical behaviour. IBM's philosophy was to elevate the level of the salesman to an executive, etc.
- **Premise.** This involves the strengths and weaknesses of the organisation and its knowledge and assumptions about its environment. By forecasting and other methods, the management can make some conclusions about the environment trends and by knowing its own strengths and weaknesses it can deal with the changing environment in a more intelligent way.
- **Policies.** Policies are general guidelines or constraints that aid in managerial thinking and action. In a typical organisation, there are production policies, financial policies, accounting policies, marketing policies, personnel policies, than the philosophy and form a basis for planning and necessary operational actions.
- **Plans.** Plans represent specific objectives and action statements. Objectives are the goals to be met and the action statements are the means to achieve these ends. These plans guide us step by step as to how to reach the objectives and also at what stage the progress is at a given time.
- **Priorities.** A particular organisational goal must be given a particular priority. Limited resources of time, finances, materials, etc. must be proportionally allotted to goals of priority. The priorities will determine an appropriate allocation of resources. Goal priorities would determine what is relatively more important. A goal of higher priority would receive more attention and more resources. For example, a research-oriented organisation will get different priorities and resources than a profit-oriented organisation. The priorities of goals would be established on

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the basis of philosophy and premises of the organisation as well as social, political, and economic measures and value conflicts. In any case, such priorities would affect the planning process.

Reasons for Planning

- **Planning is essential in modern business.** The growing complexity of the modern business with rapid technological changes, rapid changes in consumer tastes and growing tough competition necessitates orderly operations not only in the current environment but also in the future environment.
- **Planning is related to performance.** It can be expected and there is evidence to support the hypothesis that companies that engage in formal planning consistently performed better than those with no formal planning, and improved their own performance over a period of time.
- **Planning puts a focus on objectives.** The effectiveness of formal planning is primarily based upon clarity and specificity of objectives.
- **Planning anticipates problems and helps in the smooth flow of operations.** Since planning is involved in forecasting the future, it needs of the organisation are anticipated in advance, the proper acquisition and allocation of resources can be planned thus minimizing wastage ensuring optimal utility of these resources.

Characteristics of Good Planning

A good plan is based upon clear, well-defined and easily understood objectives.

A good plan must be simple and comprehensive.

A good plan strives for optimal utility of physical as well as human resources in unison and harmony. According to **David W. Ewing (1967)**, “planning is a two-sided affair. Planners may think only of the formal, economic, physical and technical resources side when they develop a program. But if the human side is not attended to properly, then chances are that the planning will not be successful”.

Contributions and Benefits of Planning

- Planning gives managers some purpose and direction
- Proper planning helps in the process of motivation.
- Planning provides a framework for decision making
- Proper planning results in proper and effective utilisation of organisational resources

Steps in Planning

Planning can be considered as a series of sequential steps. These steps are:

- Establish and define clearly the central and overall objectives of the organisation.
- Determine your current position relative to your objectives.
- Develop forecasts and future conditions
- Preparation of derivative plans
- Implement plan and evaluate its results.

Problems and Limitations in Planning

There are situations in which sometimes even well-designed plans fail to bring the desired results.

There are some established reasons as to why plans fail. Some of these reasons are based upon **K.A. Ringbakk (1970)**. These are:

1. Corporate planning is not integrated into the total management system. The top management fails to identify and associate properly the formal planning with the central concept of the organisation's mission.
2. There is a lack of understanding of the different steps of the planning process. The management may not be knowledgeable or skilled in understanding all steps of the planning requirements.

Resistance to Change

Since most of the resistance is emotionally oriented, it is necessary to take steps that would build confidence in the management's ability to work as a team under a participative management system.

Renato Targiuri (1979) has suggested some steps which would inspire that confidence in the management. These steps are:

- All managers must be made aware of the benefits derived both at individual as well as the organisational level.
- Perhaps, a seminar and a lecture by a trained industrial psychologist in an informal, small group session would assist in positive thinking.

Provision for Contingency Plans

Contingency plans are alternative methods to either take over the earlier plans if they seem to fail due to unexpected circumstances or modify them as the situation demands. **Contingency plans help the management to respond quickly to unpredicted changes thus avoiding panic in crisis situations (Linneman, 1981).**

Principles of Effective Planning

These principles are primarily based upon Gary Dressler (1985). They are as follows:

- Keep aims crystallised (Hudson, 1967). These aims must be clear, unambiguous, solid, reasonable and attainable. Badly defined objectives do not lend to accurate planning.
- Develop accurate forecasts. Accurate events and trends are the most important input into planning. Accordingly, the managers making the forecasts must be highly skilled and must use forecasting methods that are suitable.

Levels of Planning

There are basically three levels of planning associated with the different managerial levels. These levels are:

- **Strategic planning.** The strategic planning is conducted by the top management which includes Chief Executive Officer, President, Vice-Presidents, General Managers, etc.

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- **Intermediate planning.** This planning covers a time frame of about 6 months to 2 years and is contemplated by middle management who includes functional managers, department, heads and product-line managers.
- **Operational planning.** These plans are the responsibility of lower management and are conducted by unit supervisors, foremen, etc.

Strategic Planning

Strategic planning, as defined earlier, is the process of planning as to how to achieve the organisational goals with the available resources and is undertaken by the central management of the organisation.

Strategic planning is necessary and important for the following reasons (Herkhuis, 1979):

- First, there are a large number of external variables
- Secondly, all natural resources are becoming scarce

Strategic Planning Process

- Define and express clearly the mission of the organisation.
- Determine long-range goals and objectives.
- Make predictions about the economic environment in the future.
- Develop a long-range plan.
- Develop short-range plans.

Types of Strategies

A strategy is an action plan which sets the direction that a company will be taking.

- **Stability strategy.** Stability strategy implies, “to leave the well enough alone”
- **Growth strategy.** Growth means expansion of the operations of the company and addition of new areas of operations.
- **Retrenchment strategy.** Retrenchment primarily means reduction in product, services, and personnel.
- **Combination strategy.** Combination strategy means using a combination of other strategies and is primarily used by large complex organisations who may want to cut back in some areas and expand in others.

Policies Procedures and Rules

Policies

It is necessary to frame some policies for successful planning. A policy is a statement and a predetermined guideline that provides direction for decision making and taking action.

Rules

Whereas procedures specify a chronological sequence of steps to be performed, a rule is very specific and narrow guide to action. For example, a company may prescribe a number of safety rules, such as “no smoking on company premises”.

Organisational Objectives

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- **Environmental conditions.**
- These conditions include the availability of raw materials, skilled labour, energy and other resources.
- **Economic conditions.** The current economic conditions and economic trends must be seriously considered while setting objectives.
- **Internal resources.** There is no point in establishing an objective if we do not have the means to achieve it.
- **Anticipating the future.** Future events, being most unpredictable, have a major impact on the realisation of objectives.

Hierarchy of Objectives

The organisational objectives typically exist in a hierarchy. The broader aims of the company are broken down into hierarchical segments of divisional objectives, work group objectives and individual employee objectives. Each higher level objective is supported by one or more lower level objectives.

Characteristics of Sound Goals

- Goals and objectives should be realistic and attainable.
- Goals should be specific and measurable.
- Goals should be time-bound.
- Goals should be result-oriented
- Goals should be set in a participative manner.

Advantages of Objectives

- They make the integration of activities possible.
- Objectives serve as guides for decision making.
- Objectives act as standards for control.

FUNCTION OF CONTROLLING

When things go smoothly and as planned, they are under control.

“**Self-control**” is a word we are all very familiar with which simply means that we discipline ourselves in such a manner that we strictly adhere to our plans for our lives and do not deviate from it.

“**Diet control**” means control our input of food to a prescribed level in order to achieve a goal of physical fitness. Any deviations would make the process out of control affecting the goal achievement.

Managerial Control

The best known definition of management control is given by **Anthony (1965)** who says: “It is the process by which managers assure that resources are obtained and used effectively and efficiently in the accomplishment of the organisation’s objectives”.

Basically, the definition stresses that the function of control is to accomplish organisational goals by implementing previously determined strategies and policies so that whatever needs to be done, is done properly.

The importance of control function

- **Size of business:** As the organisations grow in size and diversity, they become increasingly complex to manage and hence the need for an efficient system of controls which is required to coordinate activities and accomplish integration.
- **Uncertainty:** Control forms a basis for future action.
- **Decentralization trends:** The current trends in decentralization have brought the decision making authority at lower level management while accountability for results remains with the upper management.
- **Control is vital for morale.** Workers are happier when things are under control. People make mistakes. Intuitive decisions can result in errors of judgement, especially when there are so many variables involved.

Requirements and Characteristics for an Effective Control System

- Controls must provide useful and understandable information.
 - Controls should report deviations quickly so as to minimise the ill effects of these deviations.
 - Controls must be designed so that the right people monitor the activities of their own fields.
 - The focus should be on strategic control points.
 - Control should focus on results.
 - Controls should be economically realistic.
 - Controls should be simple, but difficult to manipulate.
 - Controls should not only indicate deviations, but should also lead to corrective action.
 - Controls should be acceptable to organisation's members.
- Effective controls require:
- i. Support of top management.
 - ii. Participation of all managers in setting up the control system.
 - iii. Acceptance and understanding of the control process by all workers.
 - iv. Information and feedback on actual performance must be timely and accurate.
 - v. The control system must be well communicated.

The Control Process

Control is a process that measures current performance on a continuous basis and ensures that the performance leads to some pre-determined goal.

The elements of the control

These elements basically fall under **four** distinct steps. These are:

1. **Pre-determined goals** - It is a part of the planning process and involves setting a standard of expected performance.

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2. **Measuring performance** - Once the standards and goals have been established, the second step in the controlling process is to monitor and measure the actual performance.

What to **Evaluate**? According to Suchman (1967), **there are five types of evaluations**. These are:

- **Effort**. Effort reveals the extent of input and the idea is to measure input to see if it is adequate in meeting objectives.
- **Effectiveness**. As we have seen above, the evaluation of input elements does not adequately convey the degree of effectiveness and results.
- **Adequacy**. Adequacy is the ratio of output to need and is a useful measure if the need and the output can be clearly identified and related.
- **Process**. It relates to the underlying processes which convert effort into outcome or input into output.

Steps in Measuring Performance:

Since it is **not possible to check everything that is being done**, it is necessary to pick strategic control points for measurement. Some of these control points are:

- **Income**. It is a significant control point and must be as much per unit of time as it was planned and expected.
 - **Expenses**. Total and operational cost per unit must be computed and must be adhered to.
 - **Inventory**. Some minimum inventory of both the finished product as well as raw materials must be kept in stock as a buffer.
3. **Comparing actual performance with expected performance** - This comparison is the active principle of the process. This comparison is less complicated if the measurement units for the standards set and the performance measured are same and quantified.

Method of Presentation of Comparison and Results There are **four** methods and techniques for presenting the results of these comparisons for managerial attention and action. They are:

- **The narrative method** - This method of comparison is more desirable and useful where subjective evaluations and assessments are necessary.
- **The tabulation method** - This method is the simplest and the most common in which the measures of the goal and the performance evaluations, both in terms of chosen unit are exhibited side-by-side and the deviations between the two may be represented as percentages.
- **The graphical method** - This method portrays the relationship between the variables under comparison, which are primarily the aimed and actual values.
- **Mathematical presentation** - Mathematical models are highly effective and useful when the variables of comparison are related by complex and non-linear relationships.
- **Taking correction action** - Once the deviations have been established and presented, the decisions must be taken as to what corrective actions are needed or necessary to remedy the situation and to force events to prescribed or prearranged plans.

Types of Managerial Controls

- Controls designed to measure and enhance worker attitudes.
- Controls used to monitor total performance and operations.

- Controls used to standardise quality.
- Controls designed to set limits for the delegated authority.

Types of Control Methods

1. **Pre-controls.** These are sometimes called “Feed-forward” controls and are preventive in nature. They are designed to eliminate the cause of any deviation that might occur later and are established before the activity takes place.
2. **Steering controls.** The key feature of this control is the capability to take corrective action when the deviation has taken place but the task has not been completed.

Since effective steering controls require prediction of outcomes, it is necessary to find some indicators that will assist in correctly predicting the results. Some of the indicators are:

- **Input indicators.** The level of some key inputs may predict the response to them.
- **Success of early steps.** The early attempts and successful results of those attempts can indicate the degree of success of the final project.
- **Symptoms.** Some symptoms are clear indications of necessity for steering.

3. **Yes/No controls.** These controls are designed to check at each checkpoint whether the activity should be allowed to proceed further or not.

These symptoms of inadequate control are generally due to organisational defects, rather than mechanical defects and can be traced to morale problems.

Some of the symptoms of inadequate controls are:

- **An unexpected decline in revenues or profits.** This may be an accounting problem or unaccountable responsibility or simply that the quality, quantity and promotional elements have not been adhered to, resulting in low sales.
- A degradation of service and customer complaints.
- **Employee dissatisfaction.** This may be evident by increase in turnover, number of grievances filed and rate of absenteeism.
- **Unnecessary working capital shortages.** These are the shortages that are caused by excessive and unused inventories and accounts receivable delinquencies.
- **Disorganized operations.** These may be evident by workflow bottlenecks, lack of operational efficiency thus increasing the cost and time of production.
- Evidence of waste, inefficiency and excessive costs.

Behavioral Guidelines for Managerial Controls

Some of the basic means to make the control process more effective and acceptable are:

- Set meaningful, acceptable and attainable standards.
- Establish an effective, accurate and timely two-way communication.
- Reward attainment of standards.

ORGANISING

Every **organisation** is made up of human and physical resources. These resources are brought together in order to accomplish a predetermined goal. **In order to accomplish these objectives**, tasks must be identified, the tools and technology required must be provided and a structure of relationships must be identified. It is the function of management to determine the best structure that will optimize the utilisation of resources. **Management** organises these resources. **The organisation** is a means of achieving the best result from concerted effort. **Organisation** deals with people and their relationship in an enterprise. It is the **organisation** that determines the types of people required and their relationships.

Meaning of Organisation

An organisation can be seen as an entity. This is true of all business enterprises, churches, hospitals, or clubs. It can be as a process of coordinating individuals' efforts to accomplish a common objective. An organisation is a group of people bound together to provide unity of action for the achievement of a predetermined objective. **The subject of organisation** is central to sociology, psychology and even anthropology.

Kinds of Organisation

Organisations can be classified into **two** broad headings :(a) **formal** and (b) **informal** organisations.

Formal Organisation

Formal organisation can be seen as a direct opposite of informal organisation. It is a planned pattern of group behaviour designed to achieve an objective.

Most relationships found in many business enterprises are formal. The **main reasons for formal organisations** are:

- To establish logical patterns of interrelationships among members of the group;
- to secure advantages of specialisation or division of labour whereby the optimum utilisation of talents can be realised;
- to coordinate activities of the component parts in order to facilitate the realisation of the goals of the organisation (Massie and Douglas, 1977).

Informal Organisation

The informal organisation can be described as the human interaction that occurs simultaneously and naturally without overt influence.

Organisation Charts

An organisational chart is a visual device that shows the various departments and how they relate to one another. The organisation chart helps the employees, the board of directors and stockholders to see at a glance, the division of responsibility and lines of authority.

An organisation can operate **without a formal**, drawn organisation chart, **but the presence of the chart** gives evidence of a thoughtful planned structure.

One of the major **advantages of an organisation** chart is that it helps in studying how to modify or improve the relationships and areas of responsibilities within the organisational structure.

Organisation Structure

Sound organisation structure involves dividing activities into departments, divisions, units and sub-units, defining relationships between the heads and members that make up the units.

A good structure:

- identifies the operating departments (sales department, production department and finance department).
- isolates the service department (Personnel, Research).
- places emphasis on balancing the structure.
- shows the role of committees in the organisation.

One of the major **problems confronting management** is to decide the organizational structure to be adopted.

A good **organisation** is judged by its economic performance, ability to operate in a dynamic environment and the growth and satisfaction of the members.

Line organisation

In a typical line organisation, authority is divested downward in a straight line from the Board of Directors to the Managing Director and to lower management levels. Every line executive has assigned responsibilities and authority assigned to him and has its supporting staff to execute the functions. A manager with line authority is answerable for the performance of his subordinates. The employees with line function are responsible for the immediate attainment of organisation's objective. The flow of authority and responsibility is usually straight or direct and accountability is established.

Authority Relationships

This is further divided in three namely: **line authority**, **staff authority** and **functional authority**.

- **Line Authority** As pointed out, line authority connotes "command" relationship. This is the authority that makes one expect obedience from subordinates.
- **Staff Authority** This position is advisory in nature. Generally, staff executives are specialists who study a problem, identify the alternatives and make recommendations to the chief executive for decision.
- **Functional Authority** This process allows a staff executive (engineers, lawyers, accountants, advertising managers) to make decisions and implement them within clearly defined guidelines.

Authority and Responsibility

Authority as used in the text is the right to act or decide. It describes the relationship between and among people or groups. A person has authority if he has the right to command and expect obedience from the subordinate. No organisation could survive if authority had not been vested in some people. In fact, an organisation is nothing but a structure of authority relationships.

Organizational authority is vested in the position not on individuals. The authority is given to an employee because he needs the degree of authority in order to achieve a given level of productivity or sales. When the individual resigns, the authority is inherited by another employee who occupies the position. In this case, we speak of the authority of the manager, the powers of the president or the governor.

Power and Influence

Power is the ability an individual has to compel another to do something against his will despite any resistance. A man who holds a businessman at gunpoint demanding that the businessman should surrender his goods has power to take possession of the goods. **Power** is evident in a situation when A has control over B or can force B to do something he does not want to do despite resistance.

Influence, unlike authority, is not vested in an individual. A has **influence** over B if he can modify or affect B's behaviour. Thus **influence** is a very moderate form of power. A person influences his friend because of the rapport they have established over the years. One, who influences, uses persuasion and suggestion to achieve a desired end. Influence takes place in all interpersonal relationships. Unlike **power** which implies a fear of punishment, harm or loss of status, influence does not.

Sources of Authority

As pointed out, organisational authority is a right to act, to punish and to reward. A person who possesses this authority has number of steps into it:

- **Positional Source** It is often said that authority is derived from the ownership of property.
- **Subordinate Acceptance Source** The acceptance of authority theory postulates that the source of managerial authority emanates from the subordinate acceptance of authority that the manager holds over them.

Formal authority

Formal authority is very fundamental to the attainment of organisational objectives. All managers who occupy positions of responsibility are vested with it. Effective utilisation of authority promotes organisational harmony and consequently the realisation of intended goals. Certain factors limit the amount of authority a particular executive possesses. These factors include one's level in the organisation, superior Limits of Authority authority and subordinate acceptance.

Levels in Organisation

Authority is delegated from top to bottom. The higher a manager is within the organisational hierarchy, the more authority he possesses. The **managing director** has more authority than his **deputy** and the **deputy** possesses more authority than the **managers** and **supervisors**. The higher the functions a manager has, the more the authority that is vested in him for the effective execution of these functions.

Superior Authority

The authority an executive has is influenced by the authority of those above him. A superior authority influences the authority delegated to lower executives in any organisation. The production manager's

authority to produce is influenced by the organisation's established policies and procedures. He cannot recruit employees in order to achieve production quota without following the guidelines for recruitments. He could also be asked by a superior authority to stop production until certain conditions are fulfilled.

Subordinate Acceptance

The acceptance of authority by subordinates helps in the expeditious attainment of desired goals. Failure to accept one's authority produces the opposite effect. Refusal to accept one's authority does not cancel one's authority; it only reduces one's effectiveness in the given situation. The degree to which the manager is rendered ineffective depends on the amount of power he has to evoke penalties to effect compliance. Ability to evoke punishment and to reward is implicit in all formal authority.

Responsibility

People in authority are answerable to somebody for their use of authority. This is responsibility. Responsibility implies obligation. A person to whom one delegates authority is obliged to execute satisfactorily the assigned duty. Responsibility originates from a superior – subordinate relationship. A subordinate must answer to his boss for the use of formal authority just as a man answers to his friends for informal authority. In organisations, responsibility is shared. When a manager authorises an employee to execute a task, the obligation created by this delegation from the supervisor to subordinate is shared.

****Organizing** is the **second** in the hierarchy of functions exercised by management after planning.

Communication

Communication is defined as "the process of passing information and understanding from one person to another" (Kazmier, 1977). It means transmitting and sharing of ideas, opinions, facts and information in a manner that is perceived and understood by the receiver of the communication.

Effective communication is every essential for management to successfully perform its functions. It is an essential ingredient in management-employee relations. According to W.R. Spriegal, "most of the conflicts in business are not basic but are caused by misunderstood motives and ignorance of facts. Proper communications between interested parties reduce the points of friction and minimise those that inevitably arise". Accordingly, by proper communication and sharing of information, the management takes the employees into confidence and makes them more knowledgeable about problems and policies of the enterprise. According to Prof. A. Dasgupta (1968), the scope for a two-way means of consulting and changing facts, opinions and ideas between management and employees pertain to:

- knowledge of policies and objectives of an enterprise
- knowledge of results and achievements from these policies
- knowledge of plans and prospects for the future
- knowledge of conditions of service
- knowledge of ways and means of improving efficiency and productivity
- knowledge of all aspects of industrial safety, health and welfare.

According to **Peter Drucker (1954)**, a manager does not handle people; he motivates guides and organises people to accomplish their goals. His effectiveness depends upon his ability to communicate well with the employees. Good communication is the foundation of sound management. It is through communication that workers become aware of their own duties and responsibilities as well as the instructions and orders from the upper levels of management hierarchy and also their own suggestions, misunderstanding, confusion, distortions and bottlenecks and improves coordination and control. It improves productivity by developing and maintaining good human relations in the organisation. It is a basic tool for motivation and improved morale. Supervision and leadership are impossible without it.

It was largely the work of Chester Barnard in the late 1930s which highlighted communication as a dynamic force in shaping the organisational behaviour. He considered it as one of the three important elements of an organisation along with common purpose and willingness to serve. He also linked communication with his concept of authority. The authority flows down through the channel of communication. The authority can lose its meaning if the channels of communication are blocked or if the communication is misunderstood or if the strength of communication is diluted. Accordingly, he proposed seven communication factors which are a function of objective authority. These are (Barnard, 1938):

1. The channels of communication must be clearly set and be known to all.
2. Every member of the organisation should be reached by some channel of communication.
3. The line of communication should be as direct as possible.
4. There should be no blockage in the line of communication and the complete formal line should be used.
5. The communicator should be highly skilled in the art of communication.
6. The line of communication should be constantly kept open.
7. Every communication should be authenticated.

Objectives of Communication (Mamoria, 1982)

The objectives of communication are as stated below:

1. To develop information and understanding among all workers.
2. To foster any attitude which is necessary for motivation, cooperation and job satisfaction.
3. To discourage misinformation, ambiguity and rumours.
4. To prepare workers for a change in methods or environment by giving them the necessary information in advance.
5. To encourage subordinates to supply ideas and suggestions for improving upon the product or work environment, and taking these suggestions seriously.
6. To improve labour-management relations by keeping the communication channels open.
7. To encourage social relations among workers by encouraging inter-communication.

Communication Process Model

A simple communication model which reflects communication as a dynamic interactive process has been proposed by David Berdo (1960). His approach is based upon the following idea: If we accept the

concept of process, we view events and relationships as dynamic, ongoing, ever-changing, continuous. When we label something as a process, we also mean that it does not have a beginning, an end, a fixed sequence of events. It is not static, at rest. It is moving. The ingredients within a process interact, each affects all the others.

This model described as a series of steps, consists of the following components:

1. **Message sender.** This is the source of information or the initiator of communication. This source may want to communicate his ideas, needs, intentions or other pieces of information.
2. **Encoder.** This is the process inside the human mind in the form of motor skills, muscle system or sensory skills that encode the ideas to be conveyed into a series of symbols or gestures or some other format of expression.
3. **The message.** The message is a physical form of the thought which can be experienced and understood by one or more senses of the receiver. It could be in the form of hearing, reading or other physical gestures.
4. **Channel of Communication.** It is a vehicle used for the transmission of the message. It is a medium carrier and bridges the gap between the sender and the receiver. It may be a face-to-face conversation, telephone conversation, in written form or through any form of gesture.
5. **Perception of the message.** The message is received by the person for whom it was meant and he becomes the receiver of the message.
6. **Decoding process.** Decoding is also done in the same manner as encoding by motor skills, muscle system or sensory skills and the receiver decodes the message for the purpose of interpreting and understanding the meaning of the message. The more the receiver's intended message the more effective the communication is.
7. **Action.** This is a response from the receiver who has received and accepted the communication. This may be compliance with an instruction or simply filing of the message for future references.
8. **Feedback.** A feedback determines whether the message was clearly understood and the required action taken. The feedback to the sender completes the process of communication.

Superior-Subordinate Communication

One of the basic foundations of the organisational operations is the communication between superiors and subordinates in the hierarchical system. Traditionally, the dominant theme in this type of organisational communication has been the "downward" communication as far as the directions are concerned and "upward" communication as far as operational reports and other feedback is concerned.

The downward communication is from the superior to the subordinate or from the top management filtered down to workers through the various hierarchical communication centres in between and may include such standard managerial tools as statement of the organisational philosophy and organisational objectives, standard operating and other relevant material. Downward channels are used to give employees work instructions and other information needed to exercise the delegated authority.

In order for this communication to be effective, the workers should not only be told what to do but also why they are doing it and why their jobs are important. This increases a feeling of acceptance on the

part of workers. It is also important that the communication be transmitted to workers in the language that they can understand. For example, a machine operator may not understand much about the organisational philosophy or any specialised terminology about strategic planning or technological dynamics. They must be communicated in their own words and perceptions.

The message must be coded in the language of the receiver, rather than the language of the sender.

The “upward” communication moves in the opposite direction and is based upon the communication demand system, designed by the management to receive information from operational levels. This information may consist of standard reporting items such as production SMS106 II 108 reports, sales reports, customer complaints, quality control reports etc.

The organisation must provide a climate and an incentive system which is necessary to encourage such communication. This climate can be generated by an “open door” policy where the workers know that their superiors are always available for discussion of problems. The system must ensure that the superiors have developed listening skills as well as a sincere and sympathetic attitude towards workers problems. This opportunity for upward communication encourages employees to contribute valuable ideas for improving organisational efficiency (Dooher and Vivienne, 1957).

In addition to upward and downward communication, there is horizontal or lateral communication between equals. This is more informal in nature and is necessary in promoting a supportive organisational climate.

Wenburg and Wilmont (1973) suggest that instead of **communication** being “upward” or “downward” which is **inter-communication**, it should be “**transactional**” **communication** which is mutual and reciprocal because, “All persons are engaged in sending (encoding) and receiving (decoding) messages simultaneously. Each person is constantly sharing in the encoding and decoding process and each person is affecting the other”. In the transactional process, the communication is not simply flow of information, but it develops a personal linkage between the superior and the subordinate.

According to Katz and Kahn (1966), there are five purposes served by superior-subordinate communication process. These are:

1. To give specific job instructions and directions.
2. To give information about organisational procedures and practices.
3. To educate employees as to why their jobs are important.
4. To give feedback to subordinates about their performance, as to how well they are doing and how they can improve.
5. To provide ideological type information to facilitate the indoctrination of goals.

The importance of the receiver should not be ignored. **Donald Roberts** has suggested the following ways in which the downward flow of communication can affect the receiver:

1. People’s interpretations of communications coincide with the already held beliefs and attitudes.
2. People usually resist messages and communications that require sudden changes because most people follow the path of least resistance.

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3. Messages that require some kind of change are more easily acceptable if the entire surrounding environment is also changing alongside.
4. Messages that conflict with values of the receivers will not be acceptable even if these messages are rational and logically desirable.
5. Messages that fulfill some needs of the receiver will be more easily acceptable.

Oral Communication

An oral communication is known as face-to-face communication and may be in the form of direct talk and conversation or the public address. It also includes telephone calls or talking on the intercom system. It is most effective when settling a dispute among employees or reprimanding a worker. In one-way form of communication, it is very effective for leaders to address the followers via public address system or audio-visual media. The human voice can impart the message much more forcefully and effectively than written words and is an effective way of changing attitudes, beliefs and feelings, since faith, trust and sincerity can be much better measured in a face-to-face conversation rather than in written words.

Advantages:

1. It is direct, simple, time saving and least expensive form of communication.
2. It allows for feedback and spontaneous thinking.
3. It helps in avoiding delays, red tape and other formalities.
4. It conveys personal warmth and friendliness and it develops a sense of belonging because of personalized contacts.
5. Any misunderstanding can be cleared immediately.

Disadvantages:

1. There is no formal record of transaction.
2. If the verbal message is passed on along the hierarchical chain of command then some distortions can occur during the process.
3. Lengthy and distant communications cannot be effectively conveyed verbally.
4. The receiver may receive the message in his own perception and thus misunderstand the intent of the message.
5. Spontaneous responses may not be carefully thought about.
6. The spirit of authority cannot be transmitted effectively in verbal transactions.

Written Communication

A written communication is put in writing and is generally in the form of instructions, letters, memos, formal reports, rules and regulations, policy manuals, information bulletins etc. These areas have to be covered in writing for efficient functioning of an organisation. It is most effective when it is required to communicate information that requires action in the future and where the communication is that of general informational nature. It also ensures that everyone concerned has the same information.

Advantages:

1. It serves as evidence of events and proceedings.

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2. It provides a permanency of record for future references.
3. It reduces the possibility of misunderstanding and misinterpretation
4. It can save time when many persons must be contacted at the same time.
5. It is reliable for transmitting lengthy statistical data.
6. It appears formal and authoritative for action.
7. It can be checked for accuracy, which may not be always possible in verbal communication.

Disadvantages:

1. It can be very time-consuming for lengthy reports.
2. There is no feedback opportunity to be sure that the receiver has understood the message.
3. Written material may leak out before time, causing disruption in its effectiveness.
4. It leads to excessive formality in personal relations.

Communication Grapevines

While it is necessary to have a formal organisational structure for communication channels, since an effective network and flow of communication may, “regulate behaviour, encourage innovation, integrate or coordinate activities and inform or instruct employees, (Leavitt, 1951), **it is also very beneficial to attend to informal channels of communication, commonly known as grapevine which can communicate important operational matters to the management, that would not be feasible through formal channels.**

This informal communication can be considered as a beneficial safety valve capable of carrying important information quickly and accurately. It can also be considered as destructive, focusing on its capacity to spread rumours, destroy morale, misinform and create interpersonal problems. Such consideration will depend upon the type of climate that exists in the organisation (Davis, 1953).

There are some **problems** with the hierarchical channels of communication that can be minimised through **informal** channels of communication. According to Mazumdar (1970), such problems are as follows:

1. The mass of information that is generated every day, if communicated through formal channels, will create a bottleneck in the speedy flow of information at any level in the hierarchical structure.
2. Due to several levels in the hierarchical process, much of the information is lost or distorted at each step, since each person at each level may perceive the information in a different perspective. According to Nichols (1962), “There is a tremendous loss of information – 37 percent between the Board of Directors and the Vice Presidential level. General supervisors got 56 percent of the information, plant managers and general foremen received only 30 percent of what had been transmitted downward to them. An average of only 20 percent of the communication sent downwards through the five levels of management finally gets to the worker level”.
3. There can be some distortion in information to be communicated in what is known as “protective screening”. A subordinate is likely to report to his superior only that portion of the information which is favourable and either ignores or distorts the information that is

unfavourable to him. Keth Davis (1960) has suggested that grapevine channel of information should complement the formal channel of communication so that they both have a synergetic effect for the benefit of the organisation.

Barriers to Effective Communication

The communication must be interpreted and understood in the same manner as it was meant to be sent by the sender, otherwise it will not achieve the desired results and a communication breakdown will occur. There are certain external roadblocks to effective communication like noise, poor timing, incomplete, inadequate or unclear information, poor choice of channel of transmission of information, etc. which can affect the proper reception of the communication. **In addition, there are personal factors which may interpret the communication not in the same manner as it was intended by the sender but in a way that the receiver wants to receive, depending upon the stimuli present, emotions or prejudices for or against a concept or ideology or personal conflicts so that instead of interpreting the content of the communication, the intent of the sender may be interpreted.**

Some of the organisational barriers and some of the interpersonal barriers to effective communication are discussed below:

1. **Noise Barriers.** Noise is any external factor which interferes with the effectiveness of communication. The term is derived from noise or static effects in telephone conversions or radio wave transmission. It may cause interference in the process of communication by distracting or by blocking a part of the message or by diluting the strength of the communication.
2. **Semantic Barriers.** These barriers occur due to differences in individual the words interpretations of words and symbols. The words and paragraphs must be interpreted with the same meaning as was intended. The choice of a wrong word or a comma at a wrong place in a sentence can some times alter the meaning of the intended message. Many times, we have to explain that "it was not what I meant" or "you misunderstood my message" etc. due to poor choice of words. For example, a night club advertisement sign, "clean and decent dancing every night except Sunday", could lead to two interpretations. First, that there is no dancing on Sundays and second, that there is dancing on 11 SMS106 II Sundays, but it is not clean and decent (Haney, 1979).
3. **Feedback Barriers.** Feedback is the only way to ascertain as to how the message was interpreted. Feedback closes the communication loop and is important for effective communication. It is equally important to pay attention to the feedback. The feedback may be for the purpose of communicating the results of an action or it may be for asking questions about the communication for further clarifications. A student who misunderstands a question in the exam, but does not have the provision to ask for clarification may end up giving the wrong answer.
4. **Cultural Barriers.** The cultural differences can adversely affect the communication effectiveness, especially for multinational companies and enterprises with multi-ethnic workforce. Some examples are as follows:

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- Advertisement about Action Man Soldier toys, where toy soldiers were in tanks holding machine guns, were not permitted in West Germany where they were interpreted as promoting violence (Alsop, 1984).
 - In Austria and France, the children are not permitted to television commercials.
 - Most Jewish people will not work on Saturdays and most Muslims will not work on Friday afternoons.
 - Establishing deadlines to accomplish work assignment is considered rude in most Middle East countries.
 - Punctuality in some countries is not considered important.
 - Many important meetings and actions are contemplated after consultations with astrologers in India.
 - "Coke adds life" may be misinterpreted as a device for long life.
5. **Perception.** Perception relates to the process through which we receive and interpret information from our environment and create a meaningful word out of it. Different people may perceive the same situation differently. Hearing what we want to hear and ignoring information that conflicts with what we know can totally distort the intent or content of the message.
 6. **Sender Credibility.** When the sender of the communication has high credibility in the eyes of the receiver, the message is taken much more seriously and accepted at face value. If the receiver has confidence, trust and respect for the sender, then the decoding and the interpretation of the message will lead to a meaning that would be closer to the intended meaning of the sender. Conversely, if the sender is not trusted, then the receiver will scrutinise the message heavily and deliberately look for hidden meanings or tricks and may end up distorting the entire message.
 7. **Multi-meaning words.** Many words in English language have different meaning when used in different situations. Accordingly, a manager must not assume that a particular word means the same thing to all people who use it (Pancrazio and Pancrazio, 1981). A study by Lydia Strong (1956) concluded that for the 500 most common words in English, there are 4,070 different dictionary definitions.

Overcoming Communication Barriers

It is very important for the management to recognise and overcome barriers to effective communication for operational optimization and this would involve diagnosing and analysing situations, designing proper messages, selecting appropriate channels for communicating these messages, assisting receivers in decoding and interpreting and providing an efficient and effective feedback system.

Some of the steps taken are as follows:

- **Feedback and upward communication.** Feedback helps to reduce misunderstandings. The information is transferred more accurately when the receiver is given the opportunity to ask for clarifications and answers to any questions about the message.
- **Improve listening skills.** According to Stuart Chase (1954), "listening is the other half of talking" and is a very important part of the total communication process. Listening is an active mental process and goes beyond simply hearing. Good listening habits lead to better understanding and good relationships with each other.

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- **Develop writing skills.** Clearly written messages can help avoid semantic and perception barriers. A well written communication eliminates the possibility of misunderstanding and misinterpretation.

Guidelines for Effective Communication

These guidelines are designed to help management improve their skills in communicating so as not only to avoid any barriers to effective communication but also to strengthen the basis for optimum results which depend upon the clear understanding of the desired communication. These guidelines are partially based upon the principles proposed by American Management Association.

These are:

- **The ideas and messages should be clear, brief and precise.** The ideas to be communicated must be well planned and clearly identified.
- **Sense of timing.** The message should not only be timely so that the decisions and actions can be taken in time and when necessary, but also the timing of the message and the environmental setting in which the message is delivered and received is equally important.
- **Integrity.** The communication must pass through the proper channels to reach the intended receiver
- **Consult with others who are involved in planning the communication.** If people have participated in the planning process, they would be highly motivated to give active support to such communication and carry it through.
- **Be prepared to help the receiver.** Take the receiver's interests into account, and then the receiver will be more responsive to the communication.
- **Mode of delivery.** Not only the clarity on intent and the content of the message is important and necessary, but also the method of delivery.
- **Use proper follow-up.** Unless it is a one-way communication, which is simply meant to inform, all communications need a follow up to ensure that it was properly understood and carried out.
- **Communication should be comprehensive.** Communication should be complete so as not only to meet the demands of today but should also be based on the future need of the organisation as well as individuals.

THE DIRECTING AND LEADING FUNCTION

Direction is concerned with directing the human efforts towards organisational goal achievement. The success of these directional efforts is going to determine the satisfactory or unsatisfactory performance within the organisation. Accordingly, the directing function is the action function that tests the managerial capability in running the organisation.

Directing and Leading

Directing and leading comprise the managerial function of guiding, overseeing and leading people. The primary element in this function is the human element and deals in personal relationships. This area is primarily geared towards leadership, motivation, and communication. Since human element is the

central element in the art and science of managing, the study of human relations has been of major interest to management.

Organisational Climate

Schneider (1975) refers to organisational climate as the entire internal environment of the organisation. What is the organisational climate or the internal environment? Does it have any physical characteristics or is it primarily the way it is perceived by its members? The climate reflects the needs, desires and aspirations of the people who form the environment. In that context, an environment has about it a set of characteristics that are perceived by the organisational members.

There are a number of categories that define the climate of many organisations. According to Harrison (1972), there are four broad categories.

These are:

- **Power-oriented climate.** These are organisations that are dominated by autocratic leadership. These may be family dominated businesses or an organisation which was started by one person who is still influential in organisational policy decisions.
- **Role-oriented climate.** In this type of organisation, all managerial and worker roles are clearly defined.
- **Task-oriented climate.** In a task-oriented organisation, all efforts are directed towards goal achievement.
- **People-oriented climate.** These are organisations where people are given a lot of freedom to be their own bosses.

Human Relations

Direction is concerned with securing the cooperation of workers for the realisation of organisational objectives. Such operation is easier to obtain, if personal objectives are integrated with organisational objectives. While organisational objectives are well established and defined for a given organisation, the individual objectives are highly diversified and depend upon the workers' beliefs, perceptions and emotions. Hence, the characteristics of human behaviour as well as the field of human relations must be fully realised by the management.

Some of the factors affecting the human behaviour are (Chatterjee, 1966):

- **Cultural influences.** Culture is a learned phenomenon from the very childhood and is influenced by the family environment as well as the external environment. Business operations and managerial actions are always affected by the cultural setting of its organisational members. Some cultures expect participative style of managerial leadership, while members of other cultures believe in personality cult thus expecting authoritarian style of leadership.

Role and status. Status implies standing in the community and is determined by the role of a person. A police commissioner or a judge has a high status in the society because of the role he plays. A police

commissioner or a judge has a high status in the society because of the role he

- plays. For example, a police commissioner who is fired from the job loses his status because he is no longer in the role of the police commissioner.
- **Informal social groups.** Informal social groups develop and emerge due to spontaneous informal relationships among people and workers who work together as a unit in a given environment. For example, people of similar nature eat together, and take a break together.
- **Perception.** There is an old saying, “that everyone sees the world through different eyes”. Also there is a poem that suggests something like, “As in cloud and fire, a man sees the image of his own desire”.
- **Logic and emotions.** Man is logical to a point but he is much more emotional in nature. Even his logic, sometimes, is directed towards justifying what his emotions believe in.

Principles of Direction

- **Integrated objectives.** Effective directing requires that the goals of the organisation and the individuals in the organisation should be integrated so that all subordinates develop a sense of belonging to the organisation and hence the contributions of the subordinates to the company goals will be maximum.
- **Direct supervision.** The superiors should maintain direct contact with subordinates. Informal relationships facilitate the function of directing.
- **Participative managerial style.** The subordinates’ morale will be higher when their views are seriously incorporated into the managerial decision making. This will assist the formation of democratic management.
- **Unity of direction.** The direction must be clear and unambiguous and from a single chain of command, otherwise the authority will be undermined resulting in disorder and confusion.
- **Follow-through.** Effective direction demands achievement of results. The results can only be achieved by being constantly in touch with the developments.

Leadership

Leadership is an integral part of management and plays a vital role in managerial operations. If there is any single factor that differentiates between successful and unsuccessful organisations, it could be considered as dynamic and effective leadership.

Leadership may be defined as the art of influencing and inspiring subordinates to perform their duties willingly, competently and enthusiastically for achievement of group objectives.

Motivating and influencing people to move towards a common goal, are all essential elements of management, but the “willingness” of the followers to be led highlights a special quality that puts a leader high above others.

Based on these elements of a leadership function, the leadership may be defined as:

$$L = F(f, g, w, s)$$

where leadership (L) is a function (F) of:

f = followers

g = goal

w = a measure of willingness on the part of subordinates, and

s = a given situation.

Leadership implies activity movement and getting the work done. The leader is a person who occupies a position of responsibility in coordinating the activities of the members of a group.

Types of Leadership

There are **mainly two types** of leadership, namely: formal and informal leadership.

Formal Leadership

The formal leadership occurs when a person is appointed or elected as an authority figure. For example, anyone who is appointed to the job of a manager is also given the authority to exercise formal leadership in relationship to his subordinates. Similarly, a formally elected leader of a country or a state, acquires the authority of leadership and giving direction to the country or state.

Informal Leadership

The informal leadership emerges when a person uses interpersonal influence in a group without designated authority or power. These leaders emerge in certain situations, because of their charm, intelligence, skills or other traits, and to whom other people turn to for advice, direction and guidance. Religious and civic leaders fit into this category. Successful managers, who exercise their given authority in a formal way, are also capable of exercising informal leadership relationships with people both within as well as outside the organisation.

Traits of Leadership

A leader has certain inherent qualities and traits which assist him in playing a directing role and wielding commanding influence over others. Some of these traits according to Jago (1982) are:

- 1. Energy, drive
- Appearance, presentability
- A sense of cooperativeness
- Enthusiasm
- 5. Personality – height and weight
- Initiative
- Intelligence
- Judgement
- Self-confidence
- Sociability
- Tact and diplomacy
- Moral courage and integrity
- Willpower and flexibility
- Emotional stability

- Knowledge of human relations.

These traits are not universal in nature. Not all leaders have these traits. Not all of these traits work at all times. While some of these traits differentiate successful managers and leaders from unsuccessful ones, it is the behaviour of leaders, either as a result of these traits or otherwise, which is more tangible and obvious and less abstract than traits.

Theories of Leadership

- **The Trait Theory.** The traditional approach has been to describe leadership in terms of personal traits and special characteristics of leaders.
- **Behaviour Theory.** This theory studies leadership by looking at leaders in terms of what they do.
- **Contingency Theory.** This theory states, that an analysis of leadership involves not only the individual traits and behaviour but also a focus on the situation.
- **The Path-Goal Theory.** The Path-Goal model of leadership behaviour has been propounded by House and Mitchell (1974). This model emphasises that the leader behaviour be such as to complement the group work setting and aspirations.
- **Vroom-Yetton Model (1974).** This is a normative theory for it simply tells the leaders how they should behave in decision making.

Leadership Styles

The leadership styles can be classified according to the philosophy of the leaders. What the leader does determines how well he leads. A style leadership is a “relatively enduring set of behaviours which is a characteristic of the individuals, regardless of the situation” (Fiedler, et. al). Some of such styles are discussed below:

1. **Autocratic or Dictatorial Leadership** Autocratic leaders keep the decision making authority and control in their own hands and assume full responsibility for all actions. Also, they structure the entire work situation in their own way and expect the workers to follow their orders and from their orders. The autocrat ranges from tough to paternalistic, depending upon whether his motivational approach is threat and punishment or rewards.
2. **Participative or Democratic Leadership** In this type of leadership, the subordinates are consulted and their feedback is taken into decision making process. The leader’s job is primarily of a moderator, even though he makes the final decision and he alone is responsible for the results.
3. **Laissez-faire or Free-reign Leadership** In this type of leadership, the leader is just a figurehead and does not give any direction. He acts principally as a liaison between the group and the outside elements and supplies necessary materials and provides information to group members.

Personal Characteristics of Leaders

Leadership is an intangible quality and its effectiveness can best be judged by the behaviour and attitudes of followers. Even though personal backgrounds and personalities differ widely, simply education, social status etc., are poor indicators of judgement of successful leaders. However, some behavioural characteristics may be common to most effective leaders.

Some of these characteristics are:

- **Ability to inspire others.** This may be an internal “charisma” which is an inborn trait and may not be a learnable factor.
- **Problem solving skills.** An effective leader has developed the patience and ability to look at the problem from various angles and get down to the cause of the problem and tries to solve the problem rather than the symptoms of the problem.
- **Emotional maturity.** They are self-confident, rational and emotionally mature. They do not lose temper quickly and are open hearted towards differences in opinions and opposing viewpoints. They are warm and sensitive and not vindictive in nature.
- **Ability to understand human behaviour.** He must understand the needs, desires and behaviour of their subordinates and show respect for such desires. He is emotionally supportive and is careful enough to avoid ego threatening behaviour. He must give credit to subordinates when the efforts are successful.
- **Verbal assertiveness.** A leader must be an effective orator and must be confident of his opinions and views. He must communicate his views honestly and in a straight forward manner without fear of consequences.
- **Willingness to take risks.** Routine work, no matter how well done never makes a leader. Good leaders always charter the unknown. They must accept and seek new challenges. However, the risks must be calculated ones and the outcomes of actions be reasonably predicted. Should these risks result in failure, a leader must take full blame and responsibility and not shift blame on others, even though they may be operative factors. He must be willing to tolerate frustration and defeat and learn from it.

Leadership and Power

A formal leader cannot function without the authority and the power to make decisions and take actions. Some of the functions of the formal leaders that require the power and authority to perform are (Krech, et. al, 1962):

- Setting of organisational goals within constraints of internal needs and external pressures.
- Integrates the activities of his group and develops its team spirit cohesiveness.
- Serves as a representative of group members and an official contact with other parts of the organisation and facilitates group interaction.
- Gives out rewards and punishments or recommendations.
- Serves as a father figure and sometimes has a major impact on the norms, beliefs and values of the group.
- He is instrumental in resolving internal con
- Serves as a model of behaviour for other members. These functions can only be exercised with a power base. Some of the power bases classified by French and Raven (1960) are:
 - i. **Legitimate Power.** This is the power that is vested in the leadership to take certain actions.
 - ii. **Reward Power.** This power is based upon the ability to give or influence the rewards and incentives for the subordinates.

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- iii. **Coercive Power.** On the other end of the reward power is the coercive power which is the ability to influence punishment. This is the power to reprimand, demote or fire for unsatisfactory execution of duties.
- iv. **Referent Power.** This power is more of personal nature than a positional nature, in the sense that this power is not designated or acquired because of a position, but because of personal “charisma”, leader.
- v. **Expert Power.** This is also a personal power acquired by expertise in a field or area. For example, we generally follow our doctor’s or our accountant’s instructions, because we believe in their ability and knowledge in those specified areas.
- vi. **Connections.** Some people have a lot of influence over others simply because of their “connections” with the right people.

THE STAFFING FUNCTION

There are a number of factors that contribute towards the success of an enterprise. These factors include capital, equipment, manpower, etc. While all these factors are important, the human factor is the most significant one, since it is the people who have to use all other resources. Without the productive efforts of its workers, the materials and resources would be of no use. Also, if the people who are in charge of these resources are not sufficiently qualified, then the utilisation of these resources would not be optimum.

Staffing Function

Staffing is the traditional management function of attraction and selection of the best people and putting them on jobs where their talents and skills can best be utilised, and retention of these people through incentives, job training and job enrichment programs in order to achieve both individual and organisational objectives.

The **staffing function** is generally handled by Personnel Department where the Personnel Management is concerned with “planning, organising, directing and controlling of the procurement, development, compensation and integration of people into the system for the purpose of contributing to organisational, individual and social goals”.

Human Resource Planning

Human resource planning involves objective and systematic assessment of present staffing needs of an organisation, identifying the available personnel to satisfy the current needs, forecasting the future demand and supply of employees, formulating staffing strategies with a view to both short range as well as long range strategic plans and continuously monitoring, evaluating and updating these needs and resources of supply.

Forecasting Manpower Needs

Manpower forecasting is defined as, “the process of collecting and analysing information to determine the future supply of, and demand for, any given skill or job category”. The primary purpose for manpower forecasting is to prepare for employment, training and development and proper use of

human resources. Forecasting has become very important due to complexity of organisations requiring more skilled personnel which are in short supply.

- **Opinion of expert forecasters.** The expert forecasters are those who are knowledgeable to estimate future human resource needs. These may be the personnel managers or the outside consultants who are asked to assess the future needs. These forecasts can be further sophisticated by using the “**Delphi Technique**”, where the experts are anonymously surveyed, their opinions refined, and these opinions sent back to experts for further evaluation. The process is repeated until a consensus is reached.
- **Trend projection forecasts.** The past trends in the employee needs can be projected into the future. One method used is known as extrapolation where, if the past trend is linear in nature, it can simply be extended into the future.
- **Other forecasting techniques.** Some of the other forecasting methods include:
 - i. **Budget and planning analysis.** The short term human resource needs can be estimated by looking into the departmental budgets and financial allocations for more employees as well as any anticipated changes in the workforce like terminations, resignations, promotions, transfers, etc.
 - ii. **New ventures analysis.** The human resources needs for new ventures or organisational expansion can be calculated by comparison with similar operating functions. The growth of the new venture can also be established by past trends of similar operating companies.
 - iii. **Computer models.** These are most sophisticated approaches involving solutions of mathematical formulae and equations, taking into consideration the relationship and effect of all relevant variables are extrapolation, indexation, survey results and other estimates.

The factors to be considered for forecasting demand and supply are as follows:

Forecasting Demand

- **Anticipated growth of the organisation.** This growth rate can be calculated from the past trends on the assumption that all variables affecting this growth will remain constant.
- **Budget constraints and allocations.** The budget allocation specifically for the purpose of new employees will determine the number of new workers that can be hired, thus putting a ceiling on the maximum number.
- Anticipated turnover in personnel due to retirement, death, transfers, termination of service, promotions etc.
- **Introduction of new technology.** With continuous technological developments, innovation and automation, the personnel needs are constantly changing.
- **Minority hiring goals.** The goals established by the organisation about hiring minorities or the handicapped, as a part of the affirmative action policies may affect the demand for the total number of employees, especially when it is difficult to match the skilled, semi-skilled or unskilled minority workers to the specific job requirements.

Forecasting Supply

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- **Promotions of employees from within the organisation.** Promotions are a good and a reliable source of supply of experienced and skilled personnel, who do not need to be extensively trained and who are also familiar with the organisational goals, policies, and philosophy.
- **Availability of required talent in the external labour market.** This may be assessed by unemployment figures, a survey of private and public employment agencies and other sources.
- **Competition for talent within the industry.** If the competition is very tough then it will be more difficult to tap the supply and the cost of additional workers will become very high.
- **Population movement trends.** The demographical changes will also affect the sources of supply. For example, if there is a tendency for people to move from rural areas to urban areas then the supply in the rural areas will dry up.
- **Enrolment trends in vocational schools and colleges and universities.** If there is a marked increase in the number of students in training programmes as well as colleges, this will improve the supply of skilled personnel and personnel with specialised educational backgrounds.

The Staffing Process

The staffing function consists of the following sequential steps:

Step 1: Analyze the job by preparing job description, job specification and job analysis.

Step 2: Actual recruitment. This would explore all the internal and external sources from where the required personnel can be recruited.

Step 3: Employee selection. This crucial step involves using such techniques as would identify and isolate the suitable people who would eventually be selected.

Step 4: Retention. When the right people have been hired, they must be retained so that they stay with the organisation for a long time. This step discusses such factors that are influential in maintaining the workforce.

Step 5: Training and development. This consists of all such programmes that assist in continuous growth and development of the employees.

Step 6: Performance appraisal and career development. This step involves devising methods that would judge an employee's performance over a period of time and providing opportunities to employees to develop their careers and managerial talents.

Job Description

Job specification is a systematic, organised and written statement of “**who does what, when, where, how and why,**” and is a tangible outcome of job analysis. It describes the work to be performed, the responsibilities and duties involved, conditions under which the work is performed, the relationship of one job with other similar or dissimilar jobs and the skill, education, and experience required. A job description is used for a variety of purposes such as recruitment and selection, job evaluation etc.

A job description generally contains the following data:

- **Job Specification.** It includes job title, code number of the job if any, the department or division to which the job belongs etc.

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- **Job summary.** It is a brief summary, in a sentence or two, explaining the contents of the job, its hazards or any other specific aspects.
- **Duties performed.** It is a comprehensive listing of the duties together with the importance of each duty and the percentage of time devoted to each major duty.
- **Machines, tools and equipment used.** This will include the type of machinery handled and the type of raw materials used.
- **Working conditions.** It gives us the working environment in which the job holder must work.

Job descriptions are freely used in educating the new employees about their duties and responsibilities. According to Burack and Smith:

- Job descriptions reduce confusions and misunderstandings. They communicate to workers in clear terms as to what they are required to do.
- Since it gives a clear picture of duties and responsibilities, it gives a greater job satisfaction as the worker knows what is expected of him.
- Good job descriptions are effectively used in recruiting, training and placement of right workers to the right jobs.
- They reduce discrimination and assist in objective performance appraisal.

Job Specification

Job specification specifies personality requirements and lists qualifications both physical and mental, necessary to perform the job properly. It is used in informing the prospective employees about minimum acceptable qualities required to get the job and perform it well. It may be a specific period of experience, a specific educational degree or specific physical requirements such as height, weight etc.

Recruitment

After manpower needs have been determined, the next step in the staffing function is recruitment of candidates for the jobs to be filled. Recruitment is the process of attracting qualified personnel, matching them with specific and suitable jobs, and assigning them to these jobs. Its aim is to develop and maintain adequate manpower resources upon which an organisation can depend, when it needs additional employees.

There are basically **two** sources of supply from where the potential employees can be drawn, both at managerial as well as operative levels. These are:

- Internal sources
- External sources.

Internal Sources Internal sources are the most obvious sources and are primarily within the organisation itself, and include its present working force. Most organisations have procedures for announcing vacancies through bulletin boards, newsletters or word of mouth or personal recommendations.

External Sources The external sources are varied and many. Most organisations cannot fill their manpower needs from sources within and hence they must look for outside sources, especially for lower

entry jobs, for expansion and for positions whose specific requirements cannot be met by people within the organisation.

This outside pool of potential candidates includes:

- i. New entrants to the workforce. These may be college student who are just finished studies and are entering the job market.
- ii. The employed. These are the people who may be temporarily out of a job. These may be people with skills and abilities. These may be people who are currently at jobs that are unsuitable to them and who may be looking for better opportunities.
- iii. Retired experienced persons. These may be accountants, mechanics, security guards etc. They have the necessary experience and may be hired as consultants or supervisors.

Some of the sources of external recruitment include:

- **Active files of potential candidates kept at the organisation.** These are the resumes of the candidates who had earlier applied but not selected. Similarly, unsolicited applications may constitute a much used source of personnel. Such records can prove to be a good source if they are kept up to date.
- **Walk-ins and gate hiring.** These are potential candidates, generally for lower level jobs who simply walk into the office and ask for a job. This method is especially useful for mass hiring of unskilled and semi-skilled workers.
- **Employment agencies.** These employment agencies may be public or private. The public employment agencies are subsidized by the local governments and may provide a variety of services.

Pros and Cons of various Recruiting Sources

Walk-ins for hourly paid workers, other sources must be studied for their contribution as economically and technically the “best” sources. **It has been found that employee referrals are perhaps the best source of employees while newspaper ads and employment agencies among the worst.**

A study conducted by James A. Breaugh, focusing on research scientists, showed that on the basis of quality and dependability factors, the applicants recruited through college placement offices and newspaper ads were **inferior** in performance to those recruited directly or through professional journals.

Selection

Selection is a process of choosing the right candidate from a pool of applicants. This process is established to achieve a good match between the job requirements and the candidate’s skills and motives. A good match results in increased productivity and quality performance. A bad match is extremely costly to the company due to cost of training the candidates, the cost of mistakes made by the candidate and the cost of replacement.

McMurray has listed some comprehensive steps that can be taken in the selection process.

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1. The first step for the management is to be thoroughly familiar with the requirements of the job as well as the qualifications and expectations of the candidate.
2. The second step is to conduct a preliminary screening interview, before a more comprehensive interview is conducted, to have an initial assessment of the candidate's abilities and motives.
3. The third step is the completion of a formal application form which summarily lists a person's background, education, experience and any special abilities.
4. The fourth step is to check the candidate's references and seek opinion from his previous employers or instructors if he is fresh out of college.
5. The fifth step is to give certain tests to the candidate, if necessary, to make judgements about certain specific aspects of the candidate.
6. The sixth step is the in-depth interview which is conducted to evaluate the applicant's acceptability in terms of his ability to fit into the company's culture and his "motives" in joining the company.
7. The seventh step is to establish the applicant's physical health.
8. The final step is the process of hiring itself. In some responsible executive positions, the management may want to get socially acquainted before the final decision is made.

Retention

The hiring process and the training process is very costly. It requires a lot of time, effort and money during the process of selecting the right person who would be most suited to the job. It would be even more costly if the right person once hired, leaves the organisation because the work environment was not such where his potential would be most utilised and recognised. Accordingly it is necessary to create a working environment which will be conducive to maintaining the workforce and keeping them in high morale. The employees should be fairly paid for their work and a conceptual environment created in which the employees feel a sense of belonging with the company.

Some of the factors involved in retention of workforce are:

- **Compensation administration.** This involves a fair compensation on the basis of time spent, units produced, hazards of the job, skills required etc.
- **Labour relations.** Good labour relations and fair union representation provide for proper channels for processing grievances as well as mutually beneficial negotiations with the management which provide for job security and job advancement.
- **Health and safety.** If there are any job related health and safety hazards, then it is necessary to provide safeguards against any such occurrences or the ill-effects of any such occurrences.
- **Auxiliary employee services.** These include recreational facilities, food services, company newspaper, athletic facilities for the employees and their families.

Training and Development

Training, generally designed for non-managers refers to technical and mechanical skills. Training is defined as "a short term process utilising a systematic and organised procedure by which non-managerial personnel learn technical knowledge and skills for a definite purpose". The term

‘development’ refers broadly to the nature and direction of change induced in the employees as a result of educational and training programs. The ‘development’ is managerial in nature and is career focused.

According to Planty, McCord and Efferson, the training:

1. Must be a continuous process;
2. Must be planned systematically in order to accomplish the desired results efficiently;
3. Must be aimed at all employees of the firms;
4. Must result in benefits both to the organisation as well as the employees.

The Need for Training

It is important that employees be inducted into training programs to improve their job knowledge; skills and future performance. The need for proper training is emphasised by the following factors:

- **Increased productivity.** Adequate training increases skill which improves both the quality as well as the quantity of the product due to increase in the level of performance.
- **Improvement in employee morale.** Training improves needed skills which build up confidence and satisfaction.
- **Availability for future personnel needs of the organisation.** Good training programs develop the employees and prepare them for future managerial and executive positions.
- **Improvement in health and safety.** Proper training can help prevent industrial accidents and create a safer work environment.
- **Reduced supervision.** A trained employee supervises himself.
- **Organisational stability.** Training and development programs foster the initiative and creativity of employees which increases a sense of belonging, thus preventing manpower obsolescence.

Steps in the Training Program

- **Discover the training need.** Training needs can be identified by assessing the current and future business conditions and by matching with the skills and resources available and by evaluation of the performance of the people with specific emphasis on areas of improvements.
- Establish objectives of the training programs.
- Getting ready for the job.
- **Presentation of operations.** This step involves the selection of qualified trainees and the identification of training methods.

Training Methods

There are basically **two ways by which non-managerial workers** including those in **supervisory** roles can be trained for a particular job. These are:

1. **On-the-job training.** This method is the most widely used method and it simply means putting the worker on the job under close supervision of a trained instructor. In support, there may be a variety of training aids, techniques, such as procedure charts, lecture manuals, sample problems, demonstrations etc. This training continues until the supervisor is satisfied that the employee can perform the job without supervision.

2. **Off-the-job training (vestibule training).** This training is conducted in a company classroom with on-the-job situation to work with. Some companies prefer this technique, since it does not disrupt the normal operations. Training is generally given in the form of lectures, discussions, case studies and demonstrations.

RECRUITMENT AND SELECTION

Recruitment is only one of the steps in the entire employment process. Some others used the term recruitment for selection. These two terms are not one and the same either. Technically speaking, the function of recruitment precedes the **selection** function and it includes only finding, developing the sources of prospective employees and attracting them to apply for job in an organisation, whereas the selection is the process of finding out the most suitable candidate to the job out of the candidates attracted (i.e., recruited).

Definition of Recruitment

Recruiting refers to those sets of activities an organisation uses to attract job candidates possessing the appropriate characteristics to help the organisation reach its objectives (Glueck, 1978). According to Byars and Rues (1984), recruitment involves seeking and attracting a pool of people from which qualified candidates for job vacancies can be chosen. The basic purpose is to develop a group of potentially qualified people.

Complexity of the Function of Recruitment

Performing the function of recruitment, i.e., increasing the selection ratio is not as easy as it seems to be. This is because of the hurdles created by the internal factors and external factors which influence an organisation. **The first activity of recruitment i.e., searching for prospective employees** is affected by many factors like:

- Organizational policy regarding filling up of certain percentage of vacancies by internal candidates.
- local candidates (sons of soil);
- influence of trade unions;
- government regulations regarding reservations of certain number of vacancies to candidates based on community/region/caste/sex; and
- Influence or recommendations, nepotism etc.

The other activity of recruitment is consequently affected by the internal factors such as:

- working conditions;
- promotional opportunities;
- salary levels, type and extent of benefits;
- other personnel policies and practices;
- image of the organisations; and
- Ability and skill of the management to stimulate the candidates.

Recruitment Policy

Recruitment policy of any organisation is derived from the personnel policy of the same organisation. In other words, the former is a part of the latter. However, recruitment policy by itself should take into consideration the government's reservation policy, policy regarding sons of the soil etc. personnel policies of other organisations regarding merit, internal sources, social responsibility in absorbing minority sections, women etc.

The following factors should be taken into consideration in formulating recruitment policy. They are:

- government policies;
- personnel policies of other competing organisations;
- organisation's personnel policies;
- recruitment sources;
- recruitment needs;
- recruitment cost;
- selection criteria and preference etc.

Centralised versus Decentralised Recruitment

Recruitment practices vary from one organisation to another. Some organisations like commercial banks resort to centralised recruitment, while some organisations like the Indian Railways (for Group III and Group IV positions) resort to decentralised recruitment practices. Personnel department at the central office performs all the functions of recruitment in case of centralised recruitment and personnel departments at unit level (zonal level performs all the functions of recruitment concerning the jobs of the respective unit or zone).

Sources of Recruitment

Some companies prefer to recruit from within, since this aids employee morale, loyalty and motivation. Other companies prefer to recruit externally to prevent inbreeding and to encourage new ways of thinking. Although recruitment policies vary significantly from company to company, some authorities feel it is a good practice to promote from within whenever anyone in the company has the requisite qualifications needed to fill a vacancy (Menk, 1979).

Internal Sources Internal sources include:

- present permanent employees;
- present temporary/casual employees;
- retrenched or retired employees;
- dependents of deceased, disabled, retired and present employees.

Why Organisations prefer internal source?

Organisations prefer this source to external source, to some extent, for the following reasons:

- Internal recruitment can be used as a technique of motivation;
- Morale of the employees can be improved;
- Cost of selection can be minimised;
- Trade unions can be satisfied;

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- Social responsibility towards employees may be discharged;
- Stability of employment can be ensured;

External Sources

Organisations have at their disposal a wide range of external sources for recruiting personnel. External recruiting is often needed in organisations that are growing rapidly, or that have a large demand for technical, skilled, or managerial employees. External sources provide a larger pool of talent, and they prove to be cheaper, especially when dealing with technical or skilled personnel who need not be offered any training in the organisation, in the long run.

Organisations usually try to dig up external sources of recruitment for the following reasons:

- The suitable candidates with skill, knowledge, talent, etc., are generally available;
- Candidates can be selected without any pre-conceived notion or reservations;
- Cost of employees can be minimised because employees selected from this source are generally placed in minimum pay scale;
- Latest knowledge, skill, innovations or creative talent can also be flowed into the organisation;

External sources include:

- Educational and Training Institutes;
- Private Employment Agencies/Consultants;
- Public Employment Exchanges;
- Professional Associations;
- Data Banks;
- Casual Applicants;
- Similar Organisations;
- Trade Unions.

Recruitment Techniques

Recruitment techniques are the means or media by which management contacts prospective employees or provides necessary information or exchanges ideas or stimulates them to apply for jobs. Management uses different types of techniques to stimulate internal and external candidates. Techniques useful to stimulate internal candidates are;

- Promotion
- **Transfers.** Employees will be stimulated to work in the new sections or places, if management wishes to transfer them to the places of their choice.
- **Recommendations of the present employees.** Management can contact, persuade the outsiders to apply for job in the organisation through the recommendations to the candidates by the present employees, trade union leaders etc.
- **Scouting.** Scouting means sending the representation of the organisations to various sources of recruitment with a view to persuading or stimulating the candidates to apply for jobs.
- **Advertising.** Advertising is a widely accepted technique of recruitment, though it mostly provides one way communication.

Types of Recruitment Appeal

The recruiter should know what his organisation can offer and what the potential candidate wants (Milton, 1970). Different candidates like young, old, women, men – have different needs. An appeal's effectiveness depends upon applicant's fundamental and immediate needs and those needs which are not met by his present job.

They should use those features in recruiting the candidates that are desired by the prospective candidates. Research studies show that male workers desire security, opportunity for advancement, self-determination, freedom in the job etc. whereas women employees desire personal relations with people at work, good supervision, pleasant working conditions etc.

Recruitment Practices

Findings of the various surveys conducted in foreign countries reveal that various organisations use the following sources of recruitment in the order of the relative practice – employee referrals, casual applicants, advertising, local educational institutions, public employment exchanges, private employment agencies and unions. Industries in India depend on the following sources:

- Internal sources;
- Badli lists or a central pool of candidates from which vacancies are filled;
- Public employment exchanges;
- Casual labourers;
- Labour contractors;
- Candidates introduced by friends and relatives;
- Private employment agencies/consultants;
- Campus recruitment like Indian Institutes of Management, Indian Institutes of Technology, Indian Institute of Science, National Institute for Training Industrial Engineers.
- Sons of the soil. Recently there has been a move in India that the vacancies at the lower level should be filled by local people (sons of soil).

Selection

After identifying the sources of manpower, searching for prospective employees and stimulating them to apply for jobs in an organization, the management has to perform the function of selecting the right employees at the right time. The obvious guiding policy in selection is the intention to choose the best qualified and suitable candidate for each unfilled spot and to avoid commitments to those who will not work well (Yoda and Standohar, 1984).

The objective of the **selection** decision is to choose the individual who can most successfully perform the job from the pool of qualified candidates. The selection procedure is the system of functions and devices adopted in a given company to ascertain whether the candidates' specifications are matched with the jobs specifications and requirements or not.

Significance of Selection Process

Selection of personnel to man the organisation is a crucial, complex and continuing function. The ability of an organisation to attain its goals effectively and to develop in a dynamic environment largely depends upon the effectiveness of its selection programme. If right people are selected, the remaining functions of personnel management become easier; the employee contribution and commitment will be at optimum level and employee-employer relations will be constructive, cooperative and congenial.

Organisational Relationships

Before designing a selection procedure, the manner in which tasks and responsibilities for accepting or rejecting candidates should be shared by line and staff executives, must be laid down. The personnel department should eliminate all unsuccessful candidates, so that the time of the line executives need not be spent on such people. Secondly, candidates who can meet job requirements should be made available promptly. Line executive is ultimately vested with the authority either to accept or to reject a candidate. However, the personnel officer has a duty to see that the right types of personnel are selected and placement done wisely. If he is not satisfied in this regard, he should give his views to the superior and should avoid involving himself in argument with departmental head on methods of selection.

Using Selection Agencies/Consultants

Some private agencies/consultants in India perform the function of recruitment and selection so as to enable the organisations to concentrate on their main functions. They advertise, conduct tests and interview and provide a shortlist. Some companies have started using the services of these agencies as they provide expertise and reduce workload. The organisation has to take these following factors into consideration in selecting an agency or a consultant:

- reputation, effectiveness, sincerity and punctuality of the organisation;
- advertisement copy, design, media of various agencies;
- amount of fee, payment period and mode;
- objectivity, fair and justice in selection;
- selection techniques to be adopted, particularly psychological tests, interview methods etc.
- competence of the human resources of the agency/consulting firm.

The company has to do the following in case of using an agency or a consultant:

- briefing the agency about the requirements, terms and conditions of employment;
- providing job and employee specifications and helping the consultant in modifying them;
- checking and reviewing the draft of the advertisement;
- ensuring that all arrangements are made for conducting test and interview.

Factors Affecting Selection Decisions

The goal of selection is to sort out or eliminate those judged unqualified to meet the job and organisational requirements, whereas the goal of recruitment is to create a large pool of persons available and willing to work. Thus it is said that recruitment tends to be positive, while selection tends to be somewhat **negative**.

A number of factors affect the selection decision of candidates. The important among them are:

- Profile matching.
- Organisational and social environment
- Successive hurdles.

Need for Scientific Selection Systems

Every organisation has to follow a systematic selection procedure, since problems with the employee start after his selection and employment.

Above all, the organisation should also follow the Government rules and regulations regarding filling up of certain number of vacancies by the candidates belonging to certain communities and certain regions.

Selection Procedure

There is no standard selection process that can be followed by all the companies in all the areas. Companies may follow different selection techniques or methods depending upon the size of the company, nature of the business, kind and number of persons to be employed, government regulations to be followed etc. Thus, each company may follow any one or the possible combinations of methods of selection in the order convenient or suitable to it.

Steps in Scientific Selection Process

The steps are as follows:

1. **Job analysis.** Job analysis is the basis for selecting the right candidate.
2. **Recruitment.** Recruitment refers to the process of searching for prospective employees and stimulating them to apply for jobs in an organisation.
3. **Application form.** Application form is also known as application blank.
4. **Written examination.** The organisations have to conduct written examination for the qualified candidates after they are screened on the basis of the application blanks so as to measure the candidate's ability in arithmetical calculations, to know the candidates' aptitude towards the job, to measure the candidates' aptitude, reasoning, knowledge in various disciplines, general knowledge and English language.
5. **Preliminary interview.** The preliminary interview is to solicit necessary information from the prospective applicants to assess the applicant's suitability to the job.
6. **Group discussion.** The technique of group discussion is used in order to secure further information regarding the suitability of the candidate for the job.
7. **Tests.** The next stage in the selection process is conducting different tests as given below. The objective of tests is to solicit further information to assess the employee suitability to the job.

The important tests are:

- **Intelligence test.** This test measures various factors like capacity for comprehension and reasoning, word-fluency, verbal comprehension, numbers, memory, space, picture arrangements etc.

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- **Aptitude test.** This test measure whether an individual has the capacity to learn a given job if he is given adequate training. Examples of specific aptitudes are mechanical, clerical, academic etc.
 - **Achievement test.** Aptitude is a capacity to learn in future, while achievement is what one has accomplished. When applicant's claim to know something on achievement test is administered to measure how well he knows it.
 - **Interest test and personality test.** The purpose of these tests is to find out the types of work in which a candidate is interest (likes and dislikes) personality tests are similar to interest tests, in that, they involve a serious problem of obtaining honest answers.
 - **Judgement test.** These tests seek to evaluate the applicant's ability to apply knowledge judiciously in solving a problem.
 - **Projective test.** This test measures a candidate's ability to project his personality into free responses about ambiguous pictures shown to him.
8. **Final interview.** Final interview is usually followed by testing. This is the most essential step in the process of selection. In this step, the interviewer matches the information obtained about the candidate through various means to the job requirements and to the information obtained through his own observation during interview.

Types of interviews.

The types of interviews are:

1. Informal interview;
2. Formal interview;
3. Planned interview;
4. Patterned interview;
5. Non-directive interview;
6. Depth interview;
7. Stress interview;
8. Group interview; and
Panel interview.

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9. **Medical examination.** Certain jobs require certain physical qualities like clear vision, perfect hearing, unusual stamina, tolerance of hard working conditions, clear tone, etc.
10. **Reference checks.** After completion of the final interview and medical examination, the personnel department will engage in checking references.
11. **Final decision by the Line Manager.** The line manager concerned has to make the final decision whether to select or reject a candidate after soliciting the required information through different techniques discussed earlier.
12. **Employment.** Thus, after taking the final decision, the organisation has to intimate this decision to the successful as well as unsuccessful candidates.

Placement

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When once the candidate reports for duty, the organisation has to place him initially in that job, for which he is selected. Immediately the candidate will be trained in various related jobs during the period of probation of training or trial. The organisation, generally, decides the final placement after the initial training is over, on the basis of candidate's aptitude and performance during the training/probation period.

Induction

Introducing the new employee who is designated as a probationer to the job, job location, surroundings, organisation, organisational surroundings, various employees is the final step of employment process.

Employee Training and Development

Employee productivity is a function of ability, will and situational factors. An organization may have employees of ability and determination, with appropriate equipment and managerial support yet productivity falls below expected standards.

Conditions Requiring Training

There are certain conditions that will serve as pointers for the need for training. These symptoms manifest themselves in a variety of ways. The most common ones are listed below:

1. Lack of interest in one's job;
2. Negative attitude to work;
3. Low productivity;
4. Tardiness;
5. Excessive absenteeism rate;
6. Excessive complaints;
7. High rejects or low quality output
8. High incidence of accidents;
9. Insubordination.

When a company starts experiencing some of these warning signs, it should consider training. An employee will not complain to management that he requires training; instead he would hide his frustration and use money, for example, as it scapegoat by demanding more wages; he may complain of the lack of fringe benefits and use one or two isolated examples to justify his complaint.

Objectives of Training

- **Increased Productivity:** From the company's point of view, productivity is at the apex of all training programmes.
- **Lower Turnover Rate:** An employee who is incapable of producing is frustrated by failure and is more likely to abandon his work than those who are capable of producing.
- **Higher Morale:** A man who is trained has confidence in his ability to perform.
- **Better coordination:** Training helps in the coordination of men and material.

Determining Training Needs

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Before any training programme is undertaken, the need for training has to be identified. The need for training increases as a result of new technology, new products, variety of new customers and other factors such as competitive strategy of competitors. To mount a training programme requires systems analysis.

PRAXEONOMY: According to Gilbert (1967), the best common sense approach to identify areas of training is to use the formula $D = M - I$

D = inefficiency in the employee

M = complete list of behaviour necessary for mastery of the job

I = for all the knowledge of behaviour necessary for the job which the employee already possesses. .

Who Should Do The Training?

It is very important in all organizations to identify people who can carry out training in the organization. The arrangement for training is generally the function of the personnel department. In the organization, training resource personnel could be drawn from:

1. company regular line executives
2. staff personnel in the organization
3. outside specialists or consultants.

Company line executives could be, in the case of sales, senior salesmen, field supervisors, territorial or area managers or sales managers who have proven knowledge of the subjects to be covered. Staff personnel could be used in their areas of expertise. The chief accountant, or accounts supervisors could mount training programme for production managers, salesmen, etc.

The Trainer

It must be observed here that employee training should be seen as a right not a privilege and should start soon after employment. The selection of the trainers is very essential to ensure maximum result. A good trainer should be identified before training commences. A good trainer is one who encourages maximum participation of employees, has a positive attitude, shows enthusiasm in what he is doing and has confidence in himself.

Methods and Techniques of Training

- **On the Job Training:** - This is the most popular and in some cases, the only form of training programme used by some organizations.
- **Apprenticeship Programmes:** - This method of training is employed when extensive practice or technical knowledge is required to perform a job.
- **Job Rotation:** - This is a training device that makes it necessary to move the trainee from one department or unit to another to master what goes on in that section.
- **Vestibule Training:** - This is a training device that trains the employee off his regular work area but in an environment closely resembling his work place.

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- **Role Playing:** - Is a technique of training where the trainee plays the part of a certain character or acts in an event.

Evaluation

The purpose of evaluating a training programme is to determine its effectiveness. A training programme is effective if it has achieved the purpose for which it was designed. The information collected in the evaluation process should enable the company to improve on the programme for future trainees, and enable the trainers appraise themselves in terms of method and content.

Management Development

A national survey reveals that promotion is the most valued organizational reward by senior staff. Management development gets an employee ready for a rise in the organizational hierarchy. Promotion gives a sense of self-fulfillment and its denial especially when one thinks one merit it deflects one's ego. Every organization should identify and encourage employees who have the potential to contribute their quota in the organization and the society as a whole. No organization can continue to survive and grow in our dynamic environment that forgets to develop its managerial cadre.

Human Asset Accounting

The importance of quality manpower in an organization has been sufficiently highlighted by Likert () who is one of the greatest proponents of Human Asset Accounting. The postulate is that human asset should be quantified and placed on the balance sheet of the organization.

Nature of Management Development

Organizational Objective: The development of objectives is the first step required in the preparation for management development. As discussed by Drucker, an objective is like a compass bearing by which a ship navigates. The compass bearing itself is firm, pointing in a straight line towards the desired post (). Objectives give a sense of purpose and direction. This will help the organization to analyse its long-range goals and strategic plans for the future.

Problems Associated with Management Development in Nigeria

The following are some of the problems associated with management development in Nigeria as identified by organizations and employees: -

- **The objective of the training programme is not clearly stated to the participants.** There is no mental preparedness.
- Some employees see some development programmes as a few days off work that are meant for relaxation.
- There is no positive reinforcement after the training.
- The employee does not have the opportunity to put what he has learnt into practice.
- Many management development programmes are boring as the lecturers speak in general terms.
- There is inadequate support from the executives.

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- The consultants are not properly selected and do not adapt their lectures to suit specific organizational needs.

Self Development

At the root of all organizational employee development is self development. The desire for an individual to better his lot in an organization and attain self fulfillment is necessary for the success of any organizational or group effort. An executive owes it to himself to ensure self development. A manager must want to develop and grow in ability for any programmes to be successful. An executive does not have to wait for the organization to force him to grow; those who do, become obsolete.

Performance Appraisals

One of the key responsibilities of the manager is to evaluate the performance of his subordinates. The essence of the evaluation is to assess their character, attitude, potentials and past performance on the job. **Employee evaluation** has often been called **performance appraisal**, **performance rating** or **performance evaluation**. Whatever name it is called, the essence of the rating is to **evaluate the employee's strength and weaknesses**.

Personal Characteristics in the Appraisal Form

There is a litany of personal characteristics that are evaluated during an appraisal exercise. Some of the major characteristics often included are:

Honesty, Judgement, Loyalty, Personality, Industriousness, Attitude, Dependability, Persistence, Tactfulness, Cooperativeness, Resourcefulness, Maturity, Adaptability, Imaginative ability, Motivation, Initiative Enthusiasm, Leadership, Aggressiveness, Creativity, Skill competency

Performance Appraisal Methods

The Ranking Method: This is the oldest and the most common appraisal method in use. The supervisor ranks his subordinates from the most productive to the least productive.

Graphic Rating Method: This is one of the most popular rating methods

Paired Comparison Method: This closely resembles the ranking method. Two employees are compared at a time and the better one is noted; then those that are noted are paired again. This is not a popular method because there are usually many traits to be evaluated.

Forced Choice Method: The forced choice method forces the supervisors to make use of restraints. The rater is forced to select a pair of sentences that best describe the employee. The purpose of this technique is to minimize bias as his lack of knowledge or inconsistency is easy to detect from his choices.

Critical Incident Method: In this method the rater is expected to show incidents in the work situation in which the employee being evaluated has shown positive or negative influences in work situations. Factors such as initiative, judgment, creativity, etc. are to be shown.

Field Review Technique: This method allows outside specialists to evaluate the employee. Because of the cost involved, this technique is used very sparingly. One of its setbacks is that the outside specialist does not know the employee nor does he have the necessary information for an objective evaluation.

Pitfalls in Performance Rating

Some of the key pitfalls in performance rating are given below.

- **Halo Effect** –The rater allows one outstanding negative or positive incident or trait to influence his rating of the employee.
- **Rating the man and not the job** – Subjective evaluation of the employee based on the rater's likes and dislikes or whether he gets along with the subordinate or not, or whether he likes his tribe, religion or language
- **Rating every employee average** –This is the error of central tendency where the rater sees every employee as average. This problem often is an escapist attitude. He believes it is the most convenient and least contestable way out.
- **Pressure of Time** –This is associated with the lack of time that induces management to rush the appraisal.
- **Not sharing the result** – Here the rater refuses to discuss the rating with the subordinate. In Nigeria, the open reporting system makes this a thing of the past.
- **Recency** –Tendency to rate one positively or negatively because of latest events that took place before the rating.

Purposes of Performance Evaluation

Performance evaluation is not an end in itself; it is a means to an end. The end is, as pointed out, to help the employee know his weaknesses and strengths, and help the employer make some basic decisions on how to distribute organizational favours.

Periodic Appraisal

Employees should be appraised periodically. Most organizations in Nigeria have annual appraisal systems. The formal annual evaluation should not be a substitute for periodic informal employee appraisal. The periodic appraisal gives the employee the opportunity to correct deficiencies before the formal annual evaluation. The main purpose of an evaluation is not punitive but corrective.

Motivation

Motivation is that energizing force that induces or compels and maintains behaviour. Human behaviour is motivated, it is goal directed.

Physiological Need

This is the basic need of people – food, clothing and shelter. These needs are strongest in man's life and must be satisfied before other needs. This need can be satisfied with money. A man who is starting life needs money to obtain shelter, buy food and clothing. His major preoccupation will be to ensure that these basic needs are substantially satisfied. It appears to have a dominating influence than any other need at this stage of a person's career. At every stage in the organisation, management is to recognise that every kobo means much to the employee. He would trade some comfort for money.

Safety Need

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As soon as the physiological needs are satisfied, safety need appears. An individual's safety becomes very important to him. Question such as what happens to me when I get sick? How am I protected from organisational hazards?; becomes his major concern.

Social Need

This need is often referred to as acceptance need. The individual has satisfied his two basic needs and wants acceptance, to love and be loved. He values friendship, affection and the sense of belonging. Affection need, esteem need and self-actualisation are secondary needs. They are seldom satisfied by money.

Esteem

Need This is the fourth need. At this stage, the individual has need for recognition, accomplishment, achievement and the need for self-respect.

Self-actualisation Need

This is the last in Maslow's hierarchy of needs. This need is often called fulfillment need. This is the need for an employee to reach his highest potential at workplace or in conquering his environment.

Management by Objectives (MBO)

Employees are also motivated when management integrates their goals into the organisational goal through MBO. Management by Objectives is one of the latest methods advocated by Peter Drucker et al for achieving organisational objectives.

FORECASTING

Since planning is "a systematic, economic and rational way of making decisions today that will affect tomorrow", then forecasting becomes an integral part of the planning process especially strategic planning which is long-range in nature.

Accordingly, it is necessary to make accurate forecasts in the following areas:

- **Economic developments.** The economic conditions of the country as well as those of the whole world would have significant effect on the operations of an organisation.
- **Economic developments.** The economic conditions of the country as well as those of the whole world would have significant effect on the operations of an organisation.
- Political events.
- New laws and regulations.

The Importance of Forecasting

Forecasting is widely used today, and some of these forecasts, especially the short-term ones are fairly reliable. Some forecasts, using scientific methods or instrumentation can be accurately made. Short-range weather forecasting, forecasting the path of meteorites and comets or solar and lunar eclipses is quite accurate. However, accuracy becomes less dependable if we extend forecasting farther into the future.

Forecasting about human behaviour or situational trends is much more difficult to assess and may result in faulty estimates. How people will respond to certain actions taken by the organisation is very difficult to predict.

The uncertainty of future events overshadows the fact that even the most skilled forecasters using the most sophisticated tools and techniques make major mistakes in making predictions.

Forecasting Techniques

There are basically two broad categories of forecasting techniques. These are:

1. **Qualitative techniques** - These techniques are primarily based upon judgement and intuition and especially when sufficient information and data is not available to that complex quantitative techniques cannot be used. **Secondly**, quantitative methods are based on the analysis of the past data and its trends which may or may not remain the same. **Thirdly**, they follow a certain pattern and do not provide for accommodating any unexpected occurrences.
2. **Quantitative techniques** - These techniques use statistical analysis and other mathematical models to predict future events, primarily based upon past activities.

Delegation

Delegation is the organizational process that permits the transfer 'of authority from a superior to a subordinate. Delegation of authority empowers a subordinate to make commitments, use resources and take action in relation to duties assigned to him. No organization can function effectively without delegation. The division of 'an organization into units (departmentalization) involves delegation. Delegation originates from the fact that one person alone cannot successfully discharge all the responsibilities in an organization. "In essence delegation of authority means that a subordinate has the power to make decisions and to act within explicit limits without checking with superiors".

When one delegates, three major factors are implicit:

1. There is assignment of responsibility.
2. There is a delegation of authority.
3. There is a creation of accountability.

Delegation involves accountability. Accountability means answering for the use of your formal authority by someone else. Delegation of formal authority to another person does not relieve one of the necessities of accounting for it. A subordinate must account for the use of delegated authority because an obligation is created. A subordinate is held responsible for assigned tasks and he is accountable for the satisfactory completion of the duty.

Key Principles of Delegation

Parity of Authority and Responsibility: One of the problems often associated with delegated authority is that 'people like to delegate responsibility but not authority.

Absoluteness of Accountability This principle states that "although responsibility may be assigned and authority may be delegated to subordinates accountability to one's superior can neither be assigned nor delegated."

Principles of Unity of Command This principle states that "a subordinate should be accountable to one and only one; superior at a time".

Failure to Delegate

Despite the fact that delegation is a very important organizational process, some executives find it difficult to delegate. Some of the major reasons are summarized below:

- Some executives get trapped in the "I can do it better myself fallacy".
- Lack of ability to direct or encourage co-operation among subordinates.
- Fear that delegation diminishes managerial authority.
- Absence of selective controls to warn of impending difficulties.
- Lack of confidence in subordinates.
- A temperamental aversion to taking a chance.

Effective Delegation

Effective delegation helps managers to spend less time on specific technical activities or routine decision making and concentrate their efforts on other strategic management problems.

Decentralization

An organization is said to be decentralized if authority to make decisions is delegated to managers at the lower ladders of the organizational hierarchy. What really constitutes decentralization is relative. In contrast to a centralized organization; top management is either fully centralized or fully decentralized. Certain decisions are often centralized and others are decentralized. As a general rule, factors such as the size of the organization, the degree of interaction between members, management philosophy and the personality of the members determine the degree of decentralization.

Decentralization is encouraged in all modern organizations because it promotes initiative and flexibility and helps in the development of subordinates by helping them to participate in decision making.

It is impossible to look at an **organization chart** and determine whether an organization is **centralized** or **decentralized**. It is the practice that determines that.

Task Specialization

One of the major factors that promote decentralization is task specialization. Each department deals with a defined group of organizational activity. It is believed that the specialization of activities would lead to increased production.

Span of Control

Span of control deals with the number of subordinates that an executive can manage effectively. There is a positive relationship between the span of control and delegation. A broad span of control forces

manager's to allow their subordinates to enjoy the full benefits of the delegated responsibility. There is also a close relationship between the number of employees answerable to an executive and the number of management levels. It is as a result of this that Graicunas believes that tall organizational structures improve management supervisory efficiency because they entail a narrow span.

Factors that affect Span of Management

- Ability of the Supervisor
- **Ability of the employees.** Employees with adequate skill, experience and training require little or no supervision in the
- **Type of work.** The type of work employees are doing will influence the span of control
- **Congruency of Goals.** Employees who believe in the organization and see it as the ladder through which they will attain their goals, are self motivated to work without supervision.
- **Importance of the work.** Some jobs require closer supervision than others.

Graicunas Theory

Graicunas used a mathematical equation to arrive at the conclusion that only a narrow span of management would make for efficient management. He postulates that as a supervisor deals with subordinates, not only will the number of direct relationships increase, but also the number of group relationships and cross relationships will rise.

Definition of Social Responsibility

Social responsibility is seen as:

Behavior from ultimately destructive activities, no matter how immediately profitable and which leads in the direction of positive contributions to human betterment.

Areas of Social Responsibility

Business social responsibility exists in all the enterprises with their customers, owners, employees, suppliers, creditors, management, government and the society as a whole. Thus any person who shares the environment with the enterprise has a relationship with it.

In the following areas, business owes most of its social responsibility to the society:

- Pollution problems – water, air and solid waste, land and noise.
- Poverty and discrimination – ethnic discrimination and parochial interest.
- Consumerism – product safety, misleading advertising, consumer complaints, smuggling.

Neglect of Social Responsibility

- The relative small size of Nigerian business enterprises. Many Nigerian enterprises are very small in size and their financial strength precludes the consideration of social responsibility as a task that must be seriously considered.
- Many of the large enterprises are owned by foreign firms whose main pre-occupation is profit maximization.
- Nigeria has over the years placed much reliance on publicly owned enterprises.

Social Responsibility and the Nigerian Entrepreneur

In the study conducted by the author which involved 205 Nigerian business organisations employing more than 50 employees each, it was found that 57.4% of the respondents were fully aware of the need for social responsibility of businesses. The frequently mentioned social responsibility included:

- avoiding of smuggling
- fair advertising
- fair advertising
- price control
- environmental sanitation, and
- product safety.