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ON

Business Management

Concept

- Management is a very popular term and has been used extensively for all types of activities and mainly for taking charge of different activities in any enterprise.

- Thus, management has to see that tasks are completed and goals are achieved (i.e., effectiveness) with the least amount of resources at a minimum cost (i.e., efficiency).

Management, has therefore, been defined as a process of getting things done with the aim of achieving goals effectively and efficiently.

"Management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims."

Harold Koontz and Heinz Weihrich

"Management is defined as t he process of planning, organising, actuating and controlling an organisation's operations in order to achieve coordination of the human and material resources essential in the effective and efficient attainment of objectives."

Robert L. Trewelly and M. Gene Newport

Characteristics of Management

- **Management is a goal-oriented process**
- **Management is all pervasive**
- **Management is multidimensional**
  - *Management of work*
  - *Management of people*
  - *Management of operations*
- **Management is a continuous process**
- **Management is a group activity**
- **Management is a dynamic function**
- **Management is an intangible force**

Importance of Management

- Management helps in achieving group goals

- Management increases efficiency

- Management creates a dynamic organisation

- Management helps in achieving personal objectives

- Management helps in the development of society

Interpersonal roles

1. Figurehead - Symbolic leader of the organization performing duties of social and legal character

2. Leader - Motivating subordinates, interaction with them, selection and training of employees

3. Liaison - Establishing contacts with managers and specialists of other divisions and organizations, informing subordinates of these contacts

Informational roles

1. Monitor (receiver)   - Collecting various data relevant to adequate work
2. Disseminator of information   - Transmitting information obtained from both external sources and employees to interested people inside the organization
3. Spokesperson   - Transmitting information on the organization's plan's, current situation and achievements of the divisions to outsiders

Decisional roles

1. Entrepreneur - Seeking opportunities to develop processes
2. Disturbance handler - Taking care of the organizations, correcting ongoing activities,
3. Resource allocator - Deciding on expenditure of the organization's physical, financial and human resources
4. Negotiator (mediator) - Representing the organization in all important negotiations

Functions of the Manager

Regardless of the type of the industry, the functions involved in an organization, or the organizational level at which one functions; every manager has to perform certain basic managerial functions such as *planning, organizing, staffing, leading and controlling*

Planning is the process of setting goals, and charting the best way of action for achieving the goals. This function also includes, considering the various steps to be taken to encourage the necessary levels of change and innovation.

Organizing is the process of allocating and arranging work, authority and resources, to the members of the organization so that they can successfully execute the plans.

Staffing consists of recruiting, training and developing people, who form part of the organized efforts to contribute towards organizational growth.

Leading involves directing, influencing and motivating employees to perform essential tasks. This function involves display of leadership qualities, different leadership styles, different influencing powers, with excellent abilities of communication and motivation.

Controlling is the process of devising various checks to ensure that planned performance is actually achieved. It involves ensuring that actual activities confirm to the planned activities. Monitoring the financial statements, checking the cash registers to avoid overdraft etc., form part of this process.

The Essentials of control activities are:

- Setting performance standards
- Determining the yard-stick for measuring performance
- Measuring the actual performance
- Comparing actuals with the standard
- Taking corrective actions, if actuals do not match with standards

The Levels of Management

▪ *Top management* sets the goals of the organization, evaluates the overall performance of various departments involved in selection of key personnel and consults subordinate managers on subjects or problems of general scope.

▪ *Middle level management* is responsible for developing departmental goals and initiate actions that are required to achieve organizational objectives.

▪ *Supervisory management* takes charge of day-to-day operations at the floor level and is involved in preparing detailed short-range plans.

❖Types of Managers

There are three types of managers in an organization. They are:

- Top level managers,
- middle level managers and
- first-level mangers.

Scientific Management

- F. W. Taylor - Principles of Scientific Management
    - use of scientific methods to define the "one best way" for a job to be done
    - perspective of improving the productivity and efficiency of manual workers
    - applied the scientific method to shop floor jobs

TAYLOR'S FOUR PRINCIPLES OF MANAGEMENT

1. Develop a science for each of an individual's work, which will replace the old rule-of-thumb method.

2. Scientifically select and train, and develop the worker. (Previously, workers chose their own work and trained themselves as best they could)

3. Heartily cooperate with the worker so as to ensure that all work is done in accordance with the principles of the science that has been developed.

4. Divide work and responsibility almost equally between management and workers. Management takes over all work for which it is better fitted than the workers. (Previously, almost all the work and the greater part of the responsibility were thrown on the workers.)

General Administrative Theorists

■ Henri Fayol
  − concerned with making the overall organization more effective
  − developed theories of what constituted good management practice
    • proposed a universal set of management functions
    • published *principles of management*
      – fundamental, teachable rules of management

- Six operations in any organization
    1. Technical – production
    2. Commercial (buying, selling and exchange)
    3. Financial (optimum use of capital resources)
    4. Security (Protection of property and person)
    5. Accounting services (Stock, balance sheet)
    6. Administration

FAYOL'S 14 PRINCIPLES OF MANAGEMENT

1. Division of work. Specialization increases output by making employees more efficient.
2. Authority. Managers must be able to give orders. Authority gives them this right. Along with authority, however, goes responsibility.
3. Discipline. Employees must obey and respect the rules that govern the organization.
4. Unity of command. Every employee should receive orders from only one superior.
5. Unity of direction. The organization should have a single plan of action to guide managers and workers.
6. Subordination of individual interests to the general interest. The interests of any one employee or group of employees should not take precedence over the interests of the organization as a whole.
7. Remuneration. Workers must be paid a fair wage for their services.
8. Centralization. This term refers to the degree to which subordinates are involved in decision making.
9. Scalar chain. The line of authority from top management to the lowest ranks is the scalar chain.
10. Order. People and materials should be in the right place at the right time.
11. Equity. Managers should be kind and fair to their subordinates.
12. Stability of tenure of personnel. Management should provide orderly personnel planning and ensure that replacements are available to fill vacancies.
13. Initiative. Employees who are allowed to originate and carry out plans will exert high levels of effort.
14. Esprit de corps. Promoting team spirit will build harmony and unity within the organization.

McGregor's Theory X and Theory Y

- **Theory X** holds a relatively negative, and pessimistic view of workers. It states that people do not like to work. They only try to avoid it. Managers have to control, direct and coerce the workers to work.

- People do not like to work and try to avoid it.

- The managers have to control, direct and coerce them to work towards achieving organizational goals.

- People who prefer to be directed, avoid responsibility and have little ambition.

Theory Y holds a more positive view. This theory is based on assumptions that, people do not dislike work, are internally motivated to achieve the different objectives to which they are committed, and that people actively seek and accept responsibility.

- People by nature, do not dislike work.

- People are committed to their goals, depending on the degree to which they receive awards.

- People are creative and innovative

- In many organizational situations, their potential is underutilized.

Planning

"Thinking Before Doing"

Definitions of Planning

- In his definition of planning, Peter Drucker offers a holistic view about this term.

- "Planning is a continuous process of making present entrepreneurial decisions systematically and with best possible knowledge of their futurity, organizing systematically the efforts needed to carry out these decisions and measuring the results against expectations through feedback systems.

Nature of Planning

- *Goal-oriented:* Planning involves the establishment of goals, objectives and means to accomplish those goals.
- *Intellectual or rational process*: Planning is considered to be more of an action oriented program, because at any given point of time, it provides sound judgment about actions already undertaken or to be undertaken.
- *Primary functions*: Managerial operations such as organizing, direction, coordination etc. can be effectively performed through proper planning.
- *All pervasive*: Planning is carried out at all levels, irrespective of the level of authority. At the top level, top-managers evolve long-term plans. At middle level, middle level managers design medium term plans, and at the lower level, plans that are evolved at the top and the medium levels, are executed.

- ***Futuristic:*** Since the future is uncertain, planning involves an anticipation of the future course of actions and also making provisions for achieving the results.
- ***Perpetual process*:** Due to drastic changes that are taking place in the external environment, plans have to be continually updated or modified at regular intervals.
- ***Integrated process*:** Plans are interdependent between different departments, as also integrated with each other.
- ***Choice*:** To achieve the overall objectives, organizations can choose any one or different course/s of action, to achieve the desired ends.

Significance of Planning

- *Planning focuses attention on objectives*
- *Offsets uncertainty and risk*
- *Direction*
- *Provides guidelines*
- *Increases organizational effectiveness*
- *Better coordination*
- *Facilitates control*
- *Innovation and creativity*
- *Delegation*

Types of Plans

- Plans can be classified in a number of ways on the basis of:
- Organization level
- Frequency of use
- Time frame

Organization Levels

- On this basis, plans can be divided under strategic, tactical and operational plans.

Plans based on Frequency of Use

- Plans can be categorized on the basis of how frequently they will be use. Based on the extent of recurring use, plans can be of two types: single use plans and standing plans.

Plans based on the time frame

- There are three types of plans based on time frame. These are: short-term, medium-term and long-term plans.

Planning Process

There are eight steps in planning process. These are:

- Analyze opportunities
- Establish objectives
- Develop premises
- Identify alternatives
- Evaluation
- Selection
- Implementation
- Review

Limitations of Planning

- Lack of accurate information
- Time consuming
- Expensive
- Inflexibility/Rigidity
- Resistance to change
- Environmental constraints
- Lack of ability and commitment

Strategy

- Strategy   refers to the determination of the purpose and basic long term objectives of an enterprise; and the adoption of different courses of action, with proper allocation of resources in order to achieve the aims

Policy

- Policies are general statements that guide managers' thought process in decision making.
- In simple terms, policies act as guidelines; enabling organizations to achieve their goals.

Levels of Strategy

Strategies are classified on the basis of organizational hierarchy. There are three levels of strategies. These are:

- Corporate level strategy
- Business level strategy
- Functional level strategy

Strategic Planning

Strategic planning is the process of selecting an organization's goals, and determining the polices and programs necessary to achieve specific objectives.

- The characteristics of strategic planning are given below:

- Strategic planning provides direction to the business.

- It provides a framework for detailed planning

- It is based on predictions about the environment

- It enables to identify and focus resources on key areas

- Top management takes initiative in planning process.

Significance of Strategic Planning

- Strategic planning is important, because it provides the framework for organizational activities that can lead to improved organizational functioning and responsiveness

Benefits of strategic planning

- Strategic planning provides consistent guidelines for overall organizational activities.
- It enables managers to anticipate problems and handle them accordingly
- It helps mangers to take appropriate decisions
- It minimizes the chances of mistakes and unpleasant surprises.

Limitations of strategic planning

The limitations of strategic planning are:
- It is expensive, as many firms hire in consultants, and adopt sophisticated planning models.
- It is based on concepts rather than real needs of the business.
- It is time-consuming, as a result the ends (results) are delayed.
- It is long-term activity, and may take many years to complete the project.

Six steps involved in the planning process.

- Define the mission
- Develop objectives
- Assess opportunities and threats
- Formulate strategy
- Implement strategy
- Monitor and adopt strategic plans

Effective Implementation of Strategy

- Effective implementation of the strategy has eight prerequisites
- Communicate strategies
- Develop and communicate planning premises
- Develop organization culture
- Monitoring
- Develop contingency strategies and programs
- Emphasize on planning and implementation
- Create proper organizational climate

Decision- Making

- "Decision Making is the process through which managers identify organizational problems and attempt to resolve them."

Significance of Decision Making

- Use of rational and systematic approach yields better results
- Clarity in understanding the alternative courses
- Aims at best solution

Decision Making Process

- Determining the problem
- Identifying resources of constraints:
- Generate alternative solutions
- Evaluating alternative solutions:
- Selecting alternatives
- Implementing the decision:
- Monitoring

Organising

"A place for everything and Everything at its
Place"

Definitions of Organizing

L.A. Allen offered an holistic view on organizing

"Organizing is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority, and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives."

Benefits of Organizing

The benefits of organizing are as follows:

- Provides clarity in work
- Supports plans and controls activities
- Supports decision-making
- Makes it easier to achieve the task, as they are organized logically
- Advantages of division of labor
- Avoids duplication of efforts and resources
- Cultivates harmonious relationship among members in diversified activities

Traditional perspective on organizing

- **Unity of command:** To avoid conflicts and maintain a smooth flow of authority in the organization, each individual (subordinate) should report to only one boss (superior).

- For instance, worker A reports to Manager I, worker B reports to Manager II etc., and managers review their subordinates' performance individually, i.e., Manager I reviews the work of worker A only.

- **Authority:** If an organization contains a well-defined line of authority, it becomes easier for the employees to coordinate and contribute their efforts, in achieving organizational goals.

- **Responsibility:** Responsibility (obligation to accomplish the work) follows, when managers delegate the authority.

- **Downward delegation:** A superior can get the work done by subordinates, while retaining authority.

Formal organization

A group of people working together, under a higher authority; with cooperation between themselves, for achieving goals, that are of mutual benefit to the participants and the organization.

- The characteristics of formal organization are given below:
- Clearly stated operating principles
- Special mechanisms to coordinate the activities of their members
- Clear lines of authority and communication
- Identifiable leaders and unambiguous boundaries

Informal organization

Informal organization describes the pattern of behavior and interaction, that stems from personal, rather than official relationships. In other words, informal organizations are created by the group members themselves, with the purpose of accomplishing goals that may or may not be relevant to the organization.

- Employees join informal groups for the following reasons.
- Probably the main reason being, people's liking to be in the company of like-minded people.
- The goals of the group are appealing to the individual.
- Some people feel the need to work with their associates and be accepted by them.
- Informal groups can be powerful forces in an organization. Managers who decide to fight against an informal organization system, will have to overcome the major obstacle of informal groups.

Factors Determining an Effective Span

- Training
- Clarity and delegation of authority
- Clarity of plans
- Use objective standards
- Rate of change
- Communication Techniques

Process of Organizing

The following steps are involved in organizing process

- Establish the objectives of the organization

- Frame supportive objectives and policies

- Identify and classify the objectives as per the organizational requirements

- Group the activities, based on human resources, materials etc.

- Delegate authority to groups

- Organize the groups, both vertically and horizontally

Departmentation can be done in four ways:

- Functional structure
- Divisional structure
- Hybrid structure
- Matrix structure

Functional structure

- Functional structure groups are formed into units on the basis of similarity of expertise, skills and work-groups positions.

Advantages of functional structure

Clarity in tasks

- Provides economies of scale within functions. As employees are specialized, large volumes of work can be handled effectively.
- Specialize   in a particular function or an area, enables employees to become experts in their functional areas.
- Ease of coordination within the departments, as activities are related to similar specialized areas.

Disadvantages of functional structure

- It results in narrow, boring and monotonous tasks.

- All the decisions have to be made/passed by the top-management. Overburdening keeps mounting (unable to decide which one to prioritize), and this results in poor decision making.

■Divisional structure

Divisional structure is a type of departmentation, where in different positions are grouped, based on the products, services and markets. Each division has functional resources for pursuing its own goals, with little or no relevance for other divisions.

- **Product structure**

  Product structure is created, with a purpose, to concentrate on a particular product or service or at least a relatively homogeneous set of products or services.

Geographic division

In the geographic division, departmentation is made on the basis of either location or territory. This structure is very common in organizations, having wide operations and a large network. Examples in this area include, banking industry, transport industry, etc.

■Customer divisions

Customer divisions are set up, for serving a particular type of client or customer. They tend to serve the niche market or the untapped market.

- **Hybrid structure**

  A blend of functional and divisional structures, takes the form of a hybrid structure. Organization adopts a hybrid structure, to avail the benefits of a functional structure (economies of scale, in-depth expertise, resource utilization) and a divisional structure (focus on products, customers needs and markets).

- **Authority**

  Authority is the right to make decisions, carryout actions, and direct others, in matters related to the duties and goals of a position.

  Power

  Power (broader concept) is one's ability, in affecting the behavior of others.

Line and Staff Relationships

▪ A line position is vested with authority and responsibility, for achieving the major goals of an organization. A staff position, on the other hand, provides specialized expertise and assistance to persons in line positions.

Centralization Vs Decentralization

- Centralization implies a systematic and consistent reservation of authority at the central points within an organization. On the other hand, decentralization is granting of decision-making authority by top level management to the lower level employees.

Delegation of Authority

"Delegation of authority is the delivery by one individual to another, of the right to act, to make decisions, requisition resources and to perform other tasks in order to fulfill job responsibility." Delegation is the establishment of a pattern of authority between superior and one or more subordinates.

Organizational culture

- "Organizational culture is a system of shared values, assumptions, beliefs and norms that unite the members of an organization"

- "Organizational culture is the shared philosophies, values, beliefs and behavior patterns that form the organization's core identity"

Staffing

"Right Men at Right Job"

HRM Process

HRM process, which has five basic activities:

- Human resource planning
- Staffing
- Training and development
- Performance appraisal
- Compensation

Human resource planning

- It involves forecasting the manpower demand, forecasting manpower supply and human resource actions.

Staffing

▪Activities that are aimed at attracting and selecting individuals for different positions that facilitate the achievement of organizational goals. This process involves recruitment and selection.

Training and development

■Training denotes efforts to increase employee skills. Training increases an employee's skills, changes the employee's behavior and attitudes towards work. Employees at various levels require training, but the program contents will differ depending on the specific requirements.

Performance appraisal

- Performance appraisal compares an individual's job performance against standards or objectives developed for the individual's position.

Compensation

- It includes wages, salaries, and fringe benefits paid to employees in recognition of their work. Compensation can be paid in monetary (cash, gift cheques, bonus) and non-monetary terms (stock options, insurance etc.)

Recruitment

Recruitment is the process, of attracting suitable candidates, who are capable of effectively filling the existing job vacancies.

Sources of recruitment

- Sources of recruitment can be either internal or external or both.

Internal Recruitment

- Internal recruitment implies, finding the suitable candidates (employees) within the organization and encouraging them to apply for the job.

External Recruitment

- The process of attracting applicants from outside the organization is known as external recruitment.

Recruitment Process

- To fill vacancies in different departments, organizations recruit those candidates, whose qualifications and experience match with their requirements.

Selection Process

- The selection process involves, choosing the right candidate, and matching his characteristics (knowledge, skills, experience etc.), with the requirements of the job.

Socialization of Newly Hired Recruits

The process of new employees, adapting to the new environment (work activities, co-workers and boss, job standards etc) is known as socialization. Socialization can be effective when the employer gives a realistic picture about the job, and organizes training and orientation programs to the new employees.
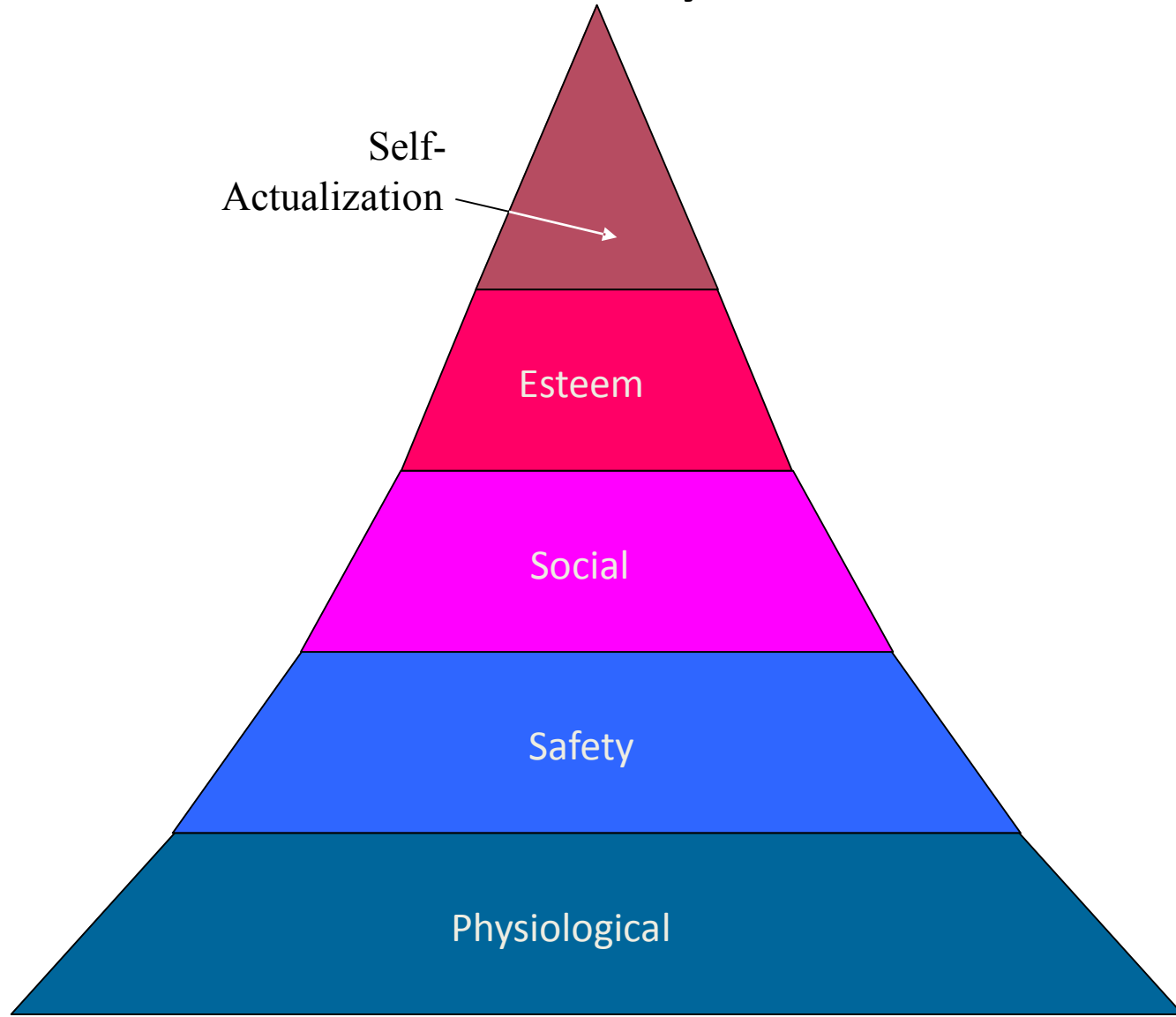
What Is Motivation?

▪ **Motivation**
   – the willingness to exert high levels of effort to reach organizational goals, conditioned by the effort's ability to satisfy some individual need
      • *effort* - a measure of intensity or drive
      • *goals* - effort should be directed toward, and consistent with, organizational goals
      • *needs* - motivation is a need-satisfying process
   – *need* - an internal state that makes certain outcomes appear attractive
      • unsatisfied needs create tensions that stimulate drives
      • drives lead to search behavior

Early Theories of Motivation

▪ Maslow's Hierarchy of Needs Theory
- *lower-order needs* - largely satisfied externally
  - *physiological* - food, drink, shelter, sexual satisfaction
  - *safety* - security and protection from physical and emotional harm
    - assurance that physiological needs will be satisfied
- *Higher-order needs* - largely satisfied internally
  - *social* - affection, belongingness, acceptance
  - *esteem* - internal factors like self-respect, autonomy
    - external factors like status, recognition, attention
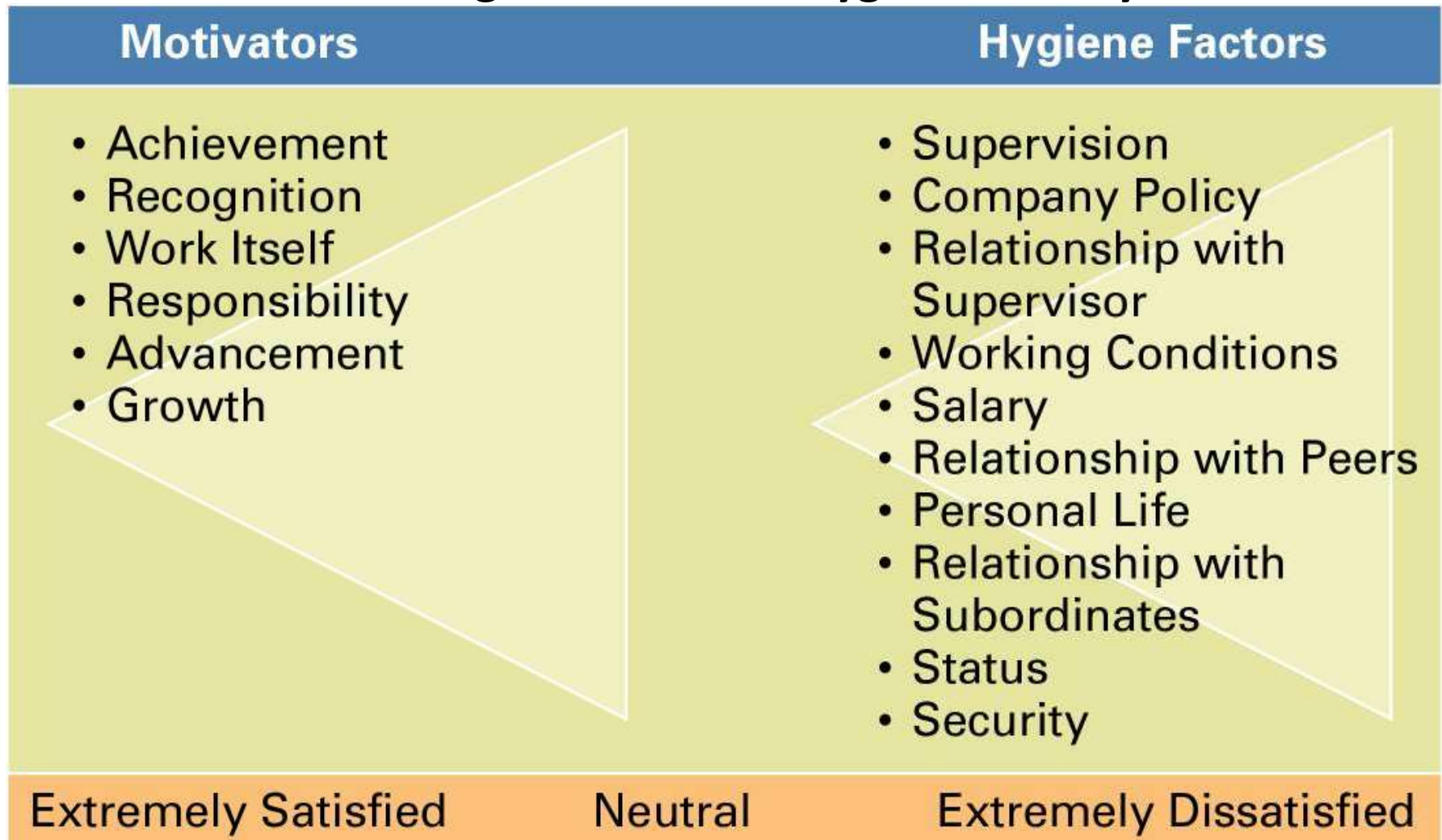 - *self-actualization* - achieving one's potential

Maslow's Hierarchy of Needs

Herzberg's Motivation-Hygiene Theory

- intrinsic characteristics consistently related to job satisfaction
    - *motivator* factors energize employees
- Extrinsic characteristics consistently related to job dissatisfaction
    - *hygiene* factors don't motivate employees
- proposed dual continua for satisfaction and dissatisfaction
- theory enjoyed wide popularity
    - influenced job design
- theory was roundly criticized

Herzberg's Motivation-Hygiene Theory

Motivators	Hygiene Factors
• Achievement • Recognition • Work Itself • Responsibility • Advancement • Growth	• Supervision • Company Policy • Relationship with Supervisor • Working Conditions • Salary • Relationship with Peers • Personal Life • Relationship with Subordinates • Status • Security

Extremely Satisfied   Neutral   Extremely Dissatisfied

Contemporary Theories Of Motivation

- **Three-Needs Theory - McClelland**
  - *need for achievement* (nAch) - drive to excel, to achieve in relation to a set of standards, and to strive to succeed
    - do not strive for trappings and rewards of success
    - prefer jobs that offer personal responsibility
    - want rapid and unambiguous feedback
    - set moderately challenging goals
      - avoid very easy or very difficult tasks
    - high achievers don't necessarily make good managers
      - focus on their own accomplishments
        - » good managers emphasize helping others to accomplish their goals

■ Three-Needs Theory (cont.)

– ***need for power*** (nPow)
  - need to make others behave in a way that they would not have behaved otherwise

– ***need for affiliation*** (nAff)
  - desire for friendly and close interpersonal relationships

– best managers tend to be high in the need for power and low in the need for affiliation

Japanese Management and Theory Z

Japanese management

- In contrast to the traditional approach, the Japanese, followed certain management practices (Life-time employment, continuous training etc.) that resulted in an increase in productivity.

- Theory Z was proposed by William Ouchi, who after a careful study discovered that certain successful firms had adopted/practiced both US and Japanese management styles. He named this new management style, as 'Theory Z', wherein American companies followed the Japanese way of functioning. This theory assumes that the average worker wants to be involved in the management of a company, and building up of trust among all organizational members is the central theme of raising productivity.
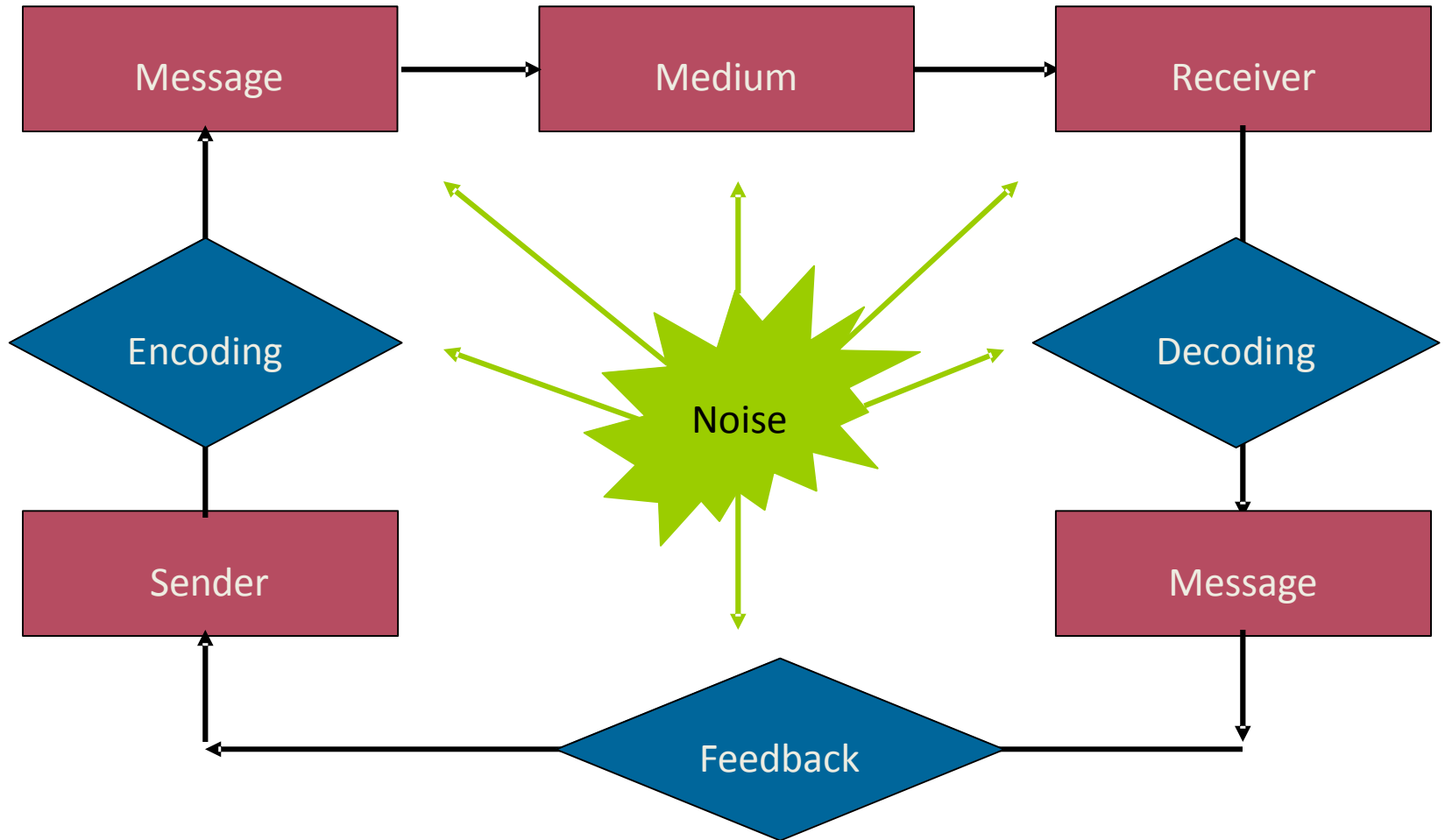
Communication

Communication

- Communication plays key role in the success of a manager. How much professional knowledge and intelligence a manager possesses becomes immaterial if he is not able to communicate effectively with his subordinates and create understanding in them. Directing abilities of a manager mainly depend upon his communication skills. That is why organisation always emphasise on improving communication skills of managers as well as employees.

Process Of Interpersonal Communication

- **Elements of the Process**
  - *message* - expresses the purpose of the communication
  - *encoding* - converting the message in symbolic form
    - affected by the skills, attitudes, and knowledge of the sender, and by the culture of the organization
  - *channel* - medium for conveying the message
  - *decoding* - retranslating symbols into a message
    - affected by personal characteristics of the receiver
  - *noise* - disturbances that interfere with the transmission, receipt, or feedback of a message
    - message itself and channel can distort communications
    - feedback also subject to same sources of noise

The Interpersonal Communication Process

| Message | → | Medium | → | Receiver |

| Encoding | | Noise | | Decoding |

| Sender | | | | Message |

| | | Feedback | | |

Process Of Interpersonal Communication (cont.)

■Methods of Communicating Interpersonally
- a wide variety of communication methods exist
- choice of a method should reflect:
  - the needs of the sender
  - the needs of the receiver
  - the attributes of the message
  - the attributes of the channel

Process Of Interpersonal Communication (cont.)

■Methods of Communicating Interpersonally (cont.)

– *nonverbal communication* - communication without words

• types

– *body language* - gestures, facial expressions, and other body movements that convey meaning

– *verbal intonation* - emphasis someone gives to words or phrases that conveys meaning

• every oral communication is accompanied by a nonverbal message

• nonverbal component usually carries the greatest impact

Facial Expressions Convey Emotions

Source: S.E. Taylor, L.A. Peplan, and D.O. Sears, *Social Psychology*, 9th ed. (Upper Saddle River, NJ: Prentice Hall, 1997), p. 98; photographs by Paul Ekman, Ph.D. Used with permission.

■Barriers to Effective Interpersonal Communication
- *Filtering* - the deliberate manipulation of information to make it appear more favorable to the receiver
  - upward communication is condensed by senders to avoid information overload by top-level receivers
  - extent of filtering affected by:
    - the number of vertical levels in the organization
    - culture of the organization
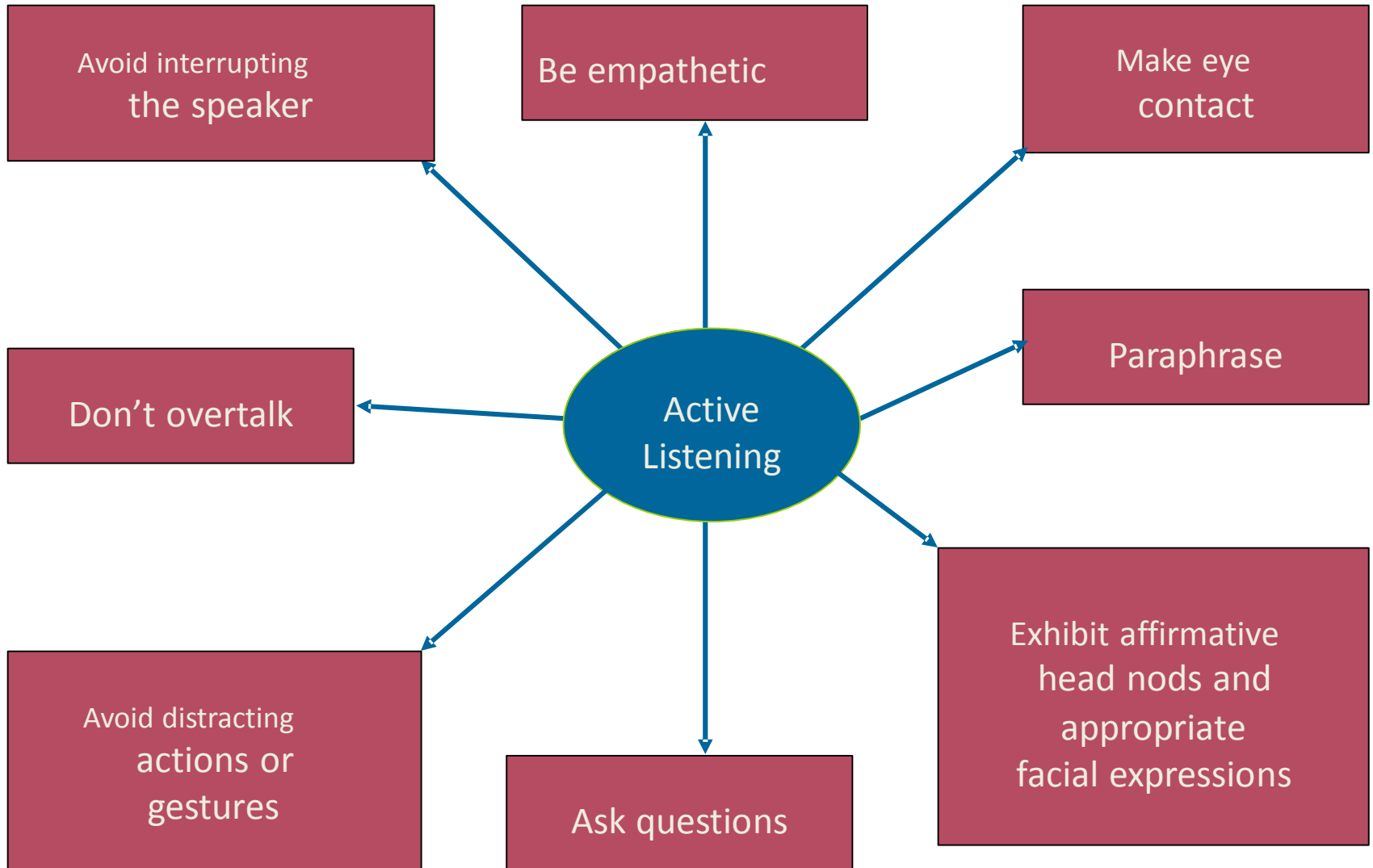- *Selective Perception* - what people see and hear influenced by their attitudes, background, and experience

■Barriers to Effective Interpersonal Communication (cont.)

- – *Emotions* - interpretation of a message affected by the way the receiver feels
  - extreme emotions likely to hinder effective communication
- – *Information Overload* - information available exceeds processing capacity
  - frequent complaint of executives

■Barriers to Effective Communication (cont.)

– *Defensiveness* - behaviors that result from feeling threatened
  - hinders effective communication
– *Language* - meaning of words differs among people with diverse backgrounds
  - *jargon* - specialized terminology used by a group
  - even those who speak the same language may use it quite differently
– *National Culture* - cultural values affect the way people communicate
  - individualism versus collectivism

■ Overcoming the Barriers to Effective Interpersonal Communication

- *Use Feedback* - ask a set of questions about a message to determine whether it was understood as intended
  - ask receivers to restate the message in their own words

- *Simplify Language* - tailor the language to the audience for whom the message is intended
  - jargon can facilitate understanding when used in appropriate groups

- *Listen Actively* - listen for full meaning
  - restrain premature judgments or interpretations
  - enhanced by developing empathy with sender

Active Listening Behaviors

Avoid interrupting the speaker

Be empathetic

Make eye contact

Don't overtalk

Active Listening

Paraphrase

Avoid distracting actions or gestures

Ask questions

Exhibit affirmative head nods and appropriate facial expressions

Organizational Communication

■Formal Communication
  – communication that follows the official chain of command or is communication required to do one's job
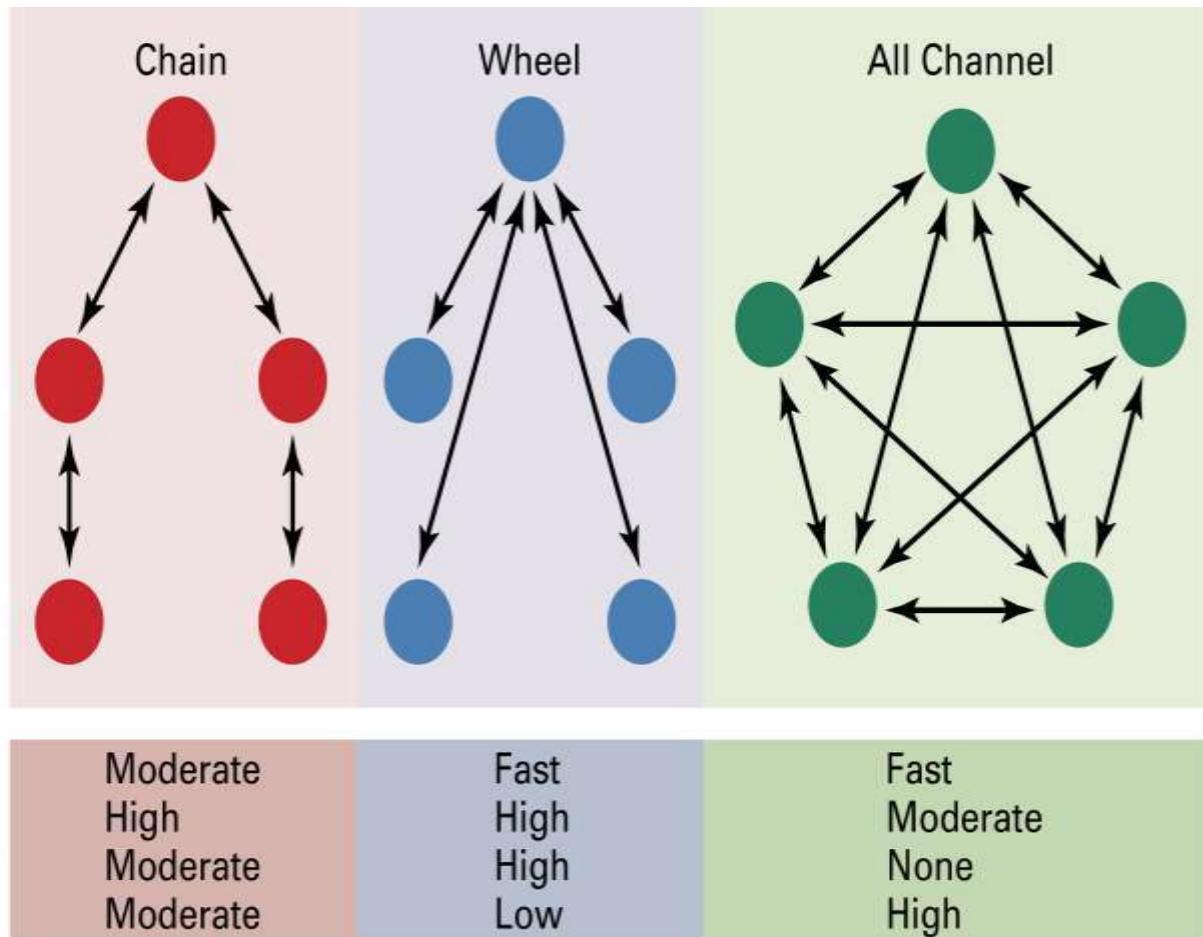 – takes place within prescribed organizational work arrangements
■Informal Communication
  – not defined by the organization's structural hierarchy
  – fulfills two purposes
    • permits employees to satisfy their needs for social interaction
    • creates alternative, and frequently faster and more efficient, channels of communication

■Direction of Communication Flow

– *Downward* - flows from a manager to subordinates

   • used to inform, direct, coordinate, and evaluate employees

– *Upward* - flows from subordinates to managers

   • keeps managers aware of employees' feelings

   • source for ideas on improving operations

   • amount of upward communication affected by the culture of the organization

      – trust and empowerment increase upward flow

      – mechanistic and authoritarian environment decrease upward flow

■Direction of Communication Flow (cont.)

– *Diagonal* - cuts across both work areas and organizational levels

- benefits efficiency and speed
- e-mail facilitates diagonal communication

Effectiveness Criteria

Criteria	Chain	Wheel	All Channel
Speed	Moderate	Fast	Fast
Accuracy	High	High	Moderate
Emergence of leader	Moderate	High	None
Member satisfaction	Moderate	Low	High

Controlling

"An Organization Without Control is Like Driving
A Vehicle Without Break"

Controlling

- Controlling is the process of regulating organizational activities, so that actual performance conforms to the expected organizational standards and goals.

According to Robert J Mockler, Management control is

- a systematic effort to set performance standards with planning objectives;

- to design information feedback systems;

- to compare actual performance with these predetermined standards;

- to determine whether there are any deviations and to measure their significance

Importance of Controlling

■ Control provides an organization, with the system,   to cope with uncertainties, detect irregularities, identify opportunities, decentralize the authority and minimize costs.

Levels of Control

- **Strategic control**: Under strategic control, the top level manager examines the environmental factors that affect the viability of strategic plans, assesses the effects of strategic actions and ensures the implementation of such strategic plans.

- **Tactical control**: Under tactical control, the middle level manager implements tactical plans at their departmental levels. They will be engaged in monitoring of the periodic results, taking corrective actions etc.

- **Operational control**: The lower level managers are engaged in operational activities such as implementation (of day-to-day plans), monitoring and taking corrective actions, wherever necessary.

Control Process

There are six steps in the control process. These are:

- Determining areas to control

- Establishing performance standards

- Measuring actual performance

- Comparing measured performance against established standards

- Taking corrective action when necessary

- Adjusting standards and measures

Requirements for Effective Control

- Controls systems should reflect planning

- They should be understandable

- Cost effective

- Controls should focus attention on critical areas

- Flexible

- Multidimensional

- Timeliness

- Accuracy

Major control systems

■There are six major control systems – financial control system, budgetary control system, quality control system, inventory control system, operations management and computer based information system.

Managerial level

■ Based on the managerial level, control systems differ. For instance, top-level management controls the financial aspects; middle level management is responsible for budgetary activities; lower level management is responsible for quality control (product and service quality) and inventory control (stocks and inventory levels).

Timing

- Timing controls are most effective, when they are applied at key places. Supervisors can implement controls, either before the process begins (feed forward), or during the process (concurrent), and even after it ceases (feedback).

Financial Control

■Financial control, is the control of financial resources. They have a special prominence in organizations. The most common financial control techniques are financial statements, ratio analysis and auditing. These compare an organization's performance to its budgets.

Four types of financial ratios are particularly important for managerial control. They are

- Liquidity ratio
- Asset management ratio
- Debt management ratio
- Profitability ratio

Budgetary Control

▪The purpose of budgetary control is to find out how the activities of an organization are progressing. To achieve budgetary control, actual results are compared and measured with anticipated results as provided in the budget.

THANK YOU..