
UNIT 2 FUNCTIONS OF MANAGEMENT

Structure

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2.0 OBJECTIVES

After going through this unit, you should be able to:

- explain the basic roles and functions of management;
- identify the objectives of managerial functions and their pre-requisites; and
- to develop an understanding about the necessity of the managerial processes.

2.1 INTRODUCTION

An organisation is formed for the fulfilment of certain objectives like earning a desired rate of profit on investment, exploitation of certain natural resources, development of a given geographical area, and supplying to the public some essential goods or services. Machines, materials, money and all other non-human resources are the tools and aids that man uses to achieve his tasks. Thus, a proper selection of men, their tactful handling and proper management is the essence of good overall management of an organisation.

2.2 FUNCTIONS/OBJECTIVES OF MANAGEMENT

Let us try and assess as to what management does. For example, let us determine the work involved in the construction of a mini steel plant. Broadly, these are:

- preparation of a feasibility report;
- working out a detailed project report;
- projection of time schedule or PERT network for completion of the project;
- arrangement and allocation of funds;
- selection of personnel and procurement of equipment;
- erection;
- commissioning; and
- despatch, marketing, finance and other commercial aspects.

If we break these broad items into finer elements and analyse the nature of work

involved in each of them, the process will reveal five basic elements which go into management. These are:

- Planning the course of action to be adopted to attain pre-determined objectives;
- Setting up an organisational structure and assigning specific responsibilities to different individuals;
- Directing and coordinating the efforts of all members working for the organisation;
- Controlling the activities of the members through setting up standards for their performance;
- Motivating the members to cooperate with one another for the achievement of the objectives.

In other words we can say that the functions and the objectives of Management may be the following:

- 1) To achieve an effective utilisation of human resources for the achievement of organisation goals.
- 2) To establish and maintain an adequate organisational structure and a desirable working relationship among all the members of an organisation by dividing the organisational tasks into functions, positions, jobs and by defining the responsibility, accountability, authority for each job and its relation with other job/ personnel in the organisation.
- 3) To secure the integration of the individuals and groups with the organisation by reconciling individual/group goals with those of an organisation in such a manner that the employees feel a sense of involvement, commitment and loyalty towards it. The absence of this integration will allow development of frictions, personal jealousies and rivalries, prejudices, personnel conflicts, cliques, factions, favouritism and nepotism. These will produce inefficiency and result in failure of the organisation.
- 4) To generate maximum development of individuals/groups within an organisation by providing opportunities for advancement to employees through training and job education or by offering transfers or by providing retraining facilities.
- 5) To recognise and satisfy individual needs and group goals by offering an adequate and equitable remuneration, economic and social security in the form of monetary compensation, and protection against such hazards of life as illness, old age, disability, death, unemployment etc. With adequate compensation and security, employees work willingly and cooperate to achieve an organisation's goals.
- 6) To maintain high morale and better human relations inside an organisation by sustaining and improving the conditions so that employees may stick to their job for a longer period.

Activity 1

Think of the extent to which, according to your estimate, these objectives are being fulfilled by the personnel office in your organisation and write below the extent of such fulfilment, choosing on the following for each objective:

- i) Adequately, ii) To some extent, iii) Not at all.

Objectives	Extent
1
2
3
4
5
6

Write below against each objective what more you would like to have done in your organisation:

Objectives	Suggestions
1
2
3
4
5
6

2.3 RESPONSIBILITIES OF MANAGEMENT

Considering organisational objectives, you will agree that the objectives are in the best interests of all the stake holders i.e. owners of enterprise, the community, the consumers of its goods and services, and members of the organisation itself, including groups who may belong to unions.

For enabling the organisation to fulfil these objectives the top management has to create some conditions as the pre-requisites. These are described below:

- 1) Existence of capable people in the organisation picked up on the basis of their merits and not on other considerations. If people are selected on other considerations they will be misfits, creating all sorts of problems for the organisation and other employees.
- 2) Plans for effective utilisation of efforts and potentialities of individuals and groups for appreciation of work well done and for future advancement and training. If people are left on their own, nothing will be achieved. They have to be provided with necessary opportunities and means, and given encouragement.
- 3) Considering employees as co-workers rather than as subordinates. If this is not done employees will not consider it their responsibility or duty to fulfil the objectives of the organisation.
- 4) A proper division of tasks of an organisation in accordance with a sound plan into functions and positions, each indicating a clear-cut authority, responsibility and duties as also relationship of one position with another. In the absence of such a division, chaotic conditions will prevail and no work will be done properly or even done at all.
- 5) The presence of clearly defined and comprehensive objectives and proper communication to all concerned. If objectives are not clear and if people, who are expected to work for achieving these, do not know about these, they cannot be expected to achieve them.
- 6) The formulation of objectives in consultation with senior persons in the organisation and common understanding among managers at all levels of the objectives. If the senior staff or personnel have not participated in the formulation of objectives they may not feel any real responsibility for achieving these. If managers at any level do not understand the objectives, they will not know why they are doing a given work what is expected of them and as a result may now even do it properly.

Activity 2

- a) On what basis are employees selected in your organisation and what weightage is given to each one of these bases?

Basis	Weightage
1.
2.

- involves achieving these objectives through people and utilization of other resources; and
- occurs in a formal organisational setting.

The set of primary social and technical functions characteristic of the management process are planning, decision-making, organising, staffing, directing, and controlling. These functions represent the logical grouping of generic management activities. Others inherent in the management process include integrating, coordinating, change, and in some cases, representation. All health services managers engage in these functions and activities to some degree regardless of hierarchical level. Intensity and focus vary depending on the individual's degree of authority and scope of responsibility and work activities. Interrelationships of primary social/technical management functions are presented in Fig. 2.1.

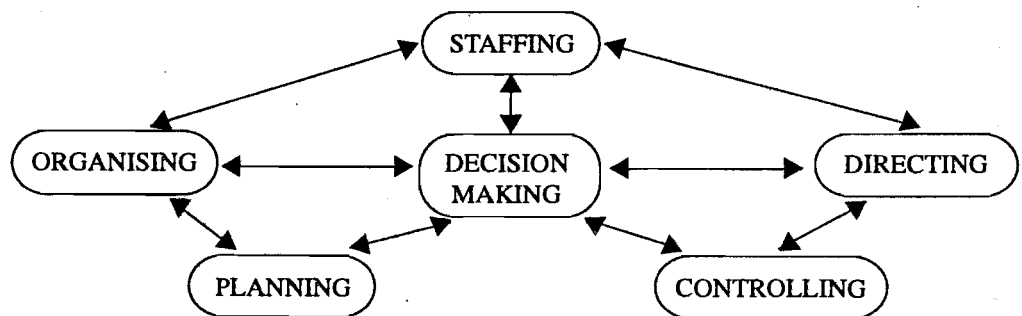


Fig. 2.1: Interrelationship of the management process functions.

Management Functions

The traditional classification system of management functions describes *how* managers do what they do—the activities they perform—to accomplish objectives (achieve work results) through people and utilization of other resources.

2.4.1 Planning

Planning is a technical managerial function that enables HSOs to deal with the present and anticipate the future. It involves deciding what to do, who, and how. It is also primary because the organising, staffing, directing, and controlling management functions are predicted on forecasts, objectives, strategies, and operational programmes developed through planning.

When planning, senior managers assess the organisation's external environment and how it will affect them, develop or redefine organisational and component objectives, determine specific means or strategies to accomplish objectives, and design operational plans and establish policy. When predetermined courses of actions are developed, necessary resources can be identified and acquired, and allocation can be made to give order and focus to organisation efforts. In short, the manager predetermines organisational arrangements for accomplishing objectives so that random haphazard activities are minimized or do not occur.

Although senior health services managers are typically concerned with the planning function activities of external environment assessment and objective and strategy formation for the organisation, middle-level and first-line managers similarly establish objectives for their specific area of responsibility. These objectives must be consistent with and supportive of those established for the organisation as a whole. However, the planning done by these managers is typically focused on programme design and operation and procedures for performing them in their specific area of responsibility.

Planning implies:

- Making choices:** There can be any number of diversification opportunities to choose from. It is up to the management to choose the alternative which offers maximum potential for growth and profitability.
- Committing resources:** The marketing manager who increases the amount earmarked for television promotion, and adds four more salesmen in each territory

with the objective of achieving higher sales, is committing scarce resources (money, people, etc.) which then are not available for any other use.

- iii) **A time horizon:** Planning always refers to a specific time limit within which it must be completed. The field supervisor plans movements of each of his salesmen on a daily basis. The marketing manager plans promotion effort for the next three months, six months or twelve months. The top management may have a time perspective which may extend anywhere between 5 and 15 years.

Irrespective of the activity or level at which plans may be drawn, the critical factor is that they *focus on objectives* and are directed towards their achievement. They serve to channelise the energies of the company in the desired direction. The future is always uncertain and, therefore, risky. Stepping out of home on a cloudy day with an umbrella in hand is the way I cover my risk (of getting wet) against the anticipated but uncertain future rain. It may or may not rain but I am prepared. The umbrella is representative of the plan which a company draw up in *anticipation and preparation of the future opportunities and problems*. Planning implies not simply reacting to events but anticipating and preparing for them.

Planning ensures the most efficient use of scarce resources. Planning implies coordinated, inter-related effort towards achievement of the common objective rather than uncoordinated haphazard, arbitrary, overlapping action towards individual objectives. Joint, coordinated effort implies pooling of resources and their optimum allocation without any wastage.

Planning is the only way by which an organisation can *exercise control* to check that it is on the desired course of action. Only when there are objectives to work for, and plans to achieve these objectives, can the manager exercise his control to measure the performance of his organisation, department or subordinates. An organisation without plans and controls is like a raft marooned on high seas with no maps and compass to show the direction and no steering to manoeuvre with. Planning is needed at every level of management and in every activity and department of the company. Annual sales targets, cash-flow statements, budgets of each branch, individual career development blueprint, assembly line operations, scheduling of production over a number of machines in the factory are examples of plans.

To ensure that a plan is effective and succeeds in achieving its objectives, it must have the following components:

- Planning must start from the top. Objectives for the entire company are defined by the top management and then they percolate down throughout the organisation. Thus, logically, planning too must start at the top. For instance, one of the objectives of the top management of Beautiful Books Ltd. (a company specialising in publishing books on Indian culture and history) is to increase its turnover from Rs.1.15 crore to Rs.5 crore in 1987-88. The marketing director accordingly draws up a plan for increasing sale in existing markets and the new markets to be penetrated. From this overall plan, each area marketing manager will make his own annual, quarterly and monthly plans. And in turn each year sales supervisor will draw the plan for his entire sales team.
- Planning must be flexible. Planning is needed to anticipate and prepare for the unknown events of the future. To the extent that the future is uncertain and events may or may not occur, planning must be flexible. Flexibility implies ability to keep moving towards objectives despite unexpected occurrences. Flexibility is especially needed when there is high degree of uncertainty and risk, the lead time involved in implementing the plan is long, and cost of making mistakes is high. The R & D cell of a television manufacturing company designed a completely indigenous circuit for black and white television after 18 months of experimentation and used 100% more funds than were allocated to it. The success of the circuit is critical to the company as its entire marketing strategy for the coming 2-3 years is based on this. If the circuit is successful, the company will be able to establish its strong position in the market. However, if the circuit shows signs of failure the company is ready with its plans to airlift the circuits at a day's notice from its Japanese collaborator. Thus one way to allow for flexibility is by developing alternate or contingency plans.

- In the short-run, careful detailed planning without allowing for much flexibility will improve operational efficiency. But undue emphasis on inflexibility or rigidity may do more harm than good. Every manager has to find his own level of balance in allowing for flexibility.

Short-term planning must be integrated with long range planning. The long range plans, must be broken down into short-term plans on the basis of which the managers can take action. There can always be a difference of opinion on what constitutes the long and short-term. Some define five years as the long-term and anything up to one year as the short-term. In reality the definition will always vary according to the nature and scope of organisational activity for which planning is being undertaken. However, you may define the long and short-term, the point to remember is that the short-term plans must be derived from, and contribute to the long-term plans.

- Plans are good only if they are properly implemented by the people down the line. An effective way to ensure this is to involve the people responsible for implementation in the entire process of planning.

However, despite all the above precautions, plans sometimes fail because of environmental and internal limitations. Government policies, regulations, laws, statutory obligations, and rapid social and technological changes pose external limitations on the company's planning effort. Within the company, cumbersome procedures, capital inflexibilities in terms of investments already made, inadequate or inaccurate information are the possible barriers which a company may face.

Activity 3

List the various activities for which your organisation undertakes the formal planning process. Evaluate these plans on the basis of what you have learnt about planning.

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If objectives of a Health Programme in a State, District or Primary Health Centre are to be achieved, certain basic management functions are to be carried out. These functions are basically (a) Planning, (b) Implementing and (c) Control. This is a modern approach to management functions.

The job functions of different cadre of health personnel in the district and peripheral Health Services structure and the managerial functions performed by them involves (or should involve) the following steps in order to initiate and carry out the managerial process successfully:

- Assessment of health situation as health status of people, health facilities, assessment of the resources, training facilities, health organisation;
- Projections of health situation over the plan period;
- Definition of nature of health problems and selection of priorities;
- Definition of goals and objectives of health sector plan as well as goals and objectives for each of the programmes for tackling particular health programmes;
- Programme planning and implementation i.e., formulation of plan for each health programme according to priorities and putting them into action;
- Monitoring of the programme, i.e., keeping track of the programme activities to see that they are going according to the plan; and
- Evaluation, meaning measurement of the outcome of a programme or activity against predetermined objectives.

The above seven steps contributing to the managerial process for delivery of PH Care could be viewed from three angles, namely:

- Programme Planning
- Programme Implementing and
- Controlling (Monitoring and Evaluation)

These programme components are performed in varied degrees at various levels by different cadre of health functionaries rendering primary health care services. The District Medical and Health Officer, a PHC Medical Officer or a Programme Officer, each one in rendering their assigned professional services also carry out, certain managerial functions which contribute to the total managerial process at the district level.

The Planning Process in Health

The essentials of planning in health lie in answering the following key questions:

- 1) Where are we now? (Situational Analysis)
- 2) Where do we want to reach? (Goals, Objectives, Priorities, targets and strategic decisions)
- 3) How well we get there? (Organisational constraint, resources and organisational structure, functions and management)
- 4) How well we have done? (Monitoring, evaluation and feedback)
- 5) What new problems do we have? (Replanning)

The steps for planning in health, like the planning process include the following:

- 1) Health situation analysis of the area to assess health problems. Health resources and opportunities for action by collecting data through available sources and conducting baseline surveys.
- 2) Establish health priorities of the area.
- 3) Identify key areas for action within national health plan objectives and programme objectives.
- 4) Setting targets for action.
- 5) Identify tasks to be performed.
- 6) Matching organisational inputs and resources with key tasks.
- 7) Draw implementation plan on programme objectives, inputs, time frame and outputs.
- 8) Develop a monitoring plan and built in feedback mechanisms. Determine indicators of monitoring and supervisory plan.
- 9) Evaluation
- 10) Replanning

Inadequacies in planning will directly contribute to inadequacies in monitoring. Hence:

- 1) The plans should identify key result areas and define how they will be measured.
- 2) The plans should prioritize activities so that they receive adequate emphasis during monitoring.
- 3) The plans should cater to local variations, otherwise monitoring would identify programme performance variations resulting from the local variations which do not require any action.

The monitoring process thus comprises of:

- Detecting deviations from plans
- Diagnosing causes for deviations
- Taking corrective action

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2.4.3 Organising

The management function of organising is technical in nature. It concerns the following: establishment of authority and responsibility relationships and formal structuring and reporting relationships; division of work, job design, and methods; work process flow; and coordination, information, and feedback systems within HSOs. It establishes the formal setting in which individual and group activity is carried out to accomplish work. Elements of concern are structure-technology-people relationships with an awareness of how each affects the other. Senior managers are typically concerned with broad aspects of organising, such as authority and responsibility relationships, departmentation of the organisation, and coordination of its components, whereas middle-level and first-line managers are concerned with specific tasks related to job design, work process flow, and work methods and procedures.

Organising refers to the formal *grouping* of people and activities to facilitate achievement of the firm's objectives. Issues for discussion here are the types of organisation structure, degree of centralisation, levels of management, span of control, delegation of authority, unity of command, line and staff relationship, and staffing.

Structure refers to the specific manner in which people are grouped. An organisation can group its people on the basis of the various functions (such as production, personnel, finance, marketing), geographical territories or around specific products or product lines (such as detergents, toiletries, basic chemicals, agro-products, as in case of Hindustan Lever Limited). The concept of matrix organisation is a recent evolution and combines the functional and product organisation. This type of organisation is especially useful in case of projects which require both specialists as well as functional experts to execute a project within a specified time frame. Another type of organisation is by the type of customers served. A company manufacturing and marketing computers has organised its sales department in two groups. One group sells to institutions such as offices, banks, schools, colleges, etc., while the other group sells to individuals. Many companies selling office equipment have organised separate marketing teams to cater to the private sector and the public sector because of the different cultures prevailing in them.

Centralisation refers to the point or level where all decision-making authority is concentrated. One-man enterprises, such as a small bread and butter stores, vegetable vendor, a self-employed car mechanic, are examples of complete centralisation. As the enterprise grows, it becomes increasingly difficult for one person to manage alone and he has to necessarily line up other people and give them authority to make some decisions. These decisions may be routine, programmable decisions, but complete centralisation is no longer possible. The decision-making authority is now vested in more than one individual. This is decentralisation.

You require information to make a decision. It is possible that information may be generated at one place but the decision is taken at another. A Bombay based multinational involved in making and selling ball bearings has its manufacturing facility at Pune. Every evening all information regarding the day's production, machine down time, inventory position is sent to the head office via the linked computer facility and all decisions regarding change in production scheduling are made at the head office. The introduction of real time information with the help of computers enables information generated at one place to be instantaneously transmitted thousands of miles away for making a decision. However, the real criterion for an organisation having a centralised or decentralised structure is a reflection of the top management's thinking and philosophy.

Closely related to the concept of centralisation are the concepts of levels of

2.4.4 Staffing

The management function of staffing encompasses activities concerned with acquiring and retaining human resources. It is both technical and social in nature. Technical aspects include manpower planning, job analysis, recruitment, testing, selection, performance appraisal, compensation and benefits administration, employee assistance, and safety and health. Social aspects include those activities that influence behaviour and performance of organisation members; training and development, promotions, counseling, and discipline. All managers engage to some degree in one or more staffing function activities; appraising subordinates, determining compensation changes and promotions, and disciplining. However, unlike other management functions, most staffing activities are centralized under one manager who has overall responsibility for human resource acquisition and retention for the entire organisation as well as for labour relations and collective bargaining.

2.4.5 Controlling

Planning and controlling go hand in hand. There can be no control without a plan and plans cannot be successfully implemented in the absence of controls. Controls provide a means of checking the progress of the plans and correcting any deviations that may occur along the way.

As each worker enters the factory premises in the morning, his time of arrival is electronically (or manually) punched on his card and every evening his departure time is similarly recorded. This simple control process is effective in checking the time spent by each worker in the factory and at the end of the month for calculating his wages and overtime. The mere act of recording makes each worker conscious of his late arrival and acts as a self-check on his timing. In contrast to this simple control, the annual budget for the subsidiary of a multi-location company requires a far more sophisticated process for controlling its many diverse activities.

The type of control required will vary according to the factors that are to be controlled, and the critical importance of the factors to the organisation's success. The more critical the factor the more complex is the control mechanisms needed to check its progress. Finance is a very critical area of management and most companies devise elaborate and sophisticated financial controls.

A control is meaningful only when there is clear cut responsibility for activities and results. It is meaningless to have a control process which simply points out deviations but cannot pinpoint the area in which they occurred and who is responsible for taking the corrective measures.

Control may be used to measure physical quantities (such as volume of output, number of man hours, number of units of raw material consumed per machine, etc.), monetary results (value of sale, capital expenditure, return on investment, earnings per share, etc.) or to evaluate intangibles such as employee loyalty, morale, and commitment to work. Obviously, the third kind of controls are the most difficult to design and implement. No quantitative measure can be used, but only a qualitative descriptive evaluation is possible.

There are three basic steps involved in designing a control process.

- i) **Establishment of standards:** Controls are established on the basis of plans and so the first step is to have clear plans which in turn become the standards for controlling. The sales forecast plan which sets sales targets itself becomes the standard against which actual sale is measured. However, an effective control process focusses only on the critical variables rather than controlling all the variables. It also indicates the permissible range of deviation from the expected target. Only when the actual performance is outside this range, does it become a corrective action. Similarly, the marketing manager at the head office is interested in the sales figures achieved by each branch and not in the performance of individual salesman.
- ii) **Measurement of performance:** Having set standards it is necessary to devise a system for measuring the performance of individuals, departments or the company against these standards. In some cases quantitative goals can be set, such as

number of units to be sold by each salesman, number of units to be produced per machine, or the profit to be generated by each branch office. However, evaluating performance in case of managers at the top level or those operating in areas such as personnel, public relations, and administration is far more difficult. The work output cannot be translated into quantifiable terms. Only a qualitative appraisal is possible.

- iii) **Correcting deviations:** The ultimate objective of the control process is to pinpoint the occurrence outside the permissible range of action to allow management to take corrective action. The maximum number of rejects per machine per day is fixed. When the number of rejects increases beyond this acceptable level, it is time for the production supervisor to investigate and take suitable steps to correct the situation.

The successful control process hinges on the all important concept of feedback. This refers to the information on the critical control variable of the operation or activity which when fed back to the manager triggers off corrective action.

Except in a self-regulated, closed mechanical system where the corrective action is taken instantaneously and automatically, most activities within an organisation require human intervention. The finance manager must find out why profits have fallen below the established level and take suitable steps to remedy this. In some cases, only a minor corrective action is needed. But sometimes the situation requires drastic action, even scrapping a department or plant whose operation has become totally unprofitable.

Within the organisation, feedback usually implies a lag between the time when the event actually occurs and the time by which information about the event reaches the concerned manager. Sales figures for the preceding month may not be available to the manager before the 7th of the current month. The manager can only take note of what happened in the past and take measures to prevent its occurrence in the future. Too long a time lag prevents any meaningful control or corrective action. To overcome this problem of time lag, most companies generate daily reports of critical variables which provide early warning signals to the manager. But even daily reports may reach two days later when they have to travel a long distance from say Jaipur to Delhi. With the introduction of computers and real time information systems (instantaneous transmission of information) this problem can largely be overcome.

All control processes should reflect the plans that they are supposed to follow. However, to be truly effective the controls must highlight the critical variables in an objective manner, and be worth their cost in installing and operating.

Budget is a traditional and widely used control process. Apart from this a company may use historical statistical data, or break-even analysis to control its operations. By the use of mathematics, many sophisticated control techniques are also possible. These pertain to implementing control for inventory management, distribution logistics and project or programme management. Some of these such as Programme Evaluation and Review Technique (PERT), Critical Path Method (CPM) will be dealt with in detail in the subsequent units.

Activity 6

What are the various control processes used in your organisation, and specifically in your department? Assess the effectiveness of these controls from the viewpoint of their ability to measure performance and highlight critical deviations.

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2.6 Motivating and Leading

Having established plans, controls, and an appropriate structure to achieve the organisational objectives, the manager now has to get his people to work. Motivation is that desire or feeling within an individual which prompts him to action. Every individual has needs, desires and drives, which we collectively call motives and which channelise all his or her behaviour and action towards achievement of some objectives. The manager's role is to influence each individual's behaviour and action towards achievement of common organisational objectives.

A great deal of research has been conducted in this area and there are many theories of motivation. It is not possible to explain all these theories here and we shall only briefly explain the various factors that can act as motivation.

Money is the most commonly used motivating factor in the form of salary, bonus, incentives, commissions and rewards. Salary or wage is of course the primary motivation, and the poorer the economic background of an individual the greater the motivational value of money. However, once a basic salary or wage is assured, to motivate people to work that little bit extra, achieve that ten percent higher sales figure, incentives and commissions come in handy. Most sales organisations pay salary plus incentives to their sales people. The incentives may be calculated on the basis of individual or team results, and may be linked to a sales target. Similar incentives can be offered to the production department. However, performance linked rewards are difficult to compute in areas such as finance, personnel, and administration where work output cannot be easily measured. A percentage of total profits can be distributed to these departments as incentive.

Man does not live by bread alone is an old saying. Man is a social animal and seeks recognition and status in society through his work. The status or position which an individual enjoys in the organisation, the number of people who work for him, the non-monetary benefits and perks which he enjoys are important motivational factors. In fact sometimes these are more important than the actual take-home pay packet.

Gupta started his career as a salesman in a medium sized company manufacturing and marketing stereo systems. Because of his analytical ability, capacity to work hard and achieve results, Gupta soon rose to be the area sales manager of North India. The owner of the company relied a great deal on Gupta's judgement and always consulted him on every important matter. Gupta was making good money, performing well and enjoyed the great confidence of the owner, yet he felt that there was no power or position in his job which could give him a better status in society. Therefore, when the opportunity arose, Gupta joined an American multinational as Divisional Manager, selling scientific laboratory glassware. It was the glamour, the power, and the status which the job conferred on him that motivated Gupta to join. However, two years with the multinational were enough for Gupta to realise that he had no authority to take any independent decisions and he was not deriving any satisfaction from his job. Gupta quit his job and went back to his previous employer. Thus satisfaction at work is an important motivating factor.

The lesson from Gupta's story is that the same individual will be motivated by different factors at different stages of his career. Generally as you move up the organisation to more important positions, the importance of money and monetary benefits as motivating factors decreases and intangible factors such as job satisfaction, confidence of the boss, good relationship with the boss, the status and respect commanded in the organisation, etc. become more important.

The physical working environment in which a person works also has tremendous motivational force. A pleasant, noise-free, well-lit room with comfortable temperature, and proper facilities of telecommunication, secretarial assistance, canteen, transport, etc. is always conducive to work.

Different individuals are motivated by different factors. This is because each individual in the organisation comes from a different socio-economic, cultural, religious, educational and family background, and each of these has a role in determining the degree to which he can be motivated by different factors.

In most Western countries, a great deal of emphasis is laid on leisure and individuals

may be motivated to take up that job which affords greater opportunity for leisure. Similar religious background and personal values are important influences on the effectiveness of motivating factors. No matter how attractive the salary, not many Hindus would like to work in a beef packing factory.

The manager's concern is to find a set of common factors which can motivate all his people coming from diverse and different backgrounds and working at different levels of management. The manager's task will be greatly simplified when he understands that motivational factors are present in, and can be used, in design of work, **rewards**, work **environment**, work **relationships** and work **content**. All monetary benefits and non-monetary advantages such as free medical cover, company car and driver, club membership, etc. are part of the work reward and are important motivators.

Work environment as a motivating factor, first and foremost, refers to the status of the organisation for which a person works and the mere fact of his working in that organisation gives him that status. Harvard University has the reputation of being amongst the best in the world and anyone who has graduated from Harvard is generally perceived to be at least above average, if not excellent. The actual physical factors present in the work environment also act as motivators.

Relationships developed at work, with the boss, colleagues and subordinates have an important motivating influence. The more congenial, friendly and supportive are these relationships, the greater their positive motivational value. In contrast, strained relationships which create tension and unhappiness are serious enough reasons for people to leave jobs which in all other respects seem very comfortable and attractive.

The design and content of the actual work to be done is in itself an important motivational factor. An element of freedom to experiment with new ideas within the parameters of the job fulfils the creative urge in every individual. Freedom to take decisions and assume responsibility for the results are factors which enhance an individual's self-confidence and feeling of self-esteem. The more such factors can be built into the job, the greater would be the job satisfaction of the individual performing the job. A happy, satisfied worker is a productive worker and a great asset to any organisation. If an individual is himself associated with designing the content and objectives of his job, there are greater chances that he will work his utmost to fulfil these objectives. This is the approach known as Management by Objectives (MBO) and has tremendous motivational potential.

The manager has not only to motivate his people but also provide them with leadership. To that extent every manager is a leader. A manager has to *inspire* and **influence** his people to willingly work towards achieving the organisational objectives.

Much research has been conducted in this field and different studies have emphasised different aspect in attempting to answer the question 'What makes an effective leader?' When put in a situation of leading, you must remember it is a role that you are performing, but that your personality has an important influence on your performance as does the situation in which you are expected to perform.

To be an effective leader, a manager must have a pleasing physical personality, ability to get along with people, qualities of honesty and integrity and be an excellent speaker. To command respect of others he must excel at his basic job whether it is operating a lather machine or managing the finances of a large company. The leader must first set an example by his own actions rather than by just making speeches. His actions must communicate to the people that he belongs to them. Only when he is able to generate this feeling of oneness will he be able to inspire confidence in his people.

Secondly, a manager must remember that he is only playing a role. However, to be able to perform effectively, the role demands that the manager be perfectly objective in all his judgements and decisions, and be guided only by the organisational objectives and have no other considerations. For a leader the interests of his people are of paramount importance and come first while personal benefits take second place.

Thirdly, the role must be moulded according to the unique situation in which the manager is placed. In our society, great emphasis is laid on personal relationships and contacts and managers are perceived to be father figures and are expected to have a paternalistic attitude towards their workers. In contrast, in the West, especially in

countries with a British colonial past, the relationships between manager and worker is only confined to the work. There, if a manager were to adopt a paternalistic approach, he would be totally ineffective. A manager who usually follows a consultative, participative approach, seeking the opinions and consensus of his subordinates before implementing any decision, in a crisis situation may adopt a very authoritarian approach and effectively manage the situation.

When Lee Iaccoca, took over the management of Chrysler Corporation, USA, it was an ailing automobile giant. To bring it out of the loss making situation, Iaccoca inspired tremendous confidence and loyalty in his workers by setting personal example of great hard work and accepting only a token wage. Under his leadership the company was soon able to turn its losses into profits.

Political leaders such as Gandhi who commanded the respect of millions of people are a model for managers to learn from. Gandhi's leadership style was so finely tuned to the moods of the people and the situation that his every word was law for the common man. His actions and life-style made the people feel he belonged to them.

Activity 7

How do you evaluate your boss as a leader on account of his personality, role play, and tuning to the requirements of the situation?

Briefly describe a situation in which you excelled as a leader. What do you think were the contributing factors to this performance?

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Senior Management Activities

The senior management activities shown in Fig. 2.2 are clearly policy in nature. They are concerned with overall scope and broad direction for the organisation and they are not detailed and operational. For example, the senior manager sets policy regarding staffing by determining department personnel levels; lower level managers operationalize and implement. Similarly, the senior manager sets policy on new services, which is a planning function activity, while the lower level manager is involved in specifics of design and implementation.

<p>PLANNING (INTERNAL MANAGEMENT)</p> <ul style="list-style-type: none"> ● Defining the general course and goal priorities for the organisation ● Determining matters for the governing board or owner(s) to consider ● Determining new diagnostic, treatment, and non-professional services to be added, and new construction <p>PLANNING (ENVIRONMENTAL SURVEILLANCE)</p> <ul style="list-style-type: none"> ● Determining and establishing priorities for new services ● Determining what other organisations in the service area are doing and what services they are offering ● Interpreting how legislative and regulation trends might affect the organisation ● Interpreting how health services delivery and financing trends might affect the organisation <p>ORGANISING (INTERNAL MANAGEMENT)</p> <ul style="list-style-type: none"> ● Determining how authority and responsibility are divided among individuals and departments

- Determining formal communication patterns (and reporting relationships) within the organisation

STAFFING (INTERNAL MANAGEMENT)

- Determining departmental staffing levels
- Determining salary scales and fringe benefits for management personnel
- Evaluation, training, and development of management personnel

CONTROLLING (INTERNAL MANAGEMENT)

- Developing and improving management information systems and procedures to be fed back to operations
- Containing costs of professional services to patients and improving efficiency and productivity in non-professional departments
- Developing and improving accounting and budgeting practices
- Improving the accessibility of the organisation's patient care services and monitoring patient opinions about the care received

EXTERNAL RELATIONS

- Informing the community-at-large about the organisation
- Dealing with community leaders on matters about the organisation
- Influencing legislation and regulations
- Dealing with government licensing agencies

Fig. 2.2: Senior management activities (Source: Adapted from Ingrid K. Kuhl, *The Executive Role in Health Services Delivery Organisations*, Washington, D.C., Office of Applied Research, Association of University Programmes in Health Administration, 1977).

2.5 LET US SUM UP

In this unit we have tried to understand the basic rules and functions of the management. In an organisation basically planning, organising, decision-making, coordinating, controlling and motivating functions, are key processes to successfully run the organisation. This unit also deals in detail with various managerial functions at various levels and objectives thereof, which must match with the broader objectives of the organisation. Setting up objectives, and translating them into action for the desired results is a tedious process involving various managerial skills and tactics. Towards the end, this unit has dwelled upon in greater details about management processes which are essential for survival in a structured organisation namely planning, decision-making, organising, staffing, controlling and motivating, and leading. Having gone through this unit you should be able to understand your day to day working and make it planned and organised in a more systematic and scientific way. These processes do work well if the system is working well or even the vice-versa is also true i.e. if the processes work well they may lead to better placed systems in the organisation.

2.6 KEY WORDS

- Break-even Analysis** : Comparison between sales and expenses to determine that volume of production where there is no profit and no loss.
- Budget** : Statement of plans expressed in quantitative and financial terms for the allocation and use of resources.
- Environment** : The universe in which the firm operates is known as its environment and includes all those economic, political, socio-cultural, legal, demographic and other factors which have a critical bearing on its operations.

Organisation, Firm or Company : These terms have been used interchangeably and refer to all types of formal bodies created for a specific purpose. These include all types of business organisations and non-commercial organisations such as hospitals, schools, charitable trusts, voluntary bodies, etc.

Organisational Objective(s) : The specific purposes, results and achievements sought by the organisation. In this lesson we have used this term in a broad sense to include both mission and objectives.

2.7 FURTHER READINGS

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