

25 Leadership

Theme

- To understand the concept of leadership for influencing others to work enthusiastically.
- To understand various theories so as to identify how leaders emerge.
- To understand various leadership styles so that managers can adopt suitable style.
- To understand the ingredients and process of leadership development.

Contents

- Concept of leadership
 - Difference between leadership and management
- Leadership theories
 - Charismatic leadership theory
 - Trait theory
 - Behavioural theory
 - Situational theory
- Leadership styles
 - Power orientation
 - Leadership as a continuum
 - Likert's Management system
 - Employee-production orientation
 - Managerial Grid
 - Successful versus effective leadership
 - Leadership styles in Indian organisations
 - Leadership development

Producers and managers are important, but leaders are vital to lasting organisational success.
Stephen Covey, management consultant

Where the vision is one year, cultivate flowers.

Where the vision is ten years, cultivate trees.

Where the vision is eternity, cultivate people.

Human beings are the most precious part of the organisation. In the organisation, effective utilisation of the capacity of human resources depends upon management. Management can get the results from the people in the organisation in two ways: (i) by exercise of authority vested in it, or (ii) by winning support of the people. Out of these, the second method is better as it has a lasting effect over the people's motivation. However, it is only possible when a manager becomes their leader in the real sense to influence their behaviour in desired direction. This leadership is an essential ingredient for successful organisation. The successful organisation has one major attribute that sets it apart from unsuccessful organisation that is dynamic and effective leadership.

Concept of Leadership

Leadership is the process of influencing the behaviour of others to work willingly and enthusiastically for achieving predetermined goals. We have seen in Chapter 14 that the targets' responses to use of power vary along a continuum ranging from resistance to commitment. Any type of compliance tending towards resistance is unwillingly and that tending towards commitment is willingly and enthusiastically. The latter type of response is the objective of leadership. Now we can move to a formal definition of leadership. Tannenbaum *et al* have defined leadership as follows:

"Leadership is interpersonal influence exercised in a situation and directed through communication process, towards the attainment of a specified goal or goals".¹

This definition puts emphasis on influencing through communication. However, it does not emphasise the enthusiasm with which the receiver of the communication will act. Terry has defined leadership in the context of enthusiastic contribution. He says that:

"Leadership is essentially a continuous process of influencing behaviour. A leader breathes life into the group and motivates it towards goals. The lukewarm desires for achievement are transformed into a burning passion for accomplishment".²

A more recent definition of leadership is as follows:

"Leadership is the process of influencing and supporting others to work enthusiastically toward achieving objectives".³

An analysis of these definitions brings certain features of leadership which are as follows:

1. Leadership is a continuous process of behaviour; it is not one-shot activity.
2. Leadership may be seen in terms of relationship between a leader and his followers (individuals and/or groups) which arises out of their functioning for common goals.
3. By exercising his leadership, the leader tries to influence the behaviour of individuals or group of individuals around him to achieve common goals.
4. The followers work willingly and enthusiastically to achieve those goals. Thus, there is no coercive force which induces the followers to work.

¹ Robert Tannenbaum *et al*, *Leadership and Organisation: A Behavioural Science Approach*, New York: McGraw-Hill, 1961.

² George R. Terry, *Principles of Management*, Homewood Ill.: Richard D. Irwin, 1988, p. 412.

³ Bernard Bass and Bass, *The Bass Handbook of Leadership*, New York: Wiley, 1980, p. 1.

5. Leadership gives an experience of help to followers to attain common goals. It happens when the leader feels the importance of individuals, gives them recognition, and conveys them about the importance of activities performed by them.
6. Leadership is exercised in a particular situation, at a given point of time, and under specific set of circumstances. It implies that leadership styles may be different under different situations.

DIFFERENCE BETWEEN LEADERSHIP AND MANAGEMENT

From the above definitions and characteristics of leadership, it can be observed that leadership and management are related but they are not the same. A person can be an effective manager, a leader, both, or neither.⁴ This is due to the fact that leadership differs from management on some counts. John Kotter has identified that leadership differs from management in terms of the emphasis that is put on four activities—creating an agenda, developing a human network for achieving the agenda, executing plans, and outcomes of activities.⁵ While leadership emphasises change in these activities, management believes in *status quo*. Stephen Covey, a consultant on developing leadership, has emphasised the difference between leadership and management as follows:⁶

1. Leadership deals with vision—keeping the mission in sight—and with effectiveness and results. Management deals with establishing structure and systems to get those results. It focuses on efficiency, cost-benefit analysis, logistics, methods, procedures, and policies.
2. Leadership focuses on the top line; management focuses on the bottom line. Leadership derives its power from values and correct principles. Management organises resources to serve selected objectives to produce the bottom line.
3. Leadership inspires and motivates people to work together with a common vision and purpose. Management involves controlling and monitoring results against plans, identifying deviations, and then planning and organising to solve the problems.
4. Leadership emphasises transformation aspect and, therefore, transformational leadership emerges. Management focuses on transactional aspect and, therefore, transactional leadership emerges. **Transformational leadership** is the set of abilities that allow the leader to recognise the need for change, to create a vision to guide that change, and to execute that change effectively. **Transactional leadership** involves routine, regimented activities—assigning work, evaluating performance, making decisions, and so forth.

Based on the above discussion, difference between leadership and management can be summarised as shown in Table 25.1.

TABLE 25.1: Difference between leadership and management

Factors	Leadership	Management
1. Source of power	Personal abilities	Authority delegated
2. Focus	Vision and purpose	Operating results
3. Approach	Transformational	Transactional
4. Process	Inspiration	Control
5. Emphasis	Collectivity	Individualism
6. Futurity	Proactive	Reactive
7. Type	Formal and informal	Formal

⁴Abraham Zelevnik, "Managers and Leaders: Are They Different?" *Harvard Business Review*, March-April 1992, pp. 126-135.

⁵John P. Kotter, *A Force for Change: How Leadership Differs from Management*, New York: Free Press, 1990.

⁶Stephen Covey, "Yin or Yang," *The Economic Times*, April 21, 2000, pp. 1-2 (Supplement).

Informal and Formal Leaders

Leaders arise in many situations. Even informal social groups have leaders. When groups endure and become formal, the persons are elected as leaders. Normally, the persons elected to offices are the ones who are the natural leaders of the groups. Their views get attention from the members even without formal election, but with election, those natural leaders are consciously acknowledged. Researches on small groups show that those persons who emerge as informal leaders are perceived by other group members as being the best able to satisfy the group needs and that the leaders, therefore, are enabled to influence other members. A leader derives his influence from the members' feeling or intuition that he can help to satisfy their needs; consequently, they are willing to submit, within the limits, to his guidance.

When a person, either such informal leader or some one else, is appointed in a superior capacity, the natural leadership relations change. Such change occurs in two respects. *First*, when a person is appointed in superior capacity, he gets authority from the organisation. This authority enables him to increase or decrease the satisfaction of his subordinates. *Second*, because of appointment, he has the obligation of achieving organisational objectives besides an obligation to provide satisfaction to his subordinates. However, an appointed (formal) leader cannot solely rely upon the use of authority for getting desired results from his subordinates because, as discussed earlier, subordinates seldom put maximum effort under the pressure of authority. Thus, a chief executive having more authority, but lacking leadership qualities, may be less effective as compared to a foreman with less authority but high degree of leadership qualities. Regardless of these differences between formal and informal leaders, however, a leader is able to direct the actions of his followers because they believe he can provide rewards (or prevent penalties) that satisfy their needs.

Importance of Leadership

Leadership is an important factor for making any type of organisations successful. Throughout the history, it has been recognised that the difference between success and failure, whether in a war, a political movement, a business, or a team game, can be attributed largely to leadership.

Here we are more concerned about manager as a leader. Without a good leader, organisation cannot function efficiently and effectively. Since the organisation is basically a deliberate creation of human beings for certain specified objectives, the activities of its members need to be directed in a certain way. Any departure from this way will lead to inefficiency in the organisation. Direction of activities in the organisation is affected by the leader. The importance of good leadership can be discussed as follows:

1. **Motivating employees.** As discussed earlier, motivation is necessary for work performance. Higher the motivation, better would be the performance. A good leader, by exercising his leadership, motivates the employees for high performance. Good leadership in the organisation itself is a motivating factor for the individuals.

2. **Creating confidence.** A good leader may create confidence in his followers by directing them, giving them advice and getting through them good results in the organisation. Once an individual, with the help of a leader, puts high efficiency, he tries to maintain it as he acquires certain level of confidence towards his capacity. Sometimes, individuals fail to recognise their qualities and capabilities to work in the absence of good direction.

3. **Building morale.** Morale is expressed as attitudes of employees towards organisation, management and voluntary cooperation to offer their ability to the organisation. High morale leads to high productivity and organisational stability.

to his subordinates to accomplish the assigned task. In a business enterprise, authority vests in the top management and from there it trickles down to lower levels of management for accomplishing the assigned task. Management experts define authority as follows:

✓ **Henry Fayol** : Authority is the right to give order and the power to exact obedience.

E.R. Terry : Authority is the power to exact others to take actions considered appropriate for the achievement of a predetermined objective.

Davis Filley : Authority consists principally of the rights to decide and command.

Features of Authority

The above given definitions bring out the following special features of authority :

- ✓ (i) Authority is the right to command and control subordinates
- ✓ (ii) It is granted to achieve organisational goals.
- ✓ (iii) It is exercised through persuasion and sanctions.
- ✓ (iv) It ensures the compliance of orders and instructions.
- ✓ (v) It is delegated downward.
- ✓ (vi) It originates from law, custom or acceptance by followers.
- ✓ (vii) It is a command binding different individuals.

Power and Authority

(Points distinction)

Generally power and authority are used interchangeably but actually they are different. Power implies the ability of an individual to influence the behaviour of others whereas authority is the right to influence others. Power is concerned with the qualities and capacity of an individual and cannot be delegated like authority. Power is concerned with the personal influence of a person while authority is related to the official status. Authority is linked to the formal position of a person and power emanates from the personal qualities and ability.

Responsibility

honesty + efficiency

Responsibility is the obligation of an individual to perform certain activities which are assigned to him. When a subordinate is assigned a task then it is his duty to perform it to the best of his ability. Authority is governed by contractual as well as moral obligations. Contractual obligation ensures that the job is completed and morality ensures that it is done efficiently and honestly. Since responsibility is an obligation that a person accepts, it cannot be delegated to a sub-ordinate even if the work is performed by him.

Davis : Responsibility is the obligation of an individual to perform assigned duties to the best of his abilities under the direction of his executives.

✓ **G.R. Terry** : Responsibility is the obligation to carry out assigned activities to the best of his abilities.

Koontz and O' Donnel : Responsibility is the obligation of a subordinate to whom a duty has been assigned to perform the duty.

Features of Responsibility

The above mentioned definitions bring out the following salient features of responsibility :

- ✓ (i) Responsibility is the result of duty assigned.
- ✓ (ii) It flows upward, from juniors to seniors.
- ✓ (iii) Responsibility assigns an obligation to complete the task as per instructions.
- ✓ (iv) Responsibility cannot be delegated further.
- ✓ (v) Responsibility is assigned to human beings only.
- ✓ (vi) Responsibility and authority go side by side.

Responsibility is given to complete an assigned work and it cannot be delegated further. A subordinate is answerable to his superior who has given him the task.

Difference Between Authority and Responsibility

Form of Difference	Authority	Responsibility
✓ 1. Meaning	It is a legal right to command and control subordinates.	It is the obligation of a sub-ordinate to perform the work assigned by his superior.
✓ 2. Origin <i>with</i>	It arises either from a formal contract or legal provision.	It arises from a superior-subordinate relationship.
✓ 3. Flow	Authority always flows downward.	Responsibility always flows upward.
✓ 4. Delegation	Authority can be delegated and shared.	Responsibility cannot be delegated.
✓ 5. Period	It may continue. It has longer period than responsibility.	It comes to an end on the completion of the task.
✓ 6. Nature	It is power.	It is duty.
✓ 7. Termination	Authority can be terminated by giving a notice.	It cannot be terminated so easily.

9

Through providing good leadership in the organisation, employees' morale can be raised high ensuring high productivity and stability in the organisation.

Thus, good leadership is essential in all aspects of managerial functions whether it be motivation, communication or direction. Good leadership ensures success in the organisation, and unsatisfactory human performance in any organisation can be primarily attributed to poor leadership.

Leadership Theories

Leadership has probably been written about, formally researched, and informally discussed more than any other single topic. Despite all the attention given to it, leadership still remains pretty much of 'black box' or unexplainable phenomenon. It is known to exist and to have tremendous influence on human performance, but its inner workings and specific dimensions cannot be precisely spelled out.

Many of the research studies, particularly by behavioural scientists, have been carried on to find out the answer of the question: What makes a leader effective? Is his success due to his personality, or his behaviour, or the types of followers he has, or the situation in which he works, or a combination of all these? These researchers, however, could not give a satisfactory answer of the question. Instead, their researches have resulted in various theories or approaches on leadership, the prominent among these being trait theory, behavioural theory, and situational theory. Besides, age-old theory of leadership known as 'great man theory' or 'charismatic leadership theory', which was discarded long back by behavioural scientists, has started attracting attention recently. Each of these theories has its own contributions, limitations, assumptions, and framework of analysis. In this section, we shall discuss these theories so that a background can be provided to the study of leadership styles which leaders may adopt to influence the behaviour of their followers. The discussion of these theories is based on the sequence in which these have emerged.

CHARISMATIC LEADERSHIP THEORY

Charismatic leadership theory, also called great man theory by some, can be traced back to ancient times. Plato's *Republic* and Confucius' *Analects* dealt with leadership. They provided some insights of leadership. Subsequent studies based on these insights have suggested that 'a leader is born and is not made.' A leader has some charisma which acts as influencer. Charisma is a Greek word meaning gift. Thus, charisma is a God-gifted attribute in a person which makes him a leader irrespective of the situations in which he works. Charismatic leaders are those who inspire followers and have a major impact on their organisations through their personal vision and energy. Occasionally, a leader emerges whose high visibility and personal charisma catch the public consciousness.

Robert House, who proposed a relook on charismatic theory, suggests that charismatic leaders have very high levels of referent power and that some of that power comes from their need to influence others. According to him, "the charismatic leader has extremely high levels of self-confidence, dominance, and a strong conviction in the normal righteousness of his/her beliefs, or at least the ability to convince the followers that he/she possesses such confidence and conviction."⁷ He suggests further that charismatic leaders communicate a vision or higher-level goal (transcendent) that captures the commitment and energy of followers. The basic assumptions and implications of charismatic leadership theory are as follows:

1. Leaders in general, and great leaders in particular, have some exceptional inborn leadership qualities which are bestowed upon them by the divine power.
2. These inborn qualities are sufficient for a leader to be successful.
3. Since these qualities are inborn, these cannot be enhanced through education and training. Further, since these qualities are of personal nature, these cannot be shared by others.
4. These leadership qualities make a leader effective and situational factors do not have any influence.

Implications of the Theory

Charismatic leadership theory has re-emerged basically for two reasons. First, many large companies in USA have embarked on organisational transformation programmes of extensive changes that must be accomplished in short period of time. Such transformations, it has been argued, require transformational leaders. Second, many feel that by concentrating on traits, behaviours, and situations, leadership theories have lost sight of the leaders. These theories discuss more about transactional leaders and not about transformational leaders.⁸ A transactional leader determines what subordinates need to do to achieve objectives, classifies those requirements, and helps subordinates become confident that they can reach their objectives. A transformational leader inspires his followers through vision and energy. Trait, behavioural, and situational leadership theories fail to explain the reasons behind the deeds of great political leaders like Mahatma Gandhi, Lenin, etc. who transformed their nations, or our great industrialists like JRD Tata, GD Birla, Dhurubhai Ambani, who created vast industrial empires because of their vision, energy, and entrepreneurship. Charismatic leadership theory does that.

However, there are two basic limitations of this theory. First, if we assume that there are certain inborn qualities of a great leader, it implies that nothing can be done to develop leaders in the organisations. In fact, its opposite is also true. Through various training and development programmes, leaders, though not the great leaders, can be developed in the organisations. Second, a charismatic leader may fail in the changed situation. For example, Winston Churchill, the late prime minister of Great Britain, was very effective during the World War II, but he flopped afterwards. Thus, we can derive that the situational variables play their own role in determining leadership effectiveness.

TRAIT THEORY

The weaknesses of charismatic leadership theory gave way to a more realistic approach to leadership. Under the influence of the behaviouristic psychological thought, researchers accepted the fact that leadership traits are not completely inborn but can also be acquired through learning and experience. Trait is defined as relatively enduring quality of an individual. The trait approach seeks to determine 'what makes a successful leader' from the leader's own personal characteristics. From the very beginning, people have emphasised that a particular individual was a successful leader because of his certain qualities or characteristics. Trait approach leadership studies were quite popular between 1930 and 1950. The method of study was to select leaders of eminence and their characteristics were studied. It was the hypothesis that the persons having certain traits could become successful leaders.

Various research studies have given intelligence, attitudes, personality and biological factors as ingredients for effective leaders. A review of various research studies has been presented by Stogdill.⁹ According to him, various trait theories

⁸Bernard M. Bass, "From Transactional Leadership to Transformational Leadership: Learning to Share the Vision," *Organisational Dynamics*, Winter 1990, 19-31.

Accountability

Accountability is the obligation of a subordinate to complete the task entrusted to him. Accountability creates the obligation for the maintenance of responsibility by the superior and an accompanying insistence that the work performed must meet his expectations. The subordinates are accountable to the superior for the satisfactory performance of work. (anyone)

Mc Farland : Accountability is the obligation of an individual to report formally to his superior about the work he has done to discharge responsibility.

Allen : Accountability is the obligation to carry out responsibility and exercise authority in terms of performance standards established.

Features of Accountability

- (i) Accountability is the obligation to carry out responsibility.
- (ii) The extent of accountability depends upon the extent of authority and responsibility.
- (iii) Accountability always moves upwards.
- (iv) Accountability cannot be delegated.
- (v) Accountability is different from responsibility. The later is the obligation to do a work while the former is to complete it satisfactorily.
- (vi) Accountability is a derivative of responsibility.
- (vii) Accountability is unitary.

TYPES OF DELEGATION

Delegation may be of the following types :

1. General or Specific Delegation. When authority is given to perform general managerial functions like planning, organising, directing etc., the subordinate managers perform these functions and enjoy the authority required to carry out these responsibilities. The chief executive exercises overall control and guides the subordinates from time to time.

The specific delegation may relate to a particular function or an assigned task. The authority delegated to the production manager for carrying out this function will be a specific delegation. Various departmental managers get specific authority to undertake their departmental duties.

2. Formal or Informal Delegation. Formal delegation of authority is the part of organisational structure. Whenever a task is

subordinate
Specific on some function

through official channels

assigned to a person then the required authority is also given to him. This type of delegation is part of the normal functioning of the organisation. Every person is automatically given authority as per his duties. When production manager gets powers to increase production then it is a formal delegation of authority.

Informal delegation does not arise due to position but according to circumstances. A person may undertake a particular task not because he has been assigned it but it is necessary to do his normal work.

3. Written or Unwritten Delegation. Written delegation is through letters, instructions, circular, etc. Unwritten delegation is through conventions, customs, etc.

4. Downward or Upward Delegation. In downward delegation a superior delegates authority to his immediate subordinate. This is the common type of delegation and is used in every type of concern. Upward delegation takes place when a subordinate assigns some of his tasks to his superior. This is an uncommon type of delegation and its instances are very rare.

DIFFICULTIES INVOLVED IN DELEGATION OF AUTHORITY

There may arise certain difficulties in the process of delegation. The difficulties may be due to the attitude of either superiors or subordinates or both. There may be certain defects in organisational structure which hamper proper delegation of authority. Some of the difficulties involved in delegation are as such :

1. Over Confidence of Superior. The feeling in a superior that only he can do certain work effectively than others is the main difficulty in delegation. When a manager is of the opinion that his subordinates will not be able to make proper decisions then he will concentrate all powers with him and will not like to delegate his authority. This may not be due to the incompetence of subordinates but due to the over-confidence of a superior.

2. Lack of Confidence in Subordinates. The superior may be of the view that subordinates are not competent to carry out certain things of their own. He may lack confidence in his subordinates. Under these circumstances superior will hesitate to delegate authority.

3. Lack of Ability in Superior. A superior may lack the ability to delegate authority to subordinates. The manager may not be able to identify the areas where delegation is required. He may not even be able to chalk out the proper process of delegation. The lack of competence on the part of superior restricts the delegation of authority.

fear of being exposed

have suggested these traits in a successful leader: (i) physical and constitutional factors (height, weight, physique, energy, health, appearance); (ii) intelligence; (iii) self-confidence; (iv) sociability; (v) will (initiative, persistence, ambition); (vi) dominance; and (vii) surgency (talkative, cheerfulness, geniality, enthusiasm, expressiveness, alertness, and originality). In a later study, Ghiselli has found supervisory ability, achievement motivation, self actualising, intelligence, self-assurance, and decisiveness as the qualities related with leadership success.¹⁰

The current research on leadership traits suggests that some factors do help differentiate leaders from non-leaders.¹¹ The most important traits are a high level of personal drive, desire to lead, personal integrity, and self-confidence. Cognitive (analytical) ability, business knowledge, charisma, creativity, flexibility, and personal warmth are also frequently desired. Anderson Consulting (a management consultancy firm) conducted a study of 90 global chief executives to find out the qualities required for an ideal chief executive in the present era of globalised economy. The study highlighted 14 qualities.¹² Accordingly, a chief executive thinks globally, anticipates opportunity, creates a shared vision, develops and empowers people, appreciates cultural diversity, builds teamwork and partnership, embraces change, shows technological savvy, encourages constructive challenge, ensures customer satisfaction, achieves a competitive advantage, demonstrates personal mastery, shares leadership, and lives the values. The various studies show wide variations in leadership traits. The various traits can be classified into innate and acquirable traits, on the basis of their source.

Innate qualities are those which are possessed by various individuals since their birth. These qualities are natural and often known as God-gifted. On the basis of such qualities, it is said that 'leaders are born and not made.' These qualities cannot be acquired by the individuals. The following are the major innate qualities in a successful leader.

1. Physical Features. Physical features of a man are determined by heredity factors. Heredity is the transmission of the qualities from ancestor to descendant through a mechanism lying primarily in the chromosomes of the germ cells. Physical characteristics and rate of maturation determine the personality formation which is an important factor in determining leadership success. To some extent, height, weight, physique, health and appearance are important for leadership.

2. Intelligence. For leadership, higher level of intelligence is required. Intelligence is generally expressed in terms of mental ability. Intelligence, to a very great extent, is a natural quality in the individuals because it is directly related with brain. The composition of brain is a natural factor, though many psychologists claim that the level of intelligence in an individual can be increased through various training methods.

Acquirable qualities of leadership are those which can be acquired and increased through various processes. In fact, when a child is born, he learns many of the behavioural patterns through socialisation and identification processes. Such behavioural patterns are developed among the child as various traits over a period of time. Many of these traits can be increased through training programmes. Following are the major qualities essential for leadership:

1. Emotional Stability. A leader should have high level of emotional stability. He should be free from bias, is consistent in action, and refrains from anger. He is

¹⁰E.E. Ghiselli, *Exploration in Managerial Talents*, Pacific Palisade: Good year, 1971.

¹¹Shelley A. Kirkpatrick and Edwin A. Locke, "Leadership: Do Traits Matter?" *Academy of Management Executive*, November 1990, p. 38-51.

¹²Anderson Consulting, "C..."

well-adjusted, and has no anti-social attitudes. He is self-confident and believes that he can meet most situations successfully.

2. Human Relations. A successful leader should have adequate knowledge of human relations, that is, how he should deal with human beings. Since an important part of a leader's job is to develop people and get their voluntary cooperation for achieving work, he should have intimate knowledge of people and their relationship to each other. The knowledge of how human beings behave and how they react to various situations is quite meaningful to a leader.

3. Empathy. Empathy relates to observing the things or situations from others' points of view. The ability to look at things objectively and understanding them from others' point of view is an important aspect of successful leadership. When one is empathetic, he knows what makes the other fellows think as they do, even though he does not necessarily agree with others' thoughts. Empathy requires respect for the other persons, their rights, beliefs, values and feelings.

4. Objectivity. Objectivity implies that what a leader does should be based on relevant facts and information. He must assess these without any bias or prejudice. The leader must base his relationship on his objectivity. He is objective and does not permit himself to get emotionally involved to the extent that he finds it difficult to make an objective diagnosis and implement the action required.

5. Motivating Skills. Not only a leader is self-motivated but he has requisite quality to motivate his followers. Though there are many external forces which motivate a person for higher performance, there is inner drive in people also for motivation to work. The leader can play active role in stimulating these inner drives of his followers. Thus, a leader must understand his people to the extent that he knows how he can activate them.

6. Technical Skills. The leading of people requires adherence to definite principles which must be understood and followed for greater success. The ability to plan, organise, delegate, analyse, seek advice, make decision, control, and win cooperation requires the use of important abilities which constitute technical competence of leadership. The technical competence of leader may win support from the followers.

7. Communicative Skills. A successful leader knows how to communicate effectively. Communication has great force in getting the acceptance from the receivers of communication. A leader uses communication skilfully for persuasive, informative, and stimulating purposes. Normally, a successful leader is extrovert as compared to introvert.

8. Social Skills. A successful leader has social skills. He understands people and knows their strengths and weaknesses. He has the ability to work with people and conducts himself so that he gains their confidence and loyalty, and people cooperate willingly with him.

Though all these qualities contribute to the success of leadership, but it cannot be said for certain about the relative contributions of these qualities. Moreover, it is not necessary that all these qualities are possessed by a successful leader in equal quantity. The list of qualities may be only suggestive and not comprehensive. Leadership is too nebulous a concept to be definitely identified by listing of its important attributes.

Implications of the Theory

This theory has two very important implications. *First*, the theory emphasises that a leader requires some traits and qualities to be effective. *Second*, many of these qualities may be developed in individuals through training and development

2. Fill in the blanks :

- (a) Personnel management deals with persons at _____
- (b) Personnel management has _____ application.
- (c) Functions of personnel management are both managerial and _____
- (d) Development function of personnel management helps to improve _____ of workers.
- (e) A personnel policy is a _____ statement.

[Ans. (a) work; (b) universal; (c) operative; (d) performance; (e) general].

(E) Short Answer Type

1. Define personnel management.
2. Explain the statement 'Personnel management is managing people'.
3. Discuss enterprise objectives of personnel management.
4. Explain the planning function of personnel policy.
5. Give five characteristics of a sound personnel policy.
6. Name operative functions of personnel management.
7. Enumerate the qualities of a personnel manager.

(C) Essay Type

1. What do you understand by Personnel Management? Discuss its objectives.
2. Discuss managerial and operative functions of personnel management.
3. What is the need of having a personnel policy? Discuss important characteristics of a sound personnel policy.
4. Define 'Personnel Management'? Give its importance.
5. What are the most important functions of personnel management?
6. Describe the objectives and functions of personnel management.
7. Discuss various advantages of personnel policy.
8. Describe the role and responsibilities of a personnel manager.
9. What is the need of a personnel manager? What qualities should he possess?

□□□

It means attracting the capable employees to apply for the job in the organisation.

15

RECRUITMENT

The aim of personnel planning is to determine the needs for persons both in terms of number and type. For deciding about the number both present and future requirements should be taken into account. If there are expansion plans in near future then these requirements should also be considered. Besides number, the type of persons needed is also important. This will be decided by studying the job requirements, etc. The educational and technical requirements to manage various jobs should be properly analysed so that right type of persons are employed.

MEANING *Flippo*

Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organisation. When more persons apply for jobs then there will be a scope for recruiting better persons. The job-seekers too, on the other hand, are in search of organisations offering them employment. Recruitment is a linkage activity bringing together those with jobs and those seeking jobs.

In the words of Yoder, "Recruitment is a process to discover the sources of manpower to meet the requirements of the staffing schedule and to employ effective measures for attracting that manpower in adequate numbers to facilitate effective selection of an efficient working force." Recruitment is the process which prompts people to offer for selection in an organisation. This involves locating sources of manpower to meet job requirements. Flippo has also expressed similar views about recruitment. In his words, "It is a process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organisation. It is often termed positive in that it stimulates people to apply for jobs to increase the hiring ratio, i.e., the number of applicants for a job."

FACTORS AFFECTING RECRUITMENT

Every organisation, big or small, has to engage in recruitment of

Generalisation of Traits. There are problems in identification of traits which may be relevant for a leader to be effective in all situations. For example, Jennings has concluded that, "fifty years of study has failed to produce a one-personality trait or set of qualities that can be used to discriminate leaders and non-leaders".¹³ A similar comment comes from House and Baetz when they have concluded that the various studies on traits have failed to uncover any traits that clearly and consistently distinguish leaders and followers.¹⁴ Many other behavioural scientists hold similar views. From this point of view, the theory suffers from the following limitations:

1. There cannot be generalisation of traits for a successful leader. This was evident by various researches conducted on leadership traits.
2. No evidence has been given about the degree of the various traits because people have various traits with different degrees.
3. There is a problem of measuring the traits. Though there are various tests to measure the personality traits, however, no definite conclusion can be drawn.

Applicability of Traits. Another set of problems that hinders the full application of trait theory in practice, is that leadership as a process of influence reflects in leader's behaviour and not in his traits. There have been many persons with traits specified for a leader, but actually they could not become effective leaders. The reason for this phenomenon is that there is no direct cause-effect relationship between a trait of a person and his behaviour. The trait may be only one of the factors shaping behaviour; the other factors, sometimes even more important, are situational variables. These situational variables are not incorporated in trait theory.

BEHAVIOURAL THEORY

Behavioural theory of leadership emphasises that strong leadership is the result of effective role behaviour. Leadership is shown by a person's acts more than by his traits. Researchers exploring leadership role have come to the conclusion that to operate effectively, groups need someone to perform two major functions: task-related functions and group maintenance functions. Task-related functions, or problem-solving functions, relate to providing solutions to the problems faced by the group in performing jobs and activities. Group maintenance functions, or social functions, relate to actions of mediating disputes and ensuring that individuals feel valued by the group. An individual who is able to perform both roles successfully would be an effective leader. These two roles may require two different sets of behaviour from the leader, known as leadership styles.

Leadership behaviour may be viewed in two ways: functional and dysfunctional. Functional behaviour influences followers positively and includes such functions as setting clear goals, motivating employees for achieving goals, raising the level of morale, building team spirit, etc. Dysfunctional behaviour is unavourable to the followers and includes ineffective leadership. Such a behaviour may be leading to accept employees' ideas, display of emotional immaturity, poor human relations, etc.

Implications of the Theory

Behavioural theory of leadership has some important implications for managers. They can shape their behaviour which appears to be functional and discard the behaviour which appears to be dysfunctional. Researchers who have taken behavioural theory for analysing leadership behaviour (known as leadership styles) have pre-

¹³Jennings, "The Anatomy of Leadership," *Personnel Management Quarterly*, Autumn 1961.
¹⁴House & House and Marx L. Baetz.

scribed various leadership styles which may be applied in managing the people in organisations. We shall discuss these styles in the next section.

This theory suffers from two basic limitations. *First*, a particular behaviour may be functional at a point of time but it may be dysfunctional at another point of time. Thus, the time element will be a decider of the effectiveness of the behaviour and not the behaviour itself. *Second*, effectiveness of leadership behaviour depends on various factors which are not in the leader but external to him like nature of followers (subordinates) and the situations under which the leader's behaviour takes place. These factors have not been given adequate consideration. To that extent, the theory does not explain leadership phenomenon fully.

SITUATIONAL THEORY

Situational leadership approach was applied, for the first time, in 1920 in the armed forces of Germany with the objective to get good generals under different situations. In the business organisations, much emphasis on the leadership researches was placed on the situations that surrounded the exercise of leadership since early 1950s.

The prime attention in situational theory of leadership (also known as contingency theory) is given to the situation in which leadership is exercised. Therefore, effectiveness of leadership will be affected by the factors associated with the leader and factors associated with the situation. These dimensions of leadership have been presented in Figure 25.1.

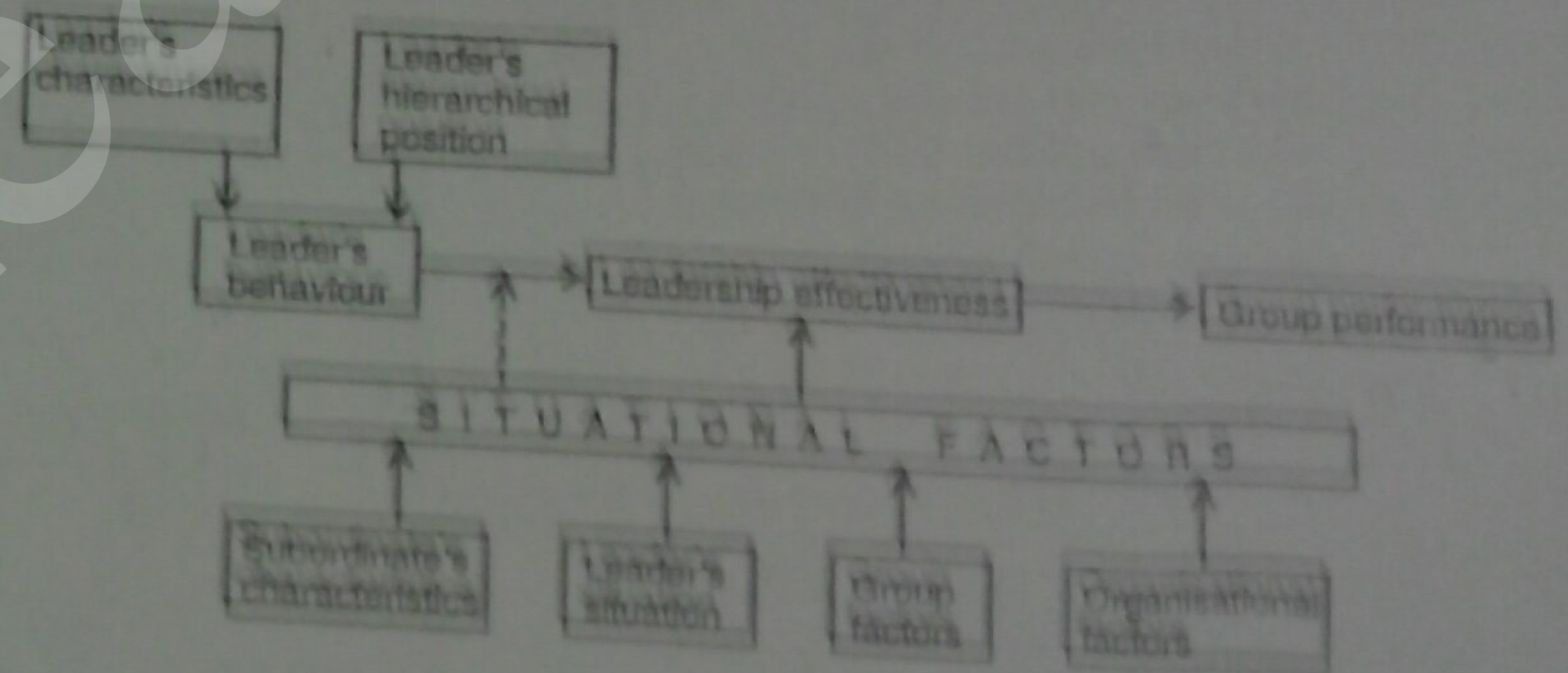


FIGURE 25.1: Factors affecting leadership effectiveness

The various factors affecting leadership effectiveness may broadly be classified into two main categories: leader's behaviour and situational factors. The combined effect of both these factors determines leadership effectiveness. Let us discuss these factors and their impact on leadership effectiveness.

Leader's Behaviour

Leader's behaviour is affected by two variables: leader's characteristics and his hierarchical position in the organisation.

1. Leader's Characteristics. An individual's behaviour is influenced by intelligence and ability. His characteristics like his personality characteristics, attitudes, interest, motivation, and physical characteristics such as age, sex, and physical qualities, thus the behaviour of the leader is also influenced by all these factors. All these factors are internal to the leader.

of filling up higher positions from outside will discourage competent persons to join such an organisation.

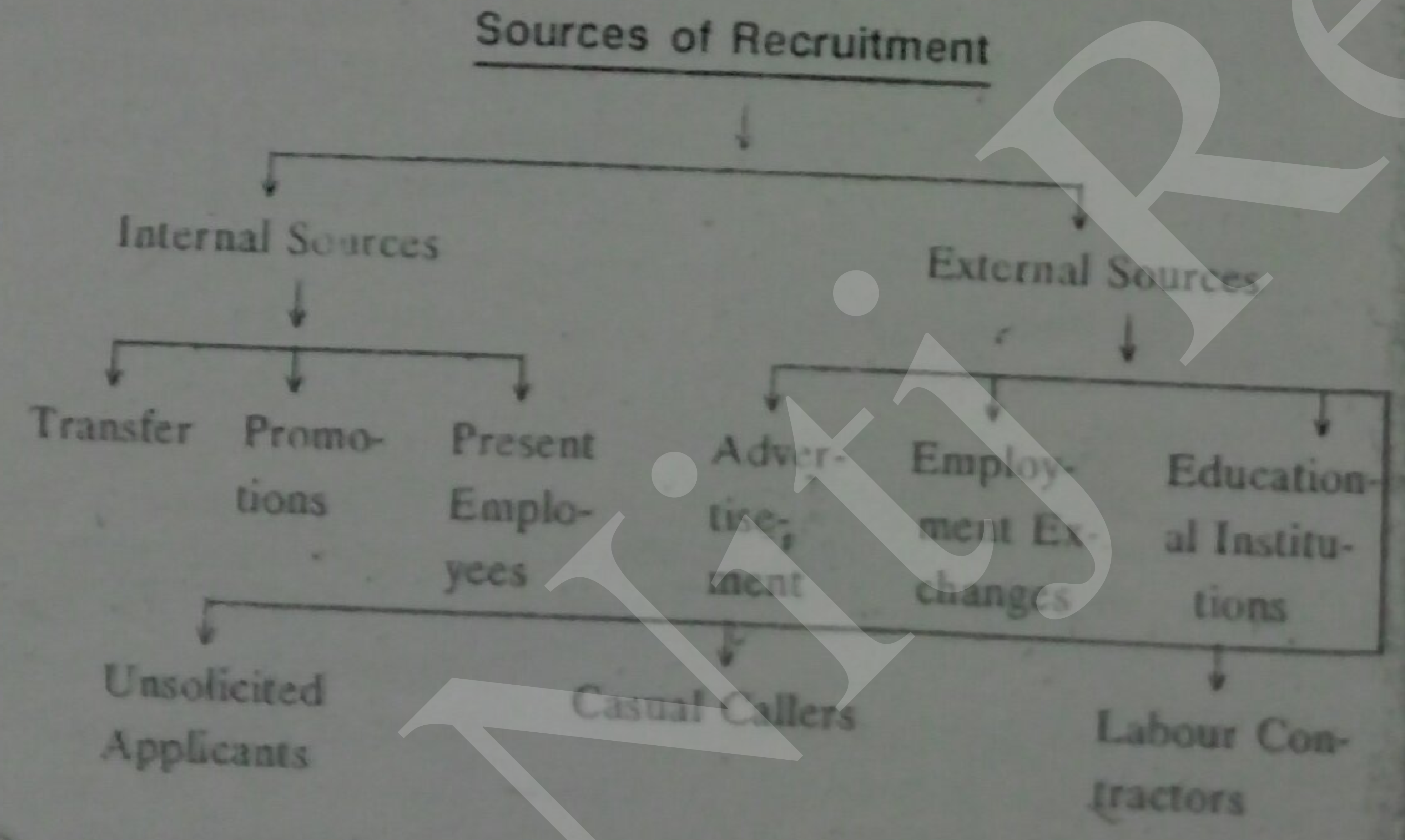
4. Union Requirements. In some cases, agreements with workers' union may also act as constraints to employ persons from outside. An understanding with union to fill up certain percentage of posts though it may restrict the choice of management in recruiting on its own.

5. Government Policies. Government policies may also act as constraints on recruitment policy. Government legislation may require to reserve certain percentage of posts for weaker sections of society or for persons belonging to specific castes. Another legislation may require the enterprise to recruit new persons only from the lists supplied by government employment exchange. Such legislations restrict the choice of management in recruitment of any type of persons.

SOURCES OF RECRUITMENT

In general there are two sources of recruitment :

- A. Internal
B. External



A. INTERNAL SOURCES

Internal source is one of the important sources of recruitment. The employees already working in the organisation may be more suitable for higher jobs than those recruited from outside. The present

employees may help in the recruitment of new persons also. Internal sources are discussed as follows :

1. Transfers. Transfer involves shifting of persons from present jobs to other similar places. These do not involve any change in rank, responsibility and prestige. The number of persons does not increase with transfers but vacant posts may be attended to.

2. Promotions. Promotions refer to shifting of persons to positions carrying better prestige, higher responsibilities and more salaries. The higher positions falling vacant may be filled up from within the organisation. A promotion does not increase the number of persons in the organisation. A person going to get a higher position will vacate his present position. Promotion avenues motivate employees to improve their performance so that they get promotions to higher positions.

3. Present Employees. The present employees of an enterprise may be informed about likely vacant positions. The employees recommend their relations or persons intimately known to them. Management is relieved of botheration for looking out prospective candidates. The persons recommended by the employees will be suitable for the jobs because they know the needs and requirements of those recommended by them and try to ensure their proper behaviour and performance.

This method of recruiting employees is suitable for lower positions only. It may create nepotism and favouritism. The workers may be employed on the basis of their recommendation and not suitability.

Merits of Internal Sources

1. Improves Morale. The internal sources of recruitment will boost morale of employees. They are assured of higher positions whenever vacancies arise. Existing employees are given preference in promotions. Outsiders are employed only when suitable candidates are not available from within.

2. Proper Evaluation. The management is in a better position to evaluate the performance of existing employees before considering them for higher positions. An outsider employed just on the basis of an interview may not prove suitable later on. The service records of existing employees will be a guide to study their suitability for ensuring vacancies.

3. Economical. The method of internal recruitment is economical also. The cost incurred in selecting a person is saved. Moreover,

- Inbreeding leads to disorganisation
 - blood fear of salubrious
 - Biasness of Mgt
 Recruitment

internal candidates do not require any training since they are well acquainted with various jobs in the organisation.

4. Promotes Loyalty. Internal sources of recruitment promote loyalty among employees. They are preferred to consider at the time of filling up higher positions. They will feel a part and parcel of the organisation and will always try to promote its interests.

Demerits of Internal Sources

1. Limited Options. The recruitment of only internal candidates restricts the choice of management. The present employees may not be suitable to take up positions of higher responsibility but there will be no option. A person will be selected only out of the available candidates. The outside candidates, even though they may be suitable, will not get a chance to show their talent.

Internal sources may dry up in the meantime and filling up of higher positions will become a problem.

2. Lack of Originality. The present employees may not be able to bring new ideas. They will be accustomed to carry on things in the same old ways. New persons will bring fresh thinking and new methods may be tried.

B. EXTERNAL SOURCES

Every enterprise has to use external sources for recruitment to higher positions when existing employees are not suitable. More persons are needed when expansions are undertaken. External methods are discussed as follows:

1. Advertisement. Advertisement is the best method of recruiting persons for higher and experienced jobs. The advertisements are given in local or national press, trade or professional journals. The requirements of jobs are given in the advertisements. The prospective candidates evaluate themselves against the requirements of jobs before sending their applications. Management gets a wider range of candidates for selection. The flood of applications may create difficulties in the information.

2. Employment Exchanges. Employment exchanges run by the government are also a good source of recruitment. Unemployed persons get themselves registered with these exchanges. The vacancies may be notified with the exchanges, whenever there is a need. The exchange supplies a list of candidates fulfilling required qualifications. Exchanges are a suitable source of recruitment for filling unskilled

semi-skilled, skilled and operative posts. The job-seekers and job-givers are brought into contact by the employment exchanges.

Private agencies also help in recruiting qualified and experienced persons. These agencies remain in contact with employees and persons seeking change in jobs for higher posts.

3. Educational Institutions. The jobs in trade and industry are becoming technical and complex. These jobs require certain amount of educational and technical qualifications. The employers maintain a close liaison with universities and technical institutions. The students are spotted during the course of their studies. The students are assured of jobs on the completion of their studies. Junior level executives or managerial trainees may be recruited in this way.

4. Unsolicited Applicants. Persons in search of employment may contact employers through telephone, by post or in person. Generally, employers with good reputation get more and unsolicited applications. If an opening is there or is likely to be there then these persons are considered for such jobs. Personnel department may maintain a record of unsolicited applications. When jobs suitable for those persons are available those are considered for employment.

5. Casual Callers. Management may appoint persons who casually call on them for meeting short-term demands. This will avoid following a regular procedure of selection. These persons are appointed for short periods only. They need not be paid retrenchment or lay off allowance. This method of recruitment is economical because management does not incur a liability in pensions, insurance and fringe benefits.

6. Labour Contractors. It is quite common to engage contractors for the supply of labour. When workers are required for short periods and are hired without going through the full procedure of selection etc. contractors or jobbers are the best source of getting them. The contractors maintain regular contracts with workers at their places and also bring them to the cities at their own expense. The persons hired under this system are generally unskilled workers.

Merits of External Sources

1. Availability of Suitable Persons. Internal sources, sometimes, may not be able to supply suitable persons from within. External sources will give a wide choice for selection to the management. A large number of applicants may be willing to join the organisation. They will also be suitable as per the requirements of skill, training and education.

3. **Incompetent Autocrat.** Sometimes, superiors adopt autocratic leadership style just to hide their incompetence, because in other styles they may be exposed before their subordinates. However, this cannot be used for a long time.

The main advantages of autocratic technique are as follows:

1. There are many subordinates in the organisation who prefer to work under centralised authority structure and strict discipline. They get satisfaction from this style.
2. It provides strong motivation and reward to a manager exercising this style.
3. It permits very quick decisions as most of the decisions are taken by a single person.
4. Less competent subordinates also have scope to work in the organisation under his leadership style as they do negligible planning, organising and decision-making.

There are many disadvantages of autocratic leadership which are as follows:

1. People in the organisation dislike it specially when it is strict and the motivational style is negative.
2. Employees lack motivation. Frustration, low morale, and conflict develop in the organisation jeopardising the organisational efficiency.
3. There is more dependence and less individuality in the organisation. As such, future leaders in the organisation do not develop.

Considering the organisational efficiency and employee's satisfaction, autocratic style generally is not suitable.

Participative Leadership

This style is also called democratic, consultative or ideographic. A participative manager decentralises his decision-making process. Instead of taking unilateral decision, he emphasises on consultation and participation of his subordinates. Subordinates are broadly informed about the conditions affecting them and their jobs. This process emerges from the suggestions and ideas on which decisions are based. The participation may be either real or pseudo. In the case of former, a superior gives credit to subordinates' suggestions and ideas in taking the decisions while in the case of latter, the superior preaches participation in theory, but really he does not prefer it in practice. There are various benefits in real participative management. These are as follows:

- It is a highly motivating technique to employees as they feel elevated when their ideas and suggestions are given weight in decision making.
- The employees' productivity is high because they are party to the decision. Thus, they implement the decisions whole-heartedly.
- They share the responsibility with the superior and try to safeguard him also. As someone has remarked, 'the fellow in the boat with you never bores a hole in it' is quite applicable in this case too.
- It provides organisational stability by raising morale and attitudes of employees high and favourable. Further, leaders are also prepared to take organisational positions.
- Keeping in view these advantages, management should prefer participative leadership. The main disadvantages of participative leadership are as follows:

1. Complex nature of organisation requires a thorough understanding of its problems which lower level employees may not be able to do. As such, participation does not remain meaningful.
2. Some people in the organisation want minimum interaction with their superiors or associates. For them, participation technique is discouraging instead of encouraging.
3. Participation can be used covertly to manipulate employees. Thus, some employees may prefer the open tyranny of an autocrat as compared to covert tyranny of a group.

Free Rein

Free rein or *laissez-faire* technique means giving complete freedom to subordinates. In this style, manager once determines policy, programmes and limitations for action and the entire process is left to subordinates. Group members perform everything and the manager usually maintains contacts with outside persons to bring the information and material which the group needs.

This type of style is suitable to certain situations where the manager can leave a choice to his group. This helps subordinates to develop independent personality. However, the contribution of manager is almost nil. It tends to permit different units of an organisation to proceed at cross-purposes and can degenerate into chaos. Hence, this style is used very rarely in business organisations.

LEADERSHIP AS A CONTINUUM

There are, in fact, a variety of styles of leadership behaviour between two extremes of autocratic and free rein. Tannenbaum and Schmidt¹⁶ have depicted a broad range of styles on a continuum moving from authoritarian leadership behaviour at one end to free-rein behaviour at the other end as shown in Figure 25.2.

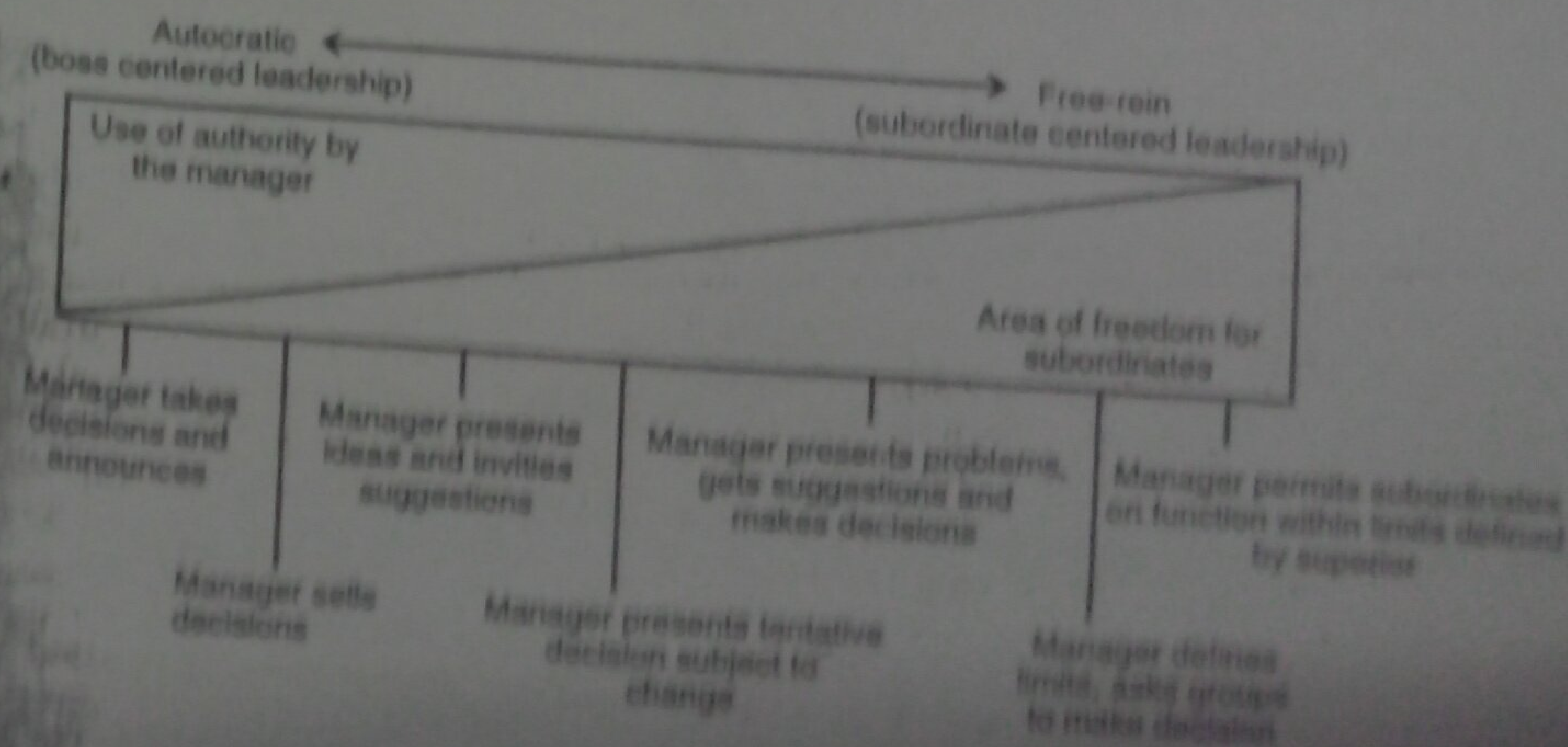


FIGURE 25.2: Continuum of leadership behaviour

The figure presents a range of leadership behaviour available to a manager. Each type of action represents the degree of authority used by a leader and a freedom which a subordinate enjoys.

2. What are the constraints generally faced by an organisation in recruiting employees?
3. Discuss various sources of recruitment?
4. Explain various external sources of recruitment. Also discuss the merits and demerits of external sources.
5. What are the sources of recruitment in business firms? Explain the internal sources and their merits and demerits.
6. What do you mean by promotion and transfer as sources of recruitment? What are their merits and demerits?
7. Why cannot an enterprise easily recruit the number or kinds of personnel it wants?

□□□

Nity Reader

16

It means discovering most suitable & most promising candidates to fill the vacant job positions in the organisation.

SELECTION

The appointment of suitable persons on various jobs is very essential. The selection of a wrong candidate will mean loss of time and money which have been incurred on this process. It also leads to absenteeism and retrenchment. This calls for a properly planned recruitment and selection process.

After the receipt of appropriate number of applications through various sources of recruitment Selection Process starts. It is concerned with securing relevant information about the applicants. The purpose of selection process is to determine whether a candidate is suitable for employment in the organisation or not. All persons who have applied may not be suitable. Moreover, the number of applicants will be much more than the positions vacant. It becomes all the more important to scrutinise applications properly so that those who are found unsuitable at first instance should not be called for tests or interviews. This will save time and money of the enterprise as well as of the candidates.

The procedure to be followed for selecting an employee may be different for various jobs. If the job is not very important then a simple procedure may be followed. For employing unskilled workers, personnel manager may select them after a brief interview. If skilled and unskilled persons are to be selected then foreman may interview them and also test their experience by asking them to work on jobs. When the position to be filled is important then a number of steps may be followed before a person is finally selected.

SELECTION PROCEDURE

The selection procedure consists of a series of methods or steps or stages by which additional information is secured about an applicant. At each stage facts may come to light which may lead to the rejection of an applicant. Selection procedure may be compared to a series of barriers which an applicant is required to cross before he is finally selected. The following steps are generally followed in a selection process:

Likert's four systems of management in terms of leadership styles may be referred to as exploitative autocratic (system 1), benevolent autocratic (system 2), participative (system 3), and democratic (system 4). Likert, on the basis of intensive research, has shown that high producing departments in several organisations studied are marked by system 4 (democratic). He ascribes this mainly to the extent of participation in management and the extent to which the practice of supportive relationship is maintained. He states that leadership and other processes of the organisation must be such as to ensure a maximum probability that in all interactions and in all relationships within the organisation, each member in the light of his background, values, desires, and expectations, will view the experience as supportive and one which builds and maintains the sense of his personal worth and importance.²⁰

Likert has also isolated three variables which are representative of the total concept of system 4. These are: (i) the use of supportive relationship by managers; (ii) the use of group decision-making and group methods of supervision; and (iii) the high performance goals.

EMPLOYEE-PRODUCTION ORIENTATION

In the studies of the Survey Research Centre at the University of Michigan, USA, an attempt was made to study the leadership behaviour by locating clusters of characteristics that seemed to be related to each other and various indicators of effectiveness. The studies identified two concepts which were called employee-orientation and production-orientation.²¹ The employee-orientation stresses the relationship aspects of employees' jobs. It emphasises that every individual is important and takes interest in every one, accepting their individuality and personal needs. This is parallel to democratic concept of leadership behaviour. Production-orientation emphasises production and technical aspects of jobs and employees are taken as tools for accomplishing the jobs. This is parallel to the authoritarian concept of leadership behaviour.

Almost at the same time, the leadership studies initiated by the Bureau of Research at Ohio State University attempted to identify various dimensions of leader behaviour. Such studies identified two dimensions: initiating structure and consideration.²² Initiating structure refers to the leader's behaviour in delineating the relationship between himself and members of the work group and in endeavouring to establish well-defined patterns of organisation, channels of communications, and methods and procedures. Consideration refers to behaviour indicative of friendship, mutual trust, respect, and warmth in the relationship between the leader and the members of his staff.²² The research studies also show that initiating structure and consideration are two separate distinct dimensions and not mutually exclusive. A low score on one does not necessitate high score on the other. Thus, leadership behaviour can be plotted on two separate axes rather than on a single continuum as shown in Figure 25.3 (page 647).

The four quadrants show various combinations of initiating structure and consideration. In each quadrant, there is a relative mixture of initiating structure and consideration and a manager can adopt any one style.

MANAGERIAL GRID

One of the most widely known approaches of leadership styles is the managerial grid developed by Blake and Mouton.²³ They emphasise that leadership style consists of

²⁰Likert, op. cit., p. 47.

²¹Daniel Katz, et. al. *Productivity, Supervision, and Morale in Office Situation*, Ann Arbor: Survey Research Centre, University of Michigan, 1950.

²²Roger M. Stogdill and Alvin E. Coons, *Leader Behaviour: Its Description and Measurement*, Ohio: The Ohio State University, 1957.

²³Ibid.

²⁴R.R. Blake and J.S. Mouton: *The Managerial Grid*, Harvard Business School Press, 1975.

High Consideration and Low Structure	High Structure and High Consideration
Low Structure and Low Consideration	High Structure and Low Consideration

FIGURE 25.3: The Ohio State leadership quadrants

factors of both task-oriented and relation-oriented behaviour in varying degrees. Their 'concern for' phrase has been used to convey how managers are concerned for people or production, rather than 'how much' production getting out of group. Thus, it does not represent real production or the extent to which human relationship needs are being satisfied. Concern for production means the attitudes of superiors towards a variety of things, such as, quality of decisions, procedures and processes, creativeness of research, quality of staff services, work efficiency, and volume of output. Concern for people includes degree of personal commitment toward goal achievement, maintaining the self-esteem of workers, responsibility based on trust, and satisfying inter-personal relations. The managerial grid identifies five leadership styles based upon these two factors found in organisations, as shown in Figure 25.4.

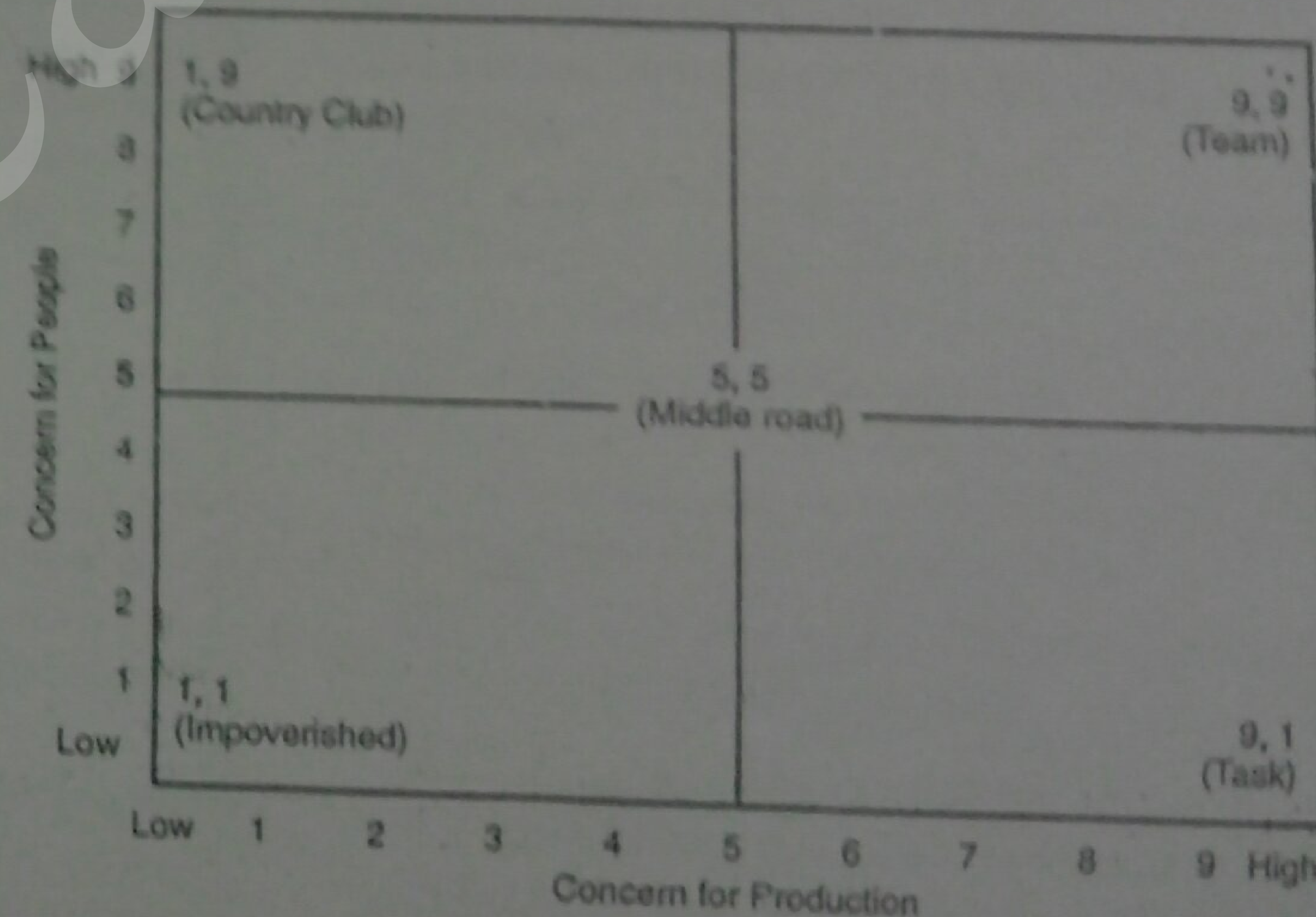


FIGURE 25.4: The managerial grid

Blake and Mouton have described the five styles as follows:

- 1, 1. Exertion of minimum effort is required to get work done and sustain organisational morale;
- 1, 9. Thoughtful attention to needs of people leads to a friendly and comfortable organisational atmosphere and work tempo;
- 9, 1. Efficiency results from arranging work in such a way that human elements have little effect;
- 5, 5. Adequate performance through balance of work requirements and maintaining satisfactory morale;

19

- I. Receipt and scrutiny of applications.
- II. Preliminary interview.
- III. Blank application form.
- IV. Tests.
- V. Interviews.
- VI. Checking references.
- VII. Preliminary and final selection.
- VIII. Physical examination.
- IX. Placement and orientation.

I. Receipt and Scrutiny of Applications

The receipt and scrutiny of applications is the first step in the process of selection. A receptionist in the personnel department gives information about new opening to the visitors and receives their applications.

The scrutiny of applications is essential to take out those applications which do not fulfil the requirements of posts. Some people send applications even when they do not possess the required experience and qualifications. These applications, if called for preliminary interview, will waste their own time and that of the company. These applications should outrightly be rejected and information should be sent to the applicants in this regard.

II. Preliminary Interview

Preliminary interview is the first occasion when applicants come into contact with company officials. This is also the stage where rejections are large. This interview is to see whether applicants are suitable for the company both mentally and physically. The candidates are asked questions regarding his educational qualifications, experience, age, hobbies, etc.

Since rejection rate is high at preliminary interview, the interview should be courteous, kind, receptive and informal. He should give a good account of the company so that the applicant takes a good view of it and hopes to apply again whenever new opening comes.

The applicants selected at preliminary interview are given blank application forms for supplying detailed information.

III. Blank Application Form

A blank application form is a widely accepted device for getting information from a prospective applicant. This is a way of getting

written information about candidate's particulars ^{in his own handwriting.} It enables the personnel department to draw tentative inferences about the applicant's suitability for employment. The information collected in the application form may also be circulated to various members of selection committee for enabling them to make a view about different applicants.

The information collected in blank application relates to the following particulars :

(i) Bio-data. Bio-data includes name of the applicant, father's name, date of birth, place of birth, permanent address, height, weight, identification mark, marital status, physical disability, etc.

(ii) Educational Qualifications. This part of educational qualifications relate to education acquired, institutions attended, percentage of marks, distinctions achieved, technical education acquired, subjects studied, areas of specialisation.

(iii) Work Experience. Application blank also enquires about previous experience, similar or other jobs held, nature of duties, salaries received, names of previous employers, reasons for leaving the present job.

(iv) Curricular Activities. The information about participation in extra-curricular activities like N.S.S, N.C.C, debates and declamations, sports, etc. is also received in blank application form.

(v) References. The applicant is also asked to give some references from where an enquiry may be made about his nature and work. The references are normally the persons with whom the applicant has worked but are not related to him.

(vi) Salary Demanded. The salary demanded by the applicant is also given in the application blank.

An attempt is made to elicit maximum information in application blank. The information asked for should be relevant and specific. It should have relevance to the post he has applied for. The information collected should be brief and to the point. Questions requiring essay-type answers should be avoided.

IV. Test

The use of tests for making selection is the most controversial step. Some persons are of the view that tests do not serve any purpose and do not improve the selection process. On the other hand, some persons are of the view that tests give a valid judgement about the traits of

9,9. Work accomplished is from committed people with interdependence through a common stake in organisational purpose and with trust and respect.

Each style points out the relative contents of concern for production or people and implies that the most desirable leader's behaviour is 9,9 (maximum concern for production and people). In fact, Blake and Mouton have developed training programmes that attempt to change managers towards 9,9 management style. Managerial grid is very much similar to production-people orientation style as given by Ohio State University. However, there is one basic difference between the two. In managerial grid 'concern for' is a predisposition about something or an attitudinal model that measures the predisposition of a manager, while Ohio State framework tends to be a behavioural model that examines how leader's actions are perceived by others.

Managerial grid is a useful device to a manager for identifying and classifying managerial styles. It helps him understand why he gets the reaction that he does from his subordinates. It can also suggest some alternative styles that may be available to him. However, it does not tell why a manager fails in one part or the other of the grid. What a manager's style is, will be influenced by many factors, including the superior, the kind of subordinates he supervises, and the situation in which he finds himself. In managerial grid, although the four corners and the mid-point of the grid are emphasised, these extreme positions are rarely found in their pure form in working conditions. In other words, a manager would more likely have a style of 8,2 or 4,6 or some such thing. Nevertheless, managerial grid is widely used throughout the world as a means of managerial training and of identifying various combinations of leadership styles.

TRIDIMENSIONAL GRID

Reddin conceptualised a three-dimensional grid, also known as 3-D management, borrowing some of the ideas from managerial grid.²⁴ Three dimensional axes represent task-orientation, relationship-orientation, and effectiveness. By adding an effectiveness dimension to the task-oriented and relationship-oriented behaviour dimensions, Reddin has integrated the concept of leadership styles with the situational demand of a specific environment.

Task orientation (TO) is defined as the extent to which a manager directs his subordinates' efforts towards goal attainment. It is characterised by planning, organising, and controlling. Relationship orientation (RO) is defined as the extent to which a manager has personal relationships. It is characterised by mutual trust, respect for subordinates' ideas and suggestions, and their feelings. Effectiveness is defined as the extent to which a manager is successful in his position. When the style of a leader is appropriate to a given situation, it is termed as effective; when the style is inappropriate to a given situation, it is termed as ineffective. Thus, the difference between effective and ineffective styles is often not the actual behaviour but the appropriateness of the behaviour to the environment in which it is used.

Either degree of TO or RO, or a combination of both, is used by leaders. On this basis, basically there are four styles as shown in Figure 25.5.

Relationship Orientation	High	Related	Integrated
	Low	Separated	Dedicated
		Low	High
		Task Orientation	

Figure 25.5: Task and relationship orientation

applicants. Within these views, the use of tests is becoming important these days. The selection of tests to be applied is an important factor. These should not be used just for the sake of use. The selection of appropriate tests may give good results and help in appointing suitable persons. The worth of a test will be judged from its ability to reject unsuitable persons and help in selecting appropriate persons.

Characteristics of a Good Test *on one line*

A good test has the following characteristics :

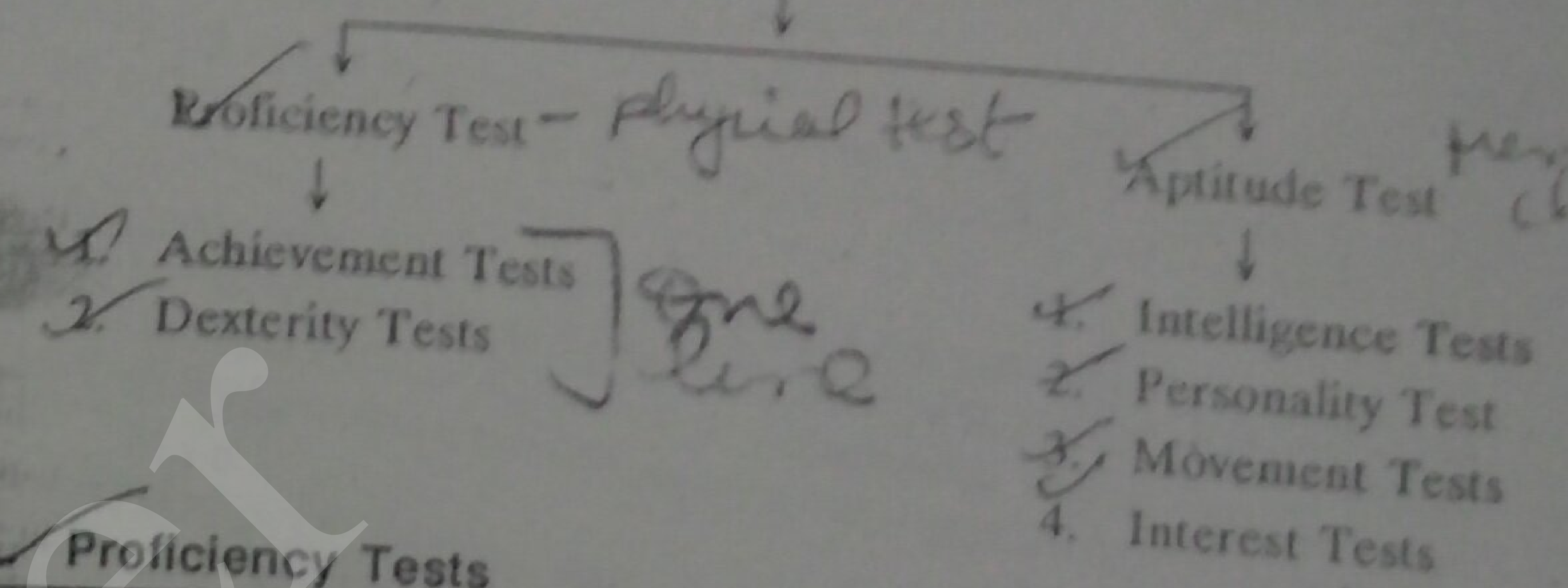
1. Reliability. A test should be reliable. Reliability of a test means that it gives same results when applied to a person at different times. A test will not be reliable if it gives varied results when applied to the same person. For example, an intelligence test is applied to a person on Sunday and he gets a score of 100. The test is applied again to the same person on Wednesday and it gives a score of 120. This test will not be called reliable because it has given varied results.
2. Objectivity. The test should be similarly applicable to different persons. The results of the test should not have a bias in favour of persons with particular education or technical background. It should be so constructed that two or more persons can score the responses to items, questions or tasks in the same way.
3. Consistency. A good test should give consistent results when carried out on different persons at different times. For example, a test shows X superior to Y when it is applied on a particular day. If the test is repeated on the same persons on a different day it should again show the superiority of X over Y. If this is so the test will be consistent.
4. Standardisation. A good test must be standardised. It may be administered under standard conditions to a group of persons who are representatives of the individual for whom it is intended. The methods and procedures for conducting and measuring results should also be standardised.

Types of Tests

A variety of tests may be used to get results at different times. Psychologists have devised a number of tests which are frequently used. Some of the psychological tests are as follows :

- A. Proficiency Tests
- B. Aptitude Tests

Types of Tests



A Proficiency Tests

These tests measure the skills or training which the applicant possesses at the time of testing. The claims of the applicant about his ability to perform a particular job are tested on actual work conditions.

1. Achievement Tests. The knowledge acquired by a candidate before applying for job is tested by these tests. An applicant is asked to perform a particular job in the factory. If the applicant is a candidate for the post of a foreman, he may be asked to explain the working of different machines. An applicant for the post of a sales executive may be asked to explain a procedure he will follow for promoting the sales of a product. These tests may be conducted in writing, orally or on the job.

2. Dexterity Tests. These tests are designed to find out how efficiently and swiftly an applicant uses his hands, fingers, eyes or other parts of body. These tests are useful where work requires the swift movement of parts of body.

B. Aptitude Test

Such tests measure the skill and ability which a person may develop later on. These measure the talent/ability of a candidate to learn new job or skill. The aptitude for learning and bent of mind is assessed in these tests.

1. Intelligence Tests. These tests measure the overall intellectual activity or intelligent quotient (I.Q.) of the applicants. We can know about the capability of a person in dealing with new problems. Applicant's word fluency, memory, reasoning are also determined with these tests.

Intelligence tests, generally, consist of a long list of questions, problem solving questions, reasoning, multiple-choice questions which are to be answered in a given time. The score of persons is judged

All organisations, business or non-business, face the necessity of coping with problems of control. Like other managerial functions, the need for control arises to maximise the use of scarce resources and to achieve purposeful behaviour of organisation members. In the planning stage, managers decide how the resources would be utilised to achieve organisational objectives; at the controlling stage, managers try to visualise whether resources are utilised in the same way as planned. Thus, control completes the whole sequence of management process.

Concept of Controlling

The concept of controlling is somewhat ambiguous in management. For example, let us consider the following statement:

"What exactly do you mean by management control? When this question was asked to a number of managers, in both Government and industry, the answers showed a surprising lack of agreement—surprising, since in a field for which theory has been developed to the extent; it has in business management, terms should be precise, specific, and unambiguous".¹

Perhaps the reason for this ambiguity is the context in which the term control and other related terms are used. Controlling is used in terms of process of control. At the same time, the term controls is also used which is not used as a plural form of control but as techniques of control. For example, Giglione and Bedeian have observed that in management, controls mean measurements, whereas controlling is a process of gathering and feeding back information about performance so that decision makers can compare actual results with planned results and decide what to do about any apparent discrepancies or problems.² Peter Drucker has elaborated this distinction further as follows:

1. Controls refer to measurement and information whereas control is related to direction.
2. Controls pertain to means and control pertains to an end.
3. Controls deal with facts and events of the past; control, on the other hand, deals with expectations, that is with future.
4. Controls are analytical and concerned with what was and what is. Control is normative and is concerned with what ought to be.³

In the present context, we shall take control as a process which has been defined by Reeves and Woodward as follows:

"Control refers to the task of ensuring that activities are producing the desired results. Control in this sense is limited to monitoring the outcome of activities, reviewing feedback information about this outcome, and if necessary, taking corrective action".⁴

Terry and Franklin have used the term controlling and has defined it as follows:

"Controlling is determining what is being accomplished—that is evaluating performance and, if necessary, applying corrective measures so that the performance takes place according to plans".⁵

¹Douglas S. Sherwin, "The Meaning of Control", in Max D. Richards and William A. Nielander (eds.) *Readings in Management*, Mumbai: D.B. Taraporevala, 1971, p. 391.

²G.B. Giglione and A.G. Bedeian, "A Conception of Management Control Theory", *Academy of Management Journal*, June 1974, pp. 292-305.

³Peter F. Drucker, *Management Tasks, Responsibilities, and Practices*.

⁴Tom K. Reeves and Woodward, *Controlling*.

Thus, control as an element of management process involves analysing whether actions are being taken as planned and taking corrective actions to make these to conform to planning. Based on this concept, control has the following features:

1. Control is forward looking because one can control future happenings and not the past. However, in control process, always the past performance is measured because no one can measure the outcome of a happening which has not occurred. In the light of these measurements, managers suggest corrective actions for future period.
2. Control is both an executive process and, from the point of view of the organisation of the system, a result. As an executive process, each manager has to perform control function in the organisation. It is true that according to the level of a manager in the organisation, the nature, scope, and limit of his control function may be different as compared to a manager at other level. The word control is also preceded by an adjective to designate a control problem, such as, quality control, inventory control, production control, or even administrative control. In fact, it is administrative control which constitutes the most comprehensive control concept. All other types of control may be subsumed under it.
3. Control is a continuous process. Though managerial control enables the manager to exercise control at the point of action, it follows a definite pattern and time-table, month after month and year after year on a continuous basis.
4. A control system is a coordinated-integrated system. This emphasises that, although data collected for one purpose may differ from those with another purpose, these data should be reconciled with one another. In a sense, control system is a single system, but it is more accurate to think of it as a set of interlocking sub-systems.

CONTROLLING AND OTHER FUNCTIONS

Control is closely related with other functions of management because control may be affected by other functions and may affect other functions too. Often it is said 'planning is the basis, action is the essence, delegation is the key, and information is the guide for control.' This reflects how control is closely related with other functions of management. In fact, managing process is an integrated system and all managerial functions are interrelated and interdependent. When control exists in the organisation, people know what targets they are striving for, they know how they are doing in relation to the targets, and they know what changes, if any, are needed to keep their performance at a satisfactory level. The relationship of control with major managerial functions can be described as follows:

1. Planning as the Basis. Planning is the basis for control in the sense that it provides the entire spectrum on which control function is based. In fact, these two terms are often used together in the designation of the department which carries production planning, scheduling and routing. It emphasises that there is a plan which directs the behaviour and activities in the organisation. Control oversees these behaviour and activities and suggests measures. Control further involves...

applicants. Within these views, the use of tests is becoming important these days. The selection of tests to be applied is an important factor. These should not be used just for the sake of use. The selection of appropriate tests may give good results and help in appointing suitable persons. The worth of a test will be judged from its ability to reject unsuitable persons and help in selecting appropriate persons.

Characteristics of a Good Test *In one line*

A good test has the following characteristics :

1. **Reliability.** A test should be reliable. Reliability of a test means that it gives same results when applied to a person at different times. A test will not be reliable if it gives varied results when applied to the same person. For example, an intelligence test is applied to a person on Sunday and he gets a score of 100. The test is applied again to the same person on Wednesday and it gives a score of 120. This test will not be called reliable because it has given varied results.

2. **Objectivity.** The test should be similarly applicable to different persons. The results of the test should not have a bias in favour of persons with particular education or technical background. It should be so constructed that two or more persons can score the responses to items, questions or tasks in the same way.

3. **Consistency.** A good test should give consistent results when carried out on different persons at different times. For example, a test shows X superior to Y when it is applied on a particular day. If the test is repeated on the same persons on a different day it should again show the superiority of X over Y. If this is so the test will be consistent.

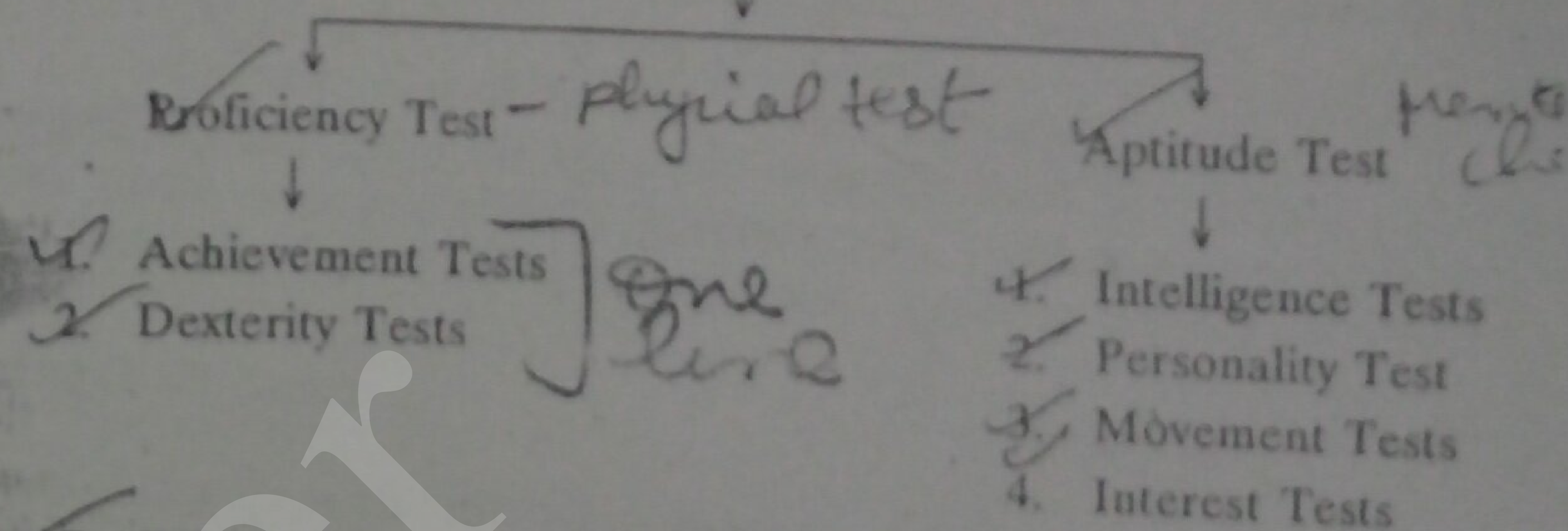
4. **Standardisation.** A good test must be standardised. It may be administered under standard conditions to a group of persons who are representatives of the individual for whom it is intended. The methods and procedures for conducting and measuring results should also be standardised.

Types of Tests

A variety of tests may be used to get results at different times. Psychologists have devised a number of tests which are frequently used. Some of the psychological tests are as follows :

- A. Proficiency Tests
- B. Aptitude Tests

Types of Tests



A. Proficiency Tests

These tests measure the skills or training which the applicant possesses at the time of testing. The claims of the applicant about his ability to perform a particular job are tested on actual work conditions.

1. **Achievement Tests.** The knowledge acquired by a candidate before applying for job is tested by these tests. An applicant is asked to perform a particular job in the factory. If the applicant is a candidate for the post of a foreman, he may be asked to explain the working of different machines. An applicant for the post of a sales executive may be asked to explain a procedure he will follow for promoting the sales of a product. These tests may be conducted in writing, orally or on the job.

2. **Dexterity Tests.** *quickly* These tests are designed to find out how efficiently and swiftly an applicant uses his hands, fingers, eyes or other parts of body. These tests are useful where work requires the swift movement of parts of body.

B. Aptitude Test

Such tests measure the skill and ability which a person may develop later on. These measure the talent/ability of a candidate to learn new job or skill. The aptitude for learning and bent of mind is assessed in these tests.

1. **Intelligence Tests.** These tests measure the overall intellectual activity or intelligent quotient (I.Q.) of the applicants. We can know about the capability of a person in dealing with new problems. Applicant's word fluency, memory, reasoning are also determined with these tests.

Intelligence tests, generally, consist of a long list of questions, problem solving questions, reasoning, multiple-choice questions which are to be answered in a given time. The score of persons is judged

against pre-decided scales. These tests are very useful for selecting persons for jobs requiring executive responsibilities.

2. **Personality Tests.** Personality tests are designed to know about the non-intellectual aspect of the candidate. His mixing with people, temperament, likings and dislikings, capacity to get co-operation from others, behaviour, confidence, initiative are studied with the help of these tests. Personality tests are essential for selecting persons for middle and higher level positions.

Personality tests also help to discover individual's value system, his emotional reactions and maturity, his reactions under certain conditions, his adjustability to new situations and his characteristic mood. These tests are widely used in industry because they provide a well-rounded personality of the applicant.

3. **Movement Tests.** These measure the speed and precision of movement in an applicant. The nature of job may require swift movements of the person working there. These tests are essential for persons undertaking technical jobs.

4. **Interest Test.** These tests are aimed to find out the type of work in which an applicant is interested. The likings or dislikings of the persons are also judged. These tests are helpful in assigning different jobs to the persons. If a person is assigned the job of his liking he is likely to contribute more. He may also find out better ways of doing that job. The efficiency and job satisfaction will be more if the jobs are according to the tastes of the persons.

Advantages of Tests

Tests can prove useful if used properly and under appropriate conditions. Some of their advantages are as follows :

1. **Proper Assessment.** Tests provide a basis for finding out the suitability of candidates for various jobs. The mental capability, aptitude, liking and interests of the candidates enable the selectors to find out whether a particular person is suitable for the job for which he is a candidate or not.

2. **Objective Assessment.** Tests provide a more objective criteria than any other method. Subjectivity of every type is almost eliminated.

3. **Uniform Basis.** Tests provide a uniform basis for comparing the performance of applicants. Same tests are given to the candidates and their score will enable selectors to see their performance.

4. **Selection of Better persons.** The aptitude, temperament and adjustability of candidates are determined with the help of tests. The

No biasness should be there

enables their placement on those jobs where they will be most suitable. This will improve their efficiency and job satisfaction.

5. **Labour Turnover Reduced.** Proper selection of persons will greatly reduce labour turnover. If suitable persons are not selected then they will leave the job sooner or later. Tests are helpful in finding out the suitability of persons for the jobs. Interest tests will help in knowing the liking of applicants for different jobs. When a person gets a job according to his temperament and interest he will not leave it.

Disadvantages of Tests

The tests suffer from the following disadvantages :

1. **Unreliable.** The inferences drawn in the tests may not be correct in some cases. The skill and ability of a candidate may not be properly judged with the help of tests.

2. **Wrong Use.** The tests may not be properly used by the employees. It is also possible that persons applying these tests may be biased towards certain persons. This will falsify the results of tests. Tests may also give unreliable results if used by incompetent persons.

3. **Fear of Exposure.** Some persons may not submit to the tests for fear for exposure. They may be competent but may not like to be assessed through the tests. The enterprise may be deprived of the services of such personnel who are not willing to appear for the tests but otherwise may be suitable for the concern.

4. **Interviews.** Application blank and tests give enough information about the applicant but it is still not sufficient to make a final selection. Interview may be taken to know more about the candidate and give him information about the job he may be required to undertake. It is a method by which an idea about an applicant's personality can be obtained by face to face contact.

In the words of Scott, "an interview is a purposeful exchange of ideas, the answering of questions and communication between two or more persons." The purpose of exchange of ideas is 'to get information' and 'give information'. The candidate also gets a chance to know about the company and the nature of his job. Interview enables the interviewer to judge certain qualities, like manners, appearance, ability to speak, grasp of things, of the prospective candidates before he is selected.

Objectives of Interview

Some of the objectives of interview are discussed as follows :-

1. **Judgement of Applicant.** Interview gives an opportunity to the

results according to the standards fixed for him. This is further complemented by the reward and punishment based on the performance. Since the performance measurement is one of the basic elements of the control process, it ensures that every person in the organisation contributes to his maximum ability.

5. **Coordination in Action.** Though coordination is the essence of management and is achieved through the proper performance of all managerial functions, control affects this aspect significantly. Control systems are designed in such a way that they focus not only on the operating responsibility of a manager but also on his ultimate responsibility. This forces a manager to coordinate the activities of his subordinates in such a way that each of them contributes positively towards the objectives of the superior. Since this follows throughout the organisation, coordination is achieved in the organisation as a whole. *Coordinate to controlling*

6. **Organisational Efficiency and Effectiveness.** Proper control ensures organisational efficiency and effectiveness. Various factors of control, namely, making managers responsible, motivating them for higher performance, and achieving coordination in their performance, ensure that the organisation works efficiently. The organisation also moves towards effectiveness because of control system. The organisation is effective if it is able to achieve its objectives. Since control focuses on the achievement of organisational objectives, it necessarily leads to organisational effectiveness. Looking into the various roles that control system plays in the organisation, the management should devise a control system which effectively meets the demands of the organisation. The manager can do this if he is aware of the essential features of effective control system. *Best work*

STEPS IN CONTROLLING

The systems, processes and techniques of control are same whatever the area of their application may be. As pointed out earlier, control is reciprocally related with planning. It is performed in the context of planning and aids planning in two ways: it draws attention to situations where new planning is needed; and it provides some of the data upon which plans can be based. Apart from reciprocal relationships, it has a regular relationship with planning as explained by Figure 27.2.

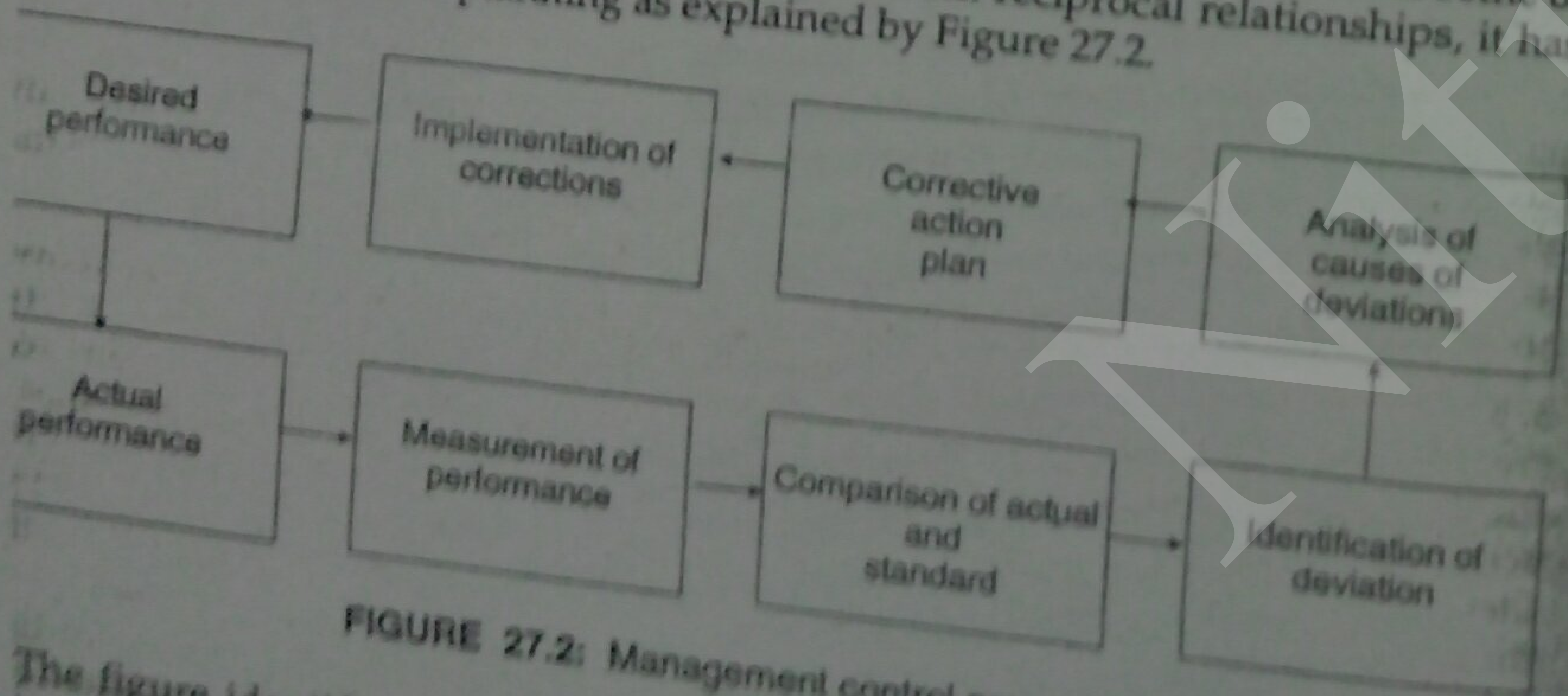


FIGURE 27.2: Management control process

The figure identifies the various steps in control process which are necessary in its relationship to planning. These steps may broadly be classified into four steps: (i) establishment of control standards, (ii) measurement of performance, (iii) comparison between performance and standards, and (iv) identification of deviation.

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standards are established which are criteria against which actual results are measured. For setting standards for control purposes, it is important to identify clearly and precisely the results which are desired. Precision in the statement of these standards is important. In many areas, great precision is possible. However, in some areas, standards are less precise. Standards may be precise if they are set in quantities—physical, such as volume of products, man-hour or monetary, such as costs, revenues, investment. They may also be in qualitative terms which measure performance.

After setting the standards, it is also important to decide about the level of achievement of performance which will be regarded as good or satisfactory. There are several characteristics of a particular work that determine good performance. Important characteristics which should be considered while determining the level of performance as good for some operations are: (i) output, (ii) expense, and (iii) resources. Expense refers to services or functions which may be expressed in quantity, for achieving a particular level of output. Resources refer to capital expenditure, human resources, etc. After identifying these characteristics, the desired level of each characteristic is determined. The desired level of performance should be reasonable and feasible. The level should have some amount of flexibility also, and should be stated in terms of range—maximum and minimum—as shown in Figure 27.3.

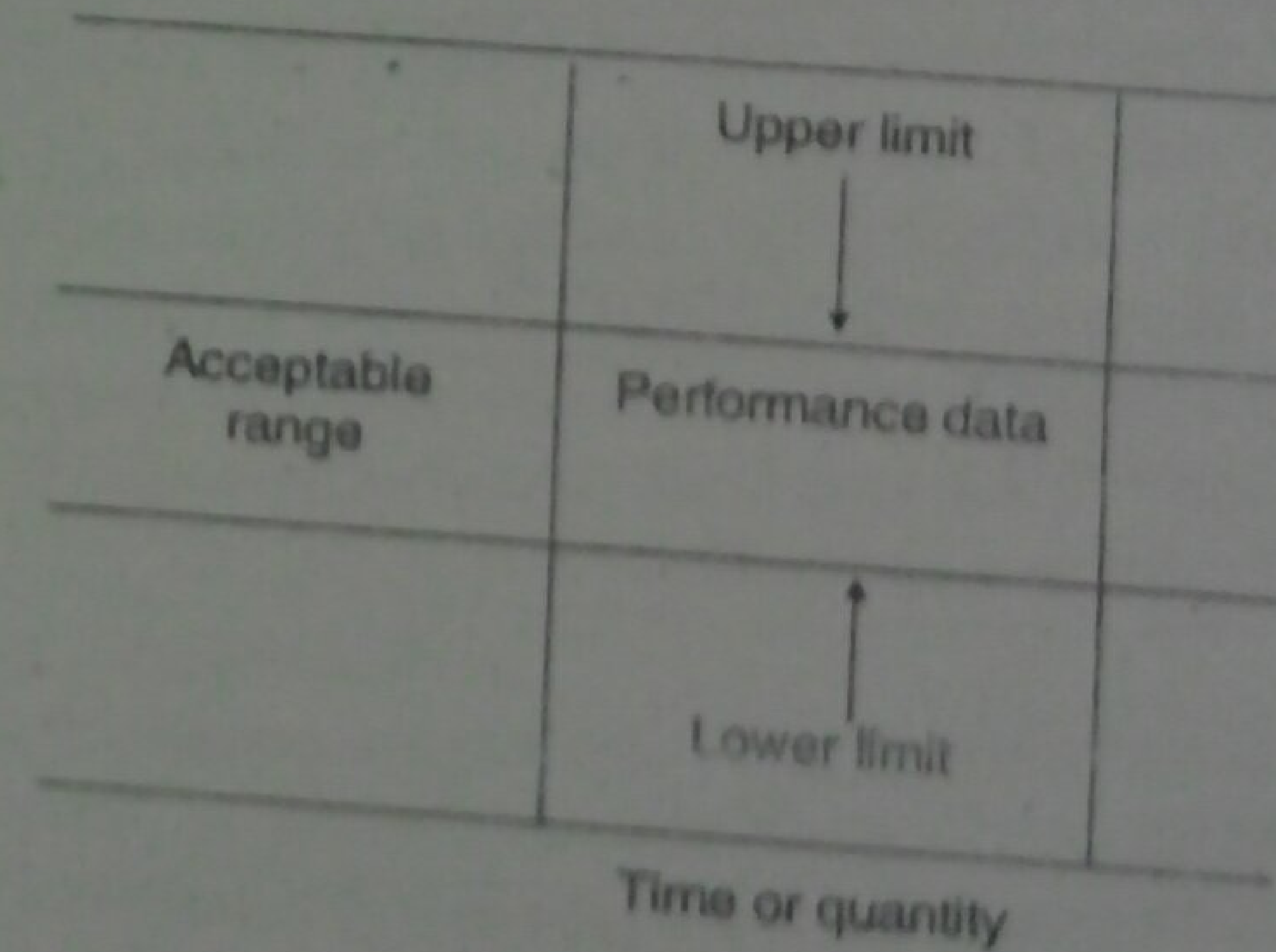


FIGURE 27.3: Control range

Control standards are most effective when they are related to the performance of a specific individual, because a particular individual can be made responsible for a specific results. However, sometimes accountability for a desired result is not so simply assigned; for example, the decision regarding investment in inventory is affected by purchase, rate of production and sales. In such a situation, where no one person is accountable for the levels of inventories, standards may be set for each step that is being performed by a man.

2. **Measurement of Performance.** The second major step in control process is the measurement of performance. The step involves measuring the performance in respect of a work in terms of control standards. The presence of standards involves a corresponding ability to observe and compare. *estimates*

interviewer to know about the applicant. The information gathered from application blank and tests is judged by talking to the candidate. It will be a chance to know whether the information about previous experience and training, etc. supplied by the candidate is justified by him or not. The appearance, ability to communicate, aptitude, nature, etc. of the applicant are also judged at the time of interview.

2. Give Information to the Applicant. Interview is not undertaken to know about the applicant only but it is also an opportunity to inform him about the company and the job. Applicant is given full information about the nature of job, hours of work, medical requirements, opportunities for advancement, employee benefits and services, etc. The applicant should be able to make a patient decision of joining or not joining the job.

3. Promote Goodwill. An interview also gives an opportunity to promote goodwill for the company. The interviewers should be treated with courtesy, if not likely to be selected then reasons for the same be given, offering constructive suggestions to them. All these things will give a good opinion of the company.

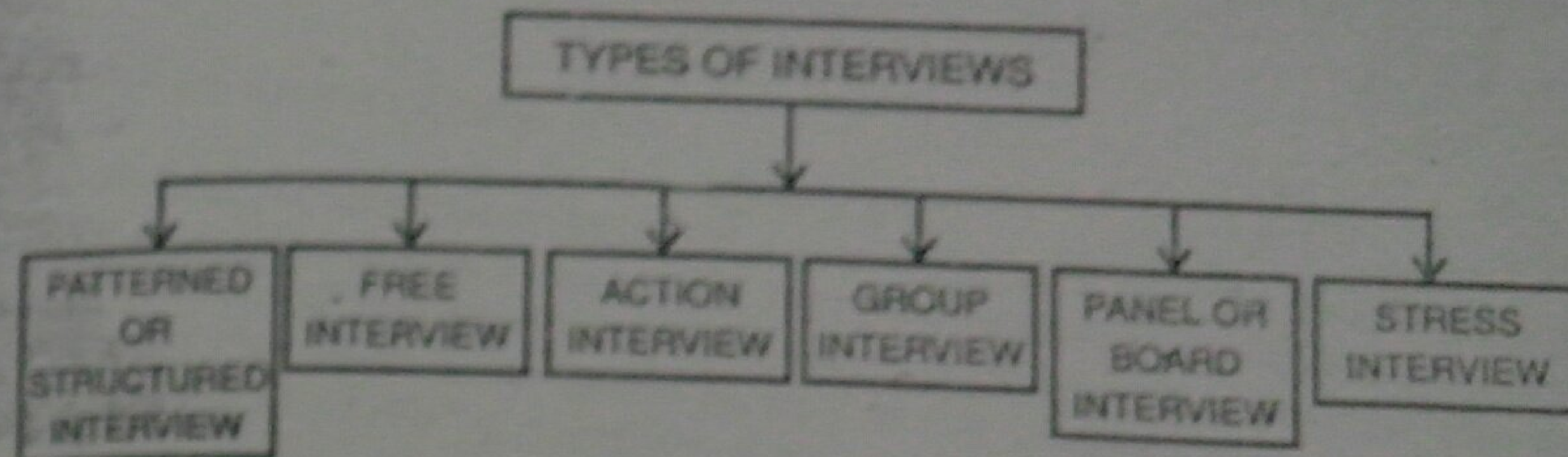
Types of Interviews in 2 lines

Interviews may be of many types but some of these are discussed here :

1. Patterned or Structured Interview. This is most common method of interview. The interview is systematically planned in advance. The type of information to be asked, details to be enquired, information to be given, time allotted for it are all planned properly. The interview is conducted in pre-planned sequence. If the candidate makes some queries and the sequence is disturbed, the questions are started again from where these were left. These interviews are called standardised interviews.

2. Free Interview. This is unstructured interview and is not planned as to its format. The candidate is asked to express his views on general topics. Interview is not directed as to questions but the candidate expresses his views on his upbringing interests, motivations etc. The interviewers make judgement as to the strengths and weaknesses of the candidate.

The interviewer should be an experienced person because it is very difficult to make judgement on such interviews.



4. Action Interview. This is a semi-structured interview where questions are asked on the subjects studied by the candidate. He is also asked questions about his previous experience, aptitude, hobbies etc. The interview gives information about the nature of job the candidate will be expected to perform, salary offered, avenues for promotions, etc. The replies of candidates are used to assess the potentiality of the candidates and his suitability for the job.

5. Group Interview. In group interview, a group of candidates are interviewed at a time. They are given some problems for discussion. The candidates express their views on the problems. Someone initiates the discussion and someone may wind it up. The interviewers judge the views, initiative taken, way of expression of candidates. The candidates are judged by their performance in the group discussion.

6. Panel or Board Interview. In this interview the candidate is interviewed by a panel of selectors. Different interviewers put questions on separate topics. For example, first interviewer may ask questions about the educational qualifications, second may put questions on previous experience, third may ask general knowledge questions and so on. The candidate is selected or rejected on the basis of combined rating by the panel.

7. Stress Interview. The stress interview is to see how a candidate behaves in a difficult situation. The interviewer assumes a hostile attitude towards the candidates. The candidate may be asked questions in rapid succession, questions may be put on his answers, he may be criticised for some of his answers, his arguments may be rejected outrightly and so on. The purpose of such an interview is to see whether a candidate keeps his cools under stress situations, what is his reaction to hostile situations, etc. The interviewer must be an experienced person otherwise such interview will not prove useful.

Guidelines for Interview

Interview is the most complex part of selection process. It should

Interview should be properly conducted.

which is qualitative and intangible, such as human relations, employee morale, etc. cannot be measured precisely. For such purposes, techniques like psychological tests and opinion surveys may be applied. Such techniques draw heavily upon intuitive judgement and experience, and these tools are far from exact. According to Peter Drucker, it is very much desirable to have clear and common measurements in all key areas of business. It is not necessary that measurements are rigidly quantitative. In his opinion, for measuring tangible and intangible performance, measurement must be (i) clear, simple and rational, (ii) relevant, (iii) direct attention and efforts, and (iv) reliable, self-announcing, and understandable without complicated interpretation or philosophical discussions.

3. Comparing Actual and Standard Performance. The third major step in control process is the comparison of actual and standard performance. It involves two steps: (i) finding out the extent of deviations, and (ii) identifying the causes of such deviations. When adequate standards are developed and actual performance is measured accurately, any variation will be clearly revealed. Management may have information relating to work performance, data, charts, graphs and written reports, besides personal observation to keep itself informed about performance in different segments of the organisation. Such performance is compared with the standard one to find out whether the various segments and individuals of the organisation are progressing in the right direction.

When the standards are achieved, no further managerial action is necessary and control process is complete. However, standards may not be achieved in all cases and the extent of variations may differ from case to case. Naturally, management is required to determine whether strict compliance with standards is required or there should be a permissible limit of variation (Figure 27.3). In fact, there cannot be any uniform practice for determining such variations. Such variations depend upon the type of activity. For example, a very minute variation in engineering products may be significant than a wide variation in other activities.

When the deviation between standard and actual performance is beyond the prescribed limit, an analysis is made of the causes of such deviation. For controlling and planning purposes, ascertaining the causes of variations along with computation of variations is important because such analysis helps management in taking up proper control action. The analysis will pinpoint the causes which are controllable by the person responsible. In such a case, person concerned will take necessary corrective action. However, if the variation is caused by uncontrollable factors, the person concerned cannot be held responsible and he cannot take any action.

Measurement of performance, analysis of deviations and their causes may be of use unless these are communicated to the person who can take corrective action. Such communication is presented generally in the form of a report showing performance standard, actual performance, deviations between those two, tolerance limits, and causes for deviations. As soon as possible, reports containing control information should be sent to the person whose performance is being measured and controlled. The underlying philosophy is that the person who is responsible for a job should be given to the superior concerned because the person on the control report should be given to his superior in improving the performance or may need help of his superior in formulating new plans; and (ii) staff personnel are expected to be familiar with control information for giving any advice about activity under control when approached.

Problems & Causes find

2. Take corrective result in every existing collection in every existing

system or operation. An organisation is not a self-regulating system such as thermostat which operates in a state of equilibrium put there by engineering design. In a business organisation, this type of automatic control cannot be established because the state of affairs that exists is the result of so many factors in the total environment. Thus, some additional actions are required to maintain the control. Such control actions may be (i) review of plans and goals and change therein on the basis of such review; (ii) change in the assignment of tasks; (iii) change in existing techniques of direction; and (iv) change in organisation structure; provision for new facilities, etc.

In fact, correction of deviation is the step in management control process which may involve either all or some of the managerial functions. Due to this, many persons hold the view that correcting deviations is not a step in the control process. It is the stage where other managerial functions are performed. Koontz *et al* have emphasised that the overlap of control function with others merely demonstrates the unity of manager's of job.⁷ It shows the managing process to be an integrated system.

TYPES OF CONTROL

Control may be of different types and these can be classified on the basis of elements to be controlled and stage at which control can be exercised in controlling the work outcome. Based on elements to be controlled, control can be divided into two forms: strategic and operational control. Based on the stages, control can be in three forms: feedback control, feedforward control, and concurrent control.

Strategic and Operational Control

Strategic control is the process of taking into account the changing planning premises, both external and internal to the organisation, on which the strategy is based, continuously evaluating the strategy as it is being implemented, and taking corrective actions to adjust the strategy to the new requirements. This process is necessary because strategy formulation is based on certain assumptions. Since there is a time lag between strategy formulation and its implementation, some of these assumptions may not hold good, either fully or partially. To that extent, the strategy may not work as effectively as the strategists might have thought.

Operational control is concerned with action or performance and is aimed at evaluating the performance of the organisation as a whole or its different components—strategic business units, divisions, and departments. Operational control is used by almost every organisation in some form or the other. This control can be exercised at different stages of work performance, which shall be discussed little later. Thus, strategic control and operational control differ from each other in terms of their aim, focus, time horizon, and techniques used. Table 27.1 presents the differences between the two.

TABLE 27.1: Difference between strategic and operational control

Factors	Strategic control	Operational control
1. Basic question	Are we moving in right direction?	How are we performing?
2. Aim	Proactive, continuous	

action or performance & its kind & evaluation the performance of

be properly planned so that effective results are obtained. Following guidelines should be followed for making an interview effective:

1. Selection of the Interviewer. The most important element of interview process is the selector. He should be properly chosen. An interviewer should be an experienced and knowledgeable person. He should fully understand the requirements of the job for which interview is being held. He should have sufficient knowledge of the organization, personality traits, attitudes, behaviour, motivation, etc. He will be able to assess the candidate only if he will be fully aware of such things and standards of performance expected in candidates.
2. Information about Applicant. Before conducting an interview the interviewer should get as much information as is possible about the applicant. This information will be available from application blank, records of preliminary interview and tests. This information will enable the selector to have an idea about the applicant's background, educational qualifications, previous experience, etc.
3. Preparation for Interview. This step relates to the preparation of question plan. It should be decided as to what type of information should be asked from the candidate. It also helps in cross-checking of information already supplied by the candidate.
4. Making Candidate Comfortable. The purpose of interview is to judge the knowledge and understanding of the candidate. He should be made comfortable by asking general questions like his travelling mode, staying plans, difficulties in reaching the interview site, etc. Once the candidate feels at ease then serious questioning should follow.
5. Drawing out the Best. The interviewer should try to draw out the best from the candidate. Every candidate may be tackled differently because personality traits, attitudes, communication skill are similarly found in candidates. The interviewer should not feel lack of information about the candidate after the interview is over. So he should be fully satisfied with the discussions, etc.
6. Concluding the Interview. The interviewer should close at a friendly note. The candidate should not feel neglected or sidelined by the interviewer. When the candidate has left the interview room the interviewer should make a note of his impressions about him. The next candidate should be called only when the selector has recorded his assessment.

VI. Checking References

The references may provide significant information about the candidate if they happened to be his former employers or with whom

Selection

he might have been working earlier. The applicants are normally asked to name two or three persons who know about his experience, skill, ability, etc. but should not be related to him.

The prospective employer normally makes an investigation on the references supplied by the candidate and undertakes search into his past employment, education, personal reputation, etc. Though checking references may be a good source of information but referees may not give frank opinion about the candidate. If the referee happens to be a former employer he will, generally, either praise the candidate or criticise his work and ability. Such extreme postures may not help in knowing the exact position of candidates. There may be persons who will not say bad things about a candidate when it is a question of his future. They will say good things about the candidates.

It may be said at last that checking references does not serve much purpose because no impartial evaluation of the candidate is received from the referees.

VII. Preliminary and Final Selection

Up to this stage selection is handled by personnel department or line officers. Since the persons employed are to work under line officers the candidates are referred to them. Line officers will finally decide about the work to be assigned to them. If line officer is a production manager or foreman he may assess on the job performance of the candidate. If the candidate is not suitable for one job then he is tried at some other. If candidate's performance is not upto the mark then he may be kept as apprentice for some time. Normally, a candidate is not rejected at this stage.

VIII. Physical Examination

The jobs may require certain physical standards as to height, eyesight, hearing etc. After the final selection, candidates are required to appear for medical examination. For civil services and military jobs, the candidates are appointed only when they clear medical test. Even for joining a government job, a medical fitness certificate from the civil Surgeon or State Medical Board is essential. Private organisations too require a medical fitness certificate.

Medical examination is an essential condition for final selection but it should not be used as a tool for rejecting the candidates.

XI. Placement and Orientation

Even after going through the rigorous procedure as explained in various steps, the selection procedure is not complete. The placement and orientation of the employee is also an important step in this direction.

TABLE 27.1: (Contd.)

4. Focus	External environment	Internal organisation
5. Time horizon	Long-term	Short-term
6. Exercise of control	Exclusively by top management, may be through lower-level support	Mainly by executive or middle management on the direction of top management
7. Main techniques	Environmental scanning, information gathering, questioning and review	Budgets, schedules, and MBO

Stages of Control

Depending on the stages at which control is exercised, it may be of three types: (1) control of inputs that are required in an action, known as feedforward control; (2) control at different stages of action process, known as concurrent, real-time, or steering control; and (3) post action control based on feedback from the completed action, known as feedback control. Control at various stages of action is presented in Figure 27.4

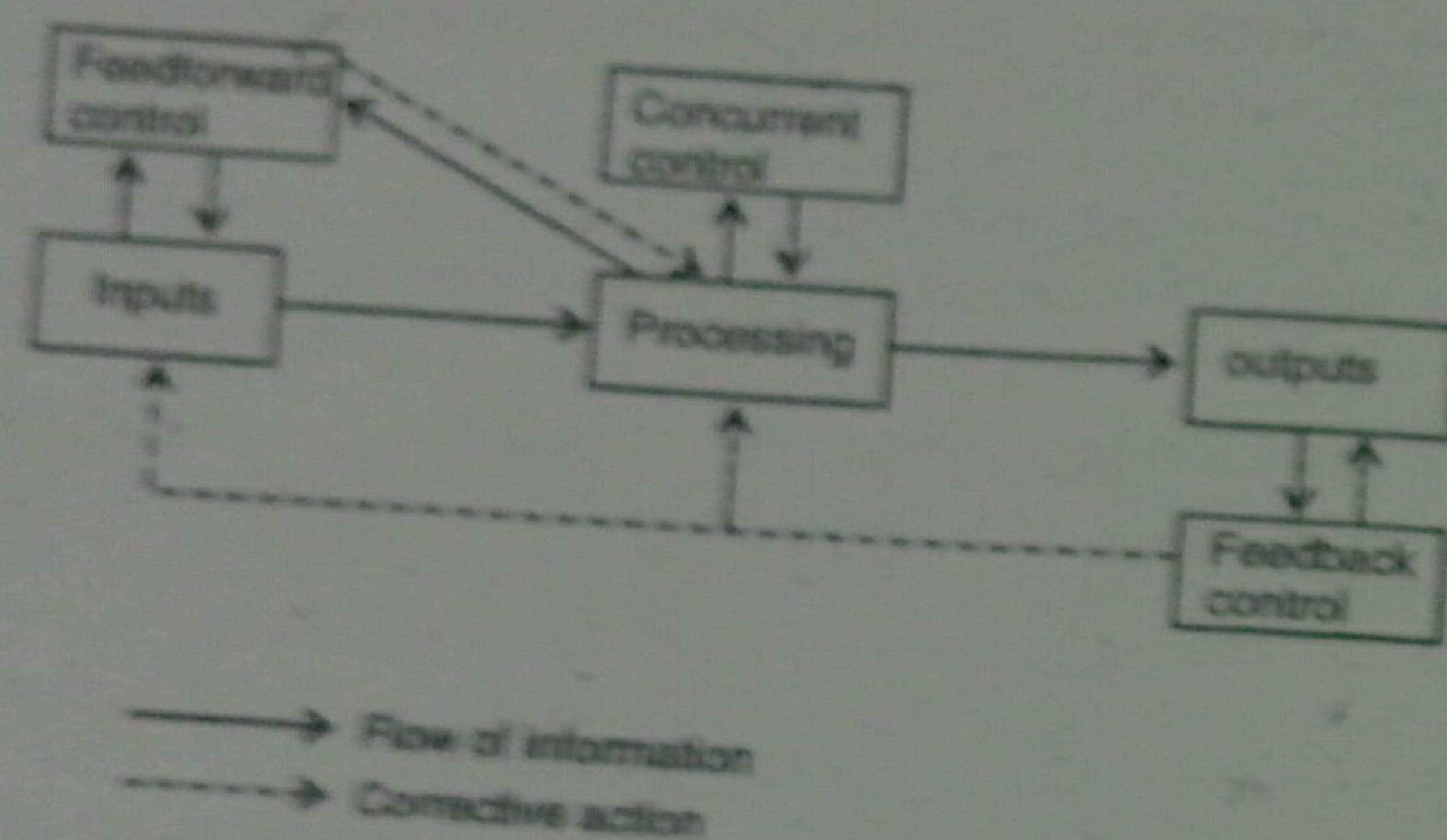


FIGURE 27.4: Stages of control

Feedforward Control. Feedforward control involves evaluation of inputs and taking corrective action before a particular sequence of operation is completed. It attempts to remove the limitations of time lag in taking corrective action. Feedforward control monitors inputs into a process to determine whether the inputs are as planned. If inputs are not as planned, corrective action is taken to adjust the inputs according to the plan so that the desired results are achieved within the planned inputs. It is just like hunting a duck. A hunter will always aim ahead of a duck's flight to compensate for the time lag between a shot and a hoped-for hit.⁸ To be effective, feedforward control should meet the following requirements:

1. Thorough and careful analysis of the planning and control system must be made, and the more important input variables identified.
2. A model of the system should be developed.
3. The model should be reviewed regularly to see whether the input variables identified and their relationship still represent realities.
4. Data on input variables must be regularly collected and put into the system.
5. The variations of actual input data from planned inputs must be regularly assessed, and their impact on expected results are evaluated.

6. Action must be taken to show people problems and the measures required to solve them.¹⁰

Concurrent Control. Concurrent control is exercised during the operation of a programme. It provides measures for taking corrective action or making adjustments while the programme is still in operation and before any major damage is done. In the organisational context, many control activities are based on this type of control, for example, quality control during the operation, or safety check in a factory. Here, the focus is on the process itself. Data provided by this control system is used to adjust the process.

Feedback Control. Feedback control is based on the measurement of the results of an action. Based on this measurement, if any deviation is found between performance standards and actual performance, the corrective action is undertaken as shown in Figure 27.2. The control aims at future action of the similar nature so that there is conformity between standards and actuals. This is required because, sometimes, feedforward or concurrent control is not possible to apply, for example, some personal characteristics of an individual which go into behavioural processes are not measurable, hence feedforward control is difficult to apply. In the business organisations, top management control is mostly based on feedback. To make feedback control effective, it is essential that corrective action is taken as soon as possible.

CONTROL AREAS

For effective control, it is important to know what are the critical areas where control would be exercised. The identification of these areas of control enables the management to (i) delegate authority and fixing up of responsibility, (ii) reduce burden of supervising each activity in detail, and (iii) have means of securing satisfactory results. Though controls are needed in every area where performance and results directly and vitally affect the survival and prosperity of the organisation, these areas need to be specifically spelled out. Peter Drucker¹¹ has identified eight key result area where objective should be set and controls should be exercised. These are: market standing, innovation, productivity, physical and financial resources, profitability, manager performance and attitude, development, worker performance and attitude, and public responsibility. Holden, Fish and Smith¹² have identified thirteen key areas where controls should be exercised. These are: policies, organisation, personnel, wages and salaries, costs, methods and manpower, capital expenditure, service department efforts, line of products, research and development, foreign operations, external relations and overall control. The following discussion points out the problems and methods of control in each major area:

1. **Control over Policies.** Policies are formulated to govern the behaviour and action of personnel in the organisation. These may be written or otherwise. Policies are generally controlled through policy manuals which are generally prepared by top management. Each individual in the organisation is expected to function according to policy manuals.
2. **Control over Organisation Structure.** Organisation charts and manuals are used to keep control over organisation structure. Organisation manuals attempt at solving organisational problems and conflicts, making long-range organisational planning possible, enabling rationalisation of the organisation structure, helping in proper designing and clarification of each part of the organisation, and conducting periodic check of facts about organisation practice.

¹⁰ Ibid., p. 504.
¹¹ Drucker, op. cit.

3. Control over Personnel. Generally, personnel manager or head of the personnel department, whatever his designation may be, keeps control over personnel in the organisation. Sometimes, a personnel committee is constituted to act as an instrument of control over key personnel.

4. Control over Wages and Salaries. Control over wages and salaries is done by having programme of job evaluation and wage and salary analysis. The functions are carried on by personnel and industrial engineering departments. Often wage and salary committee is constituted to provide help to these departments.

5. Control over Costs. Control over costs is exercised through making comparison between standard costs and actual costs. Standard costs are set in respect of different elements of costs. Cost control is also supplemented by budgetary control system which includes different types of budgets. Controller's department provides information for setting standard costs, calculating actual costs and pointing out differences between these two.

6. Control over Methods and Manpower. Control over methods and manpower is exercised to ensure that each individual is working properly and timely. For this purpose, periodic analysis of activities of each department is conducted. The functions performed, methods adopted, and time consumed by every individual are studied to eliminate non-essential functions, methods, and time. Many organisations create separate department or section known as 'organisation and methods' to keep control over methods and manpower.

7. Control over Capital Expenditure. Control over capital expenditure is exercised through the system of evaluation of projects, ranking of projects on the basis of their importance, generally on the basis of their earning capacity. A capital budget is prepared for the business as a whole. The budget is reviewed by the budget committee or appropriation committee. For effective control over capital expenditure, there should be a plan to identify the realisation of benefits from capital expenditure and to make comparison with anticipated results. Such comparison is important in the sense that it serves as an important guide for future capital budgeting activities.

8. Control over Service Departments. Control over service departments is effected either (i) through budgetary control within operating departments, or (ii) through putting the limits upon the amount of service an individual department can ask, or (iii) through authorising the head of service department to evaluate the request for service made by other departments and to use his discretion about the quantum of service to be rendered to a particular department. Sometimes, a combination of these methods may be used.

9. Control over Line of Products. Control over line of products is exercised by a committee whose members are drawn from production, sales and research departments. The committee controls through studies about market needs. Efforts are made to simplify and rationalise the line of products.

10. Control over Research and Development. Control over research and development is exercised in two ways: by providing a budget for research and development and by evaluating each project keeping in view savings, sales, or profit potentialities. Research and development being a highly technical activity is also controlled indirectly. This is done by improving the ability and judgement of the research staff through training programmes and other devices.

11. Control over Foreign Operations. Foreign operations are controlled in the same way as domestic ones. The tools and techniques applied are the same. The only difference is that the chief executive of foreign operations has relatively greater amount of authority.

12. Control over External Relations. External relations are regulated by the public relations department. This department may prescribe certain measures to be followed by other departments while dealing with external parties.

13. Overall Control. Control over each segment of the organisation contributes to overall organisational control. However, some special measures are devised to exercise overall control. This is done through budgetary control, projected profit and loss account and balance sheet. A master budget is prepared by integrating and coordinating budgets prepared by each segment. The budget committee reviews such budget. This budget acts as an instrument for overall control. Profit and loss account and balance sheet are also used to measure the overall results.

Controlling and Management by Exception

One of the most important ways of tailoring controls for efficiency and effectiveness is to make sure that they are designed to point out exception. In other words, by concentrating on exceptions from planned performance, controls based on the time-honoured exception principle allow managers to detect those places where their attention is required and should be given. This implies the use of management by exception particularly in controlling aspect. Management by exception is a system of identification and communication that signals to the manager when his attention is needed. From this point of view, management by exception can be used in other management processes also though its primary focus revolves around controlling.

Management by exception has six basic ingredients: measurement, projection, selection, observation, comparison, and decision-making.

1. Measurement assigns values to past and present performances. This is necessary because without measurement of some kind, it would be impossible to identify an exception.
2. Projection analyses those measurements that are meaningful to organisational objectives and extends them into future expectations.
3. Selection involves the criteria which management will use to follow progress towards organisational objectives.
4. Observation stage of management by exception involves measurement of current performance so that managers are aware of the current state of affairs in the organisation.
5. Comparison stage makes comparison of actual and planned performance and identifies the exceptions that require attention and reports the variances to management.
6. Decision-making prescribes the action that must be taken in order to bring performance back into control or to adjust expectations to reflect changing conditions, or to exploit opportunity.

Thus, it can be observed that management by exception is inseparable from other management essentials in many ways. However, the major difference lies in the fact that the superior's attention is drawn only in the case of exceptional differences between planned performance and actual performance. In other cases, decisions are taken by subordinate manager. However, what is exceptional requires the completion of whole process.

BENEFITS OF MANAGEMENT BY EXCEPTION

There are various areas where precepts of management by exception are used such as statistical control of product quality, economic order quantities and order points for control of inventories and supplies, break-even points for determining operating levels, trends in ratio of interest to loan, etc.

even to the extreme attitude of disqualifying such candidates for using influence. However, to what extent this approach is practicable, the matter is left to the employing organisations to decide.

Internal Factors

Besides the various external factors, there are various internal factors related to the organisation which affect staffing activities. These factors are as follows.

1. Organisational Business Plan. Organisational business plan directly affects staffing function because it determines the type of personnel that may be required in future. Based on the business plan, organisations may be divided into three categories: growing, stagnating, and declining. A growing organisation undertakes various new projects either in the same line of business or different business. Such an organisation requires more personnel in future besides maintaining its existing personnel. Therefore, it goes for aggressive search of personnel, offers higher remuneration than average, various financial incentives to attract and retain personnel, etc. A stagnating organisation adopts stability strategy in which growth does not come by way of additional investment but by making the present investment more effective. Such an organisation focuses more on retaining its present personnel by offering them suitable rewards and financial incentives. A declining organisation focuses on reducing its business operations by divesting those businesses which do not match with its core competence. Such an organisation goes for downsizing personnel by offering voluntary retirement scheme and pays below average financial incentives in order to control cost.

2. Size of Organisation. Size of an organisation is another factor which determines the degree of attractiveness to the prospective candidates. A small organisation cannot have the same staffing practices which a large organisation may have; it may not be able to attract highly talented personnel. Even if it tries to do so, its human resource cost would be almost prohibitive. This is just like an attempt to drink champagne on a beer budget as observed by Walter Viera.⁴

3. Organisational Image. Organisational image, as perceived by the prospective candidates, is an important factor for attracting personnel for selection. The image of an organisation in human resource market depends on its staffing practices like facilities for training and development, promotional avenues, compensation and incentives, and work culture. If all these factors are positive, an organisation may be in a better position to attract candidates.

4. Past Practices. Past practices relating to staffing adopted by an organisation have their impact on the future practices. Generally, organisations adopt management practices based on certain assumptions, and if there is a need for change, it is brought about by evolution and not by revolution so that the change is absorbed more easily. Therefore, there is consistency in these practices over the period of time. The same is true for staffing practices too. These past practices, sometimes, affect the staffing process of the organisation. For example, Sumantra Ghoshal has observed that, "in too many Indian companies, top-level managers—particularly the CEOs—talk about people being the key to success but have only themselves in mind when they think about people. Deep in their hearts, they ascribe all past successes largely to themselves and do not expect anything otherwise for the future. Large egos of top managers are perhaps the most important barrier to becoming a great collector of people".¹⁰

⁴Walter E. Viera, "The Asian Perspective—Problems in Recruitment", *Indian Management*, January 1983, pp. 20-22.

Manpower Planning

Manpower planning, also known as human resource planning (HRP), is the starting point in staffing function. HR planning basically deals with forecasting of additional human resources required in an organisation in future, though there is not complete agreement among writers and practitioners on the exact scope of HR planning function. Let us consider the following statement:

"Although human resource planning means different things to different people, general agreement exists on its ultimate objectives—the most effective use of scarce talent in the interests of the labour and the organisation."¹¹

This statement suggests that there is lack of agreement on the contents of HRP. Therefore, in order to conceptualise HRP and its contents, let us go through some definitions.

On the basis of the review of various definitions of HRP, Geisler has emphasised that a suitable definition of HRP should include four aspects—forecasting manpower needs, developing appropriate policies and programmes for meeting those needs, implementing policies and programmes, and controlling these programmes. Based on these aspects, he has defined HRP as follows:

→ "Manpower planning (HRP) is the process—including forecasting, developing, implementing, and controlling—by which a firm ensures that it has the right number of people and right kind of people, at the right place, at the right time, doing things for which they are economically most suitable."¹²

This definition of HRP serves the purpose adequately and most of the definitions are based on this. For example, Decenzo and Robbins have defined HRP as follows:

"Specifically, human resource planning is the process by which an organisation ensures that it has the right number and kind of people, at the right place, at the right time, capable of effectively and efficiently completing those tasks that will help the organisation achieve its overall objectives".¹³

Similarly, Leap and Crino have defined HRP as follows:

"Human resource planning includes the estimation of how many qualified people are necessary to carry out the assigned activities, how many people will be available, and what, if anything, must be done to ensure that personnel supply equals personnel demand at the appropriate point in the future".¹⁴

Based on the above definitions, following features of HRP may be identified:

1. HRP is a process which includes various aspects through which an organisation tries to ensure that right people, at right place, and at right time are available.
2. It involves determination of future needs of manpower in the light of organisational planning and structure. Therefore, it depends heavily on these factors. Determination of manpower needs in advance facilitates management to take up necessary actions.
3. It also takes into account the manpower availability at a future period in the organisation. Therefore, it indicates what actions can be taken to make existing

¹¹Wayne F. Cascio, *Managing Human Resources*, New York: McGraw-Hill, 1995, p. 142.

¹²Edwin B. Geisler, "Manpower Planning: An Emerging Staff Function", *Management Bulletin*, No. 101, New York: American Management Association, 1967.

¹³—

attitude surveys for gauging employee morale, etc. The use of management by exception is prevalent because of the following factors:

1. Management by exception saves executives' time because they apply themselves on fewer problems which are important. Other details of the problems are left to subordinates.
2. It concentrates executives' efforts on major problems. Instead of spreading managerial attention across all sorts of problems, it is placed selectively where and when it is needed. Thus, it ensures better utilisation of managerial talents.
3. It facilitates better delegation of authority, increases span of management and consequently provides better opportunities for self-motivated personnel in the organisation. It lessens the frequency of decisions at the higher levels of management which can concentrate on strategic management rather than engaging themselves in operational management.
4. Management by exception makes better use of knowledge of trends, history and available business data. It forces managers to review past history and to study related business data because these are the foundations upon which standards are derived and from which exceptions are noted.
5. It identifies crises and critical problems and thus avoids uninformed, impulsive pushing of the panic button. It helps in identification of crises because the moment any exceptional deviation occurs, the attention of higher level managers is drawn. In this way, it also alerts management to appraise opportunities as well as difficulties.
6. Management by exception provides qualitative and quantitative yardsticks for judging situations and people. Thus, it helps in performance appraisal by providing more objective criteria and provides better motivation to people in the organisation.
7. It enhances the degree of communication between different segments of an organisation. With its focus on results, it seeks to relate causes, regardless of their place in the organisation, with overall organisational results. As such, it encourages exchange of information between functions and also between a function and cost centre or profit centre to which it reports. Degree of communication determines the organisational cohesiveness and leads it to achievement of objectives.

Design of Effective Control System

A control system is a multi-step procedure applied to various types of control activities. Managers face a number of challenges in designing a control system that provides accurate feedback in a timely and economical fashion that is acceptable to organisation members. Most of these challenges can be traced back to decisions about what needs to be controlled and how often progress needs to be measured. In order to overcome these challenges, managers should design their control systems based on the following principles:

1. **Integrating Strategic Planning and Control System.** Strategic planning and management control are two of the most important processes and systems contributing to the effectiveness of business organisations. Therefore, there should be proper integration of these two systems. This integration can be achieved by developing consistency of strategic objectives and performance measures. Prescribing performance measures which are strategically important is quite significant because often it is said 'what you measure is what you get'.

dancy, or logistic efficiency, or some other objectives should be of primary concern. *Second*, the measures should relate to the managerial domain of each of the managers as each of them is responsible to exercise control in his own domain.

2. **Identifying Strategic Control Points.** As we have discussed earlier, control system should be based on management by exception. It implies that if a manager wants to control every thing, he can control nothing. Therefore, managers should identify strategic control points in the system at which monitoring or collecting information should occur. The method for selecting strategic control points is to focus on the most significant elements in a given operation. Usually, only a small percentage of the activities, events, or objects in a given operation account for a high proportion of expenses or problems that managers have to face. Control system should focus more on this.

3. **Organisational Communication.** The organisation has to design a communication network for carrying the control information both downward and upward. Through the downward communication, a superior sends the information about what a subordinate is expected to do; the upward communication is used to get control information from the subordinates, that is, what they have done. Besides, these channels also serve other purposes, as discussed in Chapter 26. Thus, the organisation depends to a large extent for exercising control through communication. If the communication system is not quite effective, it will affect the control system also to that extent, in communicating what is expected from a subordinate and also how he is performing. Often communication blockade is a major source of confusion and frustration in the minds of the people and they resist control.

4. **Motivational Dynamics.** The control is affected by the motivational dynamics of people and how the organisation is going to satisfy the various needs of the people. The motivational dynamics have two-fold role in control. *First* how the various attempts at control are in tune with the needs of the people. Ideally speaking, a control system should focus adequately on the needs of the participants and must suit them. It means the control system should be tailor-made and not universal because people differ. Thus, all people cannot be satisfied by the same system. *Second*, the organisation itself provides motivation or demotivation to the people to work. Human beings, being gregarious, seek to remain in the organisation. Thus, many of his needs can be satisfied by this phenomenon. However, since organisation, as a collectivity of people, has certain norm of behaviour, it becomes demotivation for the people if it is not in accordance with the people. Thus, organisational phenomenon of how people are motivated is a crucial factor in control of behaviour of people in the organisation.

ESSENTIALS OF EFFECTIVE CONTROL SYSTEM

Control is necessary in every organisation to ensure that everything is going properly. Every manager, therefore, should have an effective and adequate control system to assist him in making sure that events conform to plans. However, control does not work automatically, but it requires certain design. While the basic principles involved in designing a control system in organisations may be universal, the actual system in an organisation requires some specific design. In this tailoring of control system, there are certain requirements which should be kept in mind:

1. **Reflecting Organisational Needs.** All control systems should reflect the functions that...

2. Forward Looking. Control should be forward looking. Though many of the controls are instantaneous, they must focus attention as to how future actions can be conformed with plans. In fact, the control system should be such that it provides aid in planning process. This is done in two ways: it draws situations where new planning is needed, and it provides some of the data upon which plans can be based.

3. Promptness in Reporting Deviations. The success of a thermostat lies in the fact that it points the deviation promptly and takes corrective actions immediately. Similarly, an ideal control system detects deviations promptly and informs the manager concerned to take timely actions. This is done through designing good appraisal and information systems.

4. Pointing out Exceptions at Critical Points. Control should point out exception at critical points and suggest whether action is to be taken for deviations or not. Some deviations in the organisations have no impact while others, though very little in quantity, may have great significance. Thus, control system should provide information for critical point control and control on exception. The critical point control stresses that effective control requires attention to those factors critical to appraising performance against an individual plan. The control on exception requires that a manager should take corrective action when there is exceptional deviation. The more a manager concentrates his control efforts on exceptions, the more efficient will be the results of his control.

5. Objective. Control should be objective, definite and determinable in a clear and positive way. The standards of measurement should be quantified as far as possible. If they are not quantifiable, such as, training effectiveness, etc. they must be determinable and verifiable. If the performance standard and measurement is not easily determinable, many subjective elements enter into the process which catch the controller and controlled on wrong footing.

6. Flexible. Control system should be flexible so that it remains workable in the case of changed plans, unforeseen circumstances, or outright failures. As Geoz has remarked, "a control system should report such failures and should contain sufficient elements of flexibility to maintain managerial control of operations despite such failures."¹³ Much flexibility in control can be provided by having alternative plans for various probable situations. In fact, flexible control is normally achieved through flexible plans.

7. Economical. Control should be economical and must be worth its costs. Economy is relative, since the benefits vary with the importance of the activity, the size of the operation, the expense that might be incurred in the absence of control, and the contribution that the control system can make. The economy of a control system will depend a great deal on the manager selecting to control only critical factors in areas important to him. If tailored to the job and the size of the enterprise, control will be economical. A large-sized organisation can afford highly complicated techniques, sophisticated tools of control and more elaborate system of control, but a small-sized organisation cannot afford these because of the cost factor.

8. Simple. Control system must be simple and understandable so that all managers can use it effectively. Control techniques which are complicated such as complex mathematical formulae, charts, graphs, advanced statistical methods and other techniques fail to communicate the meaning of their control data to the managers who use them. Effective control requires consistency with the position, operational responsibility, ability to understand, and needs of the individuals concerned.

9. Motivating. Control system should motivate both controller and controlled. While the planning and control are necessary for economical operations, researches in human relations show that planning and control are, more often than not, antagonistic to good human relations. Sometimes, they may even tend to deprive the people in the organisations one of man's basic needs—a sense of powerfulness and worthwhile accomplishment. The design of control system should be such that aims at motivating people by fulfilling their needs.

10. Reflecting Organisational Pattern. Control should reflect organisational pattern by focusing attention on positions in organisation structure through which deviations are corrected. Organisation structure, a principal vehicle for coordinating the work of people, is also a major means of maintaining control. Thus, in every area of control, it is not enough to know that things are going wrong but it should be known where, in the organisation structure, the deviations are occurring. This enables managers to fix up the responsibility and to take corrective actions.

BEHAVIOURAL IMPLICATIONS OF CONTROL

Though control should aim at satisfying the needs of the members of the organisation, it is often taken otherwise by them. This may be either because of the adverse real impact of control on them or because of misperception of the impact of control. Thus, while designing the control system, it must be kept in mind that almost everybody in the organisation not only resents the idea of being controlled but also objects to being evaluated. It means the results of the control may not be same as anticipated by those who are exercising control. The major behavioural problems of control can be analysed by taking the nature of control, perception of those who are being controlled, and action taken by them.

1. Nature of Control. Control often puts pressure for engaging in desirable behaviour by those who are subject to control. The basic question is: will they not behave in desirable way if there is no control? Though opinions may differ on this question, often it is recognised that people engage in that behaviour which provides them satisfaction whether control or no control. It means, if the organisational processes are in tune with the needs of the organisational participants, they can perform well in the absence of control and not in the presence of control. Behavioural scientists have concluded that people try to be self-actualised but the basic problem which comes in the way is provided by the organisation itself. They are inherently self-motivated. For example, McGrgeor believes that more people behave according to the assumptions of Theory Y as compared to Theory X. In such a case, if their behaviour is controlled, it may be counter-productive for the organisation. The results may be against the organisational interests. Thus, the basic nature of control itself is against the very basic nature of the people. However, this is not true in all the cases. Many people may still behave according to the assumptions of Theory X and they need rigid control. In fact, the best control system may be one which focuses attention on the individual needs also, as discussed earlier, otherwise it will provide more behavioural problems and may be detrimental to the organisation itself.

2. Perception of People. Another behavioural implication of control is the perception of people who are being controlled. Though perception may be that control is against the nature of people, it is further aggravated by the fact that people perceive it to be for benefit of the organisation but against them. Thus, perception may be right or otherwise, that control if brings better result, is shared by organisation alone whereas it may be brought by the organisational members. The control in most of the cases is used as a pressure tactic for increasing performance. This is true also because people may produce more if they are aware that their performance is being evaluated. However, increased performance is not always the result of control.

manpower suitable for future managerial positions and the gap between needed and available manpower can be fulfilled.

Importance of Manpower Planning

Manpower planning is of primary nature and, therefore, it precedes all other staffing functions. Without manpower planning, no other functions can be undertaken in any meaningful way. Manpower planning translates the organisational objectives and plans into the number and kind of personnel needed to achieve those objectives. Without a clear-cut planning, estimation of the organisation's human resource need is reduced to mere guesswork. In particular, manpower planning contributes in the following ways in managing human resources in an organisation:

- 1. Defining Future Personnel Need.** Manpower planning defines future personnel needs and thus becomes the basis of recruiting and developing personnel. In its absence, there is likelihood of mismatch between personnel needed and personnel available. Lack of systematic manpower planning has resulted into large scale overstaffing in many public sector organisations. For example, in Steel Authority of India Limited, there are 170,000 employees and McKinsey & Company, consultancy firm engaged by SAIL, to devise its revival strategy, has suggested pruning of this level to bring it to 100,000.¹⁵ Similar problem exists in many other organisations. This type of problem exists in many private-sector organisations and they have gone for voluntary retirement scheme offering huge compensation. This has happened because of lack of systematic planning. Lack of systematic manpower planning has created another type of problem. Many public-sector enterprises have remained top-less for a considerable period of time, prominent ones being Gas Authority of India (27 months), National Hydroelectric Power Corporation (18 months), State Farms Corporation (17 months), and so on. This is all because of faulty or no manpower planning. Occurrence of such phenomena can be avoided by proper manpower planning.
- 2. Coping with Changes.** In the Indian and international business scenes, fast changes are taking place. In the Indian context, such changes have been brought by liberalisation of economy. At the international level, there is growing global competition because of the freedom in international trade initiated by World Trade Organisation. Every organisation is trying to compete on the basis of technology and managerial talents which have resulted into global talent war. In this war, only those companies will survive which adopt a formal, meticulous manpower planning. Change in technology has attached more premium to knowledge and skills resulting into surplus manpower in some areas and shortage in other areas. Manpower planning helps in creating a balance in such a situation as through this, manpower needs and availability can be identified much in advance.
- 3. Providing Base for Developing Talents.** Jobs are becoming more and more knowledge-oriented. This has resulted into changed profile of manpower. For example, in Larsen and Toubro, MBAs, engineers, and technicians constitute about 70 per cent of its total employee strength of 20,000. Because of increasing emphasis on knowledge, there is shortage of certain category of personnel and there are frequent movements of personnel from one organisation to another. The replacement cost of such personnel is estimated to be 1.5 times of the expenses incurred on these personnel.¹⁶ Therefore, an organisation must be ready to face such an eventuality by taking proper manpower planning.
- 4. Increasing Investment in Human Resources.** The cost of acquiring, developing and retaining personnel is increasing much faster than the average rate of inflation. Every year, cost of acquiring MBAs from reputed institutes is increasing by more

¹⁵ SAIL: In Choppy Waters", *Business India*, August 9-22, 1999, pp. 77-84.

¹⁶ Brian Friedman, "People Power". Interview with *The Economic Times*, April 7, 2000, p. 34.

than 20-25 percent per annum. For example, salary range offered to PGP in Management students of IIM, Lucknow has gone up to Rs. 3.2-9.00 lakh per annum in 2000 which was in the range of Rs. 1.8-5.00 and 1.2-4.0 lakh per annum in 1999 and 1998 respectively. Similar situation prevails in other IIMs. This increasing cost can be taken care of by proper manpower planning which provides the way for effective utilisation of such talents. In fact, such a high cost has forced many companies to have a relook at their staffing functions and particularly manpower planning and to align these with new situations.

5. Forcing Top Management to Involve in Staffing. Systematic manpower planning forces top management of an organisation to participate actively in total staffing functions, an area that has been neglected by most of the companies until recently. If there is active involvement of top management in the preparation of human resource plans, it is expected to appreciate the real value of human resources in achieving organisational effectiveness.

MANPOWER PLANNING PROCESS

Manpower planning is a process and it proceeds through various interrelated activities. For example, National Industrial Conference Board, USA, has viewed that manpower planning could be seen as a series of activities consisting of the followings:

- 1. Forecasting future manpower requirements,** either in terms of mathematical projections of trends in the economy and developments in the industry, or of judgmental estimates based upon specific future plans of the company;
- 2. Inventorying present manpower resources and analysing the degree to which these resources are employed optimally;**
- 3. Anticipating manpower problems by projecting present resources into the future and comparing them with the forecast of the requirements, to determine their adequacy, both quantitatively and qualitatively; and**
- 4. Planning the necessary programmes of recruitment, selection, training, deployment, utilisation, transfer, promotion, development, motivation and compensation so that future manpower requirements will be met.**

The above description of manpower planning is quite comprehensive and covers many functions related to staffing besides manpower planning. The actual process of manpower planning has been presented in Figure 18.1 (page 466).

Thus, manpower planning involves forecasting manpower requirement, preparing manpower inventory to assess the internal supply of manpower, identification of manpower gap which may be in the form of either surplus manpower or shortage of manpower, and designing action plans for bridging this gap. Organisational objectives and plans provide base for manpower planning so that it is linked with the former.

Organisational Objectives and Plans

The starting point of any activity in an organisation is its objectives which generate various plans and policies which provide direction for future course of action. Out of this direction, various subsystems of the organisation devise their own plans and programmes. Thus, each subsystem's plans and programmes are linked to organisational plans and policies. To the extent, this linkage is not proper, a subsystem's contribution to the achievement of organisational objectives is adversely affected. This is true with manpower planning too. While going through its process, therefore, organisational policies with regard to effective utilisation of human resources should be identified and incorporated in planning process. Specifically, following questions are important in this regard:¹⁷

¹⁷ William P. Anthony et al. *Contemporary...*

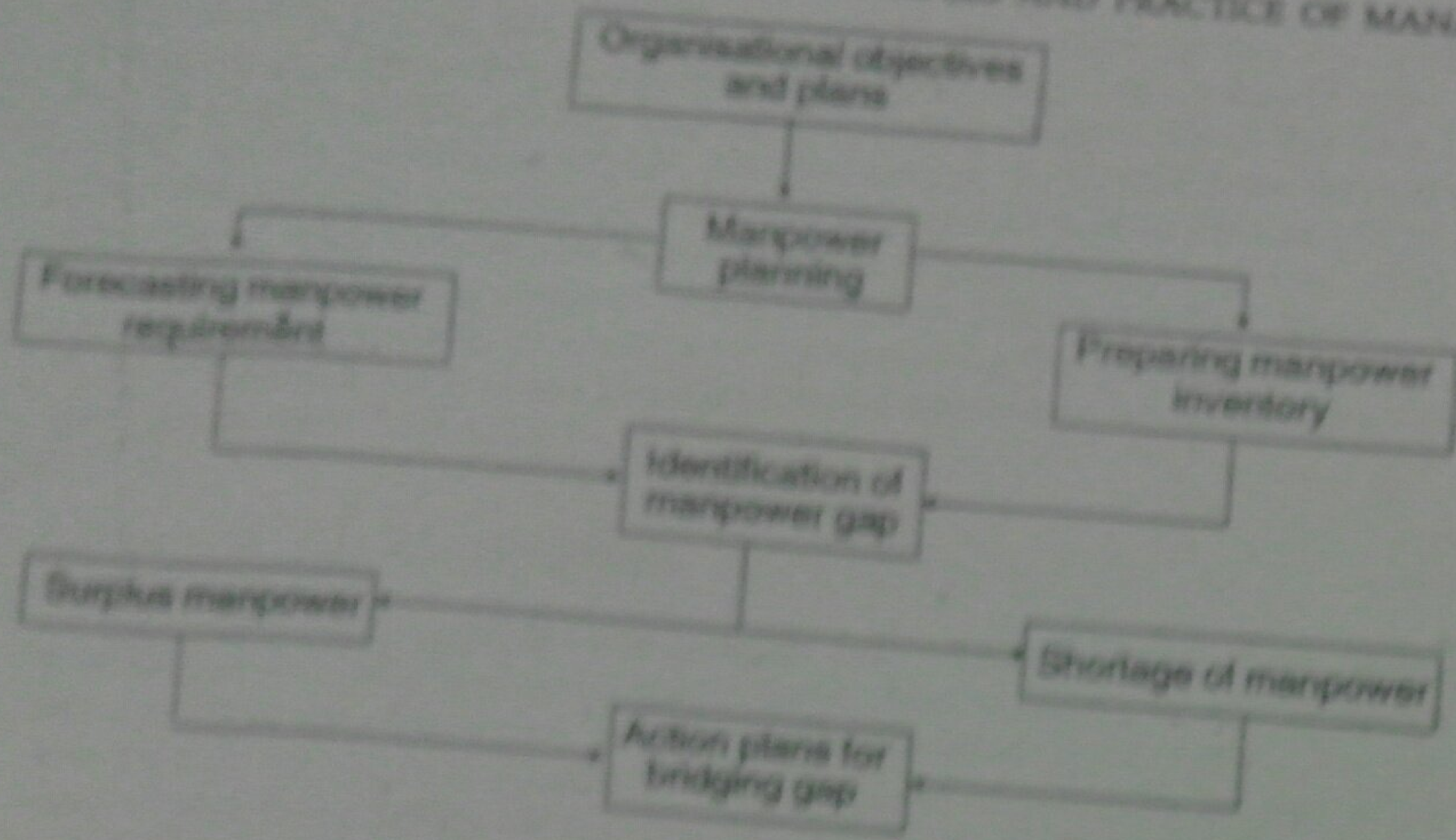


FIGURE 18.1: Manpower planning process

- Are vacancies to be filled by promotions from within or by hiring from outside?
- How do the training and development objectives interface with the manpower planning objectives?
- What union constraints are encountered in manpower planning and what policies are needed to handle these constraints?
- How to enrich employee's job? Should the routine and boring jobs continue or be eliminated?
- How to downsize the organisation to make it more competitive?
- To what extent production and operations be automated and what can be done about those displaced?
- How to ensure continuous availability of adaptive and flexible workforce?

Forecasting Manpower Requirement

The first essential ingredient of manpower planning is the forecasting needs for man resources in an organisation over a period of time. In one way, we can say it depends on the scale of operations of the organisation over that period of time. To a great extent it is true. However, total human resource needs do not have a linear relationship with volume of operation. This happens because there are factors which affect this relationship such as change in machine-man ratio, change in productivity, etc. For example look at the figures of sales and number of employees in Reliance Industries over a period of time as given in Table 18.1.

TABLE 18.1: Sales and number of employees in Reliance Industries

	Years ended March 31				
	1999	1997	1995	1992	1985
Rs. in crore)	14533	8730	7019	2953	733
Employees (Number)	16640	16778	12560	11940	9069

Table shows that vol-

operation and number of employees must be taken into consideration. Though this makes manpower planning exercise quite cumbersome, this provides clear answer to the critical question 'how many persons will be required in future?' While volume of operation of the organisation is available from its plan documents, HR department has to make a forecast for the requirement of human resources based on those documents. Forecasting of human resource requirements serves the following purposes:

1. To quantify the jobs necessary for producing a given number of goods; or offering a given amount of service;
2. To determine what staff-mix is desirable in the future;
3. To assess appropriate staffing levels in different parts of the organisation so as to avoid unnecessary cost;
4. To prevent shortages and people where and when they are needed most; and
5. To monitor compliance with legal requirements with regard to reservation of jobs.

Preparing Manpower Inventory

Inventory is a term which is normally used to counting of tangible objects like raw materials and finished goods, etc. In the same way, inventory of human resources can also be prepared. However, human resource inventory is not simply counting of heads that are presently available but cataloguing their present and future potentials. Since total human resources of an organisation are classified as managerial and non-managerial skills inventory is related to non-managerial personnel and management inventory is related to managerial personnel. Whatever names are used, an inventory catalogues a person's skills, abilities, and potentials. Since non-managerial personnel differ from managerial personnel, different types of information are required for preparing their inventories.

Skills Inventory. Usually, in a skills inventory, following types of information are included:

1. Employee's personal data,
2. Skills—education, job experience, training, etc.,
3. Special achievements, if any,
4. Salary and job history, and
5. Potentials of the employee.

Management Inventory. A management inventory includes following information:

1. Personal data,
2. Work history,
3. Strengths and weaknesses,
4. Career plan,
5. Promotion potentials,
6. Number and types of employees managed,
7. Total budgets managed, and
8. Any special achievements such as acquisition of additional degrees, represented, conferences attended, etc.

Motivation is one of the most important factors affecting human behaviour and performance. This is the reason why managers attach great importance to motivation in organisational setting. Lipkert has called motivation as the core of management¹ in the previous chapter, we have seen how effective directing leads to effectiveness, both at organisational and individual levels. This requires the understanding of what individuals want from the organisation. However, what individuals want from the organisation have not been fully identified there. The present chapter undertakes this phenomenon by analysing the concept of motivation and its various theories. How these theories can be applied in organisational practices, we shall see in the next chapter.

Concept of Motivation

Today, virtually all people—lay people and scholars—have their own concept of motivation and they include various terms like motives, needs, wants, drives, desires, wishes, incentives, etc. in defining motivation. Technically, the term motivation can be traced to the Latin word *movere*, which means "to move." In order to understand the concept of motivation, we have to examine three terms: motive, motivating and motivation and their relationship.

Motive. Based on the Latin word *movere*, motive (need) has been defined as follows:

"A motive is an inner state that energises, activates, or moves (hence motivation), and that directs behaviour towards goals."²

Motive has also been described as follows:

"A motive is restlessness, a lack, a yen, a force. Once in the grip of a motive, the organism does something to reduce the restlessness, to remedy the lack, to alleviate the yen, to mitigate the force."³

Here, we can differentiate between needs and wants. While needs are more comprehensive and include desires—both physiological and psychological, wants are expressed in narrow sense and include only those desires for which a person has money and also the desire to spend the money to satisfy the wants. As we shall see later in this chapter, there are many psychological needs, like social needs, recognition needs, etc. which do not fall under the category of wants.

Motivating. Motivating is a term which implies that one person, in the organisational context, a manager, induces another, say employee, to engage in action (work behaviour) by ensuring that a channel to satisfy the motive becomes available and accessible to the individual. In addition to channelising the strong motives in a direction that is satisfying to both the organisation and the employees, the manager can also activate the latent motives in individuals and harness them in a manner that would be functional for the organisation.

Motivation. While a motive is energiser of action, motivating is the channelisation and activation of motives, motivation is the work behaviour itself. Motivation depends on motives and motivating, therefore, it becomes a complex process. For example, Dubin has defined motivation as follows:

¹Rensis Likert, *New Patterns of Management*, New York: McGraw-Hill, 1961.

²Bernard Berelson and Garry A. Steiner, *Human Behaviour*, New York: Harcourt, Brace & World, 1964, p. 240.

"Motivation is the complex forces starting and keeping a person at work in an organisation. Motivation is something that moves the person to action, and continues him in the course of action already initiated"⁴.

According to McFarland,

"Motivation refers to the way in which urges, drives, desires, aspirations, strivings, or needs direct, control or explain the behaviour of human beings"⁵.

After defining motive, motivating, and motivation, we can now see the relationship among these. Such a relationship is presented in Figure 23.1.

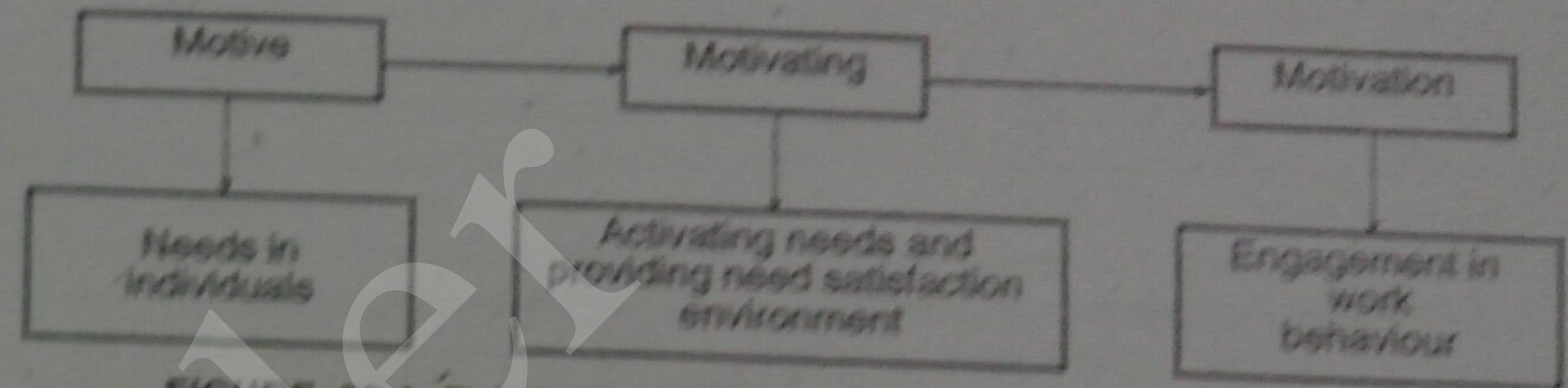


FIGURE 23.1: Relationship between motive, motivating and motivation

Nature of Motivation

Based on the definition of motivation, we can derive its nature relevant for human behaviour in organisation. Following characteristics of motivation clarify its nature:

- 1. Based on Motives.** Motivation is based on individual's motives which are internal to the individual. These motives are in the form of feelings that the individual lacks something. In order to overcome this feeling of lackness, he tries to behave in a manner which helps in overcoming this feeling.
- 2. Affected by Motivating.** Motivation is affected by way the individual is motivated. The act of motivating channelises need satisfaction. Besides, it can also activate the latent needs in the individual, that is, the needs that are less strong and somewhat dormant, and harness them in a manner that would be functional for the organisation.
- 3. Goal-directed Behaviour.** Motivation leads to goal-directed behaviour. A goal-directed behaviour is one which satisfies the causes for which behaviour takes place. Motivation has profound influence on human behaviour; in the organisational context; it harnesses human energy to organisational requirements.
- 4. Related to Satisfaction.** Motivation is related to satisfaction. Satisfaction refers to the contentment experiences of an individual which he derives out of need fulfilment. Thus, satisfaction is a consequence of rewards and punishments associated with past experiences. It provides means to analyse outcomes already experienced by the individual.
- 5. Person Motivated in Totality.** A person is motivated in totality and not in part. Each individual in the organisation is a self-contained unit and his needs are interrelated. These affect his behaviour in different ways. Moreover, feeling of needs and their satisfaction is a continuous process. As such, these create continuity in behaviour.
- 6. Complex Process.** Motivation is a complex process; complexity emerges because of the nature of needs and the type of behaviour that is attempted to satisfy those needs. These generate complexity in motivation process in the following ways:

individual are guided by his role perception, that is, how he thinks he is supposed to act in his own role and how others act in their role. To the extent this role perception is based on reality and the role is clear, the individual tends to perform well. There are two types of problems which emerge in role specification: role ambiguity and role conflict. Role ambiguity denotes the state in which the individual is not clear what is expected from him in the job situation. Role conflict, as we have seen in Chapter 16, is the situation in which the individual engages in two or more roles simultaneously and these roles are mutually incompatible. In both these situations, his performance is likely to be affected adversely.

5. Organisational Resources. Organisational resources denote various types of facilities—physical and psychological—which are available at the workplace. Physical facilities include appropriate layout of the workplace and conducive physical environment. Psychological facilities include appropriate reward system, training and development facilities, harmonious workgroup, appropriate and motivating leadership styles, motivating work, and so on. These organisational resources work in two ways in increasing individual performance. *First*, they facilitate job performance. *Second*, they work as motivating factors which enhance individual enthusiasm to perform well.

Role of Motivation

From the above discussion, we find that motivation is one among the various factors affecting individual performance. However, it is one of the most important factors. All organisational facilities will go waste in the lack of motivated people to utilise these facilities effectively. Every superior in the organisation must motivate his subordinates for the right types of behaviour. Diagnosing human behaviour and analysing as to why people behave in a particular way is of prime importance in motivating them irrespective of the nature of the organisation because individual is a basic component of any organisation. The importance of motivation in an organisation may be summed up as follows:

High Performance Level. Motivated employees put higher performance as compared to other employees. In a study by William James, it was found that motivated employees worked at close to 80-90 per cent of their ability. The study also suggested that hourly employees could maintain their jobs, if they were not paid, by working approximately 20 to 30 per cent of their ability. The high performance is a must for an organisation being successful and its performance comes by motivation.

Low Employee Turnover and Absenteeism. Motivated employees stay in the organisation and their absenteeism is quite low. High turnover and absenteeism are many problems in the organisation. Recruiting, training and developing large number of new personnel into a working team take years. In a competitive economy, it is almost an impossible task. Moreover, this also affects the reputation of the organisation unfavourably.

Acceptance of Organisational Changes. Organisations are created in the society. Because of changes in the society—changes in technology, value system, etc., organisation has to incorporate those changes to cope up with the requirement of the society. When these changes are introduced in the organisation, there is a tendency to resist these changes by the employees. However, if the

Theories of Motivation

From the very beginning, when human organisations were established, people had tried to find out the answer of 'what motivates people in the organisation most.' The starting was made by Frederic W. Taylor and his followers Frank Gilbreth, Lillian Gilbreth, and Henry Gantt, in the form of scientific management and more particularly 'differential piece rate system.' This system was concerned with using financial incentives to motivate people in the organisational context. Then came the findings of human relations which emphasised security and working conditions at the job besides financial incentives for work motivation. In early 1960s, those concerned with work motivation started to search for a new theoretical foundation and to attempt to devise new techniques for application. The earlier part of these approaches was based on the types of needs that people had and the way these needs could be satisfied so that people would be motivated. These theories are known as 'content theories of motivation'. Maslow gave the theory of need hierarchy; Herzberg proposed two-factor theory; McClelland emphasised on power, affiliation, and achievement motives; and Alderfer proposed three groups of core needs: existence, relatedness, and growth (ERG model).

Because of lack of uniform findings in various researches based on the content approaches, scholars tried to find out the process involved in motivation which led to the emergence of 'process theories of motivation'. These theories are more concerned with the cognitive antecedents that go into motivation or effort and with the way they affect each other. Vroom proposed the theory of work motivation based on valence and expectancy. Porter and Lawler made some refinements in Vroom's model and suggested their own model. Behaviourists added the concept of equity to these models and proposed the 'equity theory of work motivation'.

Some scholars tried to relate the nature of human beings with the work motivation. Though these propositions are not confined to work motivation, they offer some insights in understanding work motivation. Prominent theories in this group are McGregor's theories X and Y, and Ouchi's theory Z.

A caution for grouping various theories into categories is that there may be overlapping in this grouping. Various theories of motivation approach the problems of motivation from different perspectives, but they all emphasise similar set of relationships. These relationships are the individual, his needs, his perception of how he will be able to satisfy his needs, and whether his need satisfaction is equitable. All these theories have their relevance only in particular context, and when the context changes, they may not work because they are not unified theories which can be applied in all situations. Therefore, *contingency theory of motivation* is required. However, contingency theory has not been fully developed as yet. Now let us go through various theories of motivation to find out what they propose and offer implications for motivating people in organisations.

MASLOW'S NEED HIERARCHY

The behaviour of an individual at a particular moment is usually determined by his strongest need. Psychologists claim that needs have a certain priority. As the more basic needs are satisfied, an individual seeks to satisfy the higher needs. If his basic needs are not met, efforts to satisfy the higher needs should be postponed. A.H. Maslow, a famous social scientist, has given a framework that helps to explain the strength of certain needs.⁶ According to him, there seems to be a hierarchy into which human needs are arranged as shown in Figure 23.5 (page 574).

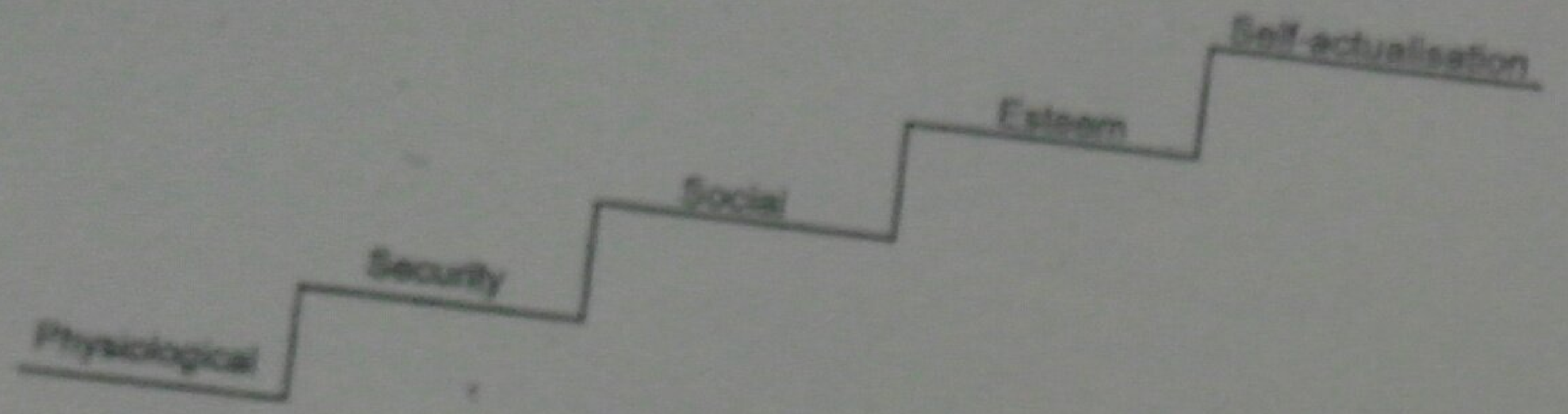


FIGURE 23.5: Maslow's need hierarchy

Until these needs are satisfied to the degree needed for the efficient operation of the body, the majority of a person's activities will probably be at this level, and the other levels will provide him with little motivation. A famous saying 'man can live on bread alone if there is no bread' suggests that human beings first try to acquire necessities for their survival.

2. Safety Needs. Once the physiological needs are satisfied to a reasonable level—it is not necessary that they are fully satisfied and degree of reasonableness is subjective—other levels of needs become important. In this hierarchy come the need for safety, that is need for being free of physical danger or self-preservation. In the industrial society, safety needs may take considerable importance in the context of the dependent relationship of employees to employers. As pointed out by McGregor, the safety needs may serve as motivators in such circumstances as arbitrary management actions, behaviour which arouses uncertainty with respect to continued employment and unpredictable administration of policy.⁷ Peter F. Drucker has suggested that one's attitude towards security is an important consideration in choosing a job.⁸ Organisation can influence these security needs either positively—through pension plan, insurance plan, etc.—or negatively by arousing fears of being fired or laid off, or demoted.

3. Social Needs. After the first two needs are satisfied, social needs become important in the need hierarchy. Since man is a social being, he has a need to belong and to be accepted by various groups. When social needs become dominant, a person will strive for meaningful relations with others. If the opportunity for association with other people is reduced, men often take vigorous action against the obstacles to social intercourse. In the organisation, workers form informal group environment which environment develops where the work is routine, tedious or over-simplified. The situation is made worse when workers are closely supervised and controlled, at have no clear channel of communication with management. In this type of environment, workers depend on informal groups for support of unfulfilled social needs such as affiliation.

4. Esteem Needs. The esteem needs are concerned with self-respect, self-confidence, a feeling of personal worth, feeling of being unique and recognition. Satisfaction of these needs produces feelings of self-confidence, prestige, power and control. Satisfaction of esteem needs is not always obtained through mature or adaptive behaviour. It is sometimes generated by disruptive and irresponsible actions. Some social problems have their roots in the frustration of the esteem needs.

5. Self-actualisation Needs. Self-actualisation is the need to maximise one's potential whatever it may be. This is related with the development of intrinsic capabilities which lead people to seek situations that can utilise their potential. This includes competence which implies control over environmental factors, both physical and social, and achievement. A man with high intensity of achievement needs will be restless unless he can find fulfilment in doing what he is fit to do. As Maslow has put it, "this need might be phrased as the desire to become more and more what one is, to become everything that one is capable of becoming."

Maslow suggests that the various levels are interdependent and overlapping, each higher-level need emerging before the lower-level need has been completely satisfied. Since one need does not disappear when another emerges, all needs tend to be partially satisfied in each area. When the peak of a need is passed, that need ceases to be the primary motivator. The next level need then begins to dominate. Even though a need is satisfied, it still influences behaviour because of interdependent and overlapping characteristics of needs. This relationship among different needs has been shown in Figure 23.6.

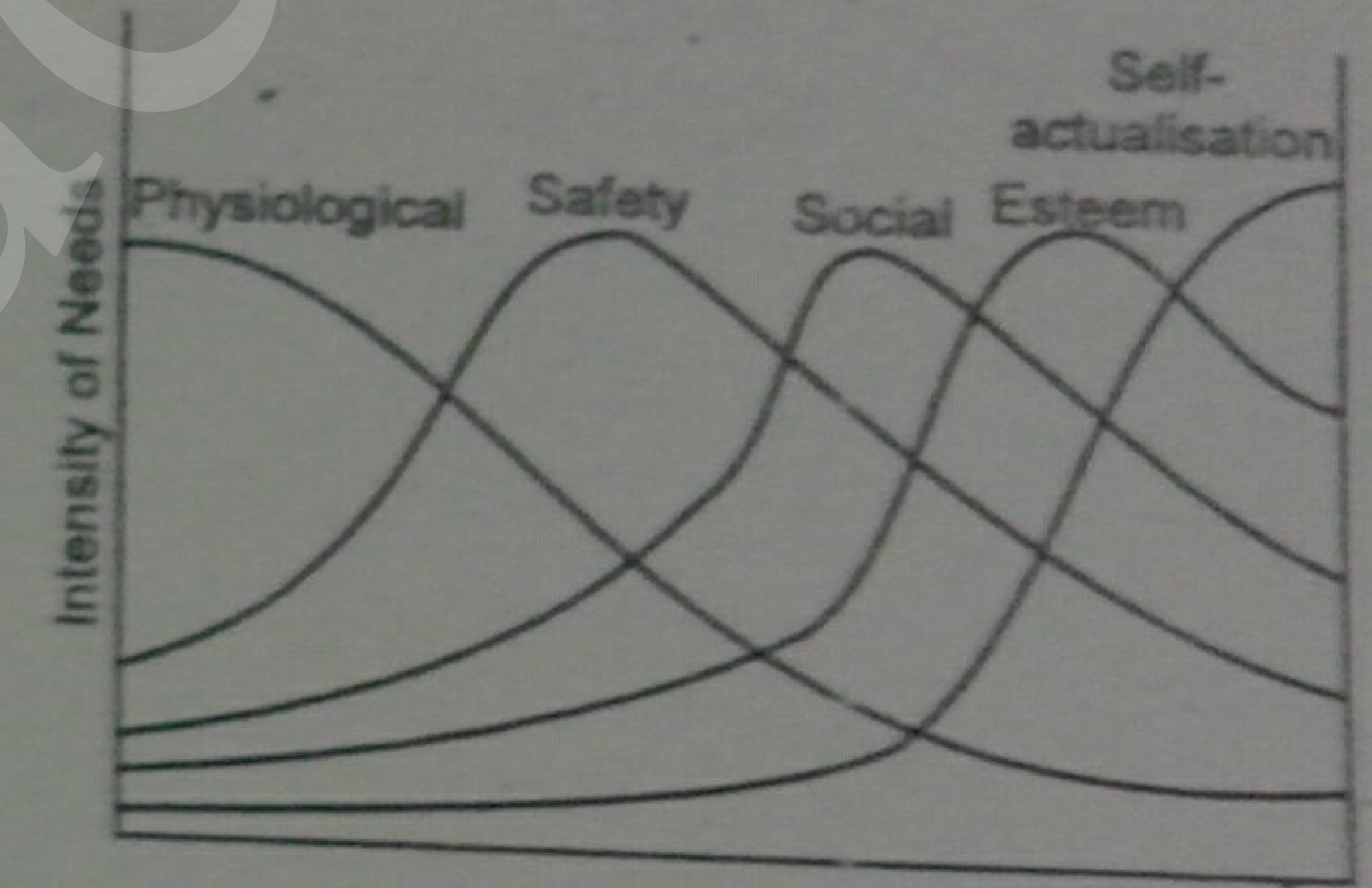


FIGURE 23.6: Relationship of new level of needs

Critical Analysis of Maslow's Theory

Maslow's theory has reasonable support for the hypothesis that human needs have some hierarchical order. The theory is based on the assumption, it is true also, that man is continuously wanting. All his needs are never fully satisfied. As soon as one need is reasonably satisfied, its prepotency diminishes and another need emerges to replace it. Thus, at last, some needs remain unsatisfied which serve the man to strive to satisfy. Thus, it presents a very simple solution of managerial problems, that is, managers can try to satisfy the needs of people in this particular order. But this raises a basic question: Is need hierarchy rigid? Does every person try to satisfy his needs according to this model? If the answers are in positive, there is no problem in motivating people. However, it is not so. The hierarchy is not so rigid for all the individuals and all the times. Identified below are few problems which are not adequately solved by this theory:

1. There is lack of hierarchical structure of needs as suggested by Maslow, though every individual has some ordering for his need satisfaction. This is based on the assumption that man has limited resources which he can use alternatively. Resources, here, cannot be taken only in a physical way, rather it is used in more comprehensive way. Naturally, every person has to satisfy his needs in some order. However, this order may not follow Maslow's need hierarchy. This has been demonstrated by a large number of researches both in foreign countries as

Management: The Human Side of Enterprise, Peter D. Drucker, 1955, pp. 110-111, 1967, 2nd Edition, Harper & Row, New York, 1968.