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## **UNIT-16 MOTIVATION**

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### **Structure:**

- 16.0 Learning Objectives
- 16.1 Meaning of Motivation
- 16.2 Importance of Motivation
- 16.3 Motivation incentives
- 16.4 Motivational challenges
- 16.5 Theories of Motivation
- 16.6 Motivation and Morale - Relationship and Differences
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- 16.8 Key Terms
- 16.9 Self- Assessment Questions
- 16.10 Further Readings
- 16.11 Model Questions

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### **16.0 LEARNING OBJECTIVES**

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After completing this unit you will be able to:

- Understand the concept and meaning of motivation,
- Understand the nature of the motivation,
- Describe the importance of the motivation and
- Define different theories of motivation.

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### **16.1 MEANING OF MOTIVATION**

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Motivation is the word derived from the word 'motive' which means needs, desires, wants or drives within the individuals. It is the process of stimulating people to actions to accomplish the goals. In the work goal context the psychological factors stimulating the people's behaviour can be -

- Desire for money
- Success
- Recognition
- Job-satisfaction
- Team work, etc

One of the most important functions of management is to create willingness amongst the employees to perform in the best of their abilities. Therefore the role of a leader is

to arouse interest in performance of employees in their jobs. The process of motivation consists of three stages:-

1. A felt need or drive
2. A stimulus in which needs have to be aroused
3. When needs are satisfied, the satisfaction or accomplishment of goals.

Therefore, it can be said that motivation is a psychological phenomenon which means needs and wants of the individuals have to be tackled by framing an incentive plan.

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## 16.2 IMPORTANCE OF MOTIVATION

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Motivation is a very important for an organization because of the following benefits it provides:

**Puts human resources into action:** Every concern requires physical, financial and human resources to accomplish the goals. It is through motivation that the human resources can be utilized by making full use of it. This can be done by building willingness in employees to work. This will help the enterprise in securing best possible utilization of resources.

**Improves level of efficiency of employees:** The level of a subordinate or a employee does not only depend upon his qualifications and abilities. For getting best of his work performance, the gap between ability and willingness has to be filled which helps in improving the level of performance of subordinates. This will result into-

- Increase in productivity
- Reducing cost of operations, and
- Improving overall efficiency

**Leads to achievement of organizational goals:** The goals of an enterprise can be achieved only when the following factors take place :- There is best possible utilization of resources, There is a co-operative work environment, The employees are goal-directed and they act in a purposive manner Goals can be achieved if co-ordination and co-operation takes place simultaneously which can be effectively done through motivation

**Builds friendly relationship :** Motivation is an important factor which brings employees satisfaction. This can be done by keeping into mind and framing an incentive plan for the benefit of the employees. This could initiate the following things:

- Monetary and non-monetary incentives,
- Promotion opportunities for employees,
- Disincentives for inefficient employees.

In order to build a cordial, friendly atmosphere in a concern, the above steps should be taken by a manager. This would help in: Effective co-operation which brings stability, Industrial dispute and unrest in employees will reduce, The employees will be adaptable to the changes and there will be no resistance to the change, This will help in providing a smooth and sound concern in which individual interests will coincide with the organizational interests, This will result in profit maximization through increased productivity.

**Leads to stability of work force:** Stability of workforce is very important from the point of view of reputation and goodwill of a concern. The employees can remain loyal to the enterprise only when they have a feeling of participation in the management. The skills and efficiency of employees will always be of advantage to employees as well as employees. This will lead to a good public image in the market which will attract competent and qualified people into a concern. As it is said, “Old is gold” which suffices with the role of motivation here, the older the people, more the experience and their adjustment into a concern which can be of benefit to the enterprise.

From the above discussion, we can say that motivation is an internal feeling which can be understood only by manager since he is in close contact with the employees. Needs, wants and desires are inter-related and they are the driving force to act. These needs can be understood by the manager and he can frame motivation plans accordingly. We can say that motivation therefore is a continuous process since motivation process is based on needs which are unlimited. The process has to be continued throughout.

We can summarize by saying that motivation is important both to an individual and a business. Motivation is important to an individual as:

Motivation will help him achieve his personal goals. If an individual is motivated, he will have job satisfaction. Motivation will help in self-development of individual. An individual would always gain by working with a dynamic team. Similarly, motivation is important to a business as the more motivated the employees are, the more empowered the team is, the more is the team work and individual employee contribution, more profitable and successful is the business. During period of amendments, there will be more adaptability and creativity. Motivation will lead to an optimistic and challenging attitude at work place.

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### **16.3 MOTIVATION INCENTIVES**

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Incentive is an act or promise for greater action. It is also called as a stimulus to greater action. Incentives are something which are given in addition to wages. It means additional remuneration or benefit to an employee in recognition of achievement or better work. Incentives provide a spur or zeal in the employees for better performance.

It is a natural thing that nobody acts without a purpose behind. Therefore, a hope for a reward is a powerful incentive to motivate employees. Besides monetary incentive, there are some other stimuli which can drive a person to better. This will include job satisfaction, job security, job promotion, and pride for accomplishment. Therefore, incentives really can sometimes work to accomplish the goals of a concern. The need of incentives can be many:-

- To increase productivity,
- To drive or arouse a stimulus work,
- To enhance commitment in work performance,
- To psychologically satisfy a person which leads to job satisfaction,
- To shape the behavior or outlook of subordinate towards work,
- To inculcate zeal and enthusiasm towards work,
- To get the maximum of their capabilities so that they are exploited and utilized maximally.

Therefore, management has to offer the following two categories of incentives to motivate employees:

**Monetary incentives-** Those incentives which satisfy the subordinates by providing them rewards in terms of rupees. Money has been recognized as a chief source of satisfying the needs of people. Money is also helpful to satisfy the social needs by possessing various material items. Therefore, money not only satisfies psychological needs but also the security and social needs. Therefore, in many factories, various wage plans and bonus schemes are introduced to motivate and stimulate the people to work.

**Non-monetary incentives-** Besides the monetary incentives, there are certain non-financial incentives which can satisfy the ego and self-actualization needs of employees. The incentives which cannot be measured in terms of money are under the category of “Non-monetary incentives”. Whenever a manager has to satisfy the psychological needs of the subordinates, he makes use of nonfinancial incentives. Non-financial incentives can be of the following types:-

**Security of service-** Job security is an incentive which provides great motivation to employees. If his job is secured, he will put maximum efforts to achieve the objectives of the enterprise. This also helps since he is very far off from mental tension and he can give his best to the enterprise.

**Praise or recognition-** The praise or recognition is another non-financial incentive which satisfies the ego needs of the employees. Sometimes praise becomes more effective than any other incentive. The employees will respond more to praise and try to give the best of their abilities to a concern.

**Suggestion scheme-** The organization should look forward to taking suggestions and inviting suggestion schemes from the subordinates. This inculcates a spirit of participation in the employees. This can be done by publishing various articles written by employees to improve the work environment which can be published in various magazines of the company. This also is helpful to motivate the employees to feel important and they can also be in search for innovative methods which can be applied for better work methods. This ultimately helps in growing a concern and adapting new methods of operations.

**Job enrichment-** Job enrichment is another non- monetary incentive in which the job of a worker can be enriched. This can be done by increasing his responsibilities, giving him an important designation, increasing the content and nature of the work. This way efficient worker can get challenging jobs in which they can prove their worth. This also helps in the greatest motivation of the efficient employees.

**Promotion opportunities-** Promotion is an effective tool to increase the spirit to work in a concern. If the employees are provided opportunities for the advancement and growth, they feel satisfied and contented and they become more committed to the organization.

The above non-financial tools can be framed effectively by giving due concentration to the role of employees. A combination of financial and non-financial incentives help together in bringing motivation and zeal to work in a concern.

### **Positive Incentives**

Positive incentives are those incentives which provide a positive assurance for fulfilling the needs and wants. Positive incentives generally have an optimistic attitude behind and they are generally given to satisfy the psychological requirements of employees. For example-promotion, praise, recognition, perks and allowances, etc. It is positive by nature.

### **Negative Incentives**

Negative incentives are those whose purpose is to correct the mistakes or defaults of employees. The purpose is to rectify mistakes in order to get effective results. Negative incentive is generally resorted to when positive incentive does not work and a psychological set back has to be given to employees. It is negative by nature. For example- demotion, transfer, fines, penalties.

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## 16.4 MOTIVATIONAL CHALLENGES

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Motivation seems to be a simple function of management in books, but in practice it is more challenging. The reasons for motivation being challenging job are as follows: One of the main reasons of motivation being a challenging job is due to the changing workforce. The employees become a part of their organization with various needs and expectations. Different employees have different beliefs, attitudes, values, backgrounds and thinking. But all the organizations are not aware of the diversity in their workforce and thus are not aware and clear about different ways of motivating their diverse workforce. Employees motives cannot be seen, they can only be presumed. Suppose, there are two employees in a team showing varying performance despite being of same age group, having same educational qualifications and same work experience. The reason being what motivates one employee may not seem motivating to other. Motivation of employees becomes challenging especially when the organizations have considerably changed the job role of the employees, or have lessened the hierarchy levels of hierarchy, or have chucked out a significant number of employees in the name of down-sizing or right-sizing. Certain firms have chosen to hire and fire and paying for performance strategies nearly giving up motivational efforts. These strategies are unsuccessful in making an individual overreach himself.

The vigorous nature of needs also pose challenge to a manager in motivating his subordinates. This is because an employee at a certain point of time has diverse needs and expectations. Also, these needs and expectations keep on changing and might also clash with each other. For instance-the employees who spend extra time at work for meeting their needs for accomplishment might discover that the extra time spent by them clash with their social needs and with the need for affiliation.

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## 16.5 THEORIES OF MOTIVATION

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### A. Maslow's Hierarchy of Needs Theory

Abraham Maslow is well renowned for proposing the Hierarchy of Needs Theory in 1943. This theory is a classical depiction of human motivation. This theory is based on the assumption that there is a hierarchy of five needs within each individual. The urgency of these needs varies. These five needs are as follows

**Physiological needs-** These are the basic needs of air, water, food, clothing and shelter. In other words, physiological needs are the needs for basic amenities of life.

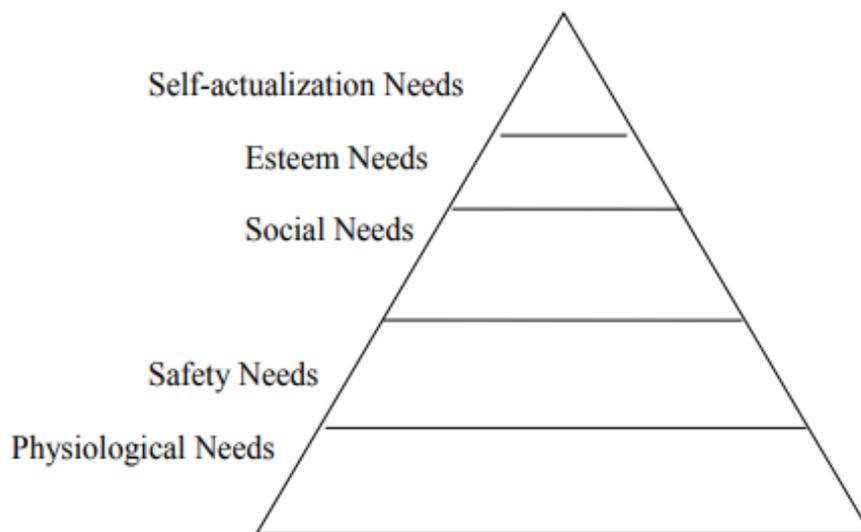
**Safety needs-** Safety needs include physical, environmental and emotional safety and protection. For instance- Job security, financial security, protection from animals, family security, health security, etc.

**Social needs-** Social needs include the need for love, affection, care, belongingness, and friendship.

**Esteem needs-** Esteem needs are of two types: internal esteem needs (self-respect, confidence, competence, achievement and freedom) and external esteem needs (recognition, power, status, attention and admiration)

**Self-actualization need-** This include the urge to become what you are capable of becoming / what you have the potential to become. It includes the need for growth and self-contentment. It also includes desire for gaining more knowledge, social- service, creativity and being aesthetic. The self actualization needs are never fully satiable. As an individual grows psychologically, opportunities keep cropping up to continue growing.

According to **Maslow**, individuals are motivated by unsatisfied needs. As each of these needs is significantly satisfied, it drives and forces the next need to emerge. Maslow grouped the five needs into two categories - Higher-order needs and Lower-order needs. The physiological and the safety needs constituted the lower-order needs. These lower-order needs are mainly satisfied externally. The social, esteem, and self-actualization needs constituted the higher-order needs. These higher-order needs are generally satisfied internally, i.e., within an individual. Thus, we can conclude that during boom period, the employees lower-order needs are significantly met.



**Maslow's Need Hierarchy Model**

## **Implications of Maslow's Hierarchy of Needs Theory for Managers**

As far as the physiological needs are concerned, the managers should give employees appropriate salaries to purchase the basic necessities of life. Breaks and eating opportunities should be given to employees.

- As far as the safety needs are concerned, the managers should provide the employees job security, safe and hygienic work environment, and retirement benefits so as to retain them.
- As far as social needs are concerned, the management should encourage teamwork and organize social events.
- As far as esteem needs are concerned, the managers can appreciate and reward employees on accomplishing and exceeding their targets. The management can give the deserved employee higher job rank / position in the organization.
- As far as self-actualization needs are concerned, the managers can give the employees challenging jobs in which the employees' skills and competencies are fully utilized.

Moreover, growth opportunities can be given to them so that they can reach the peak. The managers must identify the need level at which the employee is existing and then those needs can be utilized as push for motivation.

## **Limitations of Maslow's Theory**

It is essential to note that not all employees are governed by same set of needs. Different individuals may be driven by different needs at same point of time. It is always the most powerful unsatisfied need that motivates an individual. The theory is not empirically supported. The theory is not applicable in case of starving artist as even if the artist's basic needs are not satisfied, he will still strive for recognition and achievement.

## **B. Herzberg's Two-Factor Theory of Motivation**

In 1959, Frederick Herzberg, a behavioral scientist proposed a two-factor theory or the motivator-hygiene theory. According to Herzberg, there are some job factors that result in satisfaction while there are other job factors that prevent dissatisfaction. According to Herzberg, the opposite of "Satisfaction" is "No satisfaction" and the opposite of "Dissatisfaction" is "No Dissatisfaction". Herzberg classified these job factors into two categories

**Hygiene factors-** Hygiene factors are those job factors which are essential for existence of motivation at workplace. These do not lead to positive satisfaction for long-term. But

if these factors are absent / if these factors are non-existent at workplace, then they lead to dissatisfaction. In other words, hygiene factors are those factors which when adequate/reasonable in a job, pacify the employees and do not make them dissatisfied. These factors are extrinsic to work. Hygiene factors are also called as dissatisfiers or maintenance factors as they are required to avoid dissatisfaction. These factors describe the job environment/scenario. The hygiene factors symbolized the physiological needs which the individuals wanted and expected to be fulfilled. Hygiene factors include:

**Pay** - The pay or salary structure should be appropriate and reasonable. It must be equal and competitive to those in the same industry in the same domain.

**Company Policies and administrative policies** - The company policies should not be too rigid. They should be fair and clear. It should include flexible working hours, dress code, breaks, vacation, etc.

**Fringe benefits** - The employees should be offered health care plans (mediclaim), benefits for the family members, employee help programs, etc.

**Physical Working conditions** - The working conditions should be safe, clean and hygienic. The work equipments should be updated and well-maintained.

**Status** - The employees' status within the organization should be familiar and retained.

**Interpersonal relations** - The relationship of the employees with his peers, superiors and subordinates should be appropriate and acceptable. There should be no conflict or humiliation element present. **Job Security** - The organization must provide job security to the employees.

**Motivational factors**- According to Herzberg, the hygiene factors cannot be regarded as motivators. The motivational factors yield positive satisfaction. These factors are inherent to work. These factors motivate the employees for a superior performance. These factors are called satisfiers. These are factors involved in performing the job. Employees find these factors intrinsically rewarding. The motivators symbolized the psychological needs that were perceived as an additional benefit. Motivational factors include:

**Recognition** - The employees should be praised and recognized for their accomplishments by the managers. **Sense of achievement** - The employees must have a sense of achievement. This depends on the job. There must be a fruit of some sort in the job.

**Growth and promotional opportunities** - There must be growth and advancement opportunities in an organization to motivate the employees to perform well.

**Responsibility** - The employees must hold themselves responsible for the work. The managers should give them ownership of the work. They should minimize control but retain accountability.

**Meaningfulness of the work** - The work itself should be meaningful, interesting and challenging for the employee to perform and to get motivated.

### **Limitations of Two-Factor Theory:**

The two factor theory is not free from limitations:

The two-factor theory overlooks situational variables. Herzberg assumed a correlation between satisfaction and productivity. But the research conducted by Herzberg stressed upon satisfaction and ignored productivity.

The theory's reliability is uncertain. Analysis has to be made by the raters. The raters may spoil the findings by analyzing same response in different manner.

No comprehensive measure of satisfaction was used. An employee may find his job acceptable despite the fact that he may hate/object part of his job. The two factor theory is not free from bias as it is based on the natural reaction of employees when they are enquired the sources of satisfaction and dissatisfaction at work. They will blame dissatisfaction on the external factors such as salary structure, company policies and peer relationship. Also, the employees will give credit to themselves for the satisfaction factor at work. The theory ignores blue-collar workers.

### **Implications of Two-Factor Theory**

The Two-Factor theory implies that the managers must stress upon guaranteeing the adequacy of the hygiene factors to avoid employee dissatisfaction. Also, the managers must make sure that the work is stimulating and rewarding so that the employees are motivated to work and perform harder and better. This theory emphasize upon job-enrichment so as to motivate the employees. The job must utilize the employee's skills and competencies to the maximum. Focusing on the motivational factors can improve work-quality.

### **C. Theory X and Theory Y**

In 1960, Douglas McGregor formulated Theory X and Theory Y suggesting two aspects of human behaviour at work, or in other words, two different views of individuals

(employees): one of which is negative, called as Theory X and the other is positive, so called as Theory Y. According to McGregor, the perception of managers on the nature of individuals is based on various assumptions.

### **Assumptions of Theory X**

An average employee intrinsically does not like work and tries to escape it whenever possible. Since the employee does not want to work, he must be persuaded, compelled, or warned with punishment so as to achieve organizational goals. A close supervision is required on part of managers. The managers adopt a more dictatorial style. Many employees rank job security on top, and they have little or no aspiration/ ambition. Employees generally dislike responsibilities. Employees resist change. An average employee needs formal direction.

### **Assumptions of Theory Y**

Employees can perceive their job as relaxing and normal. They exercise their physical and mental efforts in an inherent manner in their jobs. Employees may not require only threat, external control and coercion to work, but they can use self-direction and self-control if they are dedicated and sincere to achieve the organizational objectives. If the job is rewarding and satisfying, then it will result in employees' loyalty and commitment to organization. An average employee can learn to admit and recognize the responsibility. In fact, he can even learn to obtain responsibility. The employees have skills and capabilities. Their logical capabilities should be fully utilized. In other words, the creativity, resourcefulness and innovative potentiality of the employees can be utilized to solve organizational problems.

Thus, we can say that Theory X presents a pessimistic view of employees' nature and behaviour at work, while Theory Y presents an optimistic view of the employees' nature and behaviour at work. If correlate it with Maslow's theory, we can say that Theory X is based on the assumption that the employees emphasize on the physiological needs and the safety needs; while Theory Y is based on the assumption that the social needs, esteem needs and the self-actualization needs dominate the employees. McGregor views Theory Y to be more valid and reasonable than Theory X. Thus, he encouraged cordial team relations, responsible and stimulating jobs, and participation of all in decision-making process.

### **Implications of Theory X and Theory Y**

Quite a few organizations use Theory X today. Theory X encourages use of tight control and supervision. It implies that employees are reluctant to organizational changes. Thus, it does not encourage innovation. Many organizations are using Theory Y techniques.

Theory Y implies that the managers should create and encourage a work environment which provides opportunities to employees to take initiative and self-direction. Employees should be given opportunities to contribute to organizational well-being. Theory Y encourages decentralization of authority, teamwork and participative decision making in an organization. Theory Y searches and discovers the ways in which an employee can make significant contributions in an organization. It harmonizes and matches employees' needs and aspirations with organizational needs and aspirations.

#### **D. ERG Theory of Motivation**

To bring Maslow's need hierarchy theory of motivation in synchronization with empirical research, Clayton Alderfer redefined it in his own terms. His rework is called as ERG theory of motivation. He recategorized Maslow's hierarchy of needs into three simpler and broader classes of needs:

**Existence needs-** These include need for basic material necessities. In short, it includes an individual's physiological and physical safety needs.

**Relatedness needs-** These include the aspiration individual's have for maintaining significant interpersonal relationships (be it with family, peers or superiors), getting public fame and recognition. Maslow's social needs and external component of esteem needs fall under this class of need.

**Growth needs-** These include need for self-development and personal growth and advancement. Maslow's self-actualization needs and intrinsic component of esteem needs fall under this category of need

The significance of the three classes of needs may vary for each individual.

#### **Difference between Maslow Need Hierarchy Theory and Alderfer's ERG Theory**

ERG Theory states that at a given point of time, more than one need may be operational. ERG Theory also shows that if the fulfillment of a higher-level need is subdued, there is an increase in desire for satisfying a lower-level need.

According to Maslow, an individual remains at a particular need level until that need is satisfied. While according to ERG theory, if a higher-level need aggravates, an individual may revert to increase the satisfaction of a lower level need. This is called frustration- regression aspect of ERG theory.

For instance- when growth need aggravates, then an individual might be motivated to accomplish the relatedness need and if there are issues in accomplishing relatedness needs, then he might be motivated by the existence needs. Thus, frustration/aggravation

can result in regression to a lower-level need. While Maslow's need hierarchy theory is rigid as it assumes that the needs follow a specific and orderly hierarchy and unless a lower-level need is satisfied, an individual cannot proceed to the higher-level need; ERG Theory of motivation is very flexible as he perceived the needs as a range/variety rather than perceiving them as a hierarchy. According to Alderfer, an individual can work on growth needs even if his existence or relatedness needs remain unsatisfied. Thus, he gives explanation to the issue of "starving artist" who can struggle for growth even if he is hungry.

### **Implications of the ERG Theory**

Managers must understand that an employee has various needs that must be satisfied at the same time. According to the ERG theory, if the manager concentrates solely on one need at a time, this will not effectively motivate the employee. Also, the frustration-regression aspect of ERG Theory has an added effect on workplace motivation. For instance- if an employee is not provided with growth and advancement opportunities in an organization, he might revert to the relatedness need such as socializing needs and to meet those socializing needs, if the environment or circumstances do not permit, he might revert to the need for money to fulfill those socializing needs. The sooner the manager realizes and discovers this, the more immediate steps they will take to fulfill those needs which are frustrated until such time that the employee can again pursue growth.

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## **16.6 MOTIVATION AND MORALE - RELATIONSHIP AND DIFFERENCES**

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Morale can be defined as the total satisfaction derived by an individual from his job, his work-group, his superior, the organization he works for and the environment. It generally relates to the feeling of individual's comfort, happiness and satisfaction.

According to **Davis**, "Morale is a mental condition of groups and individuals which determines their attitude." In short, morale is a fusion of employees' attitudes, behaviors, manifestation of views and opinions - all taken together in their work scenarios, exhibiting the employees' feelings towards work, working terms and relation with their employers. Morale includes employees' attitudes on and specific reaction to their job.

There are two states of morale:

**High morale** - High morale implies determination at work- an essential in achievement of management objectives. High morale results in: A keen teamwork on part of the employees. Organizational Commitment and a sense of belongingness in the employees

mind. Immediate conflict identification and resolution. Healthy and safe work environment. Effective communication in the organization. Increase in productivity. Greater motivation.

**Low morale** - Low morale has following features:

- Greater grievances and conflicts in organization
- High rate of employee absenteeism and turnover.
- Dissatisfaction with the superiors and employers.
- Poor working conditions.
- Employees frustration.
- Decrease in productivity.
- Lack of motivation.

Though motivation and morale are closely related concepts, they are different in following ways:

- While motivation is an internal-psychological drive of an individual which urges him to behave in a specific manner, morale is more of a group scenario.
- Higher motivation often leads to higher morale of employees, but high morale does not essentially result in greatly motivated employees as to have a positive attitude towards all factors of work situation may not essentially force the employees to work more efficiently.
- While motivation is an individual concept, morale is a group concept. Thus, motivation takes into consideration the individual differences among the employees, and morale of the employees can be increased by taking those factors into consideration which influence group scenario or total work settings.
- Motivation acquires primary concern in every organization, while morale is a secondary phenomenon because high motivation essentially leads to higher productivity while high morale may not necessarily lead to higher productivity.

Things tied to morale are usually things that are just part of the work environment, and things tied to motivation are tied to the performance of the individual.

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## **16.7 LET'S SUM UP**

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Motivation is the activation of goal-oriented behaviour. It is to give reason, incentive, enthusiasm, or interest that causes a specific action or certain behaviour. The internal

needs and drives lead to tensions, which in turn result into actions. The need for food results into hunger and hence a person is motivated to eat.

Motivation is said to be intrinsic or extrinsic. Intrinsic motivation is internal. It occurs when people are compelled to do something out of pleasure, importance, or desire. Extrinsic motivation occurs when external factors compel the person to do something. It comes from outside of the performer. Motivation is seen as a process that leads to the forming of behavioral intentions. Motivation and volition refer to goal setting and goal pursuit, respectively. Both processes require self-regulatory efforts. Aggressive motivation or the desires to inflict harm on others, play an all too common role in human behaviour. Achievement motivation (often termed as need for motivation) is the desire to accomplish difficult tasks and to excel. Emotions are reactions consisting of subjective cognitive states, physiological reactions and expressive behaviors.

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## 16.8 KEY TERMS

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- **Existence needs-** These include need for basic material necessities.
- **Morale-** Morale can be defined as the total satisfaction derived by an individual from his job, his work-group, his superior, the organization he works for and the environment. Motivation incentives-Incentive is an act or promise for greater action.
- **Relatedness needs-** These include the aspiration individual's have for maintaining significant interpersonal relationships (be it with family, peers or superiors), getting public fame and recognition.
- **Growth needs-** These include need for self-development and personal growth and advancement

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## 16.9 SELF ASSESSMENT QUESTIONS

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1. What are the different types of motivation?
2. What are the differences between Maslow and ERG theory of motivation?
3. How does morale boost the productivity?

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## 16.10 FURTHER READINGS

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- Heckhausen, J., and H. Heckhausen. (2008), Motivation and action, Cambridge Univ. Press, New York.
- McClelland, D. C. (2009), Human motivation. Cambridge Univ. Press, New York.

- Petri, H. L., and J. M. Govern (2004), Motivation: Theory, research, and applications, Wadsworth/Thomson Learning, Belmont, CA.

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## **16.11 MODEL QUESTIONS**

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- Q1:** What are the major challenges in motivation?
- Q2:** Are morale and motivation same or different? Explain in detail.
- Q3:** An individual cannot be motivated externally until the individual is not ready internally. Do you agree or disagree, give reasons for your answer.

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## **UNIT-17 COORDINATION**

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### **Structure**

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- 17.2 Nature of Coordination
- 17.3 Elements of Coordination
- 17.4 Factors Affecting Coordination
- 17.5 Importance of coordination
- 17.6 Principles of Coordination
- 17.7 Types of Coordination
- 17.8 Techniques of Coordination
- 17.9 Requisites of Effective Coordination
- 17.10 Cooperation and coordination
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### **17.0 LEARNING OBJECTIVES**

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After completing this module the you will be able to:

- Know about co-ordination
- Role of co-ordination in each function of Management.
- Various types of co-ordination
- Factors affecting coordination
- To know how co-ordination helps in achieving the goals of an organization.

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### **17.1 INTRODUCTION**

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Coordination plays a very important role in every field of human activity. Coordination as the essence of management function, achieves the objectives of an enterprise by directing and unifying group efforts. The coordinator of an enterprise must also direct and coordinate the activities of various personnel so as to bring unified element in the task of managing and must be effected through the various functions of the management.

## Definitions :

“Co-ordination” is balancing and keeping the terms together, by ensuring a suitable allocation of working activities of the various members and seeing that these are performed with due harmony among the members themselves.” -E.F.L. Breach.

Co-ordination has been viewed by different management authors and experts in different ways. Henry Fayol considers co-ordination to be one of the separate managerial functions to a manager. Louis A. Allen has also regarded co-ordination as one of the separate managerial functions. Further, James D. Mooney considers co-ordination as the first principle of organisation and Ralph C. Davis considers co-ordination primarily as a vital phase of controlling.

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## 17.2 NATURE OF CO-ORDINATION

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From the above definitions of Coordination, we can state the nature of Coordination as under:

- Co-ordination is the responsibility of the top executive which is related with the qualities of his leadership
- It is a process, the need of which is felt in all the activities. The managers, however have been conscious of “the co-ordinating efforts”.
- It is an orderly arrangement of group activities which is a necessity in all activities.
- It’s success largely depends on unity of action.
- It aims at the attainment of common purpose or goal of the organisation.

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## 17.3 ELEMENTS OF COORDINATION

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Following are the elements of coordination:

1. **Group Effort:** It ensures that individuals work as group for promoting their individual and organisational goals.
2. **Unity of Action:** Coordination ensures that activities of each individual, group and department are headed towards the common goal.

- 3. Common Purpose:** Coordination maintains balance amongst individual, departmental and organisational goals. All individuals, groups and departments should have a common purpose, that is, achieve the organisational goals.

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## 17.4 FACTORS AFFECTING COORDINATION

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The factors which affect coordination are as follows:

- (1) **Growth in Size:** The task of synchronizing daily activities, due to growth in size of the business and staff, becomes more complicated. This makes co-ordination more challenging.
- (2) **Growing Specialisation:** The complexity of Modern business necessitates specialisation, which in turn calls for greater coordination.
- (3) **Human Nature and their Problems:** The problems and nature of human beings are so complicated that they always present problems of co-ordination. Therefore, the need for co-ordination arises from the diversity of tasks to be undertaken and of persons to carry them out.

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## 17.5 IMPORTANCE OF COORDINATION

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Coordination is the epitome of management. It is important to the success of any enterprise. It helps an organisation in the following ways:

- i) **Increases Efficiency**  
Coordination pulls all the functions and activities together. The human as well as non-human resources are utilised in an optimum way. The resources flow through productive channels ensuring required quality and quantity of output. Efficiency is, thus, improved.
- ii) **Improves Human Relations**  
Coordination brings unity of action and direction. Mutual trust, cooperation and understanding improve among the personnel. This improves human relations both in formal and informal manners.
- iii) **Inter-Departmental Harmony**  
Orderly functioning with clear plans and programs, instilled by coordination reduces inter departmental conflicts and an atmosphere of harmony is created. This, in turn, helps in meeting goals efficiently and effectively.

**iv) Key to Other Functions**

The success of the various functions of management solely depends on Coordination. It makes planning more purposeful, organisation more well-knit, and control more regulative and effective. As such, it is the key to other functions of management.

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## **17.6 PRINCIPLES OF CO-ORDINATION**

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The various principles of coordination, according to Mary Parker Follet, may be listed as follows:

**(i) Principle of Direct Contact**

In the first principle, Mary Parker Follet states that coordination can be achieved by direct contact among the responsible people concerned. She believes that coordination can be easily obtained by direct interpersonal relationships and direct personal communications.

**(ii) Early Stage**

Coordination should start from the very beginning of planning process. At the time of policy formulation and objective setting, coordination can be sought from organisational participants. Obviously, when members are involved in goal-setting, coordination problem is ninety percent solved.

**(iii) Reciprocal Relationship**

As the third principle, Mary Follet states, that all factors in a situation are reciprocally related. In other words, all the parts influence and are influenced by other parts in any organisation.

**(iv) Principle of Continuity**

The fourth principle, advocated by Follet, is that coordination is a continuous and never-ending process. It is something which must go on all the times in the organisation.

**(v) Principle of Self-Coordination**

In addition to the four principles listed by Follet above, Brown has emphasised the principle of self-coordination. According to this principle, when a particular department adjusts its functions to favour other department(s) in unfavorable situations, then it is said to have been self-coordinated. This principle is rarely practiced.

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## 17.7 TYPES OF COORDINATION

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Coordination can be broadly categorised in to two types-Internal and External.

- **Internal Coordination:**

Internal coordination refers to the coordination among the employees or authority level positions, working at various level or departments in the management span.

Coordination between positions at different levels of the hierarchy like top level and middle level, is known as Vertical coordination.

When coordination is manifested between or amongst various positions or divisions like sales department and finance department at the same level of managerial positions, it is known as Horizontal coordination.

- **External Coordination:**

External coordination denotes coordination of any executive, employee, or department of the organisation with external agencies like Govt. departments, other organisations, customers, suppliers, financial institutions or interactions with external environment.

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## 17.8 TECHNIQUES OF COORDINATION

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1. **Scalar Chain:**

Scalar chain identifies every person's position in the organisation structure. It identifies the authority and responsibility attached to each position in the scalar chain. When one knows his position, the position of his boss and his subordinates, it facilitates coordination..

2. **Rules and Procedures:**

In organisations where simple and routine activities are performed, rules and procedures provide established standards of performance. Organisational members perform according to rules without going to top managers everytime they face a problem. Rules and procedures, thus, provide effective guidelines to achieve coordination.

3. **Plans and Goals:**

Well defined plans and goals help to achieve coordination by ensuring that efforts of all individuals and departments are directed towards organisational goals without confusions or bottlenecks.

**4. Information System:**

People of different departments at all levels need information for making various decisions. Effective information systems, like computers and networking facilitate free flow of information and facilitate coordination throughout the organisation.

**5. Lateral Relationships:**

Lateral relations refer to relations between peer groups of different departments. People of different departments interact with each other through formal and informal communication systems. These relations refer to “coordination of efforts through communicating and problem solving with peers in other departments or units, rather than referring most issues up the hierarchy for resolution.”

**6. Cooperation:**

Cooperation is a way of achieving coordination. Cooperation refers to voluntary actions of members to work collectively as a group. If all members cooperate with each other, it will result in coordination amongst their activities.

**7. Committees:**

“Committees are usually formal organised groups with designated membership and a chairperson with regularly scheduled meetings.” Committees are formed to solve specific organisational problems. Committees help to achieve horizontal coordination amongst efforts of different departments.

**8. Managerial Integrators:**

Managerial integrators are specially appointed managers or special coordinators who coordinate the products or projects. They coordinate the activities of work groups carrying out different projects or producing different products.

**9. Meetings:**

Meetings are an effective way to achieve coordination as people of different departments meet at specific time intervals to discuss the progress of their departments. Members of different departments interact openly on various departmental issues and through mutual discussions, develop solutions for early resolution. This promotes coordination.

**10. Self-Coordination:**

Though external forces are effective in achieving coordination, the most effective way to achieve coordination is to realise on one’s own that all members, all levels and all departments are aimed to gear towards one goal—that is, the organisational goal. Self-realisation that both have to maximise each other’s interest without disharmony and conflicts is the best way to achieve coordination.

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## 17.9 PRE-REQUISITES OF EFFECTIVE COORDINATION

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1. **Start before the Plan:** Coordination should start even before the plans are formulated and finalized. The plans should be coordinated with the environmental factors.
2. **End after Control:** Coordination ends only after the control function. Control function has to be coordinated with the planning function in order to ensure that the plans are achieved.
3. **Continuous Process:** Coordination is a continuous process. The organizational activities are to be networked and the network should continue uninterruptedly so as to ensure continuous workflow.
4. **Dynamism:** Coordination should be dynamic in order to foresee the environmental changes and infuse their consequences into the network of organizational activities before the competitors adopt it. Therefore coordination should be dynamic.
5. **Direct Personal Contact:** Coordination can be effective, if the superior establishes and maintains direct personal contact and direction with his subordinates.
6. **Effective Communication:** Communication without distortions, gaps etc. make the coordination perfect.
7. **Flat Organisation Structure:** Flat organisation structure allows the employees to interact and communicate freely and frequently with their superiors. Further the superiors also interact with his/her subordinates with an open mind, which in turn make the coordination effective.
8. **Leadership:** Democratic and participative leadership allow the employees and leader to communicate with each other frequently. Further, they encourage the subordinates to express their ideas, view-points etc. regarding their activities. Thus, they enable the coordination effective.

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## 17.10 DIFFERENCE BETWEEN CO-OPERATION AND CO-ORDINATION

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Very often the two terms, 'cooperation' and 'coordination' are taken to be similar, which is not. Both the terms are having different connotations though interrelated. The distinctive features of these two can be enumerated as follows:

- While coordination is a managerial function ,cooperation is not.

- Coordination is an orderly arrangement of group efforts but cooperation is willingness to help others.
- The success of organisation depends on degree of coordination. Cooperation forms the basis of coordination.
- Coordination is obtained officially but cooperation is voluntary.

We can conclude by saying that cooperation without coordination bears no fruit and coordination without cooperation has no root.

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### 17.11 LET'S SUM UP

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Coordination is an orderly arrangement of efforts to provide unity of action in the fulfillment of organisational objectives. Some authorities treat it as a function of Management, while others treat it as essence of management. As it is said, coordination starts before planning and end after control. It is a process and manifested through all the functions of management. Greater is the coordination, greater is the chance of organisational success. Coordination is also a system, if put in place achievement of organisational objectives becomes easier. Some people confuse the term with cooperation but both differ in their functions though interrelated.

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### 17.12 KEY TERMS

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- **Integrator**-Who accumulates input to produce output.
- **Direction**-Instruction or guidance.
- **Unity of Action**-Coordinated efforts/Joint action
- **Cooperation**-Supporting or helping.
- **External Environment** - Environment outside organisation (Political, Economical, Social, Technological, Legal etc)
- **Scalar Chain**-Formal chain of authority that moves from top to bottom.

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### 17.13 FURTHER READINGS

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- Management :-Stephen Robbins and Mary Coutler
- Management:- Cannice, Weirich and Koontz
- Business Organisation and Management:- C.B.Gupta
- Principles of Mangement:- J.K.Jain.

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### 17.14 MODEL QUESTIONS

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**Q 1 :** Define coordination in your own words and state it's elements.

- Q 2 :** How important is coordination to an Organisation? What factors influence coordination?
- Q 3 :** What are the Principles of coordination?
- Q 4 :** What techniques are available for coordination?
- Q 5 :** What steps you should take to make coordination effective?
- Q 6 :** How do you classify co-ordination? How it is different from cooperation ?

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## **UNIT-18 CONTROL TOOLS & TECHNIQUES**

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### **Structure**

- 18.0 Learning Objectives
- 18.1 Introduction
- 18.2 The prerequisites and characteristics of Effective Control Systems
- 18.3 The Control Process
- 18.4 Control as a Feedback System
- 18.5 Different methods of Control
- 18.6 Policies and Design Choices in Control
- 18.7 Strategies adopted for controlling
- 18.8 Let's sum up
- 18.9 Key Terms
- 18.10 Self-Assessment Questions
- 18.11 Further Readings
- 18.12 Model Questions

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### **18.0 LEARNING OBJECTIVE**

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After completing this unit, students will be able to:

- Define Motivation
- Describe the characteristic features of motivation
- Differentiate between various types of motivation
- Understand motivational challenges
- Comprehend the relationship between motivation and morale.

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### **18.1 INTRODUCTION**

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It is defined as the process of ensuring the efficient achievement of organisation objectives. In an unstable environment under which management works, control is necessary to foresee problems, measure performance against standards, take corrective actions for deviations from plans and if necessary, modify plans accordingly. The term control may have some negative connotations for some, literally. But, in the management process, it is a facilitating function which supports the organisation to accomplish the set objectives. The primary responsibility for exercising control rests with every manager charged with the execution of plans.

As per Henry Fayol, “control consists in verifying whether everything occurs in conformity with the plans adopted, the instructions issued and principles established.

Its object is to point out weaknesses and errors in order to rectify them and prevent recurrence. It operates on everything, things, people, and actions".

It is not correct to assume that only top management has the responsibility for control and that there is little need for control at lower levels of management. While the scope for control may vary to some extent depending upon the position of an employee in the hierarchy, all those who have responsibility for the execution of plans need to exercise control too.

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## 18.2 PREREQUISITES & CHARACTERISTICS OF EFFECTIVE CONTROL SYSTEMS

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There are two major prerequisites of control: a plan and a structure.

- a) **Plan:** Controls must be based on plan. More clear and complete the plans are , more effective the controls can be; plans acts as the standards by which the actions are measured.
- b) **Structure:** There is need for a structure to know where the responsibility rests for deviations and corrective action, if any needed. As in the case of plans, more clear and complete the organisation structure is, more effective the control can be. Controls, to be effective, should share the following basic characteristics:
- c) **Appropriate:** Controls should correspond to an organization' s plans. Controls designed for a general manager are inappropriate for a supervisor. Similarly, control systems suitable for a line department may be inappropriate for a staff department.
- d) **Strategic:** Control should serve a strategic purpose and provide spotlight on positive and negative exceptions at critical points.
- e) **Acceptable:** Controls will not work unless people want them to. They should be acceptable to those to whom they apply.
- f) **Reliable and Objective:** Controls should be accurate and unbiased. If they are unreliable and subjective, people will present them.
- g) **Cost-effective:** The benefit from control should be greater than the costs. Control devices should yield tangible benefits.

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## 18.3 THE CONTROL PROCESS

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There are four steps in control process: (1) Setting of control standards, (2) Measurement of actual performance, (3) Comparing actual and standard performance and (4) Taking corrective action. These steps are discussed in detail:

### 1. Setting of Control Standards:

Every enterprise plans its activities in advance. On the basis of plans, the objectives and goals of every department, branch, etc. are fixed. These, goals are converted into quantity, value, man hour etc. These are to be/achieved in future. There may also be qualitative goals. The achievement of various targets is made the responsibility of specific persons. The levels of achievement are also decided in advance. Whether a particular result is to be taken as satisfactory, average or poor should be pre determined so that the persons responsible for that work should be able to assess their performance. Some strategic points should be selected as controls or yardsticks. Following four guidelines may be used for selecting strategic points:

- (i) The control points should be timely so that they may be able to reveal significant deviation in time thereby saving further losses.
- (ii) Control points should be such as to permit economical observation and report.
- (iii) Control points, especially for executives at higher levels should provide comprehensive coverage.
- (iv) Control points should be such as would promote balanced performance.

### 2. Measurement of Performance:

The second step in controlling process is the measurement of performance. The actual performance is measured against the standards set. This will enable management to determine whether the work is being done according to plans or not. The measurement of quantitative objectives is easy since figures of work done will be available. The qualitative performance such as human relations, employee morale, etc. can only be measured through psychological tests and surveys. Measurement of performance is an important part of control process. If measurement is such that deviation is detected at the earliest then it will enable appropriate action well in time. If that is not possible then deviations should be detected as early as possible.

### 3. Comparing Actual and Standard Performance:

The next step in control process is the comparison of actual performance with the standards set. The purpose of this comparison is:

- (a) to find out deviations if any, and

(b) to determine the reasons for such deviation.

While comparing actual performance with the standard, some permissible limits are also fixed. When the deviations are within the prescribed limits then there is no cause for worry. But if the deviations are more than the allowable limits then it calls for urgent action. This is also known as 'management by exception.' When things are going as per plans or within the allowable limits then top management is not required to take any note of it. But on the other hand if performance is not up to the level then it is brought to the notice of top management for taking corrective action. If the manager gives attention to every deviation then he will not be able to give enough time for important things.

When the actual performance is not up to the level then causes for it should be pinpointed. Necessary steps are taken so that performance is not adversely affected once again. If no efforts are made to rectify the weak areas then the whole control process will be futile. Whenever the performance is low than the standards, the reasons for it should immediately be found.

#### **4. Taking Corrective Action:**

The last but most important step in controlling process is of taking corrective action. Whenever the performance is less than the standards, efforts should be made to rectify it. Whatever the reasons for low performance, efforts are made to achieve organizational goals. No control process can automatically rectify the mistakes in a system. It is the action which is required to set the things right, sometimes the targets are not achievable even with more efforts then these will have to be revised. The control action may involve review of plans and goals, change in the methods of work, change in the assignment of task, change in existing techniques of direction and change in organization structure. The corrective action generally involves top management. It is said by some persons that taking corrective action is not a part of control but a separate managerial function. The overlapping of control function only shows the unity of manager's job. It shows that managing process should be integrated one.

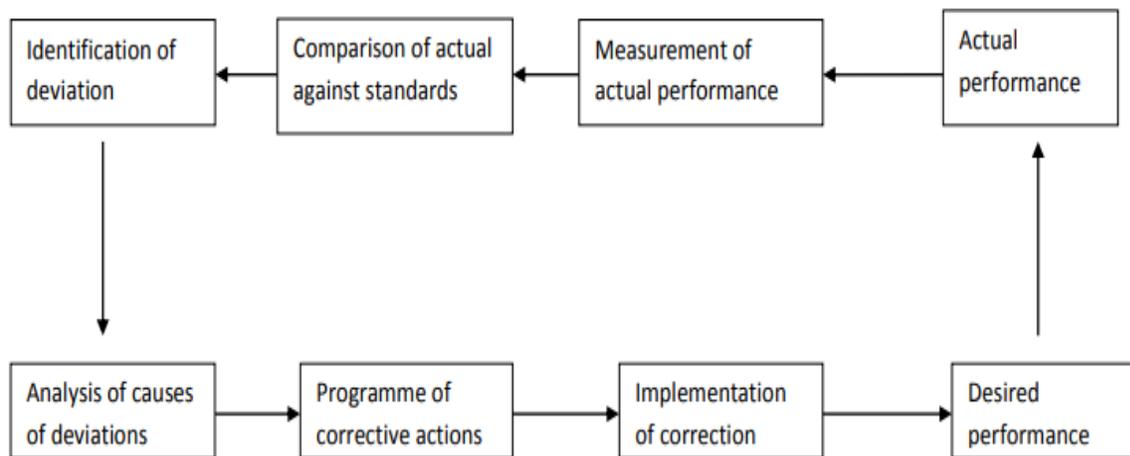
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### **18.4 CONTROL AS A FEEDBACK SYSTEM**

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Management control is usually viewed as a feedback system. Control is more than a matter of establishing standards, measuring performance and correcting for deviations. To initiate corrective action, there should be a program (or a plan of action) which needs to be implemented and monitored as to whether such implementation will give the desired performance.

Feedback refers to the process of adjusting future actions on the basis of information about the past performance. The following chart, which depicts the Feedback process involved in a management control, gives an idea of the Feedback system.



It is thus clear from the above chart that the system of management control is not just a simple process of establishing standards, measuring performance and correcting the deviations detected, if any. This is because the Feedback system involved in this, places control in more complex and realistic light than this simple process.

Alert managers should realise that they should not only measure actual performance, compare such measurements against standards, identify and analyse deviations, if any, but also develop a program for corrective action and implement such a program for securing the desired performance. Unless this program for corrective action which is developed by them is properly implemented, they cannot make the necessary corrections.

It is heartening to note that latest developments in the field of computer technology and electronic gathering, transmission and storage/of data, etc., have led to the development of a system of 'Real-Time' Information. Recent developments in electronic hardware of automatic control have reinforced the importance of this principle.

The electrical engineer refers to a closed-loop system of feedback when the information of actual performance is feed back to the source of energy by electrical or mechanical means in an endless chain. An open loop system of feedback involves human intervention at some point in the flow. Real-Time information refers to the information pertaining to the actual happenings the moment events occur. These latest technical developments collect and supply real-time data on many operations and thereby keep the management abreast of latest developments in the organisational set-up, including

data relating to sales, stock position, storage facility, gross profit, production developments and several other important developments in the manufacturing process.

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## 18.5 METHODS OF CONTROL

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There are nine methods of control which may be classified three categories based on their frequency of use: Constantly used controls: Self-control, group control and policies, procedures and rules. Periodically used controls: Management Information Systems, External Audits and Budgets. Occasionally used controls: Special reports, personal observation and project control.

- **Constant Controls**

**Self-control:** Managers need to exercise more self-control to minimise the need for other control methods and making control in the organisation acceptable and effective. Self-control means giving a fair day's work for a fair day's pay, reporting to work on time, discharging duties and responsibility properly and respecting the rights of others in the organisation. Respect for self-control in an organisation can be a motivating factor. A sense of appreciation for self-control can be promoted among employees through training in behaviour modification.

**Group Control:** Work groups are a source of control. Group-defined norms exert greater influence in organisations than the norms that managements may choose to set unilaterally and thrust on groups. Group norms and group control can aid or hinder formal authority. Organisations would do well to develop and use group control processes to reinforce formal authority. While in some organisations group control processes helped increase output and improve quality,, in others they resulted in restricting output. For group norms to contribute to organisational goals there should be a climate of trust and openness, a culture of cooperation than confrontation. Quality circle, quality of work life programmes and work redesign experiments being taken up in some organisations are examples that point to organisational thrust toward reinforcing group control processes for achieving organisational goals through integration of members' interests with those of the organisation.

**Policies/Procedures/Rules:** These are essentially bureaucratic control mechanisms referred to in the discussion on control strategies. They reflect past managerial experience and include a variety of aspects concerning how to make certain decisions, deal with resources, etc. If the policies, procedures and rules are properly formulated, clearly communicated and implemented consistently throughout the organisation, they can be effective in controlling individual and work group behaviour.

- **Periodic Controls:**

**Management Information Systems:** A Management Information System is a mechanism designed to collect, combine, compare, analyse and disseminate data in the form of information. As such, management information systems link the various decision-making centres within an enterprise and serve a useful function in providing feedback for control purposes.

**External Audits:** The annual financial audit by an outside accounting firm is one form of external audit, mainly of the finances of an organisation. In the case of public sector units, such an audit is performed by Comptroller and Auditor General also. Forward looking progressive private companies have in the past sought to have a social audit, not for evaluating financial performance, but to find out whether and how well they have been discharging their social obligations. An example is the case of Social Audit conducted in Tata Steel in the late 1970s.

**Budgets:** Budgets are plans that deal with the future allocation and utilization of various resources to different enterprise activities over a given period of time. Budgets help establish plans and also serve as the basis for measuring or evaluating the standards of performance. Budgetary control is a good example of bureaucratic control strategy.

- **Occasional Controls:**

**Special Reports:** These have a special role. Special reports can be commissioned by an organisation when its normal control systems point to the need for detailed investigation or study of a particular operational aspect. When major policy decisions of strategic importance are taken, special reports may be commissioned. These include situations where the organisations find the need for overcoming the existing difficulties, modernisation, expansion, diversification, merger, acquisition etc. Special reports vary in content and style depending upon the purpose. They could be prepared internally by managers in the organisation or by consultants or outside institutions. Special reports are a valuable method for controlling in turbulent environments, warranting changes in products and markets, technology and production processes, organisational structure, etc.

**Personal Observation:** Managers can know what is happening in an organisation by relying on information provided by others as also by finding out for them. Firsthand knowledge has to be critical to be effective.

**Project Controls:** Various methods have been developed for controlling specific enterprise projects. The best example is the network analysis using the PERT tool. PERT is an acronym for Programme Evaluation and Review Technique. It is a diagram showing the inter-relationships between the events and activities that comprise a

project. It is a detailed, easy-to-communicate means for determining current status of a project, stimulate alternative plans and schedules and controlling activities.

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## 18.6 POLICIES AND DESIGN CHOICES IN CONTROL

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Organisations have three options in exercising control:

- Centralization or delegation
- Formal or Informal
- Direct or Indirect

Preferences for one or a mix of all options are matters of judgment. Judgment in turn could be based on theory, practice or premonition. Each option has relevance in a particular situation.

**Centralization or Delegation:** Centralization is an approach where control is exercised by the chief executive or the top management group (comprising a few individuals). Others in the lower rungs of hierarchy cannot act on their own or use their discretion. Thus, functional autonomy will be lacking at operating levels.

Delegation, on the contrary, manifests transfer of decision-making authority downward and outward within the formal structure. Sometimes, decision-making power is transferred downwards in a hierarchy prescribing limits on the scope and type of decisions. For example, a branch manager is allowed to spend up to Rs 5000 per month on consumables, without referring upwards for approval, so long as it falls within the monthly budget. Here although the decision-making power is transferred, overall control is incorporated into the arrangement. Where delegation occurs in an organisation-wide context, it becomes decentralization.

### **Centralised Control:**

- makes it easier to coordinate the activities of various subunits/departments in an organisation.
- seeks to achieve balance among various functions because the top management can be expected to have a broad organisation-wide perspective.
- proves more useful because control will be in the hands of senior, experienced top executives.
- is necessary to meet extraordinary situations.
- is economical since duplication in activities and resource use can be avoided.

### **Delegation and decentralization too have positive features:**

- they relieve the top management from overload.

- motivate individuals to give better performance due to opportunities for individual freedom, discretion and control.
- contribute to the personal and professional development of managers.
- people at operating levels are more knowledgeable about the dynamics in decision making situations and can be expected to take appropriate actions to suit local conditions. This is particularly true in the case of large and widely dispersed units. affords prompt actions and provides flexibility.

**Formal or Informal:** Formalization refers to establishing written policies, procedures, rules etc. which prescribe the do's and don'ts. As organisations grow, formalisation grows. Formalization renders activities more predictable in a desired direction and facilitates coordination and control.

In large organisations where it is no longer possible to retain high degree of centralised control, formalisation helps to retain consistency and continuity by restraining the negative effects of delegation and decentralization. Formalization is appropriate for large organisations operating in conditions of stability. But, in today's fast changing environments, complete formalisation may not be desirable and practicable. Excessive formalisation vitiates the climate for initiative and employee freedom in performance, results in employee resistance and may even become counterproductive.

Formalization can be effective insofar as policies, procedures and rules are flexible enough and reviewed periodically to make them appropriate to current changing situation.

**Direct or Indirect:** There are two ways of controlling. One way is to supervise subordinates' activities closely, trace deviations to the persons responsible and get them to correct their practices. This is called indirect control. The other way is to develop high quality managers who will properly understand and apply managerial principles, functions, techniques and philosophy, make few mistakes and initiate corrective actions, wherever necessary, themselves. This is called direct control. The higher the quality of managers and their subordinates, the less will be the need for indirect controls.

Exercising close supervision through indirect controls adds to overhead costs and reduces employee motivation. Modern management practices call for a greater degree of 'self control' (which in effect means direct control) by those who perform work. With the revolution in information technology using computers, control can be exercised through real-time information, i.e., gathering information on what is happening as events are occurring. This made it easy for organisations to combine direct controls with indirect controls. But here indirect control is exercised not through close personal supervision, but through modern technology and hence several of the negative features of close personal supervision of superiors such as infringement on freedom of operation

and subjectivity in evaluation are avoided. Direct control hastens corrective actions, lightens the burden caused by indirect control and subordinates feel less concerned about superior's subjectivity in rating their performance because in indirect control one would feel a close relationship between performance and measurement.

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## **18.7 STRATEGIES ADOPTED FOR CONTROLLING**

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There are four Strategies implemented for controlling in organisation. Each strategy will utilise one or more of the features listed

### **Personal centralised control**

- Centralised decision-making
- Direct supervision
- Personal leadership: founded upon ownership or charisma, or technical
- Expertise reward and punishment reinforce conformity to personal authority

### **Bureaucratic control**

- breaking down of tasks into easily definable elements
- formally specified methods, procedures and rules applied to the
- conduct of tasks budgetary and standard cost-variance accounting controls
- technology designed to limit variation in conduct of tasks with respect
- to pace, sequence and possibly physical methods routine decision-taking delegated within prescribed limits
- reward and punishment systems reinforce conformity to procedures
- and rules breaking down of tasks into easily definable elements
- formally specified methods, procedures and rules applied to the
- conduct of tasks budgetary and standard cost-variance accounting controls
- technology designed to limit variation in conduct of tasks with respect
- to pace, sequence and possibly physical methods routine decision-taking delegated within prescribed limits
- reward and punishment systems reinforce conformity to procedures and rules

### **Output control**

- jobs and units designed to be responsible for complete outputs
- specification of output standards and targets
- use of 'responsibility accounting' systems
- delegation of decisions on operational matters: semi-autonomy
- reward and punishment linked to attainment of output targets

### **Cultural control**

- development of strong identification with management goals
- semi-autonomous working: few formal controls
- strong emphasis on selection, training and development of personnel
- rewards oriented towards security of tenure and career progression

### **Control through electronic surveillance**

- speed and quality of work recorded and assessed remotely via
- information and communication technology (ICT) employee's performance assessed against that of other employees and
- trends such monitoring of performance used to reward and discipline employees

### **HRM control**

- use of selection methods to ensure that new recruits 'fit' the profile of
- attitude, behaviour, and capabilities desired by management training and development designed to reinforce this desired profile
- assessment procedures and reward systems used to encourage conformity

a) **Personal centralised control:** This approach is often found in small owner managed organisations and is characterized by the centralization of decision making and initiative around a leadership figure. Control consists largely of personal inspection to see that decisions are carried out, and the leader may spend a high proportion of time supervising the work personally. Once the organisation grows large enough to employ someone to undertake detailed supervision of everyday tasks, the locus of decision-making and close supervision will tend to become separated. The authority of the leader will usually rest upon the rights of ownership, special personal qualities (charisma) or technical expertise.

b) **Bureaucratic control:** This approach to control is familiar in public sector organisations and in many other types of large organisations. It is based on the specification of how members should behave and carry out their work. There is an attempt to ensure predictability through formal job descriptions and procedures, the breaking down of tasks into constituent elements, and the specification of standard methods for the performance of tasks. Reward and punishment systems can be designed to reinforce this control strategy. Compliance can be rewarded by upgrading, improved status, favorable employment benefits and job security. Bureaucratic control will make use of accounting control systems such as budgetary control and standard cost variances. The bureaucratic strategy also permits delegation without loss of control. Managers can delegate routine decision-making within formally prescribed limits of discretion

- c) **Output control:** This approach relies upon the ability to identify specific tasks having a measurable output or criterion of overall achievement – for example, an end-product, a part manufactured to agreed standards, batch production or a sub-assembly. Rewards and sanctions can be related to performance levels expressed in output terms. Output control strategy is aimed at facilitating the delegation of operational decision-making without the need for bureaucratic controls or relying on close personal supervision. Once output standards have been agreed, subordinates can work with a ‘semi-autonomous’ relationship to management, free from detailed control over how tasks are carried out. Output control may be difficult to apply to certain activities, such as the legal department of a business organisation. Although it may be difficult to establish suitable and agreed measures of output, and it may be difficult for management to codify the activities involved, output control may be more appropriate than the application of a bureaucratic control strategy.
- d) **Cultural control:** This approach has been identified with moves away from conventional forms of organisation and is based on maintaining control through internalized compliance rather than external constraint. The basis of cultural control is the acceptance and willing compliance with the requirements of management and belief of the organisation. A major example is the cultural control that tends to be exemplified by larger Japanese corporations, although this is subject to criticism of compulsory sociability. Although a strong corporate culture is intended to provide an alternative to control, in practice strenuous efforts are usually made to ensure employees conform to the culture. Provided members have the necessary skills and ability they can be given wide freedom of action in deciding how to undertake their responsibilities. Cultural control, combined with personal autonomy, has long been associated with the professions. Despite criticisms of cultural control it is in tune with the increasing number of professional and knowledge workers, and is consistent with self-managing units or teams working with only limited formal controls.
- e) **Control through Electronic Surveillance:** The essence of control is that the speed and quality of work is recorded and assessed remotely through the use of ICT without reliance on personal supervision. Control data are precise rather than impressionistic and subject to management bias. Monitoring of performance can be used readily as the basis for reward and discipline. Control through electronic surveillance is applied to many types and levels of activity. A common example is call centres although customer service representatives dislike the pressure from this form of control and the objectivity of relying on electronically produced statistics is subject to challenge.

- f) **HRM control:** HRM procedures can be used both to develop people at work and to control their behaviour and performance. They enhance the contribution to the achievement of organisational goals and objectives. Systematic selection techniques are designed to ensure new recruits fit the profile and technical competencies required by management. Performance evaluation and appraisal provide feedback to both management and employees. Appraisals should provide the basis for reward and for an assessment of the need for further training or development. If training and development program are attuned to the needs of employees and the requirements of their jobs this should contribute to better performance.

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## 18.8 LET'S SUM UP

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Control is an integral part of the process of management. There are, however, varying connotations of the meaning and exercise of control. It is often interpreted in a negative manner to suggest direction or command, the restriction of behaviour or even exploitation of employees. However, control is not only a function of the formal organisation, it is also a function of interpersonal influence. Control is a general concept that is applied both to individual behaviour and organisational performance.

Control can serve many important functions and be manifested in a variety of forms. There are a number of important characteristics of an effective control system. The system should be understood, conform with the structure of the organisation, report deviations quickly, draw attention to critical activities of the organisation, be flexible, consistent with the activity to which it relates and subject to continual review. If control systems are to be successful in leading to improved performance, then attention must also be given to the factors which influence human behaviour.

Work organisations are not only systems of hierarchical structure; they are also systems of social relationships, status and power. Power is an inherent feature of work organisations and an underlying reality behind the decision making process. Organisations can be classified in terms of the relationship between power, involvement and the compliance of their members. The pluralistic approach, however, recognizes power as a social process. Power is a major organisational variable that derives from a multiplicity of sources and situations. A dilemma that underlies the nature of control is finding the right balance between order and flexibility.

Management control systems are frequently thought of in terms of accounting or financial systems. The reasons are easy to understand but accounting control systems tend to operate in a negative way, and to give little specific recognition from management and only a limited sense of achievement. What need to be considered are behavioral factors and the manner in which control systems motivate people to improve

their performance. To do this, they must take account of individual, social and organisational factors that determine people's patterns of behaviour.

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## 18.9 KEY TERMS

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- **Controlling:** The managerial function of measuring and correcting performance of activities of subordinates in order to assure that enterprise objectives and plans are being accomplished.
- **Control Process:** In managing, the basic process involves establishing standards, measuring performance against standards and correcting for deviations. Budgetary Control: Measuring performance against plans and expected results expressed in numerical terms.
- **Direct Control:** The concept that the most direct of all controls is to assure high-quality managers on the premise that qualified managers make fewer mistakes requiring other (or indirect; controls, perceive and anticipate problems, and initiate appropriate actions to avoid or correct for deviations.
- **Feedback:** An informational input in a system transmitting messages of system operation to indicate whether the system is operating as planned. Information on operations is relayed to the responsible persons for evaluation.

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## 18.10 SELF ASSESSMENT QUESTIONS

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- Q1 :** Discuss the main factors that are likely to affect resistance to, and the successful implementation of management control systems.
- Q2 :** Give your own views on the controversial nature of management control.
- Q3:** What do you see as the purposes of management control in work organizations?

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## 18.11 FURTHER READINGS

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- Child, J. (2005), Organization: Contemporary Principles and Practice, Blackwell Publishing.

- Robbins, S. P. and Judge, T. A.(2009), Organizational Behaviour, thirteenth edition, Pearson Prentice-Hall .
- Wilson, F.(2004), Organizational Behaviour and Work: A Critical Introduction, second edition, Oxford University Press.

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## **18.12 MODEL QUESTIONS**

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- Q1 :** How would you explain the organisational and personal relationships between a manager and subordinate staff that are created by the process of empowerment?
- Q2 :** As a departmental manager explain fully how you would attempt to realize the full advantages of delegation without loss of control over subordinate staff.
- Q3 :** Discuss critically what you see as the likely consequences of a manager exercising close personal supervision as a means of maintaining control and power over the work of subordinate staff.