

## TECHNOLOGICAL INNOVATION MANAGEMENT & ENTREPRENEURSHIP – 21EC61

### Module 2

**Organizing and Staffing:** Organization-Meaning, Characteristics, Process of Organizing, Principles of Organizing, Span of Management (meaning and importance only), Departmentalization-Process Departmentalization, Purpose Departmentalization, Committees-Meaning, Types of Committees.

**Staffing:** Need and Importance, Recruitment and Selection Process.

**Directing and Controlling:** Meaning and Requirements of Effective Direction, Giving Orders; Motivation-Nature of Motivation, Motivation Theories (Maslow's Need-Hierarchy Theory and Herzberg's Two Factor Theory); Communication – Meaning, Importance and Purposes of Communication.

### ORGANIZATION

According to Amitai Etzioni: “An organisation is a social unit or human grouping deliberately structured for the purpose of attaining specific goals”.

Sehein defines: “An organisation is the rational coordination of the activities of a number of people for the achievement of some common explicit purpose or goal, through division of labour and function, and through a hierarchy of authority responsibility”.

Allen' defines: “An organisation is the process of identifying and grouping of the work to performed, defining and delegating responsibility and authority and establishing relationships for purpose of enabling people to work most effectively together in accomplishing their objectives”.

Pfiffner & Sherwood defines: “An organisation is the pattern of ways in which large numbers of people, too many to have intimate face to face contact with all others, and engaged in a complexity of tasks, relate themselves to each other in the conscious, systematic establishment and accomplishment of mutually agreed purposes”.

In terms of all the above definitions, corporations, armies, schools, hospitals, churches, prisons, all are organisations. But tribes, ethnic and friendship groups and families are not organisations because they do not involve any significant amount of conscious planning, coordination or deliberate structure.

### CHARACTERISTICS OF AN ORGANISATION

Every organisation has

1. a purpose, goal or goals which are the task planning,

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2. a clear concept of the major duties or activities required to achieve the purpose,
3. classification of activities into jobs, and
4. establishment of relationships between these jobs in order to ensure coordination.

### **TYPOLGY OF ORGANISATIONS**

1. Organisations which benefit their owners. E.g.: Business
2. Organisations which benefit their members. E.g.: Unions, Cooperatives, & Clubs
3. Organisations which benefit their clients. E.g.: Insurance companies
4. Organisations which benefit whole society. E.g.: Commonwealth organisations

### **PROCESS OF ORGANISING**

In performing the organising function, the manager differentiates and integrates the activities of organisation. By differentiation is meant the process of departmentalisation or segmentation of activities. Integration is the process of achieving unity of effort among various departments. This differentiation and integration can be described in terms of a seven step procedure:

- 1. Consideration of Objectives:** The first step in organising is to know the objectives of the enterprise. Objectives determine the various activities which need to be performed and the type of organisation which needs to be built for purpose.
- 2. Deciding Organizational Boundaries:** The next step is to decide what to do inside and outside the boundaries of the organization. This means making manufacture-versus-buy choices for different goods and services and choices about strategic alliances with other firms. Choices to be made about which different part of the organization interact directly with the outside environment.
- 3. Grouping of Activities into Departments:** The next step is to group all closely related and similar activities into departments and sections. For example, activities of a manufacturing concern may be grouped into such departments as production, marketing financing and personnel and in the production department separate sections may be created for research, industrial engineering, etc.
- 4. Deciding which Departments will be Key Departments:** Key departments are those which are rendering key activities, i.e., activities essential for the fulfilment of goals. Such key departments demand key attention. Other departments exist merely to serve them. Key department should be placed directly under higher management.
- 5. Determining Levels at which Various Types of Decisions are to be made:** After deciding the relative importance of various departments, the levels at which

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various major and minor decisions are to be made must be determined. Each firm must decide for itself as to how much decentralisation of authority and responsibility it wants to have.

**6. Determining the Span of Management:** The next step is to determine the number of subordinates who should report directly to each executive. The narrower the span, the taller would be the structure with several levels of management. This will complicate communication and increase the payroll. For these reasons, a flat structure is generally desirable.

### **7. Setting up a Coordination Mechanism:**

A direct consequence of departmentalization is the need to coordinate the independent activities of the members of the organization. As individuals and departments carry out their specialised activities, the overall goals of the organisation may become submerged or conflicts among organisation members may develop. Coordinating mechanisms, enable the members of the organisation to keep sight of the organisation's goals and reduce inefficiency and conflicts.

### **PRINCIPLES OF ORGANISING**

**Objectives:** The objectives of the enterprise influence the organisation structure and hence the objectives of the enterprise should first be clearly defined. Then every part of the organisation should be geared to the achievement of these objectives

**Specialisation:** Effective organisation must promote specialisation. The activities of the enterprise should be divided according to functions and assigned to persons according to their specialisation.

**Span of Control:** The span of control should be the minimum as far as possible. That means, an executive should be asked to supervise a reasonable number of subordinates only say six.

**Management by Exception Principle:** As the executives at the higher levels have limited time, only exceptionally complex problems should be referred to them and routine matters should be dealt with by the subordinates at lower levels.

**Scalar Principle:** This principle is known as the "chain of command". The line of authority from the chief executive at the top to the first-line supervisor at the bottom must be clearly defined.

**Unity of Command:** Each subordinate should have only one superior whose command he has to obey. Multiple subordination must be avoided.

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**Delegation:** Proper authority should be delegated at the lower levels of organisation also. The authority delegated should be equal to responsibility, i.e. each manager should have enough authority to accomplish the task assigned to him.

**Responsibility:** The superior should be held responsible for the acts of his subordinates. No superior should be allowed to avoid responsibility by delegating authority to his subordinates.

**Authority:** The authority is the tool by which a manager is able to accomplish the desired objective. Hence, the authority of each manager must be clearly defined.

**Efficiency:** The organisation structure should enable the enterprise to function efficiently and accomplish its objectives with the lowest possible cost.

**Simplicity:** The organisation structure should be as simple as possible and the organisation levels should, as far as possible, be minimum. Too many committees and excessive procedures complicates the structure.

**Flexibility:** The organisation should be adaptable to changing circumstances and permit corrections of demonstrated deficiencies in the existing structure without dislocation and disruption of the basic design.

**Balance:** There should be a reasonable balance in the size of various departments, between centralisation and decentralisation, between the principle of span of control and the short chain of command, and among all types of factors such as human, technical and financial.

**Unity of Direction:** There should be one objective and one plan for a group of activities having the same objective. Unity of direction facilitates unification and coordination of activities at various levels.

**Personal Ability:** As people constitute an organisation, there is need for proper selection, placement and training of staff. The organisation structure must ensure optimum use of human resources & encourage management development programs

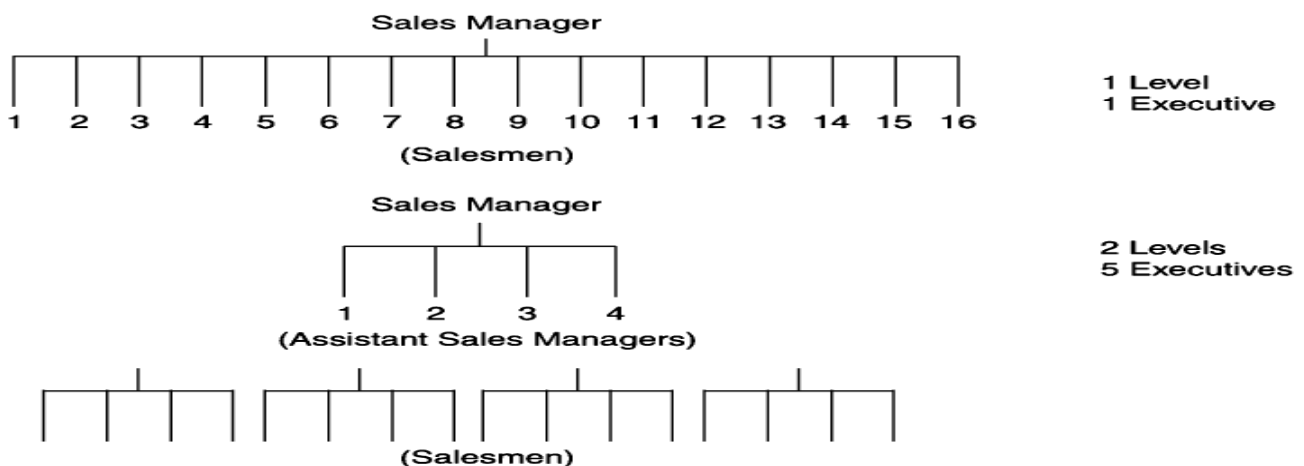
**Acceptability:** The structure of the organisation should be acceptable to the people who constitute it. Two things generally happen if people oppose the structure: it is modified gradually by the people, or it is used ineffectively.

### SPAN OF MANAGEMENT

**Meaning and Importance:** The term "span of management" is also referred to as span of control, span of supervision, span of authority or span of responsibility. It indicates the number of subordinates who report directly to a manager.

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Determination of an appropriate span of management is important for two reasons. First, span of management affects the efficient utilisation of managers and the effective performance of their subordinates. Too wide span may mean that managers are overstraining themselves and that their subordinates are receiving too little guidance or control. Too narrow span may mean that managers are underutilised and that their subordinates are over controlled. Second, there is a relationship between span of management and organisational structure. A narrow span of management results in a "tall" organisation with many levels of supervision between top management and the lowest organisational levels. This creates more communication and cost problems. There is also the problem of finding trained managerial personnel. On the other hand, a wide span for the same number of employees, means a "flat" organisation with fewer management levels between top and bottom. This can be understood with the help of an example.



**Fig. 2. 1:** Decreasing the span of management increases the number of levels

Suppose a sales manager has 16 salesmen reporting directly to him. His span of management is 16. Let us assume he feels that he is not able to work closely enough with each salesman. He decides, therefore, to reduce his span by adding four assistant sales managers-each supervise four salesmen. His span of management is now 4. But as shown in Fig. 2.1, he has added a level of management through which communication between him and the salesmen must pass and he has added the cost of four additional managers.

### FACTORS GOVERNING THE SPAN OF MANAGEMENT

**1. Ability of the Manager:** Some managers are more capable than others and can, therefore handle a large number of subordinates. In planning an organisation, the span of management should be based on a manager of average ability.

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- 2. Ability of the Employees:** If the employees are competent and possess the necessary skill and motivation to perform the task assigned, less attention from the manager is required and a larger span of management can be used.
- 3. Type of Work:** If employees are doing similar jobs, the span of management can be larger. If their jobs are quite different, a small span may be necessary
- 4. Well-defined Authority and Responsibility:** If the authority and responsibility of each employee are properly defined and if there are clear policies and procedures, they need not make frequent calls on their supervisors for guidance and instructions. This helps a superior to manage a large number of subordinates.
- 5. Geographic Location:** An office manager who has 25 employees, all located in one room may be able to supervise them very well. But a sales manager who has 25 sales people located in 25 different places would find direct supervision impossible.
- 6. Sophisticated Information and Control System:** If the company uses a sophisticated information and control system and objective standards to detect deviations from established plans, the need for close supervision is obviated.
- 7 Level of Management:** Span of management also varies with each level in the organisation. The span of management can be narrow or wide depending on the management hierarchy or level.
- 8. Economic Considerations:** Economic considerations also affect the choice of span. An economic balance has to be arrived at between cost savings that result from the largest possible span and the added costs that an organisation begins to incur as the span grows too wide.

### DEPARTMENTALISATION

Departmentalization is the process of grouping individuals into departments and grouping departments into total organizations.

Horizontal differentiation of tasks or activities into discrete segments is called departmentalization. There are several bases for departmentalization depending upon the nature and size of organization, goals, strategies and environment.

#### I. PROCESS DEPARTMENTALISATION

Two widely used arrangements for dividing work by process are:

- 1. Business or Organisational Functions:** Most widely used base for departmentalisation is business or organisational function. Each major function of

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the enterprise is grouped into a department. For e.g., there may be production finance and marketing departments in a manufacturing company. A sales manager in this kind of departmentalisation is responsible for the sale of all products manufactured by the company. Managerial functions such as planning, organising and controlling can also be used as base for departmentalisation.

### **Advantages**

1. It is a simple form of grouping activities for small organisations which manufacture only a single or a limited number of closely related products or render only a limited number of services.
2. It promotes excellence in performance because of development of expertise in only a narrow range of skills.
3. It promotes economies of scale. Producing all products in a single plant, enables the organisation to acquire the latest and most scale intensive machinery.

### **Drawbacks**

1. It fosters sub-goal loyalties. It is difficult for anyone to understand the task of the whole and to relate his own work to it. Each manager thinks only in terms of his own departmental goals and does not think in terms of the company as a whole. Decisions taken by one departmental head are poorly implemented by other heads.
2. It does not offer a good training ground for the overall development of a manager. Manager gains expertise in handling problems of his particular department only.
3. It is unsuitable for organisations which are large in size or complexity or work under uncertain environment.
4. In this form customer needs evoke conflicting interpretations from each departmental head.
5. In this form procedures are overly complicated, wasteful and time-consuming. The structure is rigid and resists adaptation.
6. In this form because of "common pot" accounting it is difficult to judge whether the activities of a particular department are worth their cost. If a new product fails, which department should be blamed for the failure?

**2. Technology:** Departmentalisation is done on the basis of several discrete stages in the process or technologies involved in the manufacture of a product. The production of vegetable oil may have separate departments for crushing, refining and finishing. In this way, whenever work that would otherwise be done in different



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locations in an enterprise is done in one place because of the special equipment used, departmentalisation by process is involved.

### **Advantages**

1. It facilitates the use of heavy and costly equipment in an efficient manner.
2. It follows the principle of specialisation each department is engaged in doing a special type of work. This increases efficiency.
3. It is suitable for organisations which are engaged in the manufacture of those products which involve a number of processes.

### **Drawbacks**

1. The workers tend to feel less responsible for the whole product.
2. It does not provide good training ground and opportunity for the overall development of managerial talent.
3. When the technology is sequential, a breakdown in one department slows the work of all other departments.
4. It is difficult to compare performance of different technology-based departments.
5. Top management needs to devote extra attention to maintaining inter-departmental co-operation.

## **II. PURPOSE DEPARTMENTALISATION**

Five externally-oriented ways of work can be departmentalised by purpose are:

**1. Products:** Under this method, for each major product, a separate self-contained department is created and is put under the charge of a manager and is made responsible for producing a profit of a given magnitude. Within each department, all the needed manufacturing, engineering, marketing, manpower and other facilities are assembled. Companies like Hindustan Lever, Johnson & Johnson have product-based departments.

### **Advantages**

1. This form leads to continuous and undivided attention to the product.
2. Enables top management to compare performances of different products & invest more resources in profitable products & withdraw resources from unprofitable ones.
3. Since the responsibility for each product's performance is entrusted to a particular departmental head, he is better motivated for improving his performance.
4. The department's work is more clearly evaluated since it does not get lost in the activities of other departments.



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### Drawbacks

1. There is duplication of staff and facilities. Extra expenditure is incurred in maintaining a sales force for each product line.
2. The department may drift away from overall organisational goal.

**2. Customers:** An enterprise may be divided into a number of departments on the basis of the customers that it services. For example, an educational institution may have separate departments for day, evening and correspondence courses to impart education to full-time students, locally employed students and outstation students.

One big advantage is that it ensures full attention to major customer groups which have a very different set of criteria governing their decisions to purchase. The disadvantages of this form are that (i) it may result in under-utilisation of resources and facilities in some departments; and (ii) there may be duplication of facilities.

**3. Regions, Territory or Location:** When several production or marketing units of an organisation are geographically dispersed in various locations, it is logical to departmentalise those units on a geographical basis. The Indian Railways are departmentalised on this basis. Northern Railways, Western Railways, Southern Railways, Eastern Railways, Central Railways, etc. are departments in this sense.

### Advantages

1. It motivates each regional head to achieve high performance.
2. It provides each regional head an opportunity to adapt to his local situation and customer need with speed and accuracy.
3. It affords valuable top-management training and experience to middle-level executives.
4. Enables the organisation to take advantage of locational factors, such as availability of raw materials, labour, market, etc.
5. It enables the organisation to compare regional performances and invest more resources in profitable regions and withdraw resources from unprofitable ones.

### Drawbacks

1. It gives rise to duplication of various activities. Many routine and service functions performed by all the regional units can be performed centrally by the head office very economically.
2. Various regional units may become so engrossed in short-run competition among themselves that they may forget the overall interest of the total organisation.

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**4. Division:** When large, multi-product companies segment themselves into several independent profit centres on the basis of product, territory or customer, then these units are called divisions. Each divisional head enjoys a relatively free hand to operate his division within the framework of general company-wide policies. Since each division is much smaller than the whole company, the problems created by functionalization are reduced to a more manageable size. A division can be dropped or added with little disruption to the rest of the organisation.

**5. Time:** In departmentalisation by time, activities are grouped on the basis of timing of their performance. For eg, as a small machine shop grows in size, its owner has the choice of either adding extra shifts (thus separating identical subgroups by time) or renting two more shops (thus separating two subgroups territorially).

### COMMITTEES

A committee is a group of people who have been formally assigned some task or some problem for their decision and/or implementation. Committees are often set up where new kinds of work and/or unfamiliar problems seem to involve decisions, responsibilities and powers beyond the capabilities of any one man or department. In modern business enterprises there is a widespread use of committees in all areas of management and administration.

Committees can be broadly classified into:

- ✚ Advisory committees
- ✚ Executive committees.

Whenever committees are vested with staff authority they are known as advisory committees. Advisory committees have only a recommendatory role and cannot enforce implementation of their advice or recommendation. Some of the advisory committees formed in business enterprises are: works committees, sales committees, finance committees, etc.

Whenever committees are vested with line authority, they are called executive committees or plural executives. The executive committees not only take decisions but also enforce decisions and thus perform a double role of taking a decision and ordering its execution. The Board of Directors of a company is an example of an executive committee.

Committees may also be classified as:

- ✚ Standing committees
- ✚ Ad hoc task forces.

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Standing or permanent committees are formed to deal with recurrent organisational problems. Typical standing committees are finance committee in a company, or loan approval committee in a bank, or admission committee in a college. Members of these committees are mostly chosen because of their title or position, instead of individual qualifications or skills.

Ad hoc task forces, have a short duration. They are dissolved after the task is over, or the problem is solved. Their members are chosen for their skills and experience.

### **Advantages**

1. Where committees consist of all departmental heads as members, people get a better understanding of each other's problems and to move towards organizational goals.
2. Committees provide a forum for the pooling of knowledge and experience of many persons of different skills, ages and backgrounds. This helps in improving the quality of decision.
3. Committees provide an opportunity to many persons to participate in the decision making process.
4. Committees are excellent means of transmitting information and ideas, both upward and downward.
5. By exposing members to different viewpoints, committees contribute indirectly to their training and development.
6. Committees are impersonal in action and hence their decisions are generally unbiased & based on facts.

### **Weaknesses**

1. Committees keep minutes and waste hours. One of the best administrative procedures to delay action is to say, "Let us set up a committee to study this matter."
2. In case a wrong decision is taken by a committee, no member can be individually held responsible. This encourages irresponsibility among the members.
3. A huge amount is spent in convening meetings and giving allowances to the members. Hence, committees are an expensive form of administration.
4. Members of coordinating committees frequently protect the interest of their departments rather than to find the appropriate solution to the problem in question.
5. Committees have a tendency to perpetuate themselves and it is generally difficult to dissolve them.

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6. Decisions are generally arrived at on the basis of some compromise among the members. Hence they are not the best decisions.
7. As committees consist of a large number of persons, it is difficult to maintain secrecy regarding the decisions taken at the committee meetings.
8. As the chairman of a committee often changes, influence accumulates in the hands of the permanent secretary or some other person or persons who may then dominate the committee.

### **STAFFING**

Filing and keeping the positions provided for by the organisation structure filled with the right people is the staffing phase of the management function. It includes several sub-functions:

1. Recruitment, or getting applicants for the jobs as they open up.
2. Selection of the best qualified from those who seek the jobs.
3. Training those who need further instructions to perform their work effectively
4. Performance appraisal, since it is an important factor in both getting and holding qualified people.

### **IMPORTANCE AND NEED FOR PROPER STAFFING**

The advantages of proper and efficient staffing are as under:

1. It helps in discovering talented and competent workers and developing them to move up the corporate ladder.
2. It ensures greater production by putting the right man in the right job.
3. It helps to avoid a sudden disruption of an enterprise's production run by indicating shortages of personnel, if any, in advance.
4. It helps to prevent under-utilisation of personnel through over manning and the resultant high labour cost and low profit margins.
5. It provides information to management for the internal succession of managerial personnel in the event of an unanticipated turnover.

### **RECRUITMENT**

Once the requirement of manpower is known, the process of recruitment starts. It can be defined as the process of identifying the sources for prospective candidates and to stimulate them to apply for the jobs. In other words, recruitment is the generating of applications or applicants for specific positions. It is the process of attracting potential employees to the company.

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### Sources of Recruitment

The sources of recruitment can be broadly classified into two categories internal and external. Internal sources refer to the present working force of a company. Vacancies other than at the lowest level may be filled by selecting individuals from amongst the existing employees of the company. Among the more commonly used external sources are the following:

- 1. Re-employing former employees:** Former employees who have been laid-off or have left for personal reasons may be reemployed. These people may require less initial training than that needed by total strangers to the enterprise.
- 2. Friends and relatives of present employees:** Some industries with a record of good personnel relations encourage their employees to recommend their friends and relatives for appointment.
- 3. Applicants at the gate:** Unemployed persons who call at the gates of the factories are interviewed by the factory representative and those who are found suitable for the existing vacancies are selected.
- 4. College and technical institutions:** Many big companies remain in touch with the colleges and technical institutions from where young and talented persons may be recruited.
- 5. Employment exchanges:** An employment exchange is an office set up by the government for bringing together those men who are in search of employment and those employers who are looking for men. Employment exchanges register unemployed people and maintain the records of their names, qualifications, etc.
- 6. Advertising the vacancy:** Advertising the vacancy in leading papers. If the company requires persons with some special skills or if there is an acute shortage of labour force, then this source will be helpful.

### Internal vs. External Sources of Recruitment

Recruitment from external sources is not desirable particularly when an adequate number of qualified persons is already available inside the organisation. It is desirable for the management to follow a policy of recruitment from within. This is because an outsider who lacks knowledge of products and processes of production cannot participate effectively. Again, if the training and specialisation needed for a job are of a level possessed by its own employees, the organisation may decide to recruit people from within.

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If the management feels that the originality and initiative can be had only recruiting people from outside, it will naturally not like to recruit people from within.

### **Advantages of Internal Recruitment**

1. A sense of security develops among the employees.
2. Employees remain loyal to the organisation.
3. People recruited from within the organisation do not need induction training.
4. Employees in the lower ranks are encouraged to rise to higher position.
5. Labour turnover is reduced.
6. People are motivated to become efficient.
7. Valuable contacts with major suppliers and customers remain intact.
8. A better employer employee relationship is established.

### **Disadvantages**

1. This method limits the choice of selection to the few candidates available within the enterprise.
2. It may encourage favouritism and nepotism.
3. It may lead to "inbreeding", resulting in promotion of people who have developed a respect for the tradition and who have no new ideas of their own
4. If a concern is extending its activities into new lines, internal candidates may prove unsuitable for new positions.

### **Advantages of External Recruitment**

1. New blood brings with it a fresh outlook, originality and new ideas. Old habits are replaced by new ones and the concern becomes more dynamic.
2. The field of choice becomes very wide. Hence there is the possibility of selecting people with rich and varied experience

### **Disadvantages**

1. If a concern makes recruitment from external sources, its employees generally feel frustrated and their morale is adversely affected.
2. The present employees may lose their sense of security and become disloyal to the employer.
3. There is a greater turnover of labour.
4. There is deterioration in the employer-employee relationship, resulting in industrial unrest strikes and lock-outs.

## **SELECTION**

### **Importance of the Selection Process**

In selection process, the manager compares the qualifications with the requirements of a job and eliminates all those who do not stand up to this comparison. As the employees are placed in the jobs for which they are best suited, they derive maximum job satisfaction and reap maximum wages. Labour turnover is reduced and the overall efficiency of the concern is increased. And finally, a good relationship developed between the employer and his workers.

### **Steps in the Selection Procedure**

1. Application blank
2. Initial interview of the candidate
- 3 Employment tests
4. Checking references
5. Physical or medical examination
6. Final interview.

**1. Application blank:** Filling of the "application blank" by the candidate is the first step in the process of selection. In this form, the applicant gives relevant personal data such as his qualification, specialisation, experience, firms in which he has worked, etc. The application blanks are carefully scrutinised by the company with reference to the specifications prescribed for the jobs to decide the applicants who are to be called for interview.

**2. Initial interview:** Those who are selected for interview on the basis of particulars furnished in the application blank are called for initial interview by the company. This interview, is the means of evaluating the poise or appearance of the candidate. It is also used for establishing a friendly relationship between the candidate and the company and for obtaining additional information or clarification on the information already on the application blank.

**3. Employment tests:** For further assessment of candidate's nature and abilities, some tests are used in the selection procedure. There are several types of tests that are used in selection procedure. The more commonly used are

**(i) Aptitude test:** This test measures the applicant's capacity to learn the skill required for a job. This test helps in assessing before training as to how well the candidate will perform on a job.



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**(ii) Interest test:** Used to find out the type of work in which the candidate has an interest. Interest tests are generally used for vocational counselling. Usually, well-prepared questionnaires are used in interest tests.

**(iii) Intelligence test:** This test is used to find out the candidate's intelligence. The candidate's mental alertness, reasoning ability, power of understanding, etc. are judged. E.g., reading and summarising a paragraph in the allotted time.

**(iv) Trade or performance or achievement test:** This test is used to measure the candidate's level of knowledge and skill in the particular trade or occupation in which he will be appointed, in case he is finally selected. The candidate is asked to do a simple operation which is a part of, or similar to his proposed job.

**(v) Personality test:** Personality test is used to measure those characteristics of a candidate which constitute his personality, eg, self-confidence, temperament, initiative, judgement, dominance, integrity, originality, etc. Personality tests are very important for the posts of supervisors and higher executives. In a personality test, the candidate may be asked to answer a series of questions and from his response, his personality may be judged.

**4. Checking references:** If the candidate has been found satisfactory at the interview, the employer will collect more personal details about the candidate, such as his character, past history, background, etc. verified from the people mentioned in the application. For this purpose, the employer may also contact his friends or he may contact the present or former employers of the candidate.

**5. Physical or medical examination:** The objectives of this examination are:

- (i) to check the physical fitness of the applicant for the job applied for.
- (ii) to protect the company against the unwarranted claims for compensation under certain legislative enactments, such as Workmen's Compensation Act; and
- (iii) to prevent communicable diseases entering the business concern.

**6. Final interview:** This interview is conducted for those who are ultimately selected for employment. In this interview, the selected candidates are given an idea about their future prospects within the organisation.

**DIRECTION**

Direction is a vital managerial function. Planning, organising and staffing are concerned only with preparation for work performance and it is the direction which alone stimulates the organisation and staff to execute the plans. Hence it is also

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called management-in-action. Direction means issuance of orders and leading and motivating subordinates as they go about executing orders.

According to Haimann, "Directing consists of the process techniques utilised in issuing instructions and making certain that operations are carried on as originally planned." According to Koontz and O'Donnell, "Direction is the interpersonal aspect of managing by which subordinates are led to understand and contribute effectively and efficiently to the attainment of enterprise objectives". The function of direction thus breaks down into two major activities:

1. Giving orders to employees, and
2. Leading and motivating them.

### Requirements of Effective Direction

Some important principles or requirements of effective direction are:

**1. Harmony of Objectives:** An organisation functions best when the goals of its members are in complete harmony with and complementary to the goals of the organisation. Such an ideal situation seldom exists in any organisation. The manager must direct the subordinates in such a way that they perceive their personal goals to be in harmony with enterprise objectives.

**2. Unity of Command:** This principle implies that the subordinates should receive orders & instructions from one superior only. Violation of this principle may lead to conflicting orders, divided loyalties & decreased personal responsibility for results.

**3. Direct Supervision:** Every superior must maintain face-to-face direct contact with his subordinates. Direct supervision boosts the morale of employees, increases their loyalty and provides them with immediate feedback on how well they are doing.

**4. Efficient Communication:** Communication is an instrument of direction. It is through communication that the superior gives orders, allocates jobs, explains duties and ensures performance. Efficient communication is a two-way process. It not only enables the superior to know how his subordinates feel but also helps the subordinates to know how the company feels on many issues concerning them.

**6. Follow-through:** Direction is not only telling subordinates what they should do but also seeing that they do it in the desired way. The manager should, therefore, follow through the whole performance of his subordinate not merely to keep a check on their activities but to help them in their act, to show them where the deficiency, if any, lies and to revise their direction if it needs revision, and so on.

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### Giving Orders

The order is a device employed by a line manager in directing his immediate subordinates to start an activity, stop it and modify it. A staff executive does not issue orders. The following principles should be followed in orders:

1. The attitude necessary for the carrying out of an order should be prepared in advance. People will obey an order only if it appeals to their habit patterns.
2. Face-to-face suggestions are preferable to long-distance orders.
3. An order should be depersonalised and made an integral part of a given situation so that question of someone giving and someone receiving does not come up.

The four conditions which make an order acceptable are:

- i. Order should be clear and complete;
- ii. Order should be compatible with the purpose of the organization;
- iii. Order should be compatible with the employee's personal interest, and
- iv. Order should be operationally feasible.

Orders may be communicated verbally or in writing. Written orders are appropriate when:

- i. the subject is important,
- ii. many details are involved; and
- iii. there is geographical distance between the order-giver and the recipient.

A manager may follow four types of methods to ensure compliance to his orders:

1. Force,
2. Paternalism,
3. Bargain, and
4. Harmony of objectives.

The formula followed in "force" is: "Do what I say or else...", meaning thereby that an employee will be punished if he does not follow orders. The results are frustration, restriction of output, sabotage, militant unionism, etc.

The formula followed in "paternalism" is: "Do what I say because I am good to you." The result here is that the employees develop a feeling of gratitude and indebtedness toward the manager which they do not like.

The formula followed in "bargain" is: "You do as I say in certain respects and I do as you say certain other respects." The result of this method is that the manager's control is gradually reduced.

The formula followed in "harmony of objectives" is: "If we perform together each will achieve his goal". This is in fact the best formula for ensuring compliance to orders.

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### MOTIVATION

Motivation is the process of channelling a person's inner drives so that he wants to accomplish the goals of the organisation. Motivation concerns those dynamic processes which produce a goal-directed behaviour. A goal-directed behaviour always begins with the individual feeling certain needs. The goal which is external to the individual only provides him with the opportunity for satisfying his internal needs. The motivation process by means of a diagram is shown below:

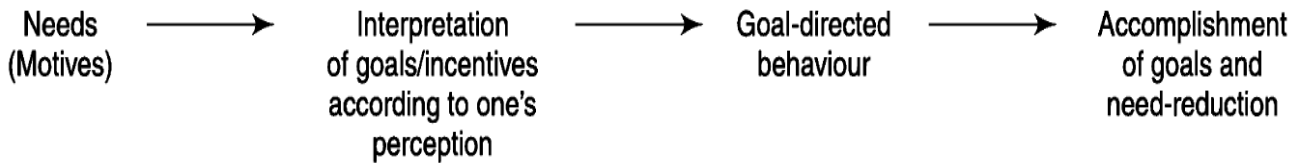


Fig. 2.2: Motivation Process

### Nature of Motivation

The following points reveal the complexities involved in understanding true motivation:

- 1. Individuals differ in their motives:** The viewpoint that there is only one "economic drive" which determines behaviour is untenable. The goals to which an individual aspires are many and so are his motivations. There is no single motive that determines how all workers will react to the same job and, therefore, there can be no single strategy that will keep motivation and productivity high for everyone everywhere.
- 2. Sometimes the individual himself is unaware of his motives:** In many ways man is like an iceberg. Only a small part is conscious and visible, the rest is beneath the surface. This below-the-surface concept is unconscious motive. The presence of this explains why man cannot always verbalize his motivation certain goals or even tell what his goals are.
- 3. Motives change:** Hierarchy of motives of each individual called "strategy" is not fixed. It changes from time to time. An individual primary motive today may not be primary tomorrow, even though he continue to behave in the same way. For example, a temporary worker may produce more in the beginning to become permanent. When made permanent he may continue to produce more this time to gain promotion, and so on.
- 4. Motives are expressed differently:** The ways in which needs are eventually translated into act also vary considerably between one individual and another. One

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individual with a strong security motive may play it safe and avoid accepting responsibility for fear of failing and being fired. Another individual with the same security motive may seek out responsibility for fear of being fired for low performance.

**5. Motives are complex:** It is difficult to explain and predict the behaviour of workers. The introduction of an apparently favourable motivational device may not necessarily achieve the desired ends if it brings opposing motives into play.

**6. Multiple motives make the choice of goals difficult for an individual:** The fact is that multiple motivations operate simultaneously to influence an individual's behaviour. Furthermore, some of the motivations are incompatible with one another. This results in the following three types of motivational conflicts which make the person's choice of goal difficult:

**i. Approach-approach conflict** where the person desires to do two things which he likes equally well, but it is possible to do only one. For example, person has the choice of either remaining at same post with same salary or going to new place with a hike in salary.

**ii. Avoidance-avoidance conflict** where the person is forced to choose between two alternatives, both of which are considered equally undesirable by him. For example, there is the person who, being dissatisfied with his present job, wants to leave it but also wants to avoid unemployment.

**iii. Approach-avoidance conflict** where the person is attracted to the positive characteristics of the chance, but wants to avoid its negative characteristics. For example, a person may be motivated to work overtime for extra pay but may not like to be scolded by his wife for reaching home late.

### **Motivation theories**

Some important motivation theories are:

- |                     |                           |
|---------------------|---------------------------|
| 1. Content theories | 3. Reinforcement theories |
| 2. Process theories |                           |

Some important content theories are:

- |                                   |                                 |
|-----------------------------------|---------------------------------|
| 1. Maslow's Need Hierarchy Theory | 2. Herzberg's Two-Factor Theory |
|-----------------------------------|---------------------------------|

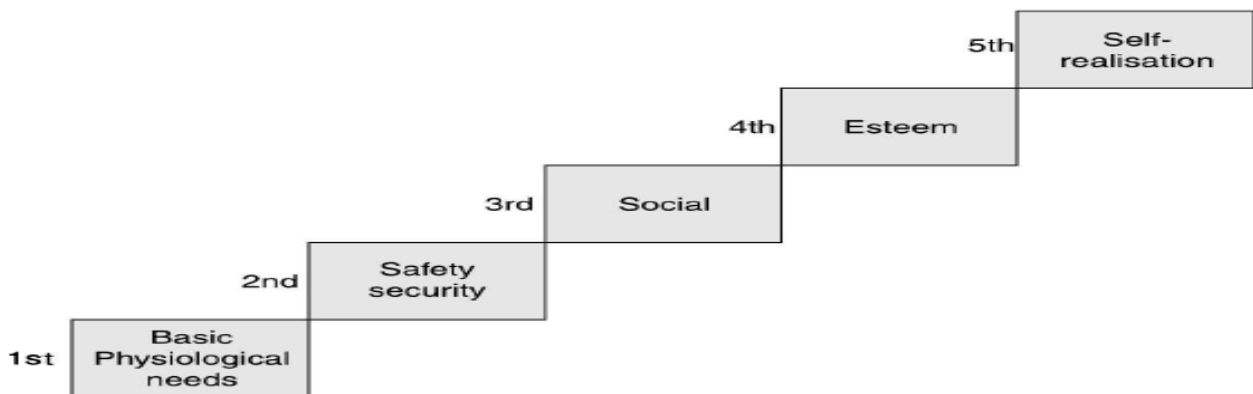
### **Maslow's Need-Hierarchy Theory**

All people have a variety of needs. At any given time, some of these needs are satisfied and others are unsatisfied.

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An unsatisfied need is the starting point in the motivation process. It begins the chain of events leading to behaviour.

When a person has an unsatisfied need, he or she attempts to identify something that will satisfy the need. This is called a goal. Once a goal has been identified, the person takes action to reach that goal and thereby satisfy the need. According to A.H. Maslow, needs are arranged in a hierarchy or a ladder of five successive categories as shown in Fig. 2.3. Physiological needs are at the lowest level, followed by security, social, esteem, and self-fulfilment needs.



**Fig. 2.3:** Order of priority of human needs

*Physiological needs* are those which arise out of the basic physiology of life, for example, the need for food, water, air, etc. These needs must be at least partially satisfied for continued survival.

*Security needs* are the needs to feel both economically secure and physiologically secure. These include protection from arbitrary lay-off and dismissal, disaster, and avoidance of the unexpected.

*Social needs* are needs to associate with other people and be accepted by them; to love and be loved. These needs are variously referred to as "the herd instinct", "gregariousness" etc.

*Egoistic or esteem needs* are those which relate to respect and prestige. A need for dominance may be thought of as one of the egoistic needs. These are of two types: self-esteem and esteem from others. Self-esteem is an individual's need to feel inside himself that he is worthy. He has also the need that others think he is worthy.

*Self-fulfilment needs* are needs for realising one's potential. These include the need for realising one's capabilities to the fullest-for accomplishing what one is capable of accomplishing, for becoming what one is capable of becoming. This need is also called need for self-realisation or self-actualisation.



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**Characteristics of human needs:** Human needs can also be classified as (a) low order needs, and (b) high order needs. The first two needs of Maslow's classification constitute the low order needs. The other three are called high order needs. Table 12.1 presents some important characteristics of these needs.

**Table 2.1** Characteristics of Human Needs

<i>Lower-order needs</i>	<i>Higher-order needs</i>
1. Being related to the physiology of an individual, these needs are explicit and not hidden. It is, therefore, easy to understand these needs.	1. Being related to the mind and spirit of an individual, these needs are hidden and nebulous. It is, therefore, very difficult for others, even for the individual himself to understand them.
2. These needs are finite.	2. These needs are infinite.
3. These needs are universal but vary in intensity from individual to individual.	3. These needs are not universal and may even exist as opposites in two persons. One person may find satisfaction in being aggressive, another in being submissive.
4. These needs are conditioned by social practice, e.g., if it is customary to eat breakfast in the morning then the body comes to respond accordingly	4. These needs are strongly conditioned by experience, and maturity.
5. These needs are primarily satisfied through the economic behaviour, i.e., by earning more money.	5. These needs are primarily satisfied through symbolic behaviour of the psychic and social content.

### **Herzberg's Two-Factor Theory**

The most popular theory of work motivation is based on research started by Frederick Herzberg. Herzberg and his associates interviewed 200 engineers and accountants. They asked them to think of times when they felt especially good and times when they felt especially bad about their jobs. The engineers and accountants were then asked to describe the factors that led to these particular feelings.

Herzberg and others repeated these interviews with a variety of workers in different types of organisations. Their results were generally the same. Based on these findings, Herzberg developed the two-factor theory of work motivation.

According to Herzberg, the absence of certain job factors tends to make workers dissatisfied. However, the presence of these same factors in themselves does not produce high levels of motivation. They merely help avoid dissatisfaction and the problems it creates, such as absenteeism, turnover and grievances. Herzberg called these factors ***maintenance*** or ***hygiene factors***. He concluded that there were ten maintenance factors, namely:



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|--|--|
| 1. Fair company policies and administration  | 6. A good relationship with one's subordinates |
| 2. A supervisor who knows the work           | 7. Job security                                |
| 3. A good relationship with one's supervisor | 8. Personal life                               |
| 4. A good relationship with one's peers.     | 9. Good working conditions                     |
| 5. A fair salary                             | 10. Status.                                    |

To build high levels of motivation, a different set of factors is necessary. However, if these factors are not present, they do not in themselves lead to strong dissatisfaction. Herzberg called these the **motivators** or **satisfiers**. These are six in number:

1. Opportunity to accomplish something significant
2. Recognition for significant accomplishments
3. Chance for advancement
4. Opportunity to grow and develop on the job
5. Chance for increased responsibility
6. The job itself.

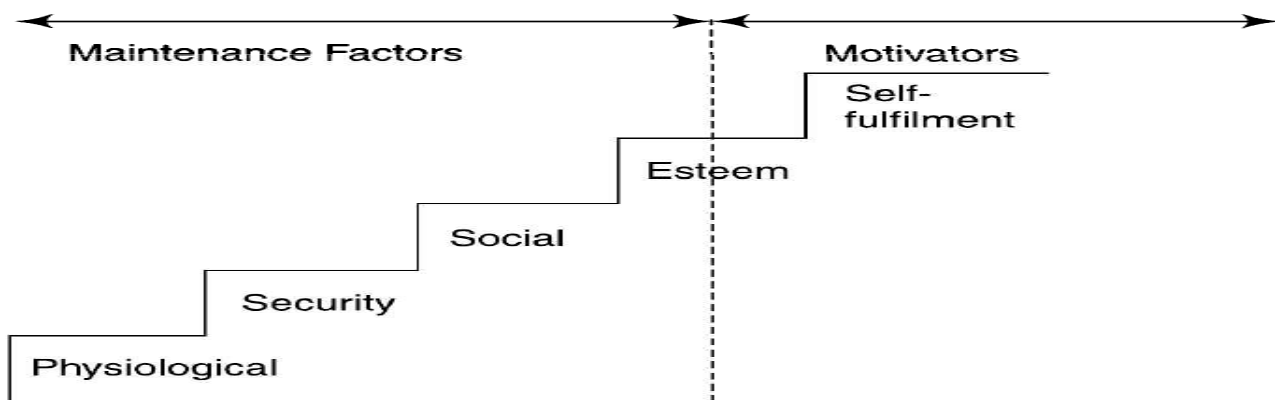
The motivators are job-centred; they relate directly to the content of the job itself. The maintenance factors relate more to the conditions and environment in which the work is done. These two groups of factors are respectively also known as **intrinsic** and **extrinsic rewards**.

Herzberg noted that the two sets of factors are **unidirectional**, that is, their effect can be seen in one direction only. In the absence of maintenance factors, for example, workers may feel dissatisfied.

Herzberg admits that the potency of any of the job factors mentioned, as a motivator or dissatisfier, is not solely a function of the nature of the factor itself. It is also related to the personality of the individual who may be either a "motivation seeker" or a "maintenance seeker". A motivation seeker is motivated primarily by the nature of the task and has high tolerance for poor environmental factors. Maintenance seeker, on the other hand, is motivated primarily by the nature of his environment and tends to avoid motivation opportunities. He is chronically preoccupied and dissatisfied with maintenance factors surrounding the job. He shows little interest in the kind and quality of work.

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As shown in Fig. 2.4, the maintenance factors mainly satisfy physiological, security, social and some esteem needs. The motivators are directed at some part of esteem, and self-fulfilment needs.



**Fig. 2.4:** Herzberg's theory and Maslow's theory compared

According to Herzberg, one important way to increase intrinsic job satisfaction is through **job enrichment**. By job enrichment is meant the deliberate upgrading of responsibility and challenge in work. Job enrichment makes a job more interesting by increasing its planning and controlling contents and reducing its doing content. This can be accomplished in several ways, such as by:

- (a) eliminating a layer of supervision,
- (b) increasing worker's autonomy and authority
- (c) giving worker a complete natural unit of work
- (d) giving direct feedback to the workers without the supervisors coming in between.
- (e) introducing new and more difficult tasks not previously handled.

**Demerits of the Theory:** The theory has been criticised for a number of reasons. These are as under:

1. The theory is based on a sample of 200 accountants and engineers. This limited sample can't justify generalising to other occupational groups with different technology, environment and background.
2. The theory suffers from the following
  - (i) Persons, when satisfied, attribute the causes of their feelings to themselves
  - (ii) The methodology has the bias of being able to recall only the most recent job conditions and feelings.
3. Motivational and maintenance factors are not wholly unidirectional in their influence. They operate primarily in one direction, but also partly in the other direction.

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**COMMUNICATION**

According to Newman and Summer, “Communication is an exchange of facts, ideas, opinions or emotions by two or more persons. Allen Louis defines “Communication as the sum of all the things one person does when he wants to create understanding in the minds of another”. Simply stated, communication means the process of passing information and understanding from one person to another. Communication is not merely transmission of information from one person to another but also correct interpretation and understanding of the information.

**Importance of Communication**

The classicists ignored the importance of communication, for they believed that a business unit was only a technical and formal structure. However, it was realised later that every organisation structure is a social system involving the interactions of people working at different levels and proper communication among them is necessary for achieving the goals of the organisation. It is the basis to an organisation's existence from the birth of the organisation on through its continuing life. When communication stops, organised action comes to an end.

**Purposes of Communication**

Some important purposes which communication serves are as under:

1. Communication is needed in the *recruitment* process to persuade potential employees of merits of working for the enterprise. The recruits are told about the company's organisation structure, its policies and practices.
2. Communication is needed in the area of *orientation* to make people acquainted with peers, superiors and with company's rules and regulations.
3. Communication is needed to enable employees to *perform their functions effectively*. Employ need to know their job's relationship and importance to the overall operation.
4. Communication is needed to acquaint the subordinates with the *evaluation* of their contribution to enterprise activity.
5. Communication is needed to *teach employees about personal safety* on the job. This is essential to reduce accidents, to lower compensation and legal costs and to decrease recruitment and training cost for replacements.
6. Communication is of vital importance in projecting the image of an enterprise in the society.

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7. Communication helps the manager in his *decision process*. The manager must make a choice of useful and essential information which should reach him.

8. Communication helps in achieving *coordination*. In a large organisation, working on the basis of division of labour and specialisation, there is need for coordination among its component parts. This can be achieved only through communication.

9. Communication promotes *cooperation and industrial peace*. Most of the disputes in an enterprise take place because of either lack of communication or improper communication. Communication helps the management to tell the subordinates about the objectives of the business and how they can help in achieving them.

10. Communication increases *managerial efficiency*. The success of a manager in the performance of his duties depends on his ability to communicate.

In summary, it can be said that the purposes of communication are:

1. To provide the information and understanding necessary for group effort (i.e., the skill to work); and
2. To provide the attitudes necessary for motivation, cooperation and job satisfaction (i.e., the will to work).

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**Assignment Questions:**

1. Define Organization. Briefly explain the principles of Organizing.
2. Discuss the process of organizing.
3. Explain the meaning & importance of Span of management. Give an example.
4. Discuss the factors affecting Span of management.
5. Define departmentalization? Explain the types of Process departmentalization & mention their advantages and disadvantages.
6. Explain the types of Purpose departmentalization & mention their advantages and disadvantages.
7. Define Committee. Explain different types of committees.
8. Explain the steps in the Selection process.
9. What is recruitment? Describe various sources of recruitment.
10. Explain principles or requirements of effective direction.
11. Explain Maslow's Need-Hierarchy motivation theory with the help of a neat diagram.
12. Illustrate Herzbergs two factor motivation theory.
13. What is Communication? Discuss the purposes of communication.