Managerial

Correspondences & Terms

Collected & Prepared

By

Prof. Dr. Wael Omran Aly

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INTRODUCTION

WHAT IS THE MANAGEMENT?

Introduction

Most of us understand what operative employees do computer programmers write programs in the appropriate computer language to get the data desired by the users. A salesperson calls on customers to get order for his or her company’s products or services and to provide follow-up service to the customer during order processing and after the sale. But not everyone knows what managers are or what they do. Consider the following:

Management

Management is effective utilization of human and material resources to achieve the enterprise’s objectives.

What does this mean? Generally speaking, managerial tasks include whatever is necessary to make the best use of an enterprise’s resources. Over fifty year ago’ Mary Parker Follett defined management as “getting things one through people” This makes the point that managers don’t do the same things as other employees, at least not regularly. The manager's tasks include making good use of the enterprise's employees. Thus manager communicate with and help motivate and develop the potential of employees.

The other managerial tasks are, those designed to make the most effective use of the enterprise's financial material, and ideational resources. These tasks include planning and decision-making, building and developing the organization, and creating and monitoring control systems.
So just as you can tell others what a salesperson do by the time you have finished this book you will be able to tell others what managers do. More important, you will know how to manage and how to manage well in a variety of settings.

The Importance of Management:

For enterprises to survive, they must achieve their objective. All enterprises are responsible to certain groups, such as stockholders, for their performance. The manager is the link to these groups. The manager guides the enterprise, especially in times of trouble. Some writers feel that management is unnecessary, that the employees themselves can do the work of management. But historians and social scientists have not yet found an enterprise that survived very long without developing a hierarchy of management.

On the other hand, many have argued that management — good management - is key difference between the success and failure of enterprises. Some securities analysts attribute major differences in stock prices to stockholders' evaluation of managers. The great economist Joseph Schumpeter referred to management and entrepreneurs as "the engine of growth" Peter Drucker, a well-known management consultant, says management is the life-giving organ of the enterprise's body. To him management provides the critical difference between success and failure when it performs its four key tasks: Achieving economic performance, creating productive work, managing the social impact and responsibilities of a business, and managing the time dimension And finally, Jacques Servan – Scheriber wamed in American Challenge that American multinational corporations would overwhelm European business because of the superior skills of American management.

Without managers, it is difficult, to get managerial tasks, performed effectively. Management contributes to the success of an enterprise in a crucial way. That is why. I hope you will think about a managerial career.

CHAPTER (I)

Planning

Chapter (1)
Planning

What Planning is?

The term planning is an old one, found in many languages For many centuries. Planning has also been practiced since people first began thinking of the future implications of current choices of action what else can explain the building, of the pyramids and the other great wonders of the ancient world? The meanings of the term however have changed-over time.

How Planning Has Changed:

In its earlier forms, planning was a simple device used by individuals and small groups when societies became more highly organized; planning came to be a device of leadership and management. The usefulness of planning as a management tool has also changed. In the past managers and leaders considered planning a luxury or something extra used to bring about change. Planning gave managers and leaders a considerable advantage over their competitors in the search for greater challenges to be met.

Following the Industrial Revolution and particularly assembly line techniques and the principles of scientific management, it was inevitable that planning would become a necessity. This was, true because of the growing demand on resources, because of the longer lead times required by modern technology and because the people and organizations had come to depend so heavily on each other. Thus, as institutions became more interrelated and interdependent, and as they began decentralizing into numerous subdivisions, planning became necessary for existence.

Consider the plight of many of our larger cities, such as New York City, Cleveland and Boston, the financial crises that these and many other cities, face are largely caused by ineffective, planning. The time is fast approaching when the very fate of corporations, cities, public service agencies, and even whole nations and populations will depend on their leader's willingness and ability to plan.

On retiring as chairman of Chase Manhattan Bank David Rockefeller emphasized this point when he said that chief executive officers probably spend more time on the development of policy and strategic planning than in the past and less on day-to-day implementation of those decisions.

McDermott, Incorporated, the industrial giant- of the offshore construction industry, was weakened by a business slump and aggressive competition from others in the industry. According of the, company’s chairman and chief executive, McDermott's financial problems were “painful reminders of a neglect of corporate planning during the boom years". The company had no formal corporate planning department until a few years ago". A Citibank vice-president in Houston said every misstep they (McDermott) make shows up (as) a glaring indictment of poor strategic planning.

Planning is a Dynamic Management Function:

The accepted concepts and definitions of planning vary greatly we can generalize however, that most leaders of private and public organizations consider planning a dynamics management function or technique. It is considered one of the best methods of preparing an organization for the continuous changes occurring in its environment.

By definition planning implies the development-of a program for accomplishing the organization's desired objectives and goals. Thus, planning involves recognizing the need for action investigation and analyzing the need developing a proposal for action based on the investigation and analysis, and making a decision.

Rudyard Kipling justified his success as a journalist in imperial India by saying I have six honest serving men, they taught me all I know, here name are what where, when, why, and who"

Definition of Planning:

Planning is choosing a course of action and deciding in advance what is to be done, In what sequence when, and how Good planning attempts to consider the nature of the future in which planning decisions and actions are intended to operate, as well as the current period when the plans are made.

The Six Planning Questions:

For any type of planning to be effective, at least these six questions must be answered"

1- What has to be done?

2- Where will the work be done?

3- When does the work have to b done?

4- How will the work be done?

5- Why should the work be done?

6- Who is going do the work?

Planning provides the basis for effective action resulting from management's ability to anticipate and prepare for changes that might affect organizational objectives. It is the basis for integrating the management functions and is specially needed for controlling the organization's operations.

Reasons for Planning:

Planners cannot control the future, but they should attempt to identify and isolate present actions and their results that can be expected to influence the future. One primary purpose of planning then is to see that current programs and findings can be used to increase the chances of achieving future objectives and goals that is to increase the chances for making better decisions today that affect tomorrow's performance.

Unless planning leads to improved performance, it is done in vain. Thus, to have an organization that looks forward to the future' and tries to stay alive and prosper in a changing world, there must be active, vigorous, continuous and creative planning. Otherwise, management will only react to its environment and will not be an active participant in the competitive world.

It is probably an overstatement to say that there are basically tow reasons for planning. Yet it can be said that planning is done to achieve, (1) "protective benefits" resulting from reduced chances for error in decision making and (2) "positive benefits" in the form of increased success in reaching organizational objectives. One of these positive benefits is fulfilling management's social responsibility. Today, farms are expected to satisfy the needs of many groups. If this is not done, management is not acting responsible. This consideration must therefore be included in corporate planning and decision-making.

Some managers and organizations that plan poorly constantly devote their energies to solving problems that would not have existed, or at least would It been much less serious with better and earlier planning. Thus, they spend their energies putting out brushfires rather than preventing or at least anticipating the fires in advance.

Advantages of Planning

Planning has many advantages. For example it:

1- Helps management to adapt and adjust to charging environments.
2- Assists in crystallizing agreements on major issues.
3- Enables managers to see the whole operating picture more clearly.
4- Helps place responsibility more precisely.
5- Provides a sense of order to operations.
6- Assists in achieving coordination among various parts of the organization.
7- Tends to make objectives more specific and better know.
8- Minimizes guess work and.
9- Saves time, effort, and money.

Disadvantages of Planning:

Planning also has several disadvantages, some of these are that:

1- The work- involved in planning may exceed its actual contributions.
2- Planning tends to delay actions.
3- Planning may unduly restrict management's exercise of initiative and innovation.
4- Sometimes the best results are obtained by an individuals appraising the situation and tackling each problem as it arises, and
5- Few plans are followed consistently anyway.

Yet in sprite of these and other disadvantages .the advantages of planning far outweigh any problems involved. Planning therefore not only should be done but also must be done.

Relationship between planning and other management functions:

In some respects, planning is the most basic and pervasive of all management functions. Notice that each of the functions affects the others and in turn is affected by them.

Organizing and staffing:

Organizing is the process of seeing that the organization's financial, physical and human resources work together. Planning provides the facts and estimates how to put these resources together for the greatest effectiveness. For example, could you really staff the organization effectively without effective personnel planning?

Directing:

The function of directing is always closely associated with planning. Planning 'determines the best combination of factors, forces, resources, and relationships needed to lead and motivate employees. The directing function involves putting those elements into effect.

John Henderson was thinking how to open his session with Harold Stevens "Harold, your work has been pitiful lately, and you have got to Improve or else" No, that opening might be too strong, Handerson thought. Perhaps he should be more tactful' Harold, two weeks ago, you and I discussed the importance of meeting your deadlines. But you haven't been doing it, and last week you were way behind schedule. What is the problem?"

John thought he preferred the latter approach since it would be less likely to put Harold on the defensive. Then he pondered, Should I do this in my office or Harold's or may be over coffee in the cafeteria?”

John was planning the approach he would take with Harold. But notice how the planning function ties in so closely with directing. When John does meet with Harold, he will be performing the directing function. But the quality of directing is tied closely to the quality of the Planning that preceded it.

Seeing that Harold actually improves his results is control.

Controlling

Planning and controlling are so closely related that they have been called the Siamese twins of management, Control.

Is an important by product of effective planning, for it shows managers if their plans were unrealistic or if poor management practices have caused the plans not to work out as expected? Therefore, control acts as a criterion for evaluating actual performances against plans. Control then so becomes part of the new plan.

The purpose of every plan is to assist resources to contribute positively toward. The achievement of the organization’s goals and objectives. Yet planning is unique in that, in turn, establishes the objectives toward which all group sort is directed. Plans must be made to, accomplish the organizations goals before managers can determine what kinds of organizational relationships to establish what qualifications are needed of expected personnel. How coordinates are to be directed, and what kinds of controls are be applied.

Where is Planning Done?

The question of where planning is to be done in an organization can be approached from several different angles.

First planning can be “centralized” so that the major planning work in the organization is done from a central point such as a corporate planning department. It is not unusual for large organizations to have over a hundred employees in such department.

Second "decentralized" planning may be used, where by each division or department responsible for planning all its own operations, without regard to the central planning unit.

In l981 Texas Instruments announced that it was abandoning digital watches and certain electronic components According to the company, this was an example of management system that “pushes strategic planning down to the lowest levels of the company’s.

Third under a modified arrangement, the central planning department does the original long-range planning and each department then does the detailed planning or its own activities needed to implement the long-range plan.

What is your view?

Assume that you were in charge of corporate planning for one of the big-three American automakers. The president has asked you to make a sales forecast for next year so that budgets can be planned. Which of these three approaches would you use in arriving at this forecast? why?

At General Electric (GE), strategic planning is handled in each of the company's 40-plus business units, under the umbrella of corporate plans by the central planning department.

The planning policy to be followed generally depends on the type f enterprise that is to use the plans. It is important to note however that many plans-even long-term ones-originate at lower level and work their way upward. This is often called "the bottom up approach"

What is your view?

Can you think of a case in which a university or technical education center should include the inputs of faculty in its planning process? of students?

Type of Planning and Plans:

Planning and the resulting plans may be classified in many different ways. The way planning is classified will determine the content of the plans and how the planning is done.

Ways of Classifying Planning and Plans:

There are at least five bases for classifying plans. They are as follows:

1- Functional area such as personnel production marketing and finance. Each of these factors requires a different type of planning.
2- Organizational level-including the entire organization or subunits of the organization. Different techniques and content re involved at different levels.
3- Characteristics of the plans- such factors as the completeness complexity, formality and cost involved.
4- Time involved-such as short, medium, or long range.
5- Activities involved- including the most frequently performed activities, such as operations advertising personnel selection, and research and development.

Strategic, Standing, and Single-use plans:

For the purposes of this book a more general classification of planning or plans, is used. The classification includes:

1- Strategic plans or those that fix the nature of the organization.
2- Standing planes those that tend to remain fixed for long periods of time, and
3- Single use plans, or those that serve a specific-purpose for a limited period and are then changed, modified, or discarded.

Strategic plans include:

1- The mission or definition of the organization (Gulf is now an energy company, whereas it used to be an oil company).
2- Objectives meaning the ends toward which all organizational activities are aimed, since they represent the end point of planning and the goal toward which the other management functions are aimed.
3- Strategies, which include plans that cover the -overall general activities of the organization especially interpretative plans made in the light of the plans of competitors.

Strategies can be considered as the mechanisms that help the organization' adapt to its environments and integrate its internal operations.

Standing plans include:

1- Policies, or those general statements and the are guides to or channels of thinking and decision maker by managers and subordinate.

2- Procedure that establish a standard or routine method technique for handling activities.

3- Rules and regulations that state mandatory courses o action chosen from among available alternative.

Single-use plans include:

1- Programs that involve the entire complex of activities necessary to carry out a given course of action.

2- Projects that is plans for the accomplishment of a specific objective.

3- Budgets that are usually financial statement of expected results 'expressed in numerical term&. Budgets are usually included in all three of the types of plans discussed.

Strategic Plans:

Strategic planning tries to answer such questions a 'what is the environment we are operating in? Where are we going? "How do we get there from here" Several type of strategic plans are mission, objectives, and strategies.

Mission and Objective:

It isn't totally logical to discuss an organization's mission and objectives under "types" of plans, for, although they are plans-since they involve the process of planning they are also the end point of all planning because they define the very character and nature of an organization.
The broad mission or objectives of any organization are usually included in its charter or bylaws. If not, they are established at the beginning of the organization's existence. These overall goals are then translated into-specific plans to guide future operations. Decisions must be made concerning the sources of capital types of products to be produced or services to be performed; the character of potential clients or customers: sales techniques: and markets in which to operate Planning requires the organization of broad objectives for the various subdivisions of an organization as well as for the organization as a whole.

Strategies:

Once the organization's mission and objectives have been established, management must plan how to achieve them it must consider what types of plans will be the most useful, the extent to which planning will be profitable and the proceeds necessary to arrive at decisions. This may be accomplish through the adoption of what the military calls "strategies" "grand plans" to achieve the organizational goals considering what management, as well as competitors, will in a given set of circumstances. These plans are subject t change in response to what the competition is expected to do c actually does. This form of planning may involve plans alternate plans, or contingency plans, depending on the level and extent of the strategies to be used and the magnitude and frequency of anticipated changes.

Standing Planes:

Suppose that you were the president of a family-owner business with 500 employees. How would you go about seeing to it that your employees has unified effort and tended to act it consistent ways over periods of time? .Would you use standing plans to do this and establish bench marks for action it .recurring situations? Why?

The most common standing plans are policies procedures, rules, and regulations. These plans, one established, continue to apply until the are modified of abandoned. They are thus fixed in nature and content.

Policies:

Polices are broad, general statements of expected of expected actions that serve as guides to managerial decision making or to supervising the actions of subordinates. Sometimes policies are formally determined and announced, they may also be informally set by the actions of superiors, who may not intend for them to become policies They may even be set by precedent. Precedent is established when the superior makes no decision or takes no corrective action when subordinates act on their own. Policies may be written or unwritten, spoken even unspoken.

Can you think of some written or unwritten stated or implied, policies that your instructor has set for this class? What are they?

Purpose of policies:

The one prerequisite for a policy is that it become a guideline to help managers decide what to do when there is no one else to decide for them or when there is no other way for them to know how to decide or to act. Once, the overall policies are set, managers have the job of formulating the less significant, but often more urgent, policies These are broad in nature and tend to are departmental lines.

Some examples of policies:

Purchasing policy, we shall have several sources supply so as not to be totally reliant on only.

Wage policy, Wages shall be established and maintainer on a level favorable to that found for similar positions within our industry and the community.

Marketing policy, only a limited number of dealers will be selected to distribute and sell the company's product lines in a given territory.

Hiring policy, we are an equal opportunity employer.

Supervisory policy, Manager should periodicity hold group meetings with subordinates for the purpose of discussing objectives of the department, discussing new developments that may be of interest to or may affect subordinates, answering questions, and in general, encouraging more effective and accurate communications within the organization.

Promotion policy. We encourage promotion from within.

For example, when a company decides to add a new product line, it is confronted with new problems in the sales, purchasing, production, and personnel departments. After the decision has been made about the exact nature of the new product and what it will consist of, each, department has to revise its policies to conform to the new situation. Another set of plans that usually comes under the jurisdiction of a. company's board of directors is the policies about the organization's competitiveness, aggressiveness, and expansion. Then the policies regarding the stockholders equity and rights to earnings must be considered. Finally the board has the additional job of coordinating the departmental plans through review and approval of the master budget.

Functional policies, once the broad organizational policies are set by the administration the functional departments (such as ‘production, sales, finance. and engineering) set forth, their, policies. These policies must conform to and contribute to the ultimate ‘organizational objectives. These functional departments usually establish policies pertaining to research, quality, distribution procurement, and personnel, as well as planning and control policies.

A growing area of concern for management is establishing uniform" policies" especially those pertaining to public policy in the form of laws, court decisions and administrative rules and regulations.

Some new policy areas facing managers include providing equal ‘employment opportunities for all group maintaining occupational safety and health, improving the quality of work life providing comparable pay for comparable work, and securing employees privacy.

In short policies are relatively permanent general Plans of action used o guide managerial decision making or other activities s required to achieve organizational objectives. They are helpful in securing uniformity in performance and are used to guide management toward reaching the goal of efficient and effective operations.

Procedures:

When it is important that certain steps be taken in a given sequence and that work-be done accurately, management may establish a detailed standing plan called a "procedure”.

A familiar example of a procedure is the registration: procedure found at schools and universities. Usually a student has several itemized steps to complete in a given sequence to register for course.

Can you think of some other examples of procedures?

Programs:

Programs are probably the most difficult type of plan to understand, for they are a mixture of objectives, goals strategies, policies rules, and job assignments, as well as the fiscal, physical, and human resources required to implement them A distinguishing feature of this type of plan is the commitment (usually on a long-term basis) of these resources in the form of capital, developmental. and operating budgets.

The time factor and planning:

Time greatly affects planning in three ways: First, considerable time is required to do effective planning. Second, at is often necessary to proceed with each of the planning steps without full information concerning the variables and alternatives because of the time required to gather the, data and calculate all the possibilities. Third, the amount (or span) of time that will be included in the plan must be considered.

Short-Intermediate and Long-Range Plans:

Short-range plans covers anywhere from a day to a year, intermediate-range plan have a time span of a few months to three years and long-range plans involve activities of two to five years: with some plans projected 25 or more years in advance long-range planning is now usually referred to as strategic planning.

Utilities, real estate operations, and government agencies have worked up plans that project even farther into the future. In fact companies such as International Paper and Weyerhaeuser plait timber stands in the 19080s that will be harvested in 2030 or later.

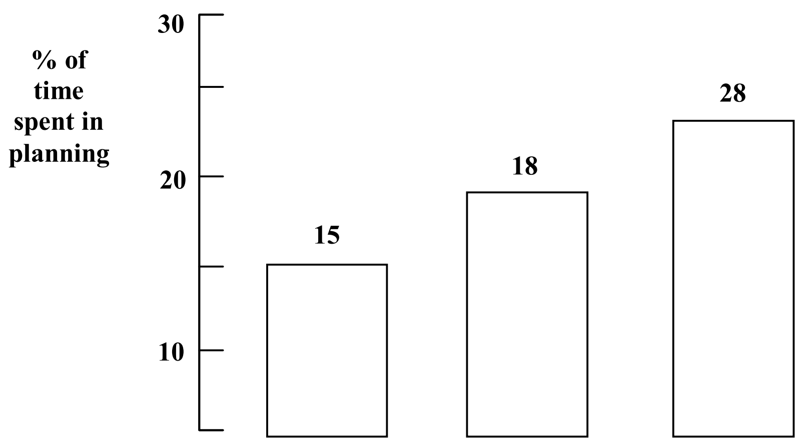
Since tine ranges differ from organization to organization, it is hard to say exactly whether a given plan is long, medium or short range. Also plans change from long range to short range as time passes.

Reflect for a second on your own career. Give an example of some of your short intermediate and long-range plans. Which of the three type's of plans are people least likely to have a clear picture of Why?

Another time factor affecting planning is how often plans are to be reviewed or revised. This depends on the resources available and the degree of accuracy management seeks from planning in the first place. The usual relationship is this. The longer the time span of the plan, the longer the period between reviews and revisions. Also, the more closely it will be watched and checked.

Effects of Management Level on Timing of Planning:

All managers plan, but they spend different amounts of time planning and plan for different time periods. The following figure shows that as managers move up in the organization they spend an increasing proportion of their time planning.



Low Middle High

Manager's level in organization

Notice that the percentage increases when moving from middle to top levels.

Planning is a function of every manager in an Organization, but the character and breadth of planning vary with each manager's authority- responsibility relationship and the nature of policies and plans outlined by the individual's superior. Therefore, the nature and timing of planning changes as managers move into higher organizational levels.

The Strategic Planning Process:

(Steps Involved)

There are as many variations in the strategic planning process as there are authors and speakers on the subject. Yet all of them tend to follow a general pattern and the general outline remains the same despite differences in detail and terminology.

The planning steps are:

1- Establishing organizational objective.
2- Developing planning premises.
3- Determining available alternatives.
4- Evaluating alternatives.
5- Selecting the most appropriate alternatives.
6- Developing derived plans for subunits.
7- Implementing plans.
8- Monitoring the plans through feedback mechanisms that make planning dynamic and serve as a link to control.

Step (1): Establishing Organization objectives:

The first step in strategic planning is establishing planning objectives for the organization as a whole and then for each subordinate unit this step involves deciding what the organization wants to do and the position at which it would like to be at some fixed points in the future as far as its various activities are concerned. These objectives set the direction in which the efforts and resources will be applied, such as quality.

1- Technological developments, especially the computer and other information processors.
2- Ecological considerations.

3- The increasing independence of employees caused by such factors as increased education, fewer children per family, and more two-paycheck families.

There are two groups of factors affecting the planning process:

1- Uncontrollable factors or those that have no direct, traceable cause, such as population growth, political environment, and social pressures.
2- Controllable factors or those elements over which the organization has at least some control through the decision of its managers, such as research building sites, and organizational relationships.

Another factor to be considered is that the planning process requires many assumptions that cannot possibly take into account all the events in the future, but these premises do provide management with an orderly path to follow, and they can be changed as changing conditions might warrant. Strategic planners must monitor these changes and modify the planning premises as conditions dictate of products, market share, sales volume, number of employees, and rate of return on investment (ROI) for private firms.

Step (2) Developing Planning Premises:

The second step is to develop planning premises that is, the planning assumptions about the future settings in which planning is to take place and the total environment in which .the plans are to operate. To do this, planners need to do realistic forecasting. They must also analyze both the internal and the. External environments to see what factors either present or may possibly be found to exist in the future.

Planning and implementing plans will be affected by:

1- Wage and salary levels.
2- National and local taxes.
3- The strength of unions and the type and intensity of their activities, especially of public white-collar and professional associations.
4- The increasing role of governmental laws, regulations. And assistance.
5- Effects of international cultures especially of Third World countries.

Step (3) Determining Available Alternatives:

The third step is determining available, alternative ways of achieving objectives. This step includes the noting the various ways in which management can reach its goals considering the planning premises and other factors.

Step (4): Evaluating the Alternatives:

The fourth step is evaluating the alternatives. This means using statistical or quantitative analysis of factors involved in each alternative if possible, and then, after considering the behavioral implications reaching a decision about what course of action to take.

The computer has greatly aided strategic planning by speeding up the evaluation process and multiplying the volume of data readily available for analysis. Tabulation and correlation are also enormously faster than with any other method In strategic planning, this feature is especially important because it permits analysis of the effects of manipulating the different variables affecting the activity being planned.

Step (5) selecting The Most Appropriate Alternative:

The focal point of all the other planning steps is the step of selecting the appropriate alternative. This involves choosing the plan with the most promise of leading management to the achievement of its objectives. This selection decision results from the evaluation of the alternatives and the planning premises, including assumptions about the organization's internal and external environments and possible future situations.

Step (6): Developing Derived Plans:

After the major plan is accepted, other derived plans for subunits must be formulated to back it up. These plans attempt to coordinate the different phases of the organization so that they will work along with the major plan to reach the same objective.

Step (7) and (8): Implementing the Plan:

The plan becomes a reality when it is put into operation. This involves a transition from planning to action. It also requires the use of other management functions such as organizing, staffing, directing, and. controlling it is quite important that the plan be monitored carefully in order to determine whether it is effectively accomplishing the desired results.

CHAPTER (2)

Decision Making

CHAPTER (2)
Decision Making

What is decision making?

Decision making is required from everyone, individuals as well as managers. Let us first see how individuals make decisions and then look at managerial decision- making. Then we'll concentrate on the more difficult, no routine decisions that managers must make.

Individual Decision Making:

Every day people make numerous decisions. We all have to decide whether to get up. What clothes to wear, what to eat what lane of the street to drive in, what parking space to choose and we face job or school decisions every day. Most of these decisions fall into the "routine" category. That is they do not involve a great deal of analytical effort to arrive at a final course of action occasionally though one comes along that has much greater stakes.

That decision that Hala makes will have a significant long-range impact on her life and require greater energy than the routine-decisions that she ordinarily makes.

Managerial Decision Making:

Decision making can be defined as the conscious selection of a course of action from among available alternatives to produce a desired result. As such it is a way of life, for managers. .and the quality of the decisions made is a predominate factor in determining how upper management view a lower manager's performance Books, movies. TV series and new documentaries dramatize decisions made by top managers Whether it is the .decision of the president of the United Stares in the summer of 1980 to attempt to rescue the U.S. hostages held in Iran by helicopter landing or a critical decision made by the wheeler-dealer businessman J.R, Ewing in the hit TV series Dallas, decisions occupy much space in the media and play a key part in our lives.

But top managers are not alone in making decisions that are often very important. Middle and lower managers also face such decisions.

All Organization Members Must Make Decisions:

Managers are not the only ones who make critical decisions in organization. Surgeons, for instance, make life and-death decisions daily. So do air traffic and aircraft inspectors. Computers maintenance technicians after make million-dollar decisions. We can say that every person's job in an organization involves some degree of making even the most routine jobs.

Programmed and Un-programmed Decisions One broad method of classifying decisions is to whether the decision is programmed or not A programmed decision is one that is routine and repetitive. The manager (or organization), to facilitate decision making, has devised established, systematic way to handle the decision Examples of programmed decisions include the following.

1- A grocery store manager's decision about how many items to reorder when the stock level reaches a given count.
2- A university's decision about how to process a student's request to drop or add a course.
3- A hospital's process for admitting new patients.
4- A maintenance department's decisions account the frequency of maintenance servicing of mannerly and equipment.

5- A. manager's disciplinary action when a worker reports to work in an intoxicated condition.

These examples are handled in a systematic way, and a decision framework (for example a set of policies) has been established for the decision maker to follow. Perhaps the handling of an intoxicated, employee appears to you to be different from the other four examples. But if the company policy manual prescribes a given penalty for intoxication, the decision about the penalty the supervisor should impose tends to be a programmed or predetermined one.

Un-programmed decisions are those that occur infrequently, and, because of differing variables, they require a separate response each time. Un-programmed decision examples might be the following:

1- To buy a new car and which type of car to buy.
2- To select one job offer from the many received.
3- About where to locate a new company warehouse.
4- About whom to promote to. The vacant position of plant manager at one of the company's plants.

5- About how a supervisor should schedule workers vacations given their requests, so that the department can operate at 90 percent of capacity each week during the summer.

Stops in Decision Making:

The decision- making process that you will study in this chapter consists of the following steps, as show in the Figure below:

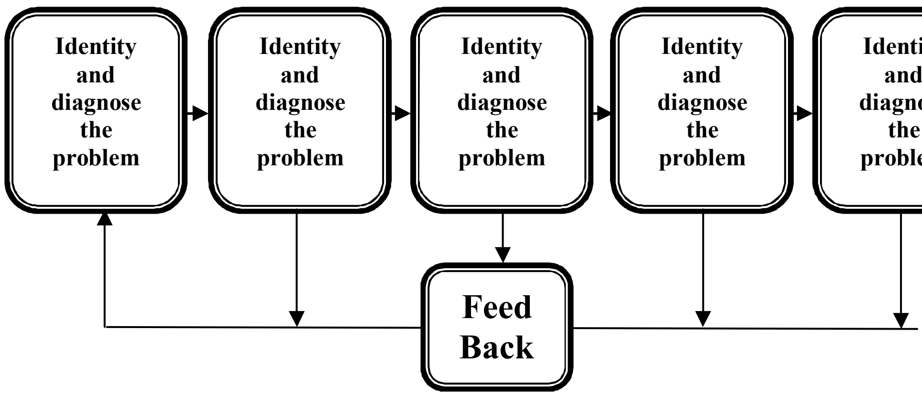
1- Understand diagnose the problem.

2- Develop alternatives.

3- Evaluate alternatives.

4- Make a decision and implement it.

5- Evaluate decision results.



THE DECISION MAKING PROCESS

Step (1) Understand .and Define the Problem:

When you are first faced with a decision if you re like most people, you tend to wade into it without thinking much abuts it. Suppose, for instance, that your cars thigh temperature light comes on while you are diving. You pull off to the side of the find your car's radiator steaming and boiling. In what way do you think of the problem? Do you think of it as "My car needs water"? If you do and make a decision to find water, refill your radiator, and go-on your way, you may be in trouble, You may:(1) have wasted your time filling the car because it will overheat again shortly, or (2) face a more costly decision later. The odds are that you will have only treated a symptom of the problem in refilling the car with coolant. The possible censes of the problem that need to be treated may include such things as a broken thermostat, a leak in the radiator or a hose, or possible that you are pulling too heavy a load (trailer, people).

A frequent mistake is to observe a problem’s symptoms and treat them as underlying causes. Let us look at a business example Assume that you own a small business and your profits have been down sharply for -the last several months. You would be very naive to make-assumptions about the causes without some investigation of the problem (unless there is some strong evidence that an obvious factor has caused It.-an act of God. for instance or a competitor who has. located next door to your store) Possible causes might include the following:

1- Changes in the competitive situation (such as new competitors, disruptive competitor price policies competitor product advantages).
2- Higher costs (increased rent, utilities payroll. overtime).
3- Employee inefficiency (poor motivation sates technique pilferage).
4- Changes in traffic patterns (new thoroughfares, interstate' highway, closed roads).
5- Seasonal shifts (many businesses, such as gift shops, ice cream parlors, and photography stores routinely experience drops in sales and profits - at certain times of the year).
6- Store policy (no credit, no returns on inerchandise).

In addition to the foregoing, there may be other possible causes that you could think of Effective decision makers are keenly aware of the importance of proper problem identification and understanding of the problem situation.

Now try your skill at problem identification. What do you think is the problem in the case at the beginning of the chapter? As. you read the case, did you quickly think of way to salvage Bill? Did you perhaps think of such alternatives as send him to human-relations school" get him to take remedial courses in written communication", or counsel him so that be will realize how his behavior limit his future with the company", and so on?

Surprise If you think of the problem in terms of what to do with Bill, you treated only a symptom of the problem. You might indeed salvage Bill, but there will be ethers like Bill who will come along and need same attention.

Instead of thinking of what to do with Bill, think of what it was that caused the problem with Bill. You must devote some energy to remedying the company's recruitment and selection procedure or its management development program. In other words, you must deal with the underlying problem. Did the company want someone with supervisory skills? How important was written communication in Bill's job? Why did the company evaluate only a candidate's academic performance rather than some additional critical skills? Until the company addresses the problem of mismatch between the skills_it seeks in job candidates and the actual skills necessary to perform the job it will not solve the problem.

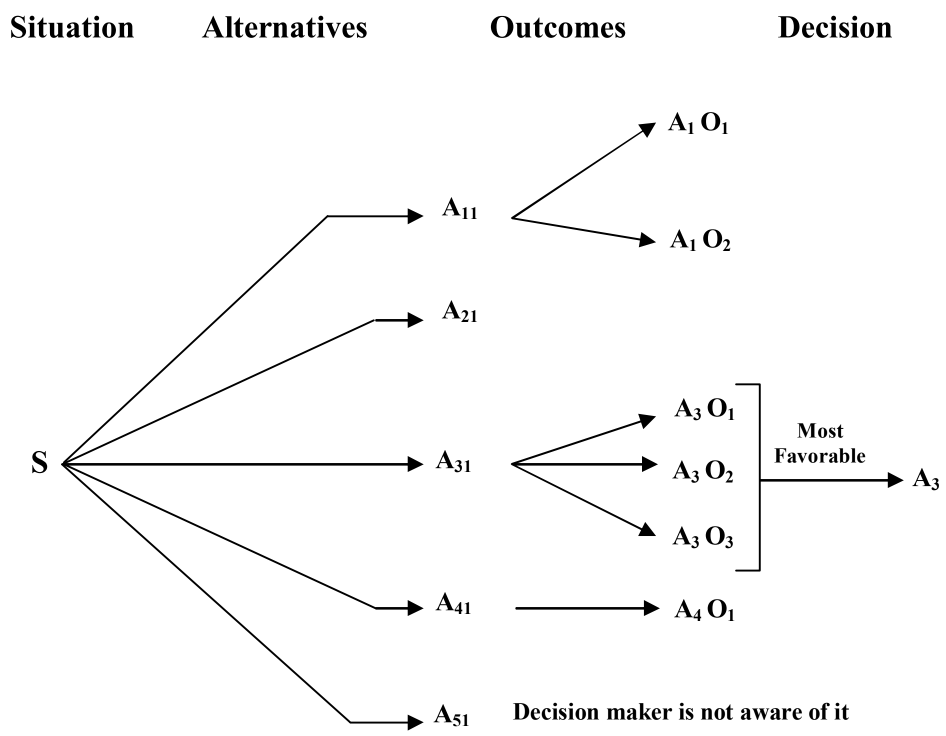
Managers gain insight into problem identification in several ways. For one they systematically examine cause effect relationships. They also look for major variance or changes from what is considered “normal’, and perhaps most important, they consult others who are capable of giving them different. Perspectives and insights into a problem or opportunity. In many respects, American managers are for behind their Japanese counter parts in handling this first step of decision making. Drucker explain it this way

Step 2: Search for Alternatives:

Once you have a clear definition and understanding of the problem, you are prepared to search for alternatives. Remember from the definition that if there is no choice of alternatives there really is no decision to be made. The use of staff groups and the counsel of others may lead to the development of certain alternatives that the manager might not have been able to identify alone In the decision tree show in figure below, alternative five (Ac) represents such an "unknown" alternative.

Should a manager identify all feasible alternatives? Perhaps this sounds good in theory, but in practice it is frequently difficult to achieve. This is true for several reasons. For example, consider the following points.

Knowledge of alternatives is limited. Mangers do not usually have complete information at their disposal when making decisions. Yet some books and courses in decision making still advise the decision maker to get all the facts" before considering alternatives in making a decision Consider the following examples of the selection of a controller for a large organizations.



Role of Alternatives in the Decision process

How close was the organization able to come to an "optimum solution" to the problem? Was the person making the decision able to obtain all the facts? Although the individual selected may have been a satisfactory choice for the position." the most highly qualified person in the country" probably wasn't even contacted. Instead,, the search for candidates probably uncovered a group of "satisfactory" or at least "minimally qualified" individuals.

A better person than the one selected might have been found through more search activity but the extra cost might have exceeded the benefits obtained. In general managers can rarely make decisions based on complete information and perfect foresight. Herbert Simon, a noted management scholar, calls this concept satisfying meaning that the decision maker selects an alternative that is reasonably good, although not necessarily the perfect or ideal one.

Reasons why alternatives are restricted some factors that restrict the search for alternatives might be these:

1- Same alternatives may be ruled out because they are too costly even to be considered.
2- The organization's physical facilities may eliminate certain alternatives from consideration.
3- The time constraints for making the decision may not allow a thorough search for alternatives.
4- Higher management may already have indicated to the decision maker that certain alternatives are "off limits" (A in the Figure).

Your need to keep in mind that the search for alternatives is greatly influenced by the way you go about defining or thinking about the problem. Suppose for example, that a retailer's sales are down and the cause of the problem is found to be poorly motivated sales personnel. The available alternatives will focus on ways to motivate the present sales force-incentives, per talks, trips to Hawaii, and the like. But let's take it one step further suppose-the problem solver raises a fundament question of "What function do my salespeople perform. why do I need them in the first place". Now the retailer is able to get to the core of the problem. Some other available alternatives to be considered are:

1- Reaching customers not only through sales personnel also through other methods, such as direct man catalogs.
2- The possibilities of eliminating sales-people altogether are using only direct mail catalogs.

Step 3 Evaluate Alternatives:

Assuming that alternatives have been derived, the next step is for you to evaluate them. A given alternative can have more than a single outcome (as shown earlier in the Figure) is important to understand not the benefits of each alternative and how such benefits may influence the decision objective but also the potential negative side arid costs of each alternative.

In a survey of 469 senior managers in the United States and Europe, one researcher found the following:

1- Managerial decision making at the senior executive level tends to be dominated by individual preferences- when the decision maker has a strong personal preference. One executive for example decided to locate corporate headquarters near his home rather than in another location, where an extensive staff survey indicated it should have been located.
2- Managers generally tend to make decisions themselves and then try to convince others that they are correct instead of using a." participate" approach. The process of reaching decisions involves communication with subordinates but is more often in the form of "influence" by the top manager rather than subordinate "participation" in the decision process.

One approach to evaluating alternatives is for one or more alternatives to be assigned to an individual, who then identifies their pros and cons and presents these to the decision maker. In this way, one person, or perhaps a team, will be responsible for fully exploring the decision potential of a given alternative.

Step 4: Make the Decision and Implement It

This fourth decision-making step causes many managers a problem. After getting the facts, the managers may not be able to decide for the analysis and interpretation of the facts may make it more difficult to make a clear-cut decision.

Some managers won't make a decision, even with all the facts. This may cause others to feel unsure and insecure about a decision maker's ability to make the "right" decision.

Many manger straddle the fence on an important decision, leaning one day in one direction, another day in the opposite. This creates uncertainty in the mind of others an may cause greater resistance to the decision than if it were made quickly and decisively or frequently decisions are announced in a halfhearted, almost apologetic manner.

Effective decision, making doesn't stop when the decision is made: lt. also entails good .follow through an implementation by the parties involved In fact, many good decisions may be ruined by ineffective implementation, but the decision maker is still responsible.

Step 5: Evaluate the Decision Results:

After making and implementing the decision, you still have not finished your job. Now- you must perform the “control” function of management. That is you must evaluate whether the implementation is proceeding smoothly and the decision is attaining the desired results. If the decision turns out to have been a poor one, you aren't bound by any rule to stick with it. You have perhaps heard the-expression “Don’ throw good money after bad”. In many cases, it is less costly for a manager to admit having made a poor decision and to reverse it than to try to save face by riding out a decision that doesn’t accomplish its objective. This assumes, of course, that the decision is not irreversible. If it is irreversible, then you will have to stick it out and try to make it succeed.

The five decision-making steps presented here represent the most common type of decision model. You should also find the “Rules for Unreels Decision Makers” and extremely helpful decision-making guide.

Involvement of Subordinates in Decision Making:

It is difficult for managers to make decision without brining in subordinates in one way or another. Yet this involvement may be formal, such as the use of group decision making or informal, such as asking for ideas. The assistance may occur at any of the decision steps.

Group Decision Making:

Some managers feel strongly that decision made by groups, such as committees, are more effective because they maximize the knowledge of others. Other managers severely avoid group involvement, feeling that it is slow and cumbersome and often leads to watered-down decision that attempt to accommodate all points of view.

There is no question that on certain occasions a manager will not have the expertise or information available to make at intelligent decision without the assistance of others. In other decision situations the manager may be thoroughly knowledgeable about the decision situation and would gain little by involving others.

Characteristics of Decision Situations:

The extent to which subordinates should be involved in decision making has been studied by several scholars and consultants. Two particular researchers Vroom and Yetton have developed a decision tree approach for identifying the particular “optimum’ decision style that a manager would find appropriate in a given situation the key characteristics of a decision. Situation Vroom ‘and Yetton say, are the following:

1- Is there a quality requirement such that one solution is likely to be more rational than others?
2- Does a manager have sufficient information to make a high-quality decision?
3- Is the decision situation structured?
4- Is acceptance of the decision by the manager’s subordinates critical to effective of implementation of the decision?
5- Is it reasonable certain that the decision would be accepted by subordinates if the manager were to make it alone?
6- Do the manager’s subordinates share the organizational goals to be achieved if the problem is solved?
7- Is the preferred solution likely to cause conflict among the subordinates?

In other words, these key variables should determine the extent to which a manager involves subordinates in. the decision process or makes the decision alone, without their inputs.

Styles of Management Decision Making:

The second element in the Vroorn-Yetton decision tree is the particular management decision-making "style" Many styles are possible, but the following five are the most common.

A. The manager makes the decision alone, using information available at the time.
B. The manager obtains the necessary information from subordinates and then determines the appropriate decision. The role played by others is that of prodding the manage with the necessary information rather than of generating on evaluating alternatives.
C. The manager shares the problem with subordinates individually and obtains individual ideas and. suggestions without bringing subordinates together as group. The manager then makes the decision that may or may not reflect the subordinates inputs or feelings.
D. The manager shares the decision situation with subordinates as a group and solicits their ideas and suggestions in a group meeting. The resulting decision may or may not reflect the subordinates inputs or feelings.
E. The manager shares the decision situation with subordinates as a group, and the group generates and evaluates alternatives. The manager does not attempt to influence

subordinates and is willing to accept and implement any solution which there is consensus.

CHAPTER (3)
The Organizing Process

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Organizing is usually the next function performed after planning. Organizing is concerned with:

1- Determining the specific activities that are necessary to accomplish the planned goals.
2- Grouping the activities into a logical pattern framework or structure.
3- Assigning the activities to specific positions and people.
4- Providing means for coordinating .the efforts of individuals and groups.

Alvin Brown wrote Organizing defines the part which each member of an enterprise is expected to perform and the relations between such members to the end that their concerted endeavor shall be most effective for the purpose of the enterprise.

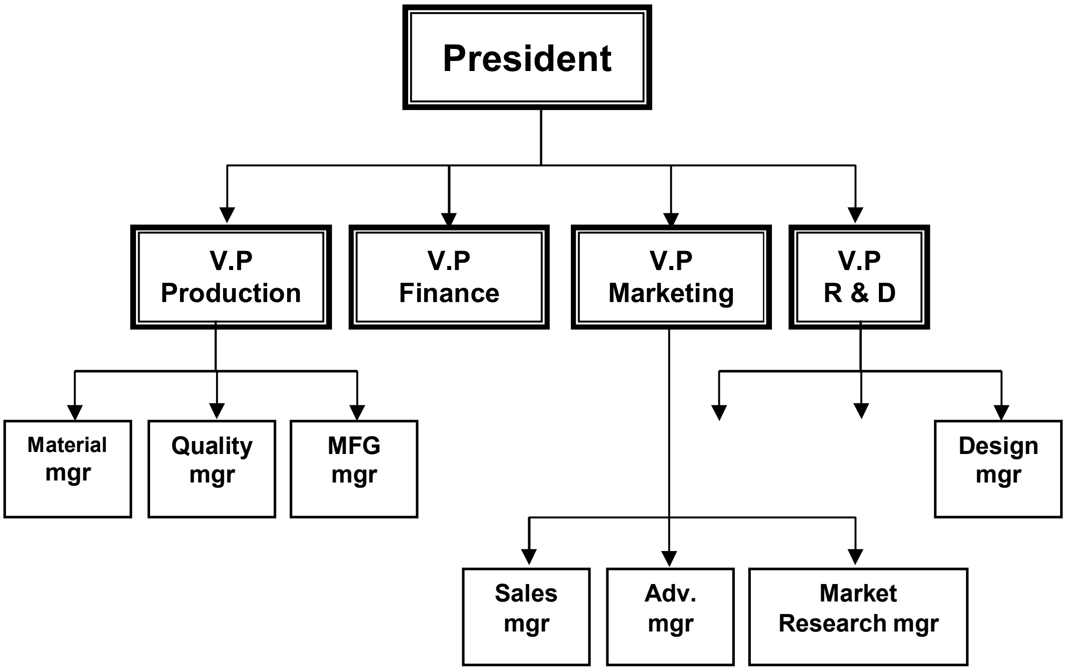
Thus, organizing divides activities into manageable units and makes each unit's work compatible with all the others. Organizing determines the way by which the goals conceived in planning can be accomplished. Organizing can be viewed as a bridge connecting the objectives developed in planning to the specific means for accomplishing these objectives.

An example of the organizing function in action can be observed in a football game. Suppose that the planning process determines that a basic objective is to win the game (we would surely hope so) and that the general offensive plan will emphasize a passing attack. The organizing function is executed when the specific plays are selected when particular personnel (passing specialists, may be) are appointed and when particular assignments (What the players do on each play) are made.

Organization Chart:

An organization chart can be a valuable aid in accomplishing the organizing function. An organization chart can assist in structuring authority and accountability relationships, activities, and communication channels. But organizing con often be accomplished effectively without an organization chart. Indeed, in some cases a chart may be more of a liability than an asset. Organizing is a function-a job-to be done The organization chart, on the other hand is a schematic model – a static chart-that can assist in describing or designing or designing organizational relationships.

The traditional way to depicting the structure of organizations is to draw an organization chart. Typical examples are organization chart are shown as follows:



An advantage of an organization chart is that it helps to decide organizational relationships without a chart many people might view the organization as just a group of people. Parts or activities. The organization chart provides us with a picture of the structure. The chart is a means through which we can better understand the organization as a whole the components of the organization and the interrelationships among these different components.

An organization chart can be compared to a road map. The road map, which consists of a set of lines and other symbols on paper, is not the system of roads itself. Similarly an organization chart is not the organization itself. Nevertheless, as in the .case of the mad man ad the road system it represents, we can better understand and communicate many aspects of the organization with the benefit of a chart or diagram showing its important components and same relationships among these components. But one cannot drive an automobile on the road map any more than the organization chart itself will accomplish organizational goals However, both the map and the organization chart are means of helping us do things. A map helps to reach a destination similarly an organization chart may assist in the accomplishment of organizational objectives.

Both the map and the organization chart are merely static models of dynamic processes the map must be changed frequently to reflect changes in the road system. Similarly an organization chart is not the, organized process of human interaction. The organization chart is a schematic static model or structure of that process. A model of a thing is not the thing itself but a model often helps us better understand the thing.

Organization structures are not ends in themselves but rather means through which the attainment of other objectives can be obtained. In other words, the structure of an organization is not the same thing as the organization. The structure, depicted perhaps as a static model by a chart is merely a characteristic of the organization We can use the concepts and analysis of organization structures as valuable tools for attaining better organizational performance The chart, a representation of the structure, serves as the basic for studying organization structures.

Organization Charts as Identification Aids:

Organization darts assist in the task of identifying and relating the various parts of organizations. The organization chart helps to provide answers to questions such as:

1- Who am I? (What is my position in the organization?).
2- What do I do? (What are my organizational tasks or functions?).
3- To whom am I accountable?
4- Who is accountable to me?
5- Who are they, and who are the other persons of interest in the organization?
6- What do they do?

7- To whom are they accountable?

8- Who is accountable to them?

The organization chart is a means of describing in generally understandable terms the functions and positions of organizational members. Members of an organization have needed to know their identity in the organization. With such knowledge they have a better chance of being involved in organizational relationships and in working cooperatively toward organizational goals. Without knowledge of one's place in the organization, the individual is likely to behave in a way that does not help to accomplish organizational goals. Often one's failure to assist in accomplishing organizational goals can be attributed to a lack of understanding of one's place and function in the organization.

Communication and Information Flow:

Organization charts define and describe channels of communication or information flow within the organization No coordinated, organized activity can occur without good communication among units of the organization A complex organization has a vast quantity of information generated within itself and coming in to it from outside. It is impossible for every member in the organization to accept and process every bit of information received. The organization defines channels through which information flows and through which .formal communications are made in the organization. An organization chart presents a plan or system defining formal information flow and communication in the organization.

Information is one of the essential elements necessary for a manager to exercise authority and power From another viewpoint, an emphasis on the importance of information and communication in organizations helps us to understand that there is same truth in the cliché, "The job makes person” A position of importance ordinarily carnies with it a preferential right to information-not enjoyed by subordinates. With mare and better information than others, a manager will make better decision. Other things (such as ability) being constant, than will colleagues The job does help to make the person when it provides relatively superior information and gives the opportunity to gain experience from observing the effects of decisions. This preferential access to information explains why a spot on a high-level committee may be so greatly valued. Also we can understand why being dropped from the list of those who receive carbon copies of important memorandums may be a disastrous omen far the person’s future in the organization.

There is an icusedire loss of status plus a real loss in the ability to make quality decisions. The person simply is no longer in the know. This is one of the reasons why the president's secretary may be such an important person in the organization.

Those friends to whom the secretary might "leak" an impotent lit of information have a real advantage over others. High status also is enjoyed by those in the know.

Status and Rank:

Organization charts can be used to show status or rack of organizational members In military organizations one's rank can be determined from one's uniform However most organization de not have such a direct means of showing a person's rank. One organization partly shows a manager's by the number of pens in the penholder on his or her desk must have a certain rank or higher to quality for two pens such measures are not always adequate to communicate members ranks. Consequently, the organization chart I emerged as a convenient means of showing a person's rank status in the organization. Other things remaining constant, higher one is in the organization hierarchy, structure, or chart the higher one's status or rank. This relationship tells us with almost everyone in the organization would like to be supervised by an official with the highest possible rank. For the higher at rank or status of one's supervisor, the higher ones own rank Status.

Position on the chart alone does in make for high rank or status. The authority, power or number of subordinates person has also determines status or rank. But position on the chart alone is undoubtedly very important in determining ran or status.

Charts as Organizational Design Aids:

In addition to being of value as descriptive portrayals what presently exists organization charts may also be of very significant value as design this partum valuable use of are organization chart. To-use an organization chart as a design tool, we simply view it as a statement of the relationships and activities we would like to have in the organization. When changes are desired in the organization, the chart is one of the best available ways of communicating the desired change.

The manager can structure the relationships and activities' of an organization with three steps. First, design a chart to Show desired relationships and activities, second, communicate the chart and expected behavior to affected organization members third, insist that behavior conform to the organization plan as Shown by the chart.

Through this simple process one can actually create an organization. Future development may indicate the need for revisions in the organization structure, and revisions should be made when they will improve performance the point is that a chart serves as a passive description of an existing or past organization. A chart also can be an extremely valuable tool in creating a desired organization.

Actual behavior of members will tend from time to time to deviate from the chart. However, the chart serves -as a checkpoint- to help in getting behavior back a right rack. Otherwise, without the chart organization behavior might further and away from is desired. The chart serve as a connecting mechanism it helps bring performance back desired quality The chart thus assists in giving meaning are direction to organizational behavior.

The chart is only a static model of the organization no the organization it self.

Structuring Authority, Power, Accountability and Responsibility Relationships:

One purpose of organizing is to create a vertical hierarchy of positions. This involves structuring authority power accountability and responsibility in an organization.

Authority:

Authority is one of the “glues” that holds an organization together. Authority is the right to do something. From an organizational viewpoint authority is the manager's right to request or require a subordinate to do something to accomplish organization. Organization goals. For example, an instructor may have the authority (right) to ask a student to prepare a certain assignment for the next class (Whether or not the student actually prepares the assignment is another question involving considerations of responsibility power or motivation).

A managerial authority, Authority is principally the right to decide and command. In an organization the manager’s authority consists of the right to do such things as:

1- Make decisions within the scope of his or her own authority.
2- Assign tasks to subordinates, and
3- Expect and require satisfactory performance from subordinates.

Delegation of authority: Authority (and power) may be delegated. In organization delegation of authority refers to the process by which a supervisor gives a subordinate the authority to do the subordinate’s job. Without delegations of authority formal organizations could not exist. If there were no-delegations no one in the organization, except possibly the top official would have the right to do anything. Consequently, no organized accomplishment of organizational goals could take place. The process of delegating authority is constantly taking place in a large, formal organization.

How much authorities can manager delegates? The answer is that the manager can delegate to subordinates the right do anything that the manager has the right to do except those kings he or she is specifically prohibited from delegating There is one additional exception. The manager cannot totally delegate authority for performing the managerial function planning organizing motivating and controlling. To de total authority in these areas would mean that the ma gives up the role of manager. This would probably lead breakdown in organizational performance.

There is a natural human tendency for managers to delegation adequate authority. A manager may fear subordinates can possibly do undesirable things with delegated authority for which the manager may be responsible. Consequently many managers tend to delegate little authority as possible. Often the amount delegated may be sufficient for the subordinate to accomplish assigning effectively.

The risk that managers take when they delegate author is inherent in the managerial Job If all managers f appreciated this fact perhaps they would be more incline delegate adequate authority. The manager who is unwilling accepts the risk of poor subordinate performance is really qualified for a managerial position. The managerial position inevitably involves delegation of authority delegation authority inevitably involves risk assuming risk, therefore is inevitable part of the manager’s job.

Power:

Power and authority are often confused, but we can clearly differentiate the two. We have already seen that authority is the right to do something. On the other hand power is the ability to do something. In one’s role, as a supervisor, a manager’s power may be seen as the ability to cause subordinates to do what the manager wishes them to do.

A manager's power may be measured in terms of the ability to:

1- Give rewards.
2- Promise rewards

3- Threaten to withdraw current rewards,

4- Withdraw current rewards,

5- Threaten punishment and

6- Punish.

Subjective nature of power: Power like authority, is influenced by subjective factors, including ethical and moral considerations. Questions arise concerning how much power a certain person or position ought to have. These questions are similar to those already discussed about authority. In addition, because power may be thought of as the ability one has to influence another the extent to down as determined in large part by the person being controlled It may be more important what a person thinks a supervisor’s power is than what it is tonally Managers may take advantage of this phenomenon by bluffing, that is, by pretending they have more power than they actually have. If the bluft succeeds the effect is exactly the same as if the bluffers actually possessed the formal power. They have do fact power. In like fashion, bluffing may also be present in authority determination and exercise.

Authority and power relationship. It is clear that a manager may have the authority (right) to do something, but ma lack the power (ability) to do it. On the other side of the coin one ma have the power to do something, but may lack the authority to do it. Either of these conditions describes an unstable organization Failure to- equate power and authority adequately at all levels causes conflict in the organization In extreme cases this disequilibrium me lead to destruction of the organization, perhaps ever to bloodshed On a national scale, civil strife or war might result. And on the international level nation may go to war with each other. One of the most important jobs of manager at all levels is to provide their subordinates with equal authority and power. That is, the subordinates should, for organizational stability, have means (power) equal to their rights (authority) to do the things necessary to accomplish their part of the organization's objectives.

When power and authority for a given person or position are roughly equated we have a condition we may call legitimate power or workable authority. Achieving a state of workable authority at all levels in the organization is a got toward which managers should strive. However, such a goal is much easier stated than attained.

Responsibility:

Responsibility is closely related to authority and power Responsibility is the obligation to do something in organizations, responsibility is the duty one has to perform organizational tasks, functions, or assignments. Everyone in an organization has responsibilities because everyone has a job or unction to perform. In formal organization there is no other cason the membership.

Impossibility of delegation of responsibility Duties may be assigned to subordinates with appropriate delegation of authority. However, responsibility cannot be delegated. A supervisor's own responsibility is not in the least diminished after delegating authority to a subordinate. In fact delegation of authority might increase the supervisor’s responsibility. The supervisor then is responsible for personal supervision of the subordinate in addition to having the responsibility for seeing that the work of the organization is accomplished. In an extreme case-in a small organization for example- the manager might have a choice of doing the work personally. Supervising the subordinate is not necessary. In either event (whether the manager does the work personally or gets a subordinate to do it) the manager retains complete responsibility for the accomplishment of the work. The spot on

Lady Macbeth’s hand would not be removed by any amount of rubbing or washing. All the perfumes of Arabia will not sweeten this little hand. Responsibility is like Lady Macbeth’ spot subordinates may be delegated authority and assigned tasks. However, in the process the manager's own responsibility is not reduced one white, No amount of delegating will reduce the manager’s responsibility. “Often managers speak of delegating responsibility -to their subordinates. In spite of this common remark, it must be stated that responsibility cannot be delegated or shifted to the sub ordinate.

Source of Responsibility: Responsibility is created within a person when accepting an assignment together with an appropriate delegation of authority. It is not the act of delegating authority of assignment of tasks, which creates responsibility Rather, responsibility is “created’ internally when the person agrees to perform a task. if the person is not agreeable to the conditions of the assignment and is therefore unwilling to be responsible, the assignment should be rejected. An unjustified rejection of an assignment amounting to a refusal to be responsible, could lead to disciplinary action even dismissal.

Flow of Responsibility: Responsibility is largely retained within the person. Responsibility is primarily the person's internal obligation to perform tasks. However a person’s internal obligation is not enough to ensure coordinated performance in organizations Therefore, accountability flows upward through an organization.

Accountability:

In addition to personal responsibility to oneself, an organization member is accountable to higher or appropriate authorities.

Accountability comes-into being because the manger has a right to require an accounting far the authority and power delegated and tasks assigned to a subordinate. The subordinate must answer to the manager concerning the subordinate's stewardship of the authority and power granted by the manager As McFarland has put it, Accountability refers to the fact that each person who is given authority- must recognize that the executive above him will judge the quality of his performance Davis and Filley agree. Each [Organization] member is obliged to report to his superior have well be has exercised his responsibility and the use of the authority delegated to him.

As we have seen a manager cannot reduce personal responsibility by delegation. It is clear that one also cannot reduce accountability to higher authority through delegating. A manager is still accountability directly to higher or other authority for authority delegated and for tasks assigned to subordinates.

Acceptance of responsibility and accountability: Because many people wish to avoid assuring duties or obligation there is a tendency to minimize the responsibility they accept. They do not wish to account to a higher authority. This reluctance to be responsible and to account to someone is undoubtedly the cause of much, organizational ineffectiveness and friction Much labor-management strife may have been cause by the refusal of one or both sides to accept full responsibility for performing their assignments. Labor, for example should accept its responsibility providing needed work in the efficient fashion Management on the other hand, should accept its responsibility to provide maximum possible satisfactions for workers including human as well economic factors. Both sides have often appeared to be more interested in getting a larger share of the given size pie (revenue of the organization). Perhaps they should be more interested in accepting the responsibility to work together to create a larger pie. The responsibility for increasing the, productivity of the organization should be a concern of very organizational member.

Balance of authority-power responsibility and accountability:

Authority, power, responsibility and person in the organization must be balanced if a stable equilibrium is to be achieved and maintained Consider the implications of an unbalance of these factors. Suppose authority (or power) exceeds accountability (or responsibility). The extra authority and power may be used arbitrarily, capriciously or without adequate consideration of the effect on others. This condition also may be unsatisfactory because people may fear the potential acts of the holder of excessive authority or power even if such authority or power is never used Thus a benevolent-dictatorship form of government tends to be unstable. The problem is that the benevolence eventually may run out. Besides, many people do not want others to make decisions for them, however good the intentions of the decision maker. The old maxim, "Power corrupts, and absolute power corrupts absolutely', has much validity.

It also is untenable to think of responsibility exceeding authority and power. If such were the case we would in effect, be holding persons accountable for things that they cannot change or control. This condition is unstable and the persons will eventually object and seek additional authority or power, or they may seek to reduce their accountability and responsibility.

The principal authority – power – responsibility – accountability problem in organizations is that people at all levels may try to maximize their own authority and power. At the same time they may try to minimize their own responsibility and accountability similarly, managers may attempt to maximize the responsibility and accountability of subordinates while minimizing the amount of authority and power delegated to their subordinates. The natural result in an organization of individuals seeking what they often perceive to be their personal best interest is to produce instability not stability, in the organization in terms of authority – power – responsibility accountability relationships.

One of the most important tasks of managers is to seek continuously some sort of acceptable balance between authority, power, responsibility, and accountability, both for themselves and for subordinates the organization chart or structure provides the manager with a most valuable tool in helping structure these relationships. A manager may structure authority, power, responsibility, accountability in the organization through the process of delegating, assigning tasks, and exacting accountability.

Summary:

The relationships, activities, objectives, and communication flow in an organization are structured by the managerial function of organization. Organizing gives meaning and identify to various parts of the organization Often organization charts are useful in the organizing process However, an organization chart is not the organization the chart is merely a static picture of the organization. The organization is best viewed as the pattern of interactions and the relationships among its members. Organizing can make these interactions and relationships more effective by conflicts, defining roles, and producing a blueprint of these relationships.

Organizing divides the total task of the organization in two -ways through vertical specialization in the creation of a hierarchy and through horizontal specialization in the establishment of various departments the organization hierarchy sets up a structure of accountability, and information flow. Departmentalization can be established by function. Product, geography, time and on other bases Matrix structure combines elements of both, product and functional departmentalization, Hybrid designs; using combinations of several forms, are common.

Coordinating these specializing activities is commonly done in a number of ways. The hierarchy, through its authority accountability mechanisms, is perhaps the most common way of ensuring coordination. Other coordinative mechanisms include planning techniques, the use of staff positions, committee's cross-functional teams using integrating specialists and informal methods.

Concepts of Organizing:

To perform the functions of management effectively a manager needs to have a tool kit of organizing concepts and principles. Fortunately, a valuable body of concepts is at hand, ready to assist a manger. This chapter summarizes the most valuable and useful concepts. Knowledge of the concepts gives managers more efficient means of communicating with other managers or organizational members. They are part of the language of managers.

Role of Management:

A large portion of the study of management is devoted to learning the manger’s role. In brief a role may be defined an expected behavior pattern.

In our culture there is general agreement on role of a professor, an engineer, an engineer, a banker, and a student. Similarly, there is general agreement on the role that a manager is expected to perform in an organization. It includes functions of planning, organizing motivating and controlling. Other work or ways of behaving that are often seen as parts of the manager's role include setting an example for others to follow. And, managers represent the organization to outsiders (by making speeches for example), being fair when arbitrating differences among employees, and having a clear understanding of the objectives of the organization.

The role of a typical manager can be compared in marry respects to that of the conductor of an orchestra, (of course the conductor is a manager also-of the orchestra):

1- The conductor plays no music, but is usually the most important member of an orchestra. Similarly, a manager usually will not directly perform the output work of the organization. Nevertheless by effective planning organizing motivating and controlling the work of others, the manager can in large part determine the effectiveness of the organization.

2- Both the conductor and the manager can learn a great deal through study and practice in their respective fields.

3- It is not required that the conductor be an expert performing musician Likewise a manager can perform organizational tasks effectively without necessarily being expert in the technical work of the organization.

Thus some rather clear expectations of the role of a manager have developed. Merely knowing that there is such a concept as the role of a manager will increase managers awareness of their Jobs-Effectively implementing the elements of their role will make them still more proficient as managers.

Line and Staff:

Perhaps the single most widely used concept of management is the concept of line .and staff. Moreover, misunderstanding about line and staff is one of the major sources of friction in organizations. As Koontz, O'Donnell, and well rich say "There is probably no (other) area of - management which causes more difficulties, more friction, and more loss of time and effectiveness. In fact problems in life and staff relationships have been so important that series suggestions have bee made that the retire concept of time aril staff be discarded To Thos who would discard life and staff suggest that lain organization could be based on the tasks nonfunctional jobs of members still regardless of the profiles line and staff main popular and useful managerial and organizational concept.

Much of the combustion regarding line and staff springs from conflicting definitions of them. One definition is related to the functions one performs in the organization A second completely different Failure to differentiate clearly between these two definitions is responsible for many of the problems in the areas of line and staff We will now look at the viewpoints of line and staff as functions and as authority-relationships.

Line and Staff as Functions:

One viewpoint of the line and staff is that they denote different functions within the enterprise line officials are those that have direct accountability for accomplishing the objectives the enterprise. To determine whether particular positions line or staff from the swept one should look a organization as whole or as an outsider sees it Officials in the direct chain of command over workers who directly accomplish the objectives of the enterprise are regarded as line. Every other official is staff. For example, if we assume that the objectives of the organization to produce and sell goods, then the president production manager, and sales manager are line officials the controller, research and development manager, and legal counsel are staff officials these examples illustrate the meaning of line and staff under the delineating functions definition.

Types of Staff:

There are several different types of staff members depending upon their particular position or function in organizations. The types of staff include personal, specialized and general.

Personal staff:

Personal staff members assist a manager in managing the organization through advice, assistance, or service. Some titles used to define personal staff positions include staff assistant, assistant (manager) executive assistant, administrative assistant and assistant to (manager).

Specialized staff:

Expert assistance in the staff member's area specialization is provided to a manager by specialized staff. Often a member of the specialized staff knows more about the area than anyone else in the organization. For example member of the personal department might know more about equal opportunity laws than anyone else in the organization.

Genera staff:

Top-management levels of organization often include general staff members. Usually a member of a general staff is responsible for accomplishing a function of the organization. The army, for instance, has employed the general-staff concept by having general officers in charge of the separate functions of supply, personnel, intelligence, and operations.

Line and Staff in Perspective:

There is significant confusion in many organizations about the meaning of line and staff Moreover, the use of line and-staff concepts seems to create problems of status and conflicts in organizations. Nevertheless, line-and-staff concepts are an important part of the vocabulary of management When used effectively they can assist in structuring the tasks and relationships of an organization, and can be very important in enforcing accountability.

Centralization and Decentralization.

Centralization and decentralization refer to the degree of delegation of duties, power, and authority to lower levels of an organization Centralization or decentralization. May also be thought of as describing the effective level of decision-making for the particular subject area under consideration. The two terms can be thought of as describing position toward the ends of a spectrum

defining the degree-to which dunes, power and authority are delegated to lower organizational levels. A particular-organization may fall at any point on the spectrum. Organization that to a high degree delegate duties, power and authority to lower levels would be placed the extreme left of the spectrum Organizations where top management retains most power, duties and authority would be placed toward the extreme right of the spectrum. Most organizations would be placed somewhere between these two extreme positions probably no organization is completely centralized or decentralized. Complete centralization would mean that .subordinates have no duties, power or authority. Such an organization could, not exist because as an organization could accomplish not there is no organization. Complete decentralization is also untenable since it would mean a complete lack coordinated organized activity. So, in centralization or decentralization we must talk about mort or less, rather than absolutes.

More decentralization is desirable when the organization wishes improved member participation and greater involvement in decisions and the implementation of projects Decentralization also has the advantage of providing a less complex organizational control system.

More centralization is desirable when top management wishes to exercise more direct control over organizational activities. Centralization also helps to provide greater uniformity or integration of efforts in the organization.

Committees:

A highly popular and prevalent organizational form is the committee.

A committee is a group of people who meet by plan to discuss or make a-decision for a particular subject. Because a committee meets by plan, we do not include groups that occur spontaneously or informally in the definition of a committee.

Like many other managerial concepts, committees can best be studied in terms of their advantages. Although such statements are common, one who is for or against committees really displays a lack of understanding of their nature. A manager taking such a short-sighted view will probably not make the most effective use of the committee in helping to attain organizational goals the advantages and disadvantages of committees must be weighed to determine whether or not the use of a committee will assist in achieving desired organizational performance. Then a manager decides how a committee can be used to best advantage.

Advantages of Committees

Committees have many potential advantages to organizations. The following are some of the more common and important advantages of committees:

1- Creating. Through brainstorming and other group creativity activities, committees can produced creative ideas valuable to practically every organizational function.

2- Communicating. A committee can be an excellent means of transmitting information and ides to interested organizational members.

3- Motivating. By participating in discussions or decisions a committee, a member will likely be more high motivated to accept a situation or implement a decision.

4- Democratizing. Where desired, a committee on the used to reduce the tyranny of an executive and to permit great member participation in decision making. The Unitec States Congress can be viewed as a committee that attempts to accomplish such a purpose A committee car thus serve as a balance to the formal, executive authority structure of the organization.

5- Consolidating power and authority. Often individual members do not have enough power and authority to make or implement a particular decision A committee can there be an excellent, means of collecting and combining .the authority and power of several individual members. The combined or consolidated power and authority of the whole committee may thus be sufficient to make or implement desired decision. Suppose a problem in a manufacturing firm involved both sales and production functions, neither the sales manager nor the production manager can alone make the necessary decision, but a good solution might be made at a committee meeting attended by these two officers. Additional persons who give effective information and counsel might also be included in the committee membership. In combining the efforts of several responsible officials, a committee is often known as a plural executive.

6- Combining abilities. Committees often serve a valuable function by providing a mean whereby the knowledge and abilities of several persons can be brought to bear on a problem “Several heads may be better than one”. A committee will often make decisions of better quality than the individual might make.

7- Avoiding action. When an executive wishes to avoid action on a specific problem. it may be assigned to, a committee With adroit leadership the committee might quite easily get bogged down in impermeable debate and in decision The chairperson might also delay action by not scheduling meetings, and by injecting red-herring issues into the discussion.

8- Blurring responsibility. In some circumstances it is desirable that a committee take responsibility for actions for which, individuals do not wish to be responsible in many law trials for example, a jury renders a verdict because it is believed that the decision is too important to be entrusted to an individual Another example of the us of blurred responsibility may be found in universities when committees invariably judge whether or not a graduate student will receive a degree Most persons feel that the responsibility for overseeing a graduate student's program is far too great for an individual faculty member. So a committee, a formless creation, shoulders the blame in case the student's program is terminated.

9- Coordinating A committee can perform as an excellent coordinating device. It can bring together for agreement on a course of action all parties who will be involved in accomplishing an activity.

10- Advising. A manager might wish advice .and counsel before making a decision for this purpose a committee may be convened.

11- Representing. A committee can provide a forum for all sides of a question to be given a hearing before a decision is mad Also, the committee may often be a meeting ground where differences are resolved and compromises are reached.

Disadvantages of Committees:

A number of disadvantages are also inherent in committee organization and operation. The following are some of the more. Significant disadvantages:

1- Cost Because a committee consumes the time of several persons the cost of the members time can quickly amount up For example, a one-hour meeting of six 35,000 dollars per year managers will cost approximately 140 dollars for only the time of the members during the meting. Time and expenses of travel, preparation, other matters can quickly run the cost of such a meeting much higher.

2- Least denominator. It often happens that a committee decision is "watered down" and is not the best from anyone’s viewpoint. Possibly nobody is happy with a committee decision. At least the decision maker would presumably be happy with a personally made decision.

3- Indecision. Because of conflicting viewpoints of members or poor leadership, a committee is sometimes unable to reach a needed decision.

4- Split accountability. It is often is very difficult to enforce effective accountability against a committee Members may hide behind the facade of the committee and may avoid personal responsibility by claiming. "It was not my decision the decision was made by a committee.

5- Tyranny of minority. Since committees usually seek a consensus or unanimous agreements it is easily possible for a minority of the committee to thwart committee action by refusing to accept the majority viewpoint.

6- Self-perpetuation - Committees are usually formed for a specific purpose. If often happens, however, that a committee continues to meet long after it has ceased to serve a useful purpose. The tendency to perpetuate themselves is particularly noticeable in committees which have assembled their own staffs of secretary’s research assistants, or attorneys.

CHAPTER (4)

The Controlling Process

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The Controlling Process

INTRODUCTION

In this unit we will be describing the process of control the. Various control methods that managers can use, and the ways in which the control process can be made effective. Why do we have a unit of control? Earl P. Strong and Robert D. Smith have described the need for control this way.

There are a member of conflicting viewpoints" regarding the best manner in which to manage an organization. However theorists as well as practicing executives agree that good management requires effective control. A combination of well planned objectives strong organization capable direction, and motivation have little probability for success unless there exists an adequate system of control.

In other words, the information in the other past of this book no planning, organizing .and leading even if it were effectively applied, is not. Likely to help managers achieve their goals unless the information on control is also applied effectively.

The Link between Planning and Controlling:

Perhaps the simplest definition of management control is the process through which mangers that actual activities conform to planned activities. This definition has the advantage of pointing to the close link between planning and controlling the organization's operations an association we first discussed In the planning process the fundamental goals and subjective of the organization and the methods for attaining them are established the control process managers progress toward those goals and enables managers to detect deviations from the plan so that they can take whatever remedial action is necessary (including a change in the plan). In fact most good plans have controls (such as budgets) built into them While the functions of planning and controlling should be kept distinct (so that neither function is slighted). The control process would be meaningless without previously established standards or goals.

What is Control?

Our simple definition of control suggests what control is intended to accomplish It does not however, indicate what control is. Robert J. Mockler has defined control in a way that indicates the essential elements of the control process:

Management control is a systematic effort. to set performance standards with planning objectives, to design information, feedback systems to compare actual performance with these predetermined standards, to determine whether there are any deviations and to measures their significance, and to take any action required to assure that all corporate resources are being used in the most effective and efficient way possible in achieving corporate objectives".

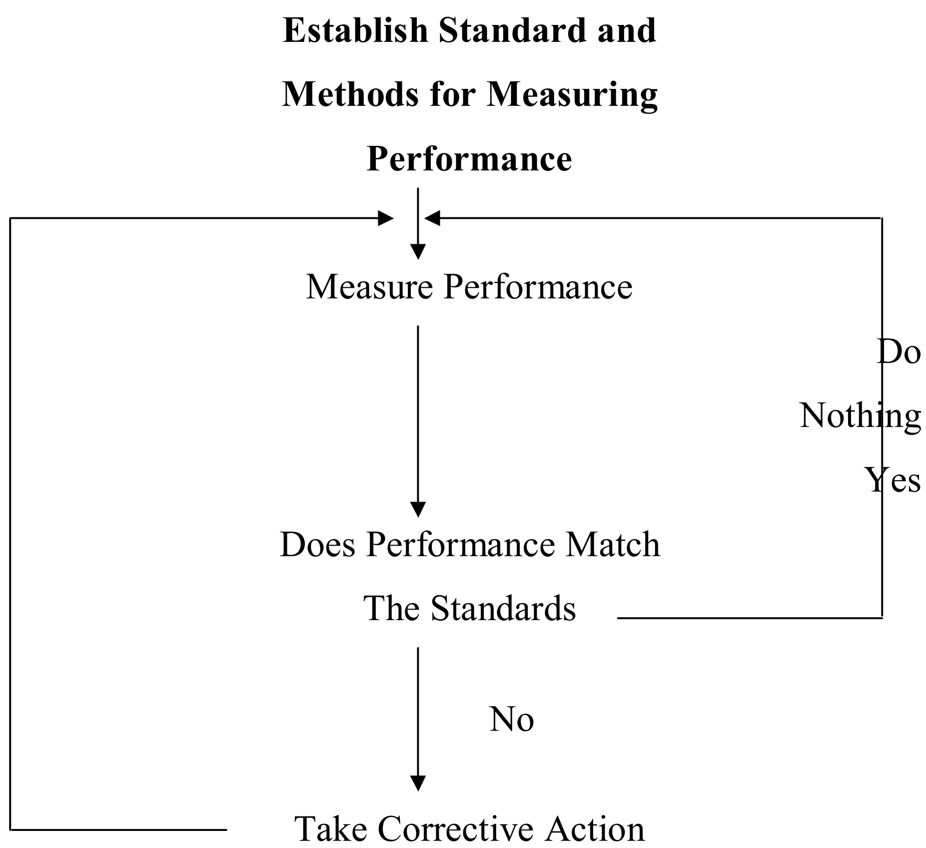
This definition divides control into four basis steps:

1- Establishing standards and methods for measuring performance.
2- Measuring actual performance.
3- Comparing performance against standards and interpreting any discrepancies.
4- Taking corrective action (if appropriate).

We will briefly introduce these steps here and discuss them in greater detail later in this chapter.

Steps in the Control Process:

The four basic steps in the control process and their relationship are illustrated in Figure below. The first step is to establish standards and methods for measuring performance depending on the aspect of the organization to be controlled this step could involve standards and measurements for everything from sales and production targets to worker attendance and safety records. For this step to be effective, the standards must be specified in meaningful terms and then must be accepted by the individuals involved The methods of measurement should also be accepted and accurate. An organization may set an object to become the “leader in its field”, but this standard will mean little more than verbal inspiration, unless leadership is defined and an adequate way to measure it is established.



Basic Steps in the Control Process

The second step is to measure the performance. Like aspects of control, this is an engaging repetitive process, with the actual frequency dependent on the type of activity being measured. Safe levels gas particles in the air for example, may be continuously monitored in a manufacturing plant, while.

Progress on long-term expansion objectives may need to be reviewed by tap management only once or twice a year.

A fault to be avoided however is to allow too long a period of time to pass between performance measurements. Declining sales or production output is best discovered as soon as possible after it occurs, not at the end of a fiscal period when remedial action may be twice as costly or even impossible.

Does performance match the standard? In many ways, this is the easiest step in the control process to carry out. The complexities presumably have been solved in the first two steps; now it is simply a matter of comparing measured results with the target or standard 'previously set. If performance matches standards, managers may assume that "everything is under control" and, as Figure shows, they do not have to intervene actively in the organization's operations (They will, of course, have to continue the monitoring or. measuring aspects of control. in case deviations subsequently develop). Successfully achieved standards, however do provide an opportunity for mangers to translate this success into encouragement and motivation for the organization members involved in achieving them.

One part of this step that can increase its complexity is the need to interpret any deviations from the standard- Some deviations may be due to a temporally or unimportant circumstance, rather than to a real problem or flaw in the plan. Lower sales in July and August for example may be due to the act that people are on vacation rather than to a loss of interest the company's product.

The final step is to take corrective action if performance falls short of standards and. the analysis indicates action is required. This corrective action may involve a change in one or more aspects of the organization's operations, or it may involve a change in the standards originally established. Unless mangers see the control process through to its conclusion, they are merely monitoring performance rather than exercising control. The emphasis should always be on devising constructive ways to bring performance up to standard rather than merely to establish blame for past failures.

Changes

Suppose the Pinpoint Pencil Company, a supplier to our Top Drawer Office Supply Company, operated in a static market. Every year the company would make and sell the same number of pencils to the same customers. Manufacturing and labor -costs would never vary, nor would availability and costs of materials. In other words, last year's results would govern this production. Planning and controlling for this company would quickly become automatic. In that sense the active functions of planning and controlling would no longer be necessary.

Even in the most stable industries, however, such a situation does not exist. Chance is an integral part of almost any organization’s environment. Markets shift new products emerge; new materials are discovered; new regulations are passed. The control function enables. Managers to detect changes that are affecting their organization’s products or services. They can then move the cope with the threats or opportunities that these changes represent.

Complexity:

The one-room schoolhouse and the small family business could be' controlled on an info comparatively haphazard basis. Today's vast organization, however, require a much more formal and careful control approach. Diversified product lines need to be watched closely, to ensure that approach. Diversified product lines need to be watched closely to ensure .that quality and profitability are being maintained; sales in different retail outlets need to be recorded accurately and analyzed the organization's various markets, foreign and domestic, require close monitoring.

Adding to the complexity of today's organizations is the development of decentralization. For example, many organizations now have regional sales and marketing offices, widely distributed research facilities, or geographically separated plants. Such decentralization can simplify an organization's control efforts since all the organization's operations no longer have to be controlled by central headquarters. Paradoxically, however, in order for decentralization to be effective, each decentralized unit's control activities have to be especially precise. Performance against established standards has-to be watched closely so that general managers can appraise the effectiveness of the unit for which they are responsible and so that corporate management can in turn, appraise the effectiveness of the general managers.

Mistakes:

If they or their subordinates never make mistake managers can simply establish performance standards an watch out for significant and unexpected changes in the environment. But organization members do make mistakes wrong parts are ordered, wrong pricing decisions are made problems are diagnosed incorrectly. A control system allows managers to catch these mistakes before they become critical.

Delegation:

As we discussed before, when managers delegate authority to subordinates their responsibility to their own superiors is not diminished. The only way managers can determine if their subordinates are accomplishing the tasks that have been delegated to them is by implementing a system of control, without such a. system, managers will be unable to check on subordinate's progress, and so will be unable to take corrective action until after a failure has occurred.

Finding the Right Degree of Control:

The word "control" often has unpleasant connotations because it seems to threaten personal freedom and autonomy. In an age when the legitimacy or authority is being sharply questioned, and when there is, a widespread movement toward greater independence and self-actualization for individuals the concept of organizational control makes many people uncomfortable Yet, the need for control in organizations as we have seen, is particularly acute today; in addition, organizational control methods are becoming more precise and sophisticated, particularity since computers have come into widespread use How can managers deal with the potential conflict ‘between the needs for organizational control and personal autonomy?

One way to deal with the seeming disparity between these two needs is to recognize that too many controls (that is too many means or methods of control) will harm the organization as well as the individuals within it. Controls that bog down organization members in red tape or limit too many types of behavior will kill motivation, inhibit creativity and, in the end, damage organizational performance.

The degree of control that is considered extreme or harmful will vary from one organization to another.

A machine shop for example may require much tighter controls than a research laboratory. Even within laboratories, some control variations will be found, since some experiments- must be carried out under extremely precise conditions. Other experiments will not require such carefully controlled conditions. The economic climate may also affect the degree control that is considered acceptable by organization member in a recession, most people will accept tighter controls and restrictions; when things are booming rules and restrictions will seem less appropriate. Regardless of the situation, excessive control will do more harm than good to the organization.

Inadequate control will, of course, harm the organization by allowing resources to be wasted and by making it more difficult for organizations to attain their goals However, individuals may also be harmed by inadequate controls; a decrease in control does not necessarily lead to an increase in personal autonomy. In fact, individuals may have even less personal freedom and autonomy, because they may not be able to predict or depend on what their co-workers will do. (Anarchy, the lack of any social or organizational controls is not a situation of great personal freedom but one of massive uncertainty and ‘unpredictability); In addition, the lack of an effective system of organizational controls will mean that individual managers will have to supervise their subordinates much more closely, further reducing the freedom of those subordinates. If the lack of controls is extreme, the organization will likely fail removing the freedom of members to pursue their personal goals within the organization.

Like most issues in management, then, the task for managers is to find the proper balance-in this case, between organizational control and individual freedom With too much control organizations become stifling, inhibiting and unsatisfying places in which to work with too little control organizations become chaotic, inefficient, and ineffective in achieving their goals.

Because organizations, people, environment and technology keep changing, it is likely that any effective control system will require continuing modification and fine tuning for it to remain effectively balanced. For example an organization's manufacturing or service divisions may employ relatively unskilled individuals who are not very interested "their work the organization's control system might therefore require fairly frequent and detailed quality and productivity checks to compensate for the -lack of worker interest. It the organization opened up a new operation to, produce the same product or service in a different location, where the workers it hires are more skilled or more interest: the work, the control system might have to be redesigned to allow for the differences in the workers skills and interests for stance fewer points measurement might be used. The workers could be given more autonomy, and more responsibility might be placed on the workers to monitor and correct their own performance.

TYPES OF CONTROL METHODS

Most methods of control can be grouped into one of three basic types, steering controls, screening or yes-no controls, and post-action controls. We will discuss these control types here.

Steering Controls:

Steering controls, or “feed forward controls are designed to detect deviations from some standard or goal and to allow corrections to be made before particular sequence of actions is completed The term "steering controls" is derived from the driving of a motor vehicle the driver steers the car to prevent it from going off the road or in a wrong direction so the proper destination. Will be reached. Obviously, to be usable; steering controls, are dependent on the manager's being able to obtain timely and accurate information about changes in the environment or about progress toward the desired goal.

Yes-No or Screening Controls:

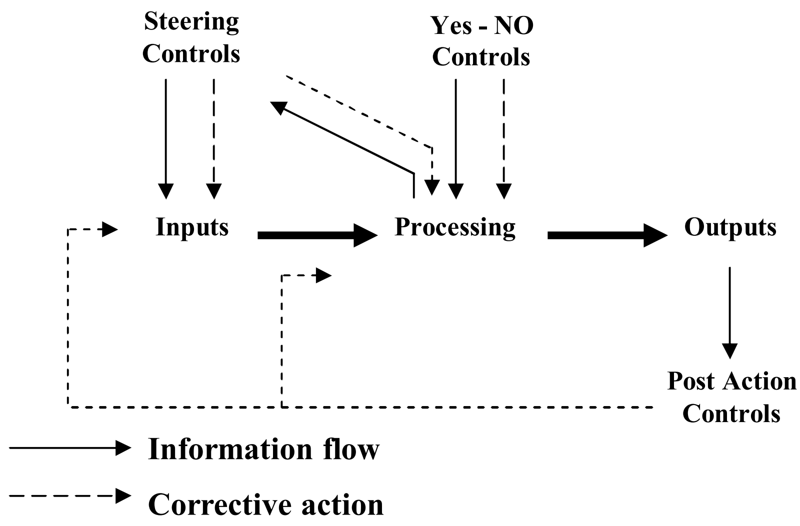
This type of control provides a screening process in which specific aspects of a procedure must be approved or specific conditions met before operations may continue. More common examples of yes-no controls, are quality control inspections, safety checks, and legal approval of contracts.

Because steering controls provide a means for taking corrective action while a program is still viable, they are usually more important and more widely used than other types of control. However steering controls are rarely perfect-they do not catch all possible deviations from a plan or standard nor are they always effectively applied. For these reasons, yes-no controls are particularly useful as ''double-check' devices. Where safety is a key factor, as in aircraft design or the production of chemicals, or where large expenditures are involved, as in construction or aerospace programs, yes-no controls provide managers with an extra margin of security.

Post-Action Controls:

As the tem suggests, post-action controls measure results from a completed action. The causes of any deviation from- the plan or standard are determined, and corrective action is applied to future activities that are similar to those that have already bean completed. In our Top Drawer Company exampled we would exercising a form of post-action control by stipulating for our next quarter's that 10 percent of the sales quota must come from new business Post-action controls are also used as a basis for rewarding or encouraging employees (for example meeting a standard may result in a bonus).

The flow of information and corrective action for all three types of control is shown in Figure below. As can be imagined the speed of information flow is a vital factor in efficient control, since the sooner deviations are discovered the sooner corrective action can be taken. The accuracy of information is also extremely important, since corrective action for present or future activities will be based on the information obtained from reports, computer printouts, and other sources.



Flow of information and corrective actions for three Types of Control

There are other: ways to classify controls besides the classification we have discussed. For example, Wm. Travers Jerone III has provided an interesting classification of control methods based on the uses to which the controls are put.

The importance of Steering Controls:

The three types of control we have discussed - steering, yes—no, and post action are, not alternatives to each other. Most organizations will use a combination of all three in attaining their goals. Steering control are, however Particularly important Just as outfielders cannot wait until a fly ball lands to see where they should have been standing managers cannot afford to wait until all results are in before they begin to evaluate performance. If they do wait, they will usually find that it is too late to take corrective action. And where corrective action is still possible, it is likely to be far more costly than, it would have been if it were taken earlier. For example, the sales decline in Coacher's division of the Top Drawer Company is not irreversible a major effort to sign new customers will take time however, and sales for the past quarter have already been lost An earlier recognition of the problem would have problem would have permitted an earlier start on signing up new customers and probably would have resulted in higher sales for the quarter.

In addition to allowing managers to correct miscalculations, steering controls, allow managers to take advantage of unexpected opportunities. Deviations from a standard or, plan may, after all, take place in. a positive direction; by becoming aware of these deviations before it is too late, managers can shift their organization's resources to where they will do the most good. For example, steering controls may detect greater than expected sales in a new product line, the number of those new products to be manufactured can then be increased.

THE CONTROL PROCESS

In this section we will expand our description of the steps in the control process. Although much of our discussion will be appropriate to yes-no and post-action controls, our primary focus will be on the development of effective steering controls. Our emphasis is based on the fact that steering controls have the greater potential for helping managers achieve constructive results.

The Control process:

William H. Newman has provided a rich discussion of the proceeds for establishing a control system. We will describe his approach in terms of five basic steps:

(1) Define desired results.

(2) Establish predictors of results.

(3) Establish standards for predictors and results.

(4) Establish the information and feedback network.

(5) Evaluate the information and take corrective action.

Before discussing these steps, we should note that they can be applied to all types of control activities from. Newman has identified several early warning predictors that can help managers estimate whether or not desired results will be achieved. Among these are:

(1) Input measurement. There are certain key elements in any situation that will enable managers to forecast final results

For example, incoming orders will determine the number of items to be manufactured raw material costs will directly affect future product prices a worsening in economic conditions will very likely cause a decline in consumer demand. A change in these key inputs will suggest to managers that they need either to change their plans or to take some other corrective action.

(2) Results of early steps. If earl results are better or worse than expected a reevaluation may be called for and appropriate action taken. The first months sales of a new ice cream flavor, for example, may provide a useful indication of its future popularity.

(3) Symptoms. These are conditions that seem to be associated with final results, but they do not directly affect those results. For example, whenever sales representatives get their sales reports in late, the sales manager may assume quotas have not been met. An office manager may anticipate greater employee productivity on rainy days because he or she assumes that staff members will have sandwiches sent in rather than take a lengthy break for lunch. The problem with symptoms, as we have implied earlier, is that they are susceptible to very wrong or misleading interpretations.

(4) Changes in assumed conditions. Original estimates are based on the assumption that normal conditions will prevail. Any unexpected changes, such as new government regulations, new developments by competitors; or material shortages, will indicate the need for a reevaluation of tactics and goals.

Aside from early warning predictors, managers may use past results to help them make estimates of future performance. In this type of post-action control, performance on a previous cycle is used to make predictions and (if necessary) adjustments for the next cycle. For example, if a reduction in last year's market testing led to an above-average number of new product failure, market testing this year may be increased. As a general rule, the greater the number of reliable and timely predictors the, manager can establish, the more confident the manager can be in making performance predictions.

Establish Standards far Predictors and Results:

Establishing standards, or pars, for predictors and final results is an important part of designing the control process. Without established pars managers may overreact to minor deviations or fail to react when deviations are significant. They may also fail to develop a clear idea of the results they desire.

To be meaningful, pars or standards must be appropriate for the particular circumstances. For example, receiving 200 customer complaints in a month when the service shop is in the process of reorganization is probably not as significant as receiving 50 complaints in a month when the shop should be functioning smoothly. Pars also need to be flexible in order to adapt to changing conditions. For instance, a new salesperson who proves to be an above-average performer should have his or her sales standard adjusted accordingly similarly, expected delivery times need to be adjusted if the local highway is being repaired.

Establish the Information and Feedback Network:

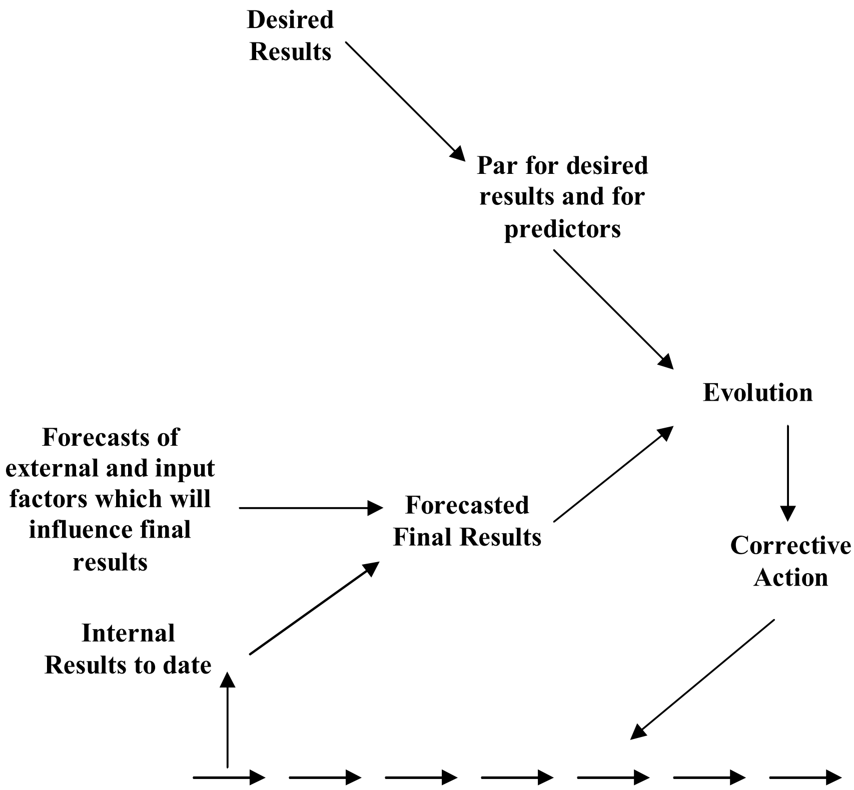
The fourth step in the design of a control cycle is to establish the means for collecting information on the predictors and for comparing the predictors against their pars as we shall see the communication network works best when it flows not only upward but also downward to those who must take corrective action. In addition, it must be efficient enough to feed the relevant information back to key personnel time for them to act on it.

To keep managers from getting bogged down in communications about how matters are progressing control communications are often based on the management by exception principle. This principle suggests that the controlling superior should be informed about an operation's progress only if there is a insignificant deviation from the plan or standard. The superior can then concentrate fully on the problem situation if matters are proceeding as planned (or with only minor deviations), there is no need for the superior to be informed.

Evaluate Information and Take Corrective Action:

This final step involves comparing predictors to pars. Deciding what action (if any) to take, and then taking that action.

Information about a deviation from par must first be evaluated; as we suggested earlier, some deviations are due to local or temporary circumstances and will not really **** final result. Alternative corrective actions, if they are required are then developed and evaluated. Sometimes the corrective action will be straightforward and. obvious; if a supplier runs out of raw material, for example, another supplier will have be located At other times, at multifaceted, complex action will become necessary For instance, if there is an industry wide raw materials shortage alternative materials may have to be found, products may have to be redesigned, and previously established goals may have to be revised These changes may require the entire planning and controlling cycle to have a new start.



Elements in a Control Cycle

Jerome E. Schnee and Thomas P. Ferene have described a number of critical issues that must be dealt with establishing a control system. We will describe six of these issues:

1- What types of measures are to be used?

2- How many measures are to be used?
3- Who establishes the measures and standards?
4- How flexible the standards are to be.
5- How frequently measurements will be taken.
6- What direction feedback will take?

Types of Measurement:

If managers could always measure performance directly, then their task of establishing a control system would be enormously simplified. Unfortunately, performance is difficult to measure directly for many types of activities. The quality of a research group's ideas for example, may be difficult to determine with any degree of accuracy. Managers may therefore find it necessary. To measure what appear to be components or correlates of performance the productivity of the research group, for instance, might be measured by the number of progress reports it issues.

The danger inherent in this method is that managers may select something that is easy to measure rather than .something that is really correlated with performance. An endless stream of progress reports from the research group, for example, might well indicate a lack of real progress, since significant research breakthroughs might not allow time to write a series of reports or would be communicated in a single technical paper. Another danger is that managers may encourage the correlated behavior rather than work performance itself. For example, research group members might spend their time writing reports increased of doing research if they know their performance is being judged by the frequency of their reports.

Another measurement approach involves monitoring the activities that appear to lead to performance For example sales performance might be judged by the number of calls the salesperson makes or by the number of days he or she spends on the-road. This type of measurement is often regarded as irrelevant or annoying by the persons being controlled. It also runs the danger that managers will concentrate on means (the number of calls) at the expense of ends (the number of actual sales).

Most types of measurement are based on some form of established standards. Such standards may be historical-that is based on records and information concerning the organization's past experiences. Sales standards, for instance, are often historical in nature- the sales people are expected to increase sales by a certain amount each year. A problem with historical standards is that past performance may have been poor, in addition, circumstances may have changed since past to were compiled.

External standards are those derived from other organizations or other units of the same organization (such as the company's various sales offices). The difficulty here is in finding organizations or units that are similar enough to make the external standards meaningful. Wherever possible, predetermined standards should be used. These standards (or budgets) are developed in the planning process: they are based on careful study and analysis of the organizational units internal and external environments.

Engineered standards, concerned .with machine capabilities, are often supplied by machine manufacturers. Time and motion studies are useful in setting assembly-line productivity standards, if the cost of the engineer who will perform these studies will be offset by the .savings in efficiency, and if employees are wiling to accept the new standards. Even professional tasks that are repetitive in nature, such as some surgical procedures or the drafting of simple wills, may have reasonable time standards set for them. For other types of tasks, subjective standards, which are based on a manager's discretion, may be established. Such subjective standard become more appropriate the complexity of a task increase.

The Number of Measurements:

As we have already suggested, managers need to develop a control system that is balanced. There need to be enough measures of performance to detect important deviations and to guide behavior in the desired direction; but too man performance measures will cause excessive effort to be devoted to control ad will cause subordinates to feel controlled. When a system is not functioning as well as desired, managers are, frequently tempted to add more control measures. Sometimes this approach is useful, particularly when organizational units are exceed in their budgets, and. deadlines and quotas are being missed. Frequently; however, adding more controls simply causes the few measures that are really important to be neglected. It is hard to focus on the major determinants of performance and the top priority items when a multitude of performance measures exist.

Authority or Setting Measures and Standards:

Performance standards can be set with or without the participation of the people whose performance is being controlled. We have discussed the advantages of subordinate participation in the standard-setting process in a number a places throughout our text. When standards are set unilaterally by upper-level managers, there is a danger that employees will regard those standards as unreasonable or unrealistic; they may then refuse to meet them.

Even with participation, standard setting can degenerate into a form of game playing if managers and subordinates do not believe they have common goals. For example, subordinates may seek to negotiate low standards so that they will be able to achieve them easily; managers may seek to set unrealistically high standards initially in the hope of motivating subordinates to greater effort.

Flexibility of Standards:

Managers need to determine whether or not standards should be uniform throughout the similar units of the organization. Sales territories, for example, they are considered roughly equivalent, and so the performance of salespeople may be measured against a uniform standard. (In other words, the person with the largest number of sales in the measurement period will be considered the best salesperson for. that period). Often, however, allowances must be made for the different circumstances each organizational unit or member must face. For instance when sales territories are not comparable, a salesperson's performance- may be judged by the past sales history of his or her specific territory.

Managers need to make a similar decision about the extent to which qualitative versus quantitative measures will be used in the control system. For some tasks (such as envelope stuffing) performance may be accurately and easily measured in quantitative terms. For other tasks (such as research and development activities), both qualitative and quantitative measures will have to be used. Obviously, precise qualitative measures are extremely difficult to establish. But even rough measures are usually better than none at all.

Frequency of Measurement:

How frequently and when performance should be measured depends on the nature of the task being controlled. Quality control of items coming off an assembly line often requires hourly monitoring, because the quality of the raw materials or parts entering the assembly line may change during the day. Product development, on the other hand may be measured on a monthly basis, since significant changes are unlikely to take place on a daily basis.

Managers are often tempted to measure performance a some convenient time rather than when the performance to be controlled should be measured. For example, they may wish to check product quality at the end of the work day, to check plant safety arrangements over a weekend when the plant is empty, or to evaluate employees only during an annual review period. Such a temptation should be avoided, since inaccurate measurements may result. For example, assembly-line employees may be especially careful with the last run of items on the assembly line if they know a quality inspection will take place at the end of the day. Random inspection during the workday would probably provide more realistic measure of product quality.

Direction of Feedback:

The purpose of control is to ensure that present plans are being implemented and that future plans will be developed more effectively. If the control system provides information merely for superiors to check up on their subordinates, the effectiveness of the system is lost the people whose actions are being controlled may never find out what they are doing wrong and what they need to do to perform more effectively. In addition, the individuals being controlled will see the control system as punitive and hoe as an encourage at to improved performance.

The individuals whose actions are being monitored are usually in the best position to take whatever corrective action is necessary, because they 'are closest to the activities being controlled. Thus a well-designed control system will usually include feedback of control information to the individual or group performing the controlled activity. The same information will not necessarily be provided to the individual's or group's superior.

PERRORMANCE AREAS

In order for upper-level managers to establish effective control systems, they must first identify the key performance areas of their organization or unit. Key performance or key result areas are those aspects of the unit or organization that have to function effectively in order for the entire unit on organization to succeed. These areas: usually involve major organizational activities or groups of related activities that occur throughout the organization or unit- for example its financial transactions, its manger subordinate relations, or its manufacturing operations The broad controls that upper manager establish for these key performance areas will help define the more detailed control systems and standards lower-level managers.

Strategic Control Points:

One important task in designing an effective control system at all levels of the organization is to isolate the points in the system where monitoring or information collection should occur The points selected should be the ones that are critical in determining, the overall success of the activity hang controlled If such points can be located, then the amount of information that has to be gathered and evaluated. Can be reduced considerably.

One useful way to find an operations strategic control points is to locate those areas of the operation in which change occurs For example, in an organizations system for filling customer orders, a change occurs when the purchase order becomes an invoice, when an inventory item becomes an to be shipped, or when the item to be shipped becomes part of a truckload Since things are most likely to go wrong when such changes occur monitoring change points is usually a highly effective way to control an operation.

A more important and useful method of selecting strategic control points is to focus, on the most significant elements in a given operation. Usually only a small percentage of the activities, events individuals or objects in a given operation will account for a high proportion of the expense or problems that managers will have to face.

CHARACTERISTICS OF EFFECTVE CONTROL SYSTEMS

In this section we will discuss the characteristics that have been shown to be associated with reliable and effective control systems. While the importance of these characteristics varies with individual circumstances, most control systems are strengthened if they are:

1- Accurate.
2- Timely.
3- Objective and comprehensible.
4- Focused on strategic control points.
5- Economically realistic.
6- Organizationally realistic.
7- Coordinated with the organization’s work flow.
8- Flexible.
9- Prescriptive and operational.
10- Acceptable to organization members.

If a control system is missing even a few of those characteristics, it will probably be ineffective in helping the organization meet its goals.

Accurate:

Obviously, information on performance must be reasonably accurate in order for the organization to take appropriate corrective action. In accurate data_from a control system can cause the organization to take that will either fail to correct a problem or create a problem where none exists. For example, a foreman may report to a supervisor that parts are being damaged on one assembly line because the people on that line are inadequately trained". In fact the machines on that particular line may be at fault the supervisor may devote time and resources to additional training that will not solve the problem and that may even be resented by the employees if it is perceived as unnecessary. Evaluating the accuracy of the information they receive is one of the most important control tasks that managers face.

Namely:

Although this characteristic has been mentioned before, we are repeating it here to underline its importance. Information must be collected routed to the appropriate destination and evaluated quickly if corrective action is to be taken in time to produce improvements Otherwise, managers may act too late, act incorrectly, or simply-not act at all.

Objective and Comprehensible:

Most readers have probably had the experience on finding an instruction or repair manual difficult to; understand. The annoyance confusion or frication such manuals cause makes it difficult to function coolly and effectively. To be useful the information used in a control. system should be understandable and seen- as objective by the individuals involved. The less subjective or ambiguous the control system is the greater the likelihood that individuals will take the appropriate corrective action at the proper time. A difficult understands. Control system will cause unnecessary mistakes to be made and will normally cause employee resentment.

Focused on Strategic Control Points:

As we mentioned earlier, the control system should be focused on those areas where deviations from the standards are most likely to take place or where deviations would lead to the greatest harm. The system should also be focused on those points where corrective action can be most effectively applied for example it would obviously be absurd to control parts quantity after the parts have already been packaged or shipped parts quality is most logically checked immediately after the parts come off the assembly line.

Economically Realistic:

The cost of implementing a control system should be these on at most equal to the benefits derived from the control system: For example, it managers are spending L.E.60000 on control to realize a savings of L.E.50000; they need to redesign their control system. The best way to minimize waste or unnecessary expenditure in a control system is to do the minimum amount necessary to ensure that the monitored activity will reach the desired goal. For instance, in most organizations a sales manager would he wasting time and money if he or she insisted on receiving daily sales reports. Weekly or monthly sales reports are usually sufficient or effective control of a sale staff.

Organizationally Realistic:

The control system, to be workable, has to be compatible with organizational realities, for example there has to be an equitable balance between the effort necessary to attain the desired performance level and the reward for achieving it.

Manager who set excessively high standards and try to induce subordinates to adhere to those standards may well find that their subordinates will simply stop reporting deviations. Status differences between individuals also have to be recognized. Individuals who have to report deviations to someone they perceive as a lower-level staff members may- stop taking the control system seriously.

Coordinated with the Organization's work flow:

Control information needs to be coordinated with the flow of work through the organization for two reasons first, each step in the work process may affect the success or failure of the entire operation. Second, the control information must get to all the, people who need to receive it. For example, an appliance company that receives parts from several of its manufacturing. Plants and assembles them in one central location needs to be sure that all parts plants are performing up to par. Plant managers also need to know when a serious problem develops in one of the other plants, since the work pace in their own plants may have to be adjusted.

Flexible:

As we suggested earlier, few organizations today are in such a stable environment that they do not have to worry about the possibility of change and so can apply, a rigid set of control.

For almost all organizations, controls must have flexibility built into them so that the organizations can react quickly to overcome adverse changes or to take advantage of new opportunities

Prescriptive and Operational:

Effective control system ought to indicate, upon the detection of a deviation form standards, what corrective action should he taken in other words, they must be focused on what should be done, rather than' simply convey 'facts. The information must also be in a usable form when it reaches the person responsible for taking the necessary action. For example, information on plant-wide quality control is not as usable as quality control information that is focused specifically on an individual or work group.

Acceptable to Organization Members:

Ideally a control system should lead to performance by organization members by encouraging their feelings of autonomy, responsibility, and growth. Often, however obtaining timely and accurate information and taking corrective action will conflict to some extent with the individual needs employees. In such a case the control system should at leas avoid discouraging employees to the point where they will lower their performance. For example, too many controls, or controls that are too rigid, will often cause the satisfaction (and usually the motivation) of employees to decline such a negative effect must be taken into account when the efficiency of a control system is assessed.

Worksheet

FOR DISCUSSION

Chapter (1)

1- What is meant by Planning?

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2- Mention the six planning questions:

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3- What are the advantages of planning?

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5- What is the relation between controlling and planning?

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6- Where is planning done?

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7- What are the different bases for classifying plans?

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8- What is meant by purchasing policy?

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9-What is meant by marketing policy?

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10-What is meant by promotion policy?

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11-Explain briefly what is meant by procedure?

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12- What is the difference between short and long-range plans?

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13-What are planning steps? Explain briefly two of them.

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Chapter (2)

1- What is the difference between individual and managerial decision making?

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2- What is the difference between programmed and un-programmed decisions?

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3- Indicate the steps of the decision-making on a diagram.

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4- What are the five common styles of decisions?

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Chapter (3)

1-Organizing is concerned with Complete:

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2- How can on organization charts assist?

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3-What is meant by?

A-Authority?

B-Delegation of authority

c-Power

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4-What is the relation between authority and power?

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5-Discuss briefly what do we mean by responsibility?

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6-What is the difference between centralization and decentralization-Give some examples.

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7-Briefly discuss the advantages of Committees?

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8-Briefly discuss the disadvantages of committees?

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Chapter 4

1- Define controlling; and then identify its different types

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2- Explain the different steps of controlling process

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3- Mention the characteristics of effective controlling

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