ASSIGNMENT

Course Code	:	**MS-01**
Course Title	:	**Management Functions and Behavior**
Assignment Code	:	**MS-01/SEM - I /2011**
Coverage	:	**All Blocks**

Note: Answer all the questions and send them to the Coordinator of the Study Centre you are attached with.

QUESTION 1

How do organizations cope with/postpone prospered obsolescence of managerial personnel. Discuss the role of leadership in the process. Explain with an example from an organization known to you. Please describe the organization briefly

Obsolescence of managerial personnel is a situation where managers cannot keep up with the latest technology or are not as well-qualified as more junior staff

Postponement obsolescence

Postponement obsolescence refers to a situation where technological improvements are not introduced to a product, even though they could be. One possible example is when an auto manufacturer develops a new feature for its line of cars, but chooses not to implement that feature in the production of the least expensive car in its product line.

Technical obsolescence

Technical obsolescence may occur when a new product or technology supersedes the old, and it becomes preferred to utilize the new technology in place of the old. Historical examples of superseding technologies causing obsolescence include higher-quality multimedia DVD over videocassette recorder and the telephone, with audio transmission, over the telegraph's coded electrical signals. On a smaller scale, particular products may become obsolete due to replacement by a newer version of the product. Many products in the computer industry become obsolete in this manner; for example, Central processing units frequently become obsolete in favor of newer, faster units. Singularly, rapid obsolescence of data formats along with their supporting hardware and software can lead to loss of critical information, a process known as digital obsolescence.

Coping with growing Technological Sophistication

We are talking manager's role. As a manager he/she is suppose to go with growing technological changes and sophistication. We were talking on technological changing and adoption of technological sophistication by manager. Robots are also being used in manufacturing which requires handling of bulky and dangerous materials. All these changes in production techniques have forced managers to find ways and means of relocating the workers rendered redundant.

Simply laying off is not always the best solution as it can involve a very high compensation cost. Moreover, in many countries because of the government's political ideology or cultural values (as in Japan where the concept of employment with a company is life-long), laying off workers is not permissible.

The use of computers in business has totally changed the way that managers make decisions. Managers today not only have access to more updated information but also better information which can improve quality of their decisions. For example a manager of online business company is using seo web design service to have professional layout Moreover, with electronic data processing managers can use complex statistical and mathematical models and tools to study the possible impacts of their decision.

All this helps lessen the degree of risk by reducing the level of uncertainty. However, access to more information place the onus on the manager to define what the relevant information that he needs is and also ensure that the benefit derived from the information which receives is greater then the cost incurred in collecting and processing it.

Coping with growing Technological Sophistication

A manager is supposed to play different roles. These different roles are as coping with growing technological sophistication, sustaining leadership effectiveness, maintaining balance between creativity and conformity, postponing managerial obsolescence. In last post we talked about Meeting the challenge of change. We talked change with reference to live human in the organization. Today we are going to talk about coping with growing technological sophistication.

The two areas which are witnessing dramatic changes in technology are production and information handling. Technology changes are highest in production because we are using machinery and technical knowledge there. Same way with information handling, new technologies are invented and rapidly accepted by business communities. Kentucky Law Firm is the best example of acceptance of technological sophistication. We talk about technological changes in production area.

In the area of production, technological sophistication has reached the level where the entire production plants are fully automated and programmed to run with the minimum human intervention. For instance, at Nissan's Zama plant, where Nissan cars are manufactured, the final assembly line operations are fully automated and controlled by robots. These robots have totally replaced men in such jobs in which the former can programmed to perform round the clock without any fatigue or loss of efficiency. Robots are also being used in manufacturing which requires handling of bulky and dangerous materials.

Postponing Managerial Obsolescence

Managers and executives, after 20 to 25 years of work experience, often find themselves having reached a plateau where, on the hand, the prospects of enhanced status, increased pay and perks are no longer motivators enough to work hard; and on the other, they find they are unable to relate to the latest managerial knowledge and skills and feel totally lost.

In both cases, these managers cease to be productive and become a drag on the organization in terms of their heavy cost and inability to make meaningful contribution.

This is the problem of managerial obsolescence, that is when managers become unproductive, or out of date, or both. In the situation where lack of motivation seems to be the cause, the solution lies in redesigning their job content to make it more meaningful. Mineral Makeup helps remain young to manager and not out of date. An aerospace company designates its senior engineering managers as consultants to its groups of young engineers, thus providing the right outlet for their rich experience.

Training programmers aim to provide or improve knowledge and skills which can help the manager improve his performance on the job. Many companies regularly sponsor their senior managers to attend such training programmes. Other companies invite experts to their own company premises to courses, and basic course in functional areas workshops. Training programmes, refresher courses, and basic courses in functional areas are the solution for managers facing knowledge obsolescence.

These training programmes are not restricted to senior managers alone. In fact, younger managers can also benefit from these programmes, especially those which provide knowledge of other functional areas such as production for non-production managers. Also beneficial for the young managers are workshops aimed at training them for the top level managements posts.

Sustaining Leadership Effectiveness

Leadership has a formal aspect (as in most political or business leadership) or an informal one (as in most friendships). Speaking of "leadership" (the abstract term) rather than of "leading" (the action) usually it implies that the entities doing the leading have some "leadership skills" or competencies.

Every manager is a leader in the sense that he has to influence his subordinates to work willingly for achieving the organizational objectives and inspire them to put in their best effort. The only way a manager can be acknowledged as a leader is by continually demonstrating his leadership abilities. If the manager always gives due importance to the welfare and interests of his employees, makes objective decisions that benefit everyone, he will rewarded by the confidence and trust of his people.

The beginning is always made from the top - the beginning of rot or excellence, that us up to you to choose. Whichever you choose remember that is a very important choice, because once the momentum builds up it is difficult to stop and reverse the process.

An effective leader must be a man with vision who can think and plan ahead, and also have persuasion to carry along all the people.

MEETING THE CHALLENGE OF CHANGE

The social, economic, technical and cultural environment in which the firm operates is always changing. The company must keep pace and change accordingly. Similarly, within organization, new types of production technology may be introduced; the existing product lines may be phased out. These imply a change. We are talking here changes. Man by this very nature resists any change. Used to the old system or method of doing a particular job, people perceive change as a threat to their security. Moreover, change implies learning afresh the new methods or processes and most people resist making this extra effort.

The marketing department of a television company always complained of the low quality circuit in the black and white TV and held it responsible for its poor sales performance. However, when an improved circuit was introduced, the marketing department tried its best to convince the top management against this change saying that the old circuit was now performing in a satisfactory manner. The real reason however, was that the marketing department would now be under pressure to show results as it would have no scapegoat to blame for its lack of results. The engineers responsible for providing after sales service opposed the new circuit since it meant putting in an effort to learn the new way of serving it. If we take example of **phoenix law enforcement security** they have successfully handled such changes in their industry.

There will always be change. It is the manager's task to ensure that the change is introduced and incorporated in a smooth manner with the least disturbance and resistance. Sharing information about the impending change, educating the people about the benefits resulting from changes, and building favorable opinion of the key people in the organization by involving them with the change process itself, go a long way in making the manager's task easy. The ideal way of introducing change is that you, as a manager, simply sow the idea of the proposed change in the minds of a few people, and then let the idea grow and build till the people themselves come round to asking for the change. This is the way the Japanese make decision-by consensus. However, it is not always possible to introduce change by having

Meeting the Challenge of Change

We are talking Role of manager in our previous post. We talked about Sustaining Leadership Effectiveness, maintaining balance between creativity and conformity and postponing managerial obsolescence. A manager is leader and he is supposed to demonstrate his leadership abilities. Being manager he must play his role as effective leadership. Business manager need to have ability to balance creativity and conformity as part of his role. Today we are going to talk on meeting the challenge of change.

We all are aware with the fact that world is changing. Everything changes with the time passes. One of the important tasks which every manager has to perform is that of a change-agent. The social, economic, technical and cultural environment in which the firm operates is always changing. if we talk about teen makeup, Teen Makeup was different before 20 year and its different today. With time changes everything changes. A manager must keep pace with the changes in organization. With time change The Company must keep pace and change accordingly.

Similarly, within organization, new types of production technology may be introduced, the existing product lines may be phased out, formal procedures and techniques for planning, and resource allocation, job appraisal, etc. may be introduced. All these imply a change. And man by this very nature resists any change. Used to the old system or method of doing a particular job, people perceive change as a threat to their security. Moreover, change implies learning afresh the new methods or processes and most people resist making this extra effort . Some time changes create conflict within the organization and manager as team leader suppose to handle conflict intelligently.

QUESTION 2

What is the role of Management Information System (MIS) in sustaining efficiency and effectiveness of an organization? Explain with the help of the prevailing MIS in an organization known to you. Briefly describe the organization along with its reporting relationships.

A management information system (MIS) is a system that provides information needed to manage organizations effectively. Management information systems are regarded to be a subset of the overall internal controls procedures in a business, which cover the application of people, documents, technologies, and procedures used by management accountants to solve business problems such as costing a product, service or a business-wide strategy. Management information systems are distinct from regular information systems in that they are used to analyze other information systems applied in operational activities in the organization. Academically, the term is commonly used to refer to the group of information management methods tied to the automation or support of human decision making, e.g. Decision Support Systems, Expert systems, and Executive information systems.

An 'MIS' is a planned system of the collection, processing, storage and dissemination of data in the form of information needed to carry out the management functions. In a way, it is a documented report of the activities that were planned and executed. According to Philip Kotler "A marketing information system consists of people, equipment, and procedures to gather, sort, analyze, evaluate, and distribute needed, timely, and accurate information to marketing decision makers."

Applications of MIS ---------With computers being as ubiquitous as they are today, there's hardly any large business that does not rely extensively on their IT systems. However, there are several specific fields in which MIS has become invaluable.

- Strategy Support While computers cannot create business strategies by themselves they can assist management in understanding the effects of their strategies, and help enable effective decision-making.
- MIS systems can be used to transform data into information useful for decision making. Computers can provide financial statements and performance reports to assist in the planning, monitoring and implementation of strategy.
- MIS systems provide a valuable function in that they can collate into coherent reports unmanageable volumes of data that would otherwise be broadly useless to decision makers. By studying these reports decision-makers can identify patterns and trends that would have remained unseen if the raw data were consulted manually.
- MIS systems can also use these raw data to run simulations - hypothetical scenarios that answer a range of 'what if' questions regarding alterations in strategy. For instance, MIS systems can provide predictions about the effect on sales that an alteration in price would have on a product. These Decision Support Systems (DSS) enable more informed decision making within an enterprise than would be possible without MIS systems.

Data Processing

Not only do MIS systems allow for the collation of vast amounts of business data, but they also provide a valuable time saving benefit to the workforce. Where in the past business information had to be manually processed for filing and analysis it can now be entered quickly and easily onto a computer by a data processor, allowing for faster decision making and quicker reflexes for the enterprise as a whole.

Management by Objectives

While MIS systems are extremely useful in generating statistical reports and data analysis they can also be of use as a Management by Objectives (MBO) tool.

MBO is a management process by which managers and subordinates agree upon a series of objectives for the subordinate to attempt to achieve within a set time frame. Objectives are set using the SMART ratio: that is, objectives should be Specific, Measurable, Agreed, Realistic and Time-Specific.

The aim of these objectives is to provide a set of key performance indicators by which an enterprise can judge the performance of an employee or project. The success of any MBO objective depends upon the continuous tracking of progress.

In tracking this performance it can be extremely useful to make use of an MIS system. Since all SMART objectives are by definition measurable they can be tracked through the generation of management reports to be analyzed by decision-makers.

Benefits of MIS

The field of MIS can deliver a great many benefits to enterprises in every industry.

Expert organisations such as the Institute of MIS along with peer reviewed journals such as MIS Quarterly continue to find and report new ways to use MIS to achieve business objectives.

1. Core Competencies

Every market leading enterprise will have at least one core competency - that is, a function they perform better than their competition. By building an exceptional management information system into the enterprise it is possible to push out ahead of the competition. MIS systems provide the tools necessary to gain a better understanding of the market as well as a better understanding of the enterprise itself.

2. Enhance Supply Chain Management

Improved reporting of business processes leads inevitably to a more streamlined production process. With better information on the production process comes the ability to improve the management of the supply chain, including everything from the sourcing of materials to the manufacturing and distribution of the finished product.

3. Quick Reflexes

As a corollary to improved supply chain management comes an improved ability to react to changes in the market. Better MIS systems enable an enterprise to react more quickly to their environment, enabling them to push out ahead of the competition and produce a better service and a larger piece of the pie.

4. Significant cost benefits, time savings, productivity gains and process re- engineering opportunities are associated with the use of data warehouse for information processing.
5. Data can easily be accessed and analysed without time consuming manipulation and processing.

6. Decisions can be made more quickly and with confidence that the data are both time-relevant and accurate.

7. Integrated information can be also kept in categories that are meaningful to profitable operation

Further information about MIS can be found at the Bentley College Journal of MIS and the US Treasury's MIS handbook, and an example of an organisational MIS division can be found at the Department of Social Services for the state of Connecticut.

MIS in Banking Sector (AXIS BANK)

Axis Bank, previously called UTI Bank, was the first of the new private banks to have begun operations in 1994, after the Government of India allowed new private banks to be established. The Bank was promoted jointly by the Administrator of the Specified Undertaking of the Unit Trust of India (UTI-I), Life Insurance Corporation of India (LIC), General Insurance Corporation Ltd., National Insurance Company Ltd., The New India Assurance Company, The Oriental Insurance Corporation and United Insurance Company Ltd. UTI-I holds a special position in the Indian capital markets and has promoted many leading financial institutions in the country.

For example, using MIS strategically can help a company to become a market innovator. By providing a unique product or service to meet the needs of customers, a company can raise the cost of market entry for potential competitors and thus gain a competitive advantage. Another strategic use of MIS involves forging electronic linkages to customers and suppliers. This can help companies to lock in business and increase switching costs. Finally, it is possible to use MIS to change the overall basis of competition in an industry. For example, in an industry characterized by price wars, a business with a new means of processing customer data may be able to create unique product features that change the basis of competition to differentiation.

Relevance of Data Warehousing and Data Mining for banks in India. Banking being an information intensive industry, building a Management Information System within a bank or an industry is a gigantic task. It is more so for the public sector banks which have a wide network of bank branches spread all over the country.

At present, banks generate MIS reports largely from periodic paper reports/statements submitted by the branches and regional/zonal offices. Except for a few banks which have been using technology in a big way, MIS reports are available with a substantial time lag. Reports so generated have also a high margin of error due to data entry being done at various levels and the likelihood of varying interpretations at different levels. Though computerization of bank branches has been going on at a good pace, MIS requirements have not been fully addressed to. It is on account of the fact that most of the Total Branch Computerization (TBC) software packages are transaction processing oriented. They have been designed primarily for day-to-day operations at the branch level and day-end balancing of books

Need for building MIS

The need for building MIS at the corporate level has increased considerably during the last few years because of the following reasons:

- Regulatory requirements indicated by the RBI for preparation of Off-site Monitoring Surveillance (OSMOS) Reports on a regular basis in electronic format
- Regulatory requirement of filing of statutory returns such as the one under Section 42 of the Reserve Bank of India Act, 1934 for working out Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) obligations in electronic format
- Asset Liability Management (ALM) guidelines for banks being implemented by the RBI w.e.f. April 1, 1999 with the stipulation that the banks should capture 100 percent of their business through the ALM system by April 1, 2000.
- Need for timely submission of Balance Sheets and Profit & Loss Accounts
- Focus on transaction costing and a need for relating the service charges levied on the customers to be based on cost of servicing
- Need for Inter-Branch Reconciliation of Accounts within a definite time frame
- Need to meet the stipulations made by the Central Vigilance Commission (CVC) to computerise at least 70 percent of banking business by January 1, 2001.
- Need to undertake risk management strategies and for this purpose build up appropriate sets of data and market intelligence reports

Application of data warehousing and data mining techniques

Implication of adopting such technology in a bank would be as under

1. All transactions captured at the branch level would get consolidated at a central location. Such a central location could be called the Data Warehouse of the concerned bank

2. For banks with large number of branches, it may not be desirable to consolidate the transaction details at one place only. It can be decentralised by locating the services on regional basis.

3. By way of data mining techniques, data available at various computer systems can be accessed and by a combination of techniques like classification, clustering, segmentation, association rules, sequencing, decision tree (described in detail at Annexure-15), various ALM reports such as Statement of Structural Liquidity, Statement of Interest Rate Sensitivity etc. or accounting reports like Balance Sheet and Profit & Loss Account can be generated instantaneously for any desired period/date

ORGANISATION COMPUTING RESOURCES SOFTWARE RESOURCES

RisKompass : A software system for derivatives valuation and risk management, RisKompass enables clients to manage derivative trades in a further controlled way from the front to back office. Supporting the industry standard FpML (Financial Product Markup Language) protocol, it can manage valuation and risk management of a broad range of derivatives instruments. The system will handle derivatives such as interest rates and foreign exchange for Bank.

ORGANISATION COMPUTING RESOURCES

1. The implementation will provide the bank with an automated system that reduces manual effort to streamline its operations.
2. The benefit envisaged by the bank is that everybody being on the same system, it can be accessed by anyone on the different locations of the bank.
3. The users at the bank would include traders, dealers and risk managers.
4. The solution will result in smoother deal processing, with verifying and online risk monitoring mechanism.
5. It will streamline all operations and the risk mechanism can be monitored centrally

Electronic Clearing Service (ECS Credit)
·Electronic Clearing Service (ECS Credit)
ECS Credit is an electronic clearing system that facilitates paperless transaction through an offline system. Bank facilitates ECS Credit at all ECS designated locations. We accept the electronic file and arrange abstention of settlement date (date of credit to beneficiary account) from RBI/SBI/Local Clearing House as the case may be. The funds gets debited from a centralized account and credit is accorded to the respective beneficiaries as per settlement cycle. A detailed MIS about the transactions is provided to the customer.

NEFT
To establish an Electronic Funds Transfer System to facilitate an efficient, secure, economical, reliable

and expeditious system of funds transfer and clearing in the banking sector throughout India. The customer willing to avail the NEFT facility offered by us shall submit an "NEFT Application Form" authorising the sending bank to debit the sender's account and transfer funds to the beneficiary specified in the NEFT Application Form. The Beneficiary's account will be credited on the same day by crediting the specified account of the beneficiary or otherwise placing funds at the disposal of the beneficiary.

Centralised Service Desk

A dedicated service desk has been started at our Centralised Collection and Payment HUB (CCPH) to ensure that your queries are resolved quickly and efficiently. The Customers can contact CCPH regarding any query about the MIS or the process flow.

· Web CMS Web CMS provides you with all the information at a click. Detailed MIS Like location wise collection and return, product-wise pooling, pooling in pipeline (due credit report) etc. can be viewed and downloaded from web interface through internet

Comprehensive MIS We provide comprehensive MIS reports like daily report, transaction report future credits reports and cheque returned unpaid report. On the payments side we provide daily paid - unpaid status for the demand drafts, cheques or warrants issued by your Organisation.

Mobile Alert Service

The CMS clients availing our collection products now have the facility to subscribe to Mobile Alert Service for receiving alerts on registered mobile phone numbers instantly after the funds are pooled. To avail this facility, please visit nearest CMS designated branch or log on to our Web CMS to download the form online and send it to our branch where your account is maintained.

QUESTION 3

Explain briefly various models of decision making process. Briefly describe the model of decision making Process which prevails in the organization known to you and explain as to how close it is to the models explained above. Briefly describe the structure and other relevant details of the organization.

Decision making is usually defined as the act of making up your mind about something. However, the process of decision making is not as easy as it sounds. There are certain important decisions that you have to make that have the ability to change the course of your life. Even at a work place, one is confronted with problems or dilemmas, where the solutions that one has to find should cater to the need of others around you. Such decisions have to be made in a careful way, especially if it is going to affect you monetarily, or if it is going to bring major changes in your life. Thus, it is important to take decisions in a systematic way, so that the decision you make has high chances of being successful. The article here discusses the 6 steps to decision making process, that can help in clarifying certain things in your mind before you take the final decision. These steps also will also help enhance your decision making skills for different types of decision making.

How to Make a Decision in Six Steps

Defining the Problem: The first step towards a decision making process is to define the problem. Obviously, there would be no need to make a decision without having a problem. So, the first thing one has to do is to state the underlying problem that has to be solved. You also have to clearly state the outcome or goal that you desire after you have made the decision. This is a good way to start, because stating your goals would help you in clarifying your thoughts.

Develop Alternatives: The situation of making a decision arises because there are many alternatives available for it. Hence, the next step after defining the main problem would be to state out the alternatives available for that particular situation. Here, you do not have to restrict yourself to think about the very obvious options; rather you can use your creative skills and come out with alternatives that may look a little irrelevant. This is important because sometimes solutions can come out from these out-of-the-box ideas. You would also have to do adequate research to come up with the necessary facts that would aid in solving the problem.

Evaluate the Alternatives: This can be said to be the one of the most important stages of the decision making process. This is the stage where you have to analyze each alternative you have come up with. You have to find out the advantages and disadvantages of each option. This can be done as per the research you have done on that particular alternative. At this stage, you can also filter out the options that you think are impossible or do not serve your purpose. Rating each option with a numerical digit would also help in the filtration process.

Make the Decision: This is the stage where the hard work you have put in analyzing would lead to. The evaluation process would help you in looking at the available options clearly and you have to pick which you think is the most applicable. You can also club some of the alternatives to come out with a better solution instead of just picking out any one of them.

Implement the Solution: The next obvious step after choosing an option would be implementing the solution. Just making the decision would not give the result one wants. Rather, you have to carry out on the decision you have made. This is a very crucial step because all the people involved in the implementation of a solution should know about the implications of making the decision. This is very essential for the decision to give successful results.

Monitor your Solution: Just making the decision and implementing it is not the end of the decision making process, it is very important to monitor your decision regularly. At this stage, you have to keep a close eye on the progress of the solution taken and also whether it= has led to the results you expected.

These 6 steps to decision making process may, at first, seem very complicated. However, these are essential decision making techniques that would aid you in taking proper decisions in your personal as well as professional life.

Logical decision making is an important part of all science-based professions, where specialists apply their knowledge in a given area to making informed decisions. For example, medical decision making often involves making a diagnosis and selecting an appropriate treatment. Some research using naturalistic methods shows, however, that in situations with higher time pressure, higher stakes, or increased ambiguities, experts use intuitive decision making rather than structured approaches, following a recognition primed decision approach to fit a set of indicators into the expert's experience and immediately arrive at a satisfactory course of action without weighing alternatives. Recent robust decision efforts have formally integrated uncertainty into the decision making process. However, Decision Analysis, recognized and included uncertainties with a structured and rationally justifiable method of decision making since its conception in 1964.

A major part of decision making involves the analysis of a finite set of alternatives described in terms of some evaluative criteria. These criteria may be benefit or cost in nature. Then the problem might be to rank these alternatives in terms of how attractive they are to the decision maker(s) when all the criteria are considered simultaneously. Another goal might be to just find the best alternative or to determine the relative total priority of each alternative (for instance, if alternatives represent projects competing for funds) when all the criteria are considered simultaneously. Solving such problems is the focus of multi-criteria decision analysis (MCDA) also known as multi-criteria decision making (MCDM). This area of decision making, although it is very old and has attracted the interest of many researchers and practitioners, is still highly debated as there are many MCDA / MCDM methods which may yield very different results when they are applied on exactly the same data. This leads to the formulation of a decision making paradox.

Decision-Making Stages

Developed by B. Aubrey Fisher, there are four stages that should be involved in all group decision making. These stages, or sometimes called phases, are important for the decision-making process to begin

Orientation stage- This phase is where members meet for the first time and start to get to know each other.

Conflict stage- Once group members become familiar with each other, disputes, little fights and arguments occur. Group members eventually work it out.

Emergence stage- The group begins to clear up vague in opinions is talked about.

Reinforcement stage- Members finally make a decision, while justifying themselves that it was the right decision

Decision making at HAIER TELECOM

Decision-making increasingly happens at all levels of a business. The Board of Directors may make the grand strategic decisions about investment and direction of future growth, and managers may make the more tactical decisions about how their own department may contribute most effectively to the overall business objectives. But quite ordinary employees are increasingly expected to make decisions about the conduct of their own tasks, responses to customers and improvements to business practice. This needs careful recruitment and selection, good training, and enlightened management.

Types of Business Decisions

1. Programmed Decisions These are standard decisions which always follow the same routine. As such, they can be written down into a series of fixed steps which anyone can follow. They could even be written as computer program

2. Non-Programmed Decisions. These are non-standard and non-routine. Each decision is not quite the same as any previous decision.

3. Strategic Decisions. These affect the long-term direction of the business eg whether to take over Company A or Company B

4. Tactical Decisions. These are medium-term decisions about how to implement strategy eg what kind of marketing to have, or how many extra staff to recruit

5. Operational Decisions. These are short-term decisions (also called administrative decisions) about how to implement the tactics e.g. which firm to use to make deliveries.

Figure 1: Levels of Decision-Making

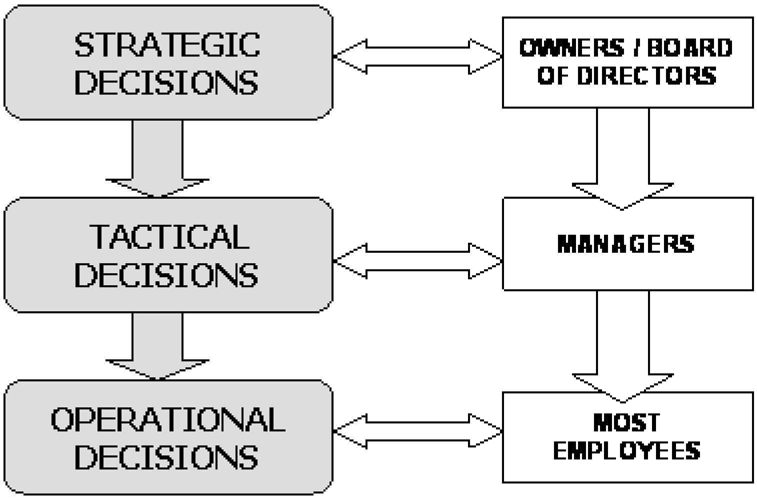
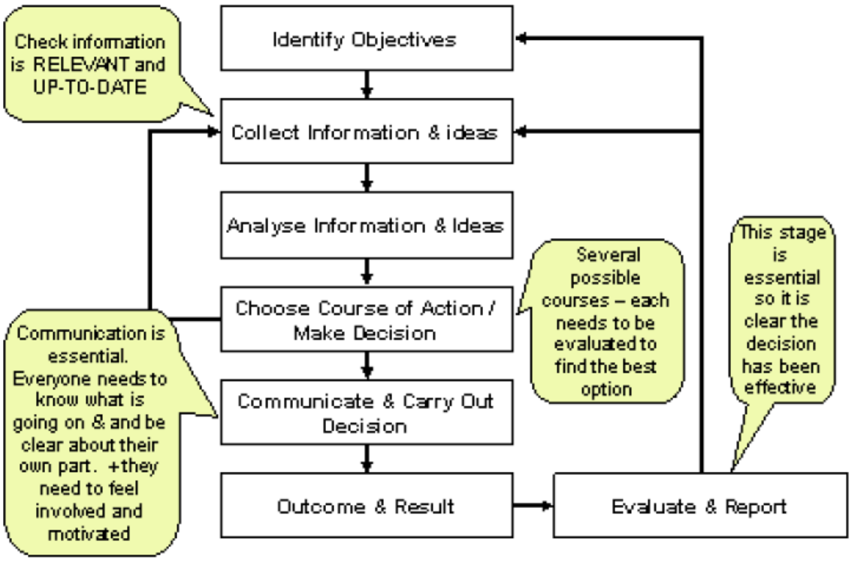


Figure 2: The Decision-Making Process



The model in Figure 2 above is a normative model, because it illustrates how a good decision ought to be made. Business Studies also uses positive models which simply aim to illustrate how decisions are, in fact, made in businesses without commenting on whether they are good or bad.

Linear programming models help to explore maximising or minimising constraints eg one can program a computer with information that establishes parameters for minimising costs subject to certain situations and information about those situations.

Spread-sheets are widely used for 'what if' simulations. A very large spread-sheet can be used to hold all the known information about, say, pricing and the effects of pricing on profits. The different pricing assumptions can be fed into the spread-sheet 'modelling' different pricing strategies. This is a lot quicker and an awful lot cheaper than actually changing prices to see what happens. On the other hand, a spread-sheet is only as good as the information put into it and no spread-sheet can fully reflect the real world. But it is very useful management information to know what might happen to profits 'what if' a skimming strategy, or a penetration strategy were used for pricing.

The computer does not take decisions; managers do. But it helps managers to have quick and reliable quantitative information about the business as it is and the business as it might be in different sets of circumstances. There is, however, a lot of research into 'expert systems' which aim to replicate the way real people (doctors, lawyers, managers, and the like) take decisions. The aim is that computers can, one day, take decisions, or at least programmed decisions (see above). For example, an expedition could carry an expert medical system on a lap-top to deal with any medical emergencies even though the nearest doctor is thousands of miles away. Already it is possible, in the US, to put a credit card into a 'hole-in-the-wall' machine and get basic legal advice about basic and standard legal problems.

Intuitive decision making models

Some people consider these decisions to be unlikely coincidences, lucky guesses, or some kind of new-age hocus-pocus. Many universities are still only teaching rational decision making models and suggest that if these are not used, failure results. Some researchers are even studying the logic behind the intuitive decision making models!

The groups who study intuitive decision making models are realising that it's not simply the opposite of rational decision making. Carl Jung pointed out that it is outside the realm of reason.

In military schools the rational, analytical models have historically been utilised. It is also long been recognised, however, that once the enemy is engaged the analytical model may do more harm than good. History is full of examples where battles have more often been lost by a leaders? failure to make a decision than by his making a poor one.

"A good plan, executed now, is better than a perfect plan next week." - General George S. Patton, Jr.

The military are educating the soldiers of every rank in how to make intuitive decisions. Information overload, lack of time and chaotic conditions are poor conditions for rational models. Instead of improving their rational decision making, the army has turned to intuitive decision models. Why? Because they work!

Recognition primed decision making model

Psychologist Dr Gary Klein has been studying decision making for many years and he suggests that people actually use an **intuitive approach 90% of the time.** His **recognition primed decision making model** describes that in any situation there are cues or hints that allow people to **recognise patterns.** Obviously the more experience somebody has, the more patterns they will be able to recognise. Based on the pattern, the person chooses a particular course of action. They mentally rehearse it and **if they think it will work, they do it.**

Obviously people become better with this over time as

Constraints on Decision-Making

Internal Constraints

These are constraints that come from within the business itself.

- Availability of finance. Certain decisions will be rejected because they cost too much

- Existing Business Policy. It is not always practical to re-write business policy to accommodate one decision

- People's abilities and feelings. A decision cannot be taken if it assumes higher skills than employees actually have, or if the decision is so unpopular no-one will work properly on it.

External Constraints

These come from the business environment outside the business.

- **National & EU legislation**

- Competitors' behaviour, and their likely response to decisions your business makes

- Lack of technology

- Economic climate

QUESTION 4

What are the basic determinants of organizational climate and Culture. Which of these determinants play significant role in determination of organization culture and climate in the organization known to you. Explain with concrete example about your perception. Briefly describe the basics of the organization you are referring to.

Organizational climate (sometimes known as Corporate Climate) is the process of quantifying the "culture" of an organization. It is a set of properties of the work environment, perceived directly or indirectly by the employees, that is assumed to be a major force in influencing employee behavior.

Climate and culture are both important aspects of the overall context, environment or situation. Organizational culture tends to be shared by all or most members of some social group; is something that older members usually try to pass on to younger members; shapes behavior and structures perceptions of the world. Cultures are often studied and understood at a national level, such as the American or French culture. Culture includes deeply held values, beliefs and assumptions, symbols, heroes, and rituals. Culture can be examined at an organizational level as well. The main distinction between organizational and national culture is that people can choose to join a place of work, but are usually born into a national culture.

Determinants of organisation culture

Organization culture can be a set of key values, assumptions, understandings and norms that is shared by members of an organization

Organization values are fundamental beliefs that an organization considers to be important, that are relatively stable over time, and they have an impact on employees behaviors and attitudes.

Organization Norms are shared standards that define what behaviors are acceptable and desirable with in organization

Shared assumptions are about how things are done in an organization. Understandings are coping with internal/ external problems uniformly.

Organizational climate, on the other hand, is often defined as the recurring patterns of behavior, attitudes and feelings that characterize life in the organization, while an organization culture tends to be deep and stable. Although culture and climate are related, climate often proves easier to assess and change. At an individual level of analysis the concept is called individual psychological climate. These individual perceptions are often aggregated or collected for analysis and understanding at the team or group level, or the divisional, functional, or overall organizational level

Organizational climate measures attempts to assess organizations in terms of dimensions that are thought to capture or describe perceptions about the climate.

Determinants of organisation climate

1.Structure - feelings about constraints and freedom to act and the degree of formality or informality in the working atmosphere.

2.Responsibility - the feeling of being trusted to carry out important work.

3.Risk - the sense of riskiness and challenge in the job and in the organization; the relative emphasis on taking calculated risks or playing it safe.

4.Warmth - the existence of friendly and informal social groups.

5.Support - the perceived helpfulness of managers and co-workers; the emphasis (or lack of emphasis) on mutual support.

6.Standards - the perceived importance of implicit and explicit goals and performance standards; the emphasis on doing a good job; the challenge represented in personal and team goals.

7.Conflict - the feeling that managers and other workers want to hear different opinions; the emphasis on getting problems out into the open rather than smoothing them over or ignoring them.

8.Identity - the feeling that you belong to a company; that you are a valuable member of a working team.

9.Autonomy - the perception of self-determination with respect to work procedures, goals and priorities;

10.Cohesion - the perception of togetherness or sharing within the organization setting, including the willingness of members to provide material risk;

11.Trust - the perception of freedom to communicate openly with members at higher organizational levels about sensitive or personal issues, with the expectation that the integrity of such communications will not be violated;

12.Resource - the perception of time demands with respect to task competition and performance standards;

13.support - the perception of the degree to which superiors tolerate members' behaviour, including willingness to let members learn from their mistakes without fear of reprisal;

14.Recognition – the perception that members' contributions to the organization are acknowledged;

15.Fairness - the perception that organizational policies are non-arbitrary or capri*cious;

16.Innovation - the perception that change and creativity are encouraged, including risk-taking into new areas where the member has little or no prior experience.

The relationship of climate to employee well-being (e.g., satisfaction, job stress and strain) has been widely studied. Since climate measures subsume the major organizational characteristics workers experience, virtually any study of employee perceptions of their work setting can be thought of as a climate study. Studies link climate features (particularly leadership, communication openness, participative management and conflict resolution) with employee satisfaction and (inversely) stress levels (Schneider 1985). Stressful organizational climates are characterized by limited participation in decisions, use of punishment and negative feedback (rather than rewards and positive feedback), conflict avoidance or confrontation (rather than problem solving), and non supportive group and leader relations. Socially supportive climates benefit employee mental health, with lower rates of anxiety and depression in supportive settings (Repetti 1987). When collective climates exist (where members who interact with each other share common perceptions of the organization) research observes that shared perceptions of undesirable organizational features are linked with low morale and instances of psychogenic illness (Colligan, Pennebaker and Murphy 1982). When climate research adopts a specific focus, as in the study of climate for safety in an organization, evidence is provided that lack of openness in communication regarding safety issues, few rewards for reporting occupational hazards, and other negative climate features increase the incidence of work-related accidents and injury (Zohar 1980).

TATA Culture

~ David Straker ~

Here is a cultural model that is both simple and powerful in its ability to help you change organisations

One of the greatest frustrations for consultants and others is in getting organisations to change, and in particular at the top. If you get a chance to work with a senior team who can see that culture needs to be changed, then here is a model and a method that you can use to get to the core.

'TATA' means 'management Thinking and Acting that leads to employee Thinking and Acting. This is a very simple model of organizational culture that is easy to understand and can be used to help change the culture to something more powerful.

It is often a good idea to discuss what you are going to do with the senior manager as this person's support may be important if the rest of the team start to dig their heels in during steps 3 and 4.

1. Employee Action

The easiest place to start with the top team when discussing culture is what they see and hear. Just ask them: What do you see and hear in this culture that you'd like to change?

Then stand back as they list all the things that have been frustrating them about their employees over past year or more. Typical moans include:

- People not sticking to commitments
- Lack of loyalty
- Not understanding strategic needs
- Lack of real concern for customers
- Resistance to new ideas
- Lack of creativity

...and so on. Write these down on a flipchart. If the list gets long, help them reduce it to the 'top five' (or even three).

2. Employee Thinking

Culture is not just about how people act -- it is also about attitudes, values, beliefs, mental models, emotions and so on. Next talk about this and how thinking leads to action and draw the basic cultural model:

With this you can discuss how employees think drives what they do. Again, this is simple logic that is easy to understand and accept. Depending on how rational or open the team is, you can also 'and feeling' after 'thinking'.

List the top five actions under 'employee action' and now ask the management team to list how they believe employees are thinking in ways that leads to the identified action. This is a little harder task but most managers will have few problems coming up with assumptions about what the employees may be thinking. Remind them as necessary that their employees are human and that employee thinking will make sense, at least to them.

Typical thinking could include:

- What's in it for me
- Do what I'm told
- No point rocking the boat
- Do least work for maximum pay
- Keep your head down

3. Management Action

Now it starts to get more interesting and stage 3 ideas may require some discussion before you start listing. The primary principle is that a significant driver of what employees think is what managers say and do. Of course there are other forces on employees but what managers say and do has a huge effect -- sometimes more than managers may think (and if employee thinking is not affected by what managers say and do then there would be an even bigger problem).

This can be shown as below. Putting 'Management Action' above 'Employee Thinking', rather than to the left, is a subtle hint of superiority that may help managers find it easier to accept the ideas.

Now you can ask 'What are you saying and doing that is leading to what employees think?' This can be a very difficult moment for managers who do not want to accept responsibility for what employees think and do and you may need to keep the dialogue going for a while before you write anything down. You may need to press them on this, asking such as 'Are those actions really leading employees to think like that?' until you get to realistic information.

Discussions can include such as whether managers actually follow 'company values' as published, and what employees think about this. As appropriate, you can change or extend the 'Employee Thinking' box.

Ask permission, then write down the words and actions they tell you about, above the 'Management Action' box. If a longer list appears, then help them priorities for the top three to five actions that have the greatest effect on employee thinking.

If this segment worked, there should be a significant number of 'aha's in recognizing what managers say and do affects culture and hence how it must change.

4. Management Thinking

If step 3 was difficult, then step 4 may well be even more difficult again, although it may also be easier if the penny has dropped and the principle accepted by now.

Just as employee thinking drives employee action, so also does management thinking drive management action. So the question now is 'What are your thoughts that are leading to what you say and do?' Draw in the last box as below. There should be no debate about whether this is valid as the 'Thinking - Action' principle has already been established.

Again, this may require some dialogue before you start to write things down (when you do, put them above 'Management Thinking'). The critical message is that how they think and feel is at the root of a causal chain that leads directly to what employees say and do, and hence to change the culture of the organisation they must change what and how they think - which can be a very scary subject and hence need plenty of space and support to happen.

Discussions can include questions about what they think about employees, what their values really are, and so on. In this session do not try to get it all out but just enough for them to realize how what they think is very important.

Further possibilities

This is a simple but powerful model which you can use in a number of additional ways.

Deeper stuff about thinking

From this session additional sessions can be held to explore what and how the management team thinks. If the first session has provided the wake-up call and an understanding of the importance of how they think then these sessions can be used to dig into personal and interpersonal drivers and dynamics.

Management and Employee cultures

Taking the simple 'thinking and acting' culture model, management culture and employee culture may be explored separately and reasons for differences discussed.

Influence and spirals

Management Action that changes Employee Thinking is pretty much what leadership is. A powerful discussion about leadership can therefore be had by considering this link.

An additional link may be added between Employee Action and Management Thinking. How we think is driven by what others say and do and the way managers think is often strongly affected by how employees act. This link completes a causal circle, which means there can be spirals of thinking and acting that can both improve and degrade the power of the organisation.

An interesting part of this discussion may be about how strong the Management Action - Employee Thinking link is, as compared with the Employee Action - Management Thinkinglink. Ideally, both exist but the biggest influence is the manager to employee direction. Sometimes management thinking is more strongly influenced by a wilful workforce and effectively the 'tail wags the dog'.

The balance of appropriate strengths between these two links depends on the industry, for example in intellectual and creative businesses a strong upward link might be a good idea. The question is to find the best balance for the business the company is in.

Theory of mind

Another area for possible exploration is in how we think others are thinking. We all use a great deal of 'theory of mind' in guessing what others are thinking and we often get it very wrong.

The question may thus be discussed about how managers think employees think and what employees think that managers think. This is a ripe topic for realizing that how you think others think is often a long way from how they are really thinking.

A session on theory of mind is best done as a facilitated dialogue between managersand employees. It is critical for this to succeed that an atmosphere of trust and openness is created.

Multiple levels

The model as presented divides simply along the 'manager-employee' line, which is often a significant cultural divide. Depending on the organisation, more than one level of analysis may be completed.

The framework can also be used to examine any connected cultural systems, for example between marketing and R&D or between the local company and headquarters.

As-is and To-be

The first session (or sessions) is about how things are at the moment and should probably be kept that way. If you have energized the team then a future session to think about how things could be different may be held.

Go through the same steps but now think about how they would like things to be. Thus ask:

1. What do we want employees to say and do?
2. So what must they think and feel that will drive this action?
3. So what must managers say and do to lead employees to these thoughts?
4. And how must managers think and feel in order that they will act in the appropriate way?

QUESTION 5

What are the key considerations in delegation of authority in an organizational situation and what are the essential pre-requisites required for the purpose. Explain with few examples from the organization to you. Briefly describe the basic details of the organization you are referring to.

A manager alone cannot perform all the tasks assigned to him. In order to meet the targets, the manager should delegate authority. Delegation of Authority means division of authority and powers downwards to the subordinate. Delegation is about entrusting someone else to do parts of your job. Delegation of authority can be defined as subdivision and sub-allocation of powers to the subordinates in order to achieve effective results.

Delegation of authority is one vital organizational process. It is inevitable along with the expansion and growth of a business enterprise. Delegation means assigning of certain responsibilities along with the necessary authority by a superior to his subordinate managers. Delegation does not mean surrender of authority by the higher level manager. It only means transfer of certain responsibilities to subordinates and giving them the necessary authority, which is necessary to discharge the responsibility properly. Delegation is quite common in all aspects of life including business. Even in the college, the principal delegates some of his authority to the vice-principal.

Elements of Delegation

1. **Authority -** in context of a business organization, authority can be defined as the power and right of a person to use and allocate the resources efficiently, to take decisions and to give orders so as to achieve the organizational objectives. Authority must be well- defined. All people who have the authority should know what is the scope of their authority is and they shouldn't misutilize it. Authority is the right to give commands, orders and get the things done. The top level management has greatest authority. Authority always flows from top to bottom. It explains how a superior gets work done from his subordinate by clearly explaining what is expected of him and how he should go about it. Authority should be accompanied with an equal amount of responsibility. Delegating the

authority to someone else doesn't imply escaping from accountability. Accountability still rest with the person having the utmost authority.

2. **Responsibility -** is the duty of the person to complete the task assigned to him. A person who is given the responsibility should ensure that he accomplishes the tasks assigned to him. If the tasks for which he was held responsible are not completed, then he should not give explanations or excuses. Responsibility without adequate authority leads to discontent and dissatisfaction among the person. Responsibility flows from bottom to top. The middle level and lower level management holds more responsibility. The person held responsible for a job is answerable for it. If he performs the tasks assigned as expected, he is bound for praises. While if he doesn't accomplish tasks assigned as expected, then also he is answerable for that.
3. **Accountability -** means giving explanations for any variance in the actual performance from the expectations set. Accountability can not be delegated. For example, if 'A' is given a task with sufficient authority, and 'A' delegates this task to B and asks him to ensure that task is done well, responsibility rest with 'B', but accountability still rest with 'A'. The top level management is most accountable. Being accountable means being innovative as the person will think beyond his scope of job. Accountability, in short, means being answerable for the end result. Accountability can't be escaped. It arises from responsibility.

For achieving delegation, a manager has to work in a system and has to perform following steps :

1. Assignment of tasks and duties
2. Granting of authority
3. Creating responsibility and accountability

Delegation of authority is the base of superior-subordinate relationship, it involves following steps:-

1. **Assignment of Duties -** The delegator first tries to define the task and duties to the subordinate. He also has to define the result expected from the subordinates. Clarity of duty as well as result expected has to be the first step in delegation.
2. **Granting of authority -** Subdivision of authority takes place when a superior divides and shares his authority with the subordinate. It is for this reason; every subordinate should be given enough independence to carry the task given to him by his superiors. The managers at all levels delegate authority and power which is attached to their job positions. The subdivision of powers is very important to get effective results.
3. **Creating Responsibility and Accountability -** The delegation process does not end once powers are granted to the subordinates. They at the same time have to be obligatory towards the duties assigned to them. Responsibility is said to be the factor or obligation of an individual to carry out his duties in best of his ability as per the directions of superior. Responsibility is very important. Therefore, it is that which gives effectiveness to authority. At the same time, responsibility is absolute and cannot be shifted. Accountability, on the others hand, is the obligation of the individual to carry out his duties as per the standards of performance. Therefore, it is said that authority is delegated, responsibility is created and accountability is imposed. Accountability arises out of responsibility and responsibility arises out of authority. Therefore, it becomes important that with every authority position an equal and opposite responsibility should be

attached.

Therefore every manager, i.e., the delegator has to follow a system to finish up the delegation process. Equally important is the delegate's role which means his responsibility and accountability is attached with the authority over to here.

Objectives of Delegation of Authority

1. To reduce the excessive burden on the superiors i.e., executives and managersfunctioning at different levels.
2. To provide opportunities of growth and self development to junior executives.
3. To create a team of experienced and matured managers for the Organisation. Itacts as a technique of management and human resource development.
4. To improve individual as well as overall efficiency of the Organisation.

Process of Delegation of Authority at American Express

It is an assortment of such experiences that, for over a thousand employees at Amex India, make the company a great place to work. This is reflected in the long tenures that employees have at Amex. There are many factors that influence employees' decision to stay in a job market or create jobs by turning entrepreneurs. Working for large corporations has its own advantages. Apart from the assurance and security of a good salary every month end, there is also a pride attached to working in reputed companies. In the financial services sector, Amex, which has over a thousand employees in India, its largest employee base anywhere outside the US, presents a good opportunity. The company also scores high on employee freedom at work front.

The hallmark of any good corporate is the extent of decentralisation of power and authority. "At Amex, we have a four-stage development plan that employees get to create.

When employees set their own goals, they are more likely to achieve it," says Rai, talking about the company's four-stage development plan that employees help make, getting a greater say in shaping company policy and direction.

At Amex, individual leadership is given to junior managers, executional leadership rests with middle managers and strategic leadership roles are vested with vice presidents. Visionary leadership functions rest with the global heads. So the company has a clear function and well distributed authority at all levels. "Such clear distribution eliminates the need for much supervision, management of day to day employee affairs and also guarantees employee freedom," adds Rai.

Delegation process involves four distinct stages. The process of delegation moves through these stages. The following figure shows the stages in the process of delegation of authority.

Advantages / Importance of Delegation of Authority

1. Relieves manager for more challenging jobs: Delegation makes it possible for the managers to distribute their workload to others. Thus, managers are relieved of routine work and they can concentrate on higher functions of management like planning, organising, controlling, etc.
2. Leads to motivation of subordinates: Subordinates are encouraged to give their best at work when they have authority with responsibility. They take more initiative and interest in the work and are also careful and cautious in their work. Delegation leads to motivation of employees and manpower development.
3. Facilitates efficiency and quick actions: Delegation saves time enabling tile subordinates to deal with the problems promptly. They can take the decisions quickly within their authority. It is not necessary to go to the superiors for routine matters. This raises the overall efficiency in an Organisation and offers better results in terms of production, turnover and profit.
4. Improves employee morale: Delegation raises the morale of subordinates as they are given duties and supporting authority. They feel that they are responsible employees. The attitude and outlook of subordinates towards work assigned becomes more constructive.
5. Develops team spirit: Due to delegation, effective communication develops between the superiors and subordinates. The subordinates are answerable to superiors and the superiors are responsible for the performance of subordinates. This brings better relations and team spirit among the superiors and subordinates
6. Maintains cordial relationships: The superiors trust subordinates and give them necessary authority. The subordinates accept their accountability and this develops cordial superior-subordinate relationships.
7. Facilitates management development: Delegation acts as a training ground for management development. It gives opportunity to subordinates to learn, to grow and to develop new qualities and skills. It builds up a reservoir of executives, which can be used as and when required. Delegation creates managers and not mere messengers.