Unit-I [Management: Functions & Principles]

Lesson 1 Management – Definition, Nature, Principles and Need for Management

Lesson 2 Management Functions

Lesson 3 Responsibility, Authority and Accountability of Management

Lesson 4 Planning – Definition, process and importance, organizing, directing and controlling

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Lesson 1 Management – Definition, Nature, Principles and Need for Management

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STRUCTURE

Lesson 1 Management – Definition, Nature, Principles and Need for Management

This unit deals with the Management Concepts and its Growing importance of HR, Finance, marketing & International Business. To understand Management: Functions & its Principles as essential components for effective task done.

1.0 Objective

After going through this lesson you will learn:

- Management Definition
- Nature of Management
- Principles of Management

1.1 Introduction

Management is the creation and maintenance of an internal environment in an enterprise where individuals, working in groups, can perform efficiently and effectively towards the attainment of group goals. —Harold Koontz and Cyrill O'Donnell

1.2 Management Definition

Management consists in guiding human and physical resources into dynamic, hard-hitting organisation unit that attains its objectives to the satisfaction of those served and with a high degree of morale and sense of attainment on the part of those rendering the service. —Lawrence A. Appley

(ii) Management is the coordination of all resources through the process of planning, organising, directing and controlling in order to attain stated objectives. —Henry L. Sisk.

(iii) Management is principally the task of planning, coordinating, motivating and controlling the efforts of others towards a specific objective. —James L. Lundy

(iv) Management is the art and science of organising and directing human efforts applied to control the forces and utilise

the materials of nature for the benefit of man. —American Society of Mechanical Engineers

(v) Management is the art of knowing what you want to do and then seeing that it is done in the best and cheapest way. —F.W. Taylor

(vi)To manage is to forecast and to plan, to organise to command, to coordinate and to control. —Henry Fayol

A Manager is the person responsible for planning and directing the work of a group of individuals, monitoring their work, and taking corrective action when necessary. For many people, this is their first step into a management career.

Managers may direct workers directly or they may direct several supervisors who direct the workers. The manager must be familiar with the work of all the groups he/she supervises, but does not need to be the best in any or all of the areas. It is more important for the manager to know how to manage the workers than to know how to do their work well.

A manager may have the power to hire or fire employees or to promote them. In larger companies, a manager may only recommends such action to the next level of management. The manager has the authority to change the work assignments of team members.

A manager's title reflects what he/she is responsible for. An Accounting Manager supervises the Accounting function. An Operations Manager is responsible for the operations of the company. The Manager of Design Engineering supervises engineers and support staff engaged in design of a product or service. A Night Manager is responsible for the activities that take place at night. There are many management functions in business and, therefore, many manager titles. Regardless of title, the manager is responsible for planning, directing, monitoring and controlling the people and their work.

1.3   Principle of management

The definition of management is taken as "The process of coordinating and integrating work activities so that they are completed efficiently and effectively with and through other people." The principles are the universal truths of management that can be taught.

Henri Fayol (1841-1925) was a French management theorist whose theories in management and organisation of labour were widely influential in the beginning of 20th century. He was a mining engineer who worked for a French mining company Commentry-Fourchamboult-Decazeville, first as an engineer, then moved into general management and Managing Director from 1888 to 1918.Fayol was the first to identify the four functions of management: planning, organizing, directing, and controlling, as known today. His original definition of management comprised of five elements: **forecast & plan, organise, command, coordinate, and control.** His 14 principles are:

Division of work - specialisation provides the individual to build up experience, continuous improvement in skills, and thereby be more productive. A principle of work allocation and specialisation in order to concentrate activities to enable specialisation of skills and understandings, more work focus and efficiency, where efficiency is the direct ratio between INPUT & OUTPUT - the author sees a further management development as a pre-cursor to this thinking whereby 'EFFECTIVENESS' should always prevail over 'EFFICIENCY' - simplistically **EFFICIENCY** can often mean **JOB RIGHT** but '**EFFECTIVENESS**' should always mean '**RIGHT JOB**';

Authority - the right to issue commands, along with which must go the balanced responsibility for its function

authority with corresponding responsibility

If responsibilities are allocated then the post holder needs the requisite authority to carry these out including the right to require

others in the area of responsibility to undertake duties. Authority stems from:

1-that ascribed from the delegation process (the job holder is assigned to act as the agent of the high authority to whom they report - hierarchy)

2-allocation and permission to use the necessary resources needed (budgets, assets, staff) to carry out the responsibilities.

3-selection - the person has the expertise to carry out the responsibilities and the personal qualities to win the support and confidence of others.

Discipline - which is two-sided, for employees only obey orders if management play their part by providing good leadership. The generalisation about discipline is that discipline is essential for the smooth running of a business and without it - standards, consistency of action, adherence to rules and values - no enterprise could prosper. in an essence - obedience, application, energy, behaviour and outward marks of respect observed in accordance with standing agreements between firms and its employees.

Unity of Command - each worker should have only one boss with no other conflicting lines of command. The idea is that an employee should receive instructions from one superior only. This generalisation still holds - even where we are involved with team and matrix structures which involve reporting to more than one boss - or being accountable to several clients. The basic concern is that tensions and dilemmas arise where we report to two or more bosses. One boss may want X, the other Y and the subordinate is caught between the two schools.

Unity of direction - people engaged in the same kind of activities must have the same objectives in a single plan The unity of command idea of having one head (chief executive, cabinet consensus) with agreed purposes and objectives and one plan

for a group of activities) is self explanatory, and requires no further examination here.

Subordination of individual interest to general interest - management must see that the goals of the firms are always paramount. Fayol's line was that one employee's interests or those of one group should not prevail over the organisation as a whole. This would spark a lively debate about who decides what the interests of the organisation as a whole are. Ethical dilemmas and matters of corporate risk and the behaviour of individual "chancers" are involved here. Fayol's work - assumes a shared set of values by people in the organisation - a unitarism where the reasons for organisational activities and decisions are in some way neutral and reasonable. In later times the author sees the 'political' implications of decisions for example in the Public Sector, should be the pre-requisite of the Chief Executive and none other, since too early a consideration will both stifle and potentially 'corrupt' later professional management judgements.

Remuneration - payment is an important motivator although by analysing a number of possibilities, Fayol points out that there is no such thing as a perfect system *the price of services rendered.*The general principle is that levels of compensation should be "fair" and as far as possible afford satisfaction both to the staff and the enterprise (in terms of its cost structures and desire for profitability/surplus).

Centralisation or decentralisation - this is a matter of degree depending on the condition of the business and the quality of its personnel . Centralisation for Fayol is essential to the organisation and a natural consequence of organising. This issue does not go away even where flatter, devolved organisations occur. Decentralisation *is frequently centralised*, Jarvis 2005. The modes of control over the actions and results of devolved organisations are still matters requiring considerable attention.

Scalar chain (line of Authority) - a hierarchy is necessary for unity of direction but lateral communication is also fundamental as long as superiors know that such communication is taking place. The scalar chain of command of reporting relationships from top executive to any employee, whatever their status, needs to be sensible, clear and understood - this understanding needs to be 'tested'.

Order- both material order and social order are necessary. The former minimises lost time and useless handling of materials. The latter is achieved through organisation and selection. The level of generalisation becomes difficult with this principle. Basically an organisation "should" provide an orderly place for each individual member - who needs to see how their role fits into the organisation and be confident, able to predict the organisations behaviour towards them. Thus policies, rules, instructions and actions should be understandable and understood. Orderliness implies steady evolutionary movement rather than wild, anxiety provoking, unpredictable movement - in a modern concept Job Evaluation, Job Specification and particularly Job Analysis should both inform and influence Fayol's terminology of 'order'.

Equity - in running a business a 'combination of kindliness and justice' is needed in treating employees if equity is to be achieved. Equity, fairness and a sense of justice "should" pervade the organisation - in principle and practice.

Stability of tenure - this is essential due to the time and expense involved in training good management. Time is needed for the employee to adapt to his/her work and perform it effectively. Stability of tenure promotes loyalty to the organisation, its purposes and values.

Initiative - allowing all personnel to show their initiative in some way is a source of strength for the organisation even though it may well involve a sacrifice of 'personal vanity' on the part of many managers. At all levels of the organisational structure, zeal,

enthusiasm and energy are enabled by people having the scope for personal initiative.

Esprit de corps - management must foster the morale of its employees. He further suggests that, "real talent is needed to coordinate effort, encourage keenness, use each person's abilities, and reward each one's merit without arousing possible jealousies and disturbing harmonious relations." Harmony and pulling together among personnel. Here Fayol emphasises the need for building and maintaining harmony among the work force, team work and sound interpersonal relationships.

Span of control

This is about actual numbers of subordinates looking downwards. The direct control a manager has is fewer in terms of people higher up the scale, and more people by managers lower down. The kinds of decisions higher up are more varied and wide ranging, whereas the decisions taken lower down are predictable and repetitive and cover more people. Each subordinate (that is, a manager or worker below) is managed in an overall fashion by the super ordinate. The problem is whether specialisation into levels of expertise allows a manager above to have an overview based on equivalent information; the second problem is whether strategic oversight can be step by step hierarchical. Overviews may be unevenly placed in organizations depending on what people do, know and understand.

Span of Control means the number of subordinates that can be managed efficiently and effectively by a superior in an organization. It suggests how the relations are designed between a superior and a subordinate in an organization. Span of control is of two types:

1. **Narrow span of control:** Narrow Span of control means a single manager or supervisor oversees few subordinates. This gives rise to a tall organizational structure.

2. **Wide span of control:** Wide span of control means a single manager or supervisor oversees a large number of subordinates. This gives rise to a flat organizational structure.

There is an inverse relation between the span of control and the number of levels in hierarchy in an organization, i.e. , narrower the span, the greater is the number of levels in an organization.Narrow span of control is more expensive as compared to wide span of control as there are more number of superiors and therefore there are greater communication problems between various levels of management. Wide span of control is best suited when the employees are not widely scattered geographically, as it is easy for managers to be in touch with the subordinates and to supervise them.

In case of narrow span of control, there are comparatively more opportunities for growth as the number of levels are more. The more efficient and organized the superiors are in performing their tasks, the better it is to have wide span of management. The less motivated and confident the employees are, the better it is to have a narrow span of management so that the supervisors can spend time with them and supervise them well. The more standardized is the nature of work ,like - if same task can be performed using same types of inputs, the better it is to have a wide span of management as more number of employees can be supervised by a single supervisor. There is more flexibility, prompt decision making, effective communication between higher level and lower level management, and improved customer interaction in case of wide span of management. Technological advancement such as internet, emails, mobile phones, etc. makes it easy for superiors to widen their span of control as there is more effective communication.

An ideal span of control according to modern authors is around 15 to 20 subordinates per manager, while according to the

traditional authors the ideal number is around 6 subordinates per manager. In reality, the ideal span of control depends upon various factors, such as:

1. Nature of an organization
2. Nature of job
3. Skills and competencies of manager
4. Employees skills and abilities
5. The kind of interaction that takes happens between superiors and subordinates, etc

1.4   Nature of Management

Nature of management can be described as follows.

Continuous Process: Management is a never ending process. It will remain the part of organization till the organization itself exists. Management is an unending process as past decisions always carry their impact for the future course of action.

Universal in Nature: Management is universal in nature i.e. it exists everywhere in universe wherever there is a human activity. The basic principles of management can be applied any where whether they are business or non-business organization.

Multidisciplinary: Management is basically multidisciplinary. Though management has developed as a separate discipline it draws knowledge and concepts of various other streams like sociology, psychology, economics, statistics etc. Management links ideas and concepts of all these disciplines and uses them for good-self of the organization.

Management is a group activity. Management is a vital part of group activity. As no individual can satisfy all his needs himself, he unites with his co-workers and work together as an organized group to achieve what he cannot achieve individually.

Management   is goal   oriented: Management   is   a goal oriented activity. It works to achieve some predetermined objectives or goals which may be economic or social.

Dynamic: Management is dynamic in nature i.e. techniques to mange business changes itself over a period of time.

System of authority: Authority is power to get the work done by others and compel them to work systematically. Management cannot perform in absence of authority. Authority and responsibility depends upon position of manager in organization.

Management is an art: Management is considered as art as both requires skills, knowledge, experience and creativity for achievement of desired results.

Management is Science. Management is considered as science. Science tells about the causes and effects of applications and is based on some specific principles and procedures. Management also uses some principles and specific methods. These are formed by continuous observations.

1.5   **Need of Management**

It helps in Achieving Group Goals - It arranges the factors of production, assembles and organizes the resources, integrates the resources in effective manner to achieve goals. It directs group efforts towards achievement of pre-determined goals. By defining objective of organization clearly there would be no wastage of time, money and effort. Management converts disorganized resources of men, machines, money etc. into useful enterprise. These resources are coordinated, directed and controlled in such a manner that enterprise work towards attainment of goals.

Optimum Utilization of Resources - Management utilizes all the physical & human resources productively. This leads to efficacy in management. Management provides maximum utilization of scarce resources by selecting its best possible alternate use in industry from out of various uses. It makes use of experts, professional and these services leads to use of their skills, knowledge, and proper utilization and avoids wastage. If

employees and machines are producing its maximum there is no under employment of any resources.

Reduces Costs - It gets maximum results through minimum input by proper planning and by using minimum input & getting maximum output. Management uses physical, human and financial resources in such a manner which results in best combination. This helps in cost reduction.

Establishes Sound Organization - No overlapping of efforts (smooth and coordinated functions). To establish sound organizational structure is one of the objective of management which is in tune with objective of organization and for fulfillment of this, it establishes effective authority & responsibility relationship i.e. who is accountable to whom, who can give instructions to whom, who are superiors & who are subordinates. Management fills up various positions with right persons, having right skills, training and qualification. All jobs should be cleared to everyone.

Establishes Equilibrium - It enables the organization to survive in changing environment. It keeps in touch with the changing environment. With the change is external environment, the initial co-ordination of organization must be changed. So it adapts organization to changing demand of market / changing needs of societies. It is responsible for growth and survival of organization.

Essentials for Prosperity of Society - Efficient management leads to better economical production which helps in turn to increase the welfare of people. Good management makes a difficult task easier by avoiding wastage of scarce resource. It improves standard of living. It increases the profit which is beneficial to business and society will get maximum output at minimum cost by creating employment opportunities which generate income in hands. Organization comes with new products and researches beneficial for society.

Self Check Question

1. Management is considered as art as both requires skills, knowledge, experience and creativity for achievement of desired results _____**(True/False)**

2. An ideal span of control according to modern authors is around _____subordinates per manager

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1.6   Assignments

1.6.1   Class assignment

1. Prepare the qualities of manager of an organization

1.6.2   Home assignment

1. Write short notes on

a. Span of control

b. Remuneration

c. Order

2. Write the concept of Authority and responsibility

1.7   Summing Up

This lesson dealt with various Management terminology and proper management gets maximum results through minimum input by proper planning and by using minimum input & getting maximum output.

1.8   Possible answers to self check questions

1. True

2. 15 to 20

1.9   Terminal Questions

1. Write the nature and principles of Management?

2. Define Management.What is the need for management? Explain

1.10   References

1. Hargie O, Dickson D, TourishDenis- Communication Skills for Effective Management, Palgrave Macmillan,   India

2. Dr. Sakthivel Murughan M   -Management   Principles   & Practices, New Age International Publishers, New Delhi

1.11   Suggested Further Readings

1. Redmond, J, Trager R -Media Organisation Management, Biztantra, Delhi

2.   Albarran, Alan B- Media Economics, Surjeet Publication, New Delhi

1.12   Keywords

Management is a **goal oriented** activity. It works to achieve some predetermined objectives or goals which may be economic or social.

Lesson 2 Management Functions

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STRUCTURE

2.0   Objectives

2.1   Introduction

2.2   Introduction to management Functions

2.3   Assignments

2.3.1   Class assignment

2.3.2   Home assignment

2.4   Summing Up

2.5   Possible answers to self check questions

2.6   Terminal Questions

2.7   References

2.8   Suggested Further Readings

2.9   Keywords

Lesson 2 Management Functions

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In the last lesson we had discussed Management – Definition, Nature, Principles and Need for Management. In present lesson, we shall study about the Management Functions.

2.0   **Objectives**

After going through this lesson you will learn:

- Management functions

2.1   **Introduction**

A manager's level within the organizational hierarchy has major influence on the proportion of efforts spent on managerial and non-managerial activities, and the proportion of different functions within managerial activities

2.2   **Management Functions**

Management can be described as a process encompassing several core functions of management. The list of functions that constitutes total management prepared by different authors and experts may differ to some extent from each other, but the basic the overall nature of management implicit in these different lists remains the same. The most common classification of management function includes the following four functions.

1.   Planning
2.   Organizing
3.   Leading
4.   Controlling
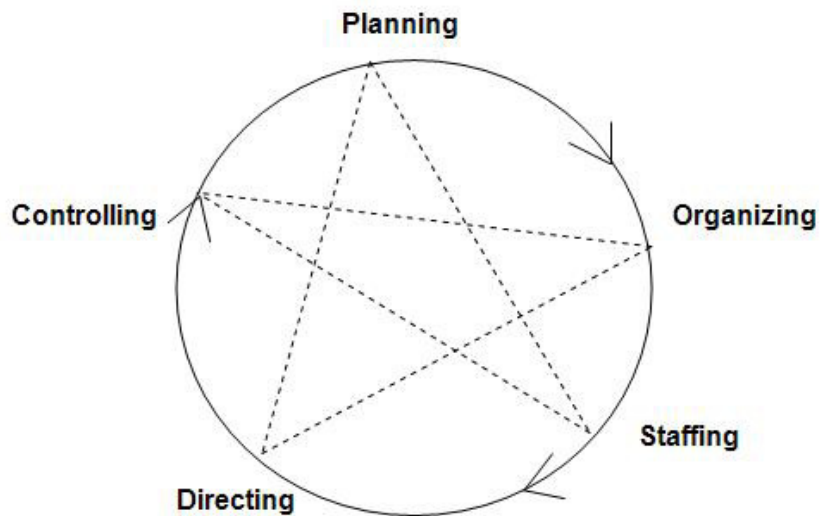
Planning covers the process of objectives and deciding on actions to be taken to achieve these objectives. *Organizing* is the process of designing and developing structure of relationships between members of the team or group assigned to carry out the planned tasks, and filling and keeping filled the positions in the organization. *Leading* refers to motivating, directing and guiding people in the organization It involves ensuring that the people in the organization are willing and capable of performing the required tasks. *Controlling* involves ascertaining the actual results and situation of the organization and taking corrective action when significant deviations from expectations occur.

These management functions are common to all the managers irrespective of the business activity managed by them – for example, procurement, manufacturing, marketing, finance, human resources management, and so on, or their level in organizational. However, the total time and effort devoted by individual managers to each of the management function as well as the total effort spent on all the management function in proportion to other non-managerial, technical and operational, tasks depends on many factors such as nature of business and organizations structure.

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Depending on size and structure, an organization may have half a dozen or more levels in the management hierarchy. However, for ease of understanding these are often grouped in three levels.

1.   Top-management: This refers to the top one or two hierarchical levels in the organization structure. Managers at these levels have responsibilities for the total organizational performance covering multiple business activities.

2.   Middle-management: These are the managers between the top- and first-level management. They generally do not have the responsibility for more than one type of business activity, and even within that may be responsible for only a segment of the total work in the organization.

3.   First-level-management: They are at the lowest one or two levels of management hierarchy. They are the people responsible for directly supervising the work of operational staff, and form a link between them and the management.

As we move from top to the first-level managers, the total proportion of effort on management work tends to decrease. Within management work, the effort spent on planning and controlling functions tends to decrease, and on leading function tends to increase, as we move down the organizational hierarchy. There is a drop in amount of organizing effort requirement also with decreasing level of organization hierarchy, but much less pronounced drop in comparison to that for planning and leading

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Self-Check Questions

1.   Top Managers have responsibilities for the total organizational performance covering multiple business activities _____ (True/false)

2.   _____refers to motivating, directing and guiding people in the organization

2.4   Assignments

2.4.1   Class assignment

1. Prepare the work breakdown structure and mark important functions of management.

2.4.2   Home assignment

1. Write short notes on

a. Planning

b. Organizing

2.5   Summing Up

This lesson dealt with describing management functions and its application at various levels of Management.

2.6   Possible answers to self check questions

1. True
2. Leading

2.7   Terminal Questions

1. What are the different functions of management?

2.8   References

1)   Hargie O, Dickson D, TourishDenis- Communication Skills for Effective Management, Palgrave Macmillan,   India

2). Dr. Sakthivel Murughan M   -Management Principles & Practices, New Age International Publishers, New Delhi

2.9   Suggested Further Readings

1. Redmond, J, Trager R -Media Organisation Management, Biztantra, Delhi

2.   Albarran, Alan B- Media Economics, Surjeet Publication, New Delhi

2.10   Keywords

1. *Planning* covers the process of objectives and deciding on actions to be taken to achieve these objectives.

2. *Organizing* is the process of designing and developing structure of relationships between members of the team or group assigned to carry out the planned tasks, and filling and keeping filled the positions in the organization.

3. *Leading* refers to motivating, directing and guiding people in the organization

Lesson 3 Responsibility, Authority and Accountability of Management

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Lesson 3 Responsibility, Authority and Accountability of Management

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In the last lesson we had discussed Management Functions. In present lesson, we shall study about the Responsibility, Authority and Accountability of Management.

3.0   Objectives

After going through this lesson you will learn:

- Responsibility
- Authority
- Accountability of Management

3.1   Introduction

Authority is delegated, responsibility is created and accountability is imposed. Accountability arises out of responsibility and responsibility arises out of authority.

3.2   Delegation of Authority

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.

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 misutilize it. Authority is the right to give commands, orders an get the things done. The top level management has greate authority. Authority always flows from top to bottom. It explair how a superior gets work done from his subordinate by clear explaining what is expected of him and how he should go abou it. Authority should be accompanied with an equal amount responsibility. Delegating the authority to someone else doesr imply escaping from accountability. Accountability still rest wit 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 delegatee's role which means his responsibility and accountability is attached with the authority over to here.

3.3 Authority and Responsibility

Authority is the legal right of person or superior to command his subordinates while accountability is the obligation of individual to carry out his duties as per standards of performance Authority flows from the superiors to subordinates,in which orders and instructions are given to subordinates to complete the task. It is only through authority, a manager exercises control. In a way through exercising the control the superior is demanding accountability from subordinates. If the marketing manager directs the sales supervisor for 50 units of sale to be undertaken in a month. If the above standards are not accomplished, it is the marketing manager who will be accountable to the chief executive officer. Therefore, we can say that authority flows from top to bottom and responsibility flows from bottom to top. Accountability is a result of responsibility and responsibility is result of authority. Therefore, for every authority an equal accountability is attached.

Differences between Authority and Responsibility

	Responsibility
It is the legal right of a person or a superior to command his subordinates.	It is the obligation of subordinate to perform the work assigned to him.

Authority is attached to the position of a superior in concern.	Responsibility arises out of superior-subordinate relationship in which subordinate agrees to carry out duty given to him.
Authority can be delegated by a superior to a subordinate	Responsibility cannot be shifted and is absolute
It flows from top to bottom.	It flows from bottom to top.

3.4 Importance of Delegation- Delegation of authority is a process in which the authority and powers are divided and shared amongst the subordinates. When the work of a manager gets beyond his capacity, there should be some system of sharing the work. This is how delegation of authority becomes an important tool in organization function. Through delegation, a manager, in fact, is multiplying himself by dividing/multiplying his work with the subordinates. The importance of delegation can be justified by -

1. Through delegation, a manager is able to divide the work and allocate it to the subordinates. This helps in reducing his work load so that he can work on important areas such as planning, business analysis etc.

2. With the reduction of load on superior, he can concentrate his energy on important and critical issues of concern. This way he is able to bring effectiveness in his work as well in the work unit. This effectively helps a manager to prove his ability and skills in the best manner.

3. Delegation of authority is the ground on which the superior-subordinate relationship stands. An organization functions as the authority flows from top level to bottom. This in fact shows

that through delegation, the superior-subordinate relationship become meaningful. The flow of authority is from top to bottom which is a way of achieving results.

4. Delegation of authority in a way gives enough room and space to the subordinates to flourish their abilities and skill. Through delegating powers, the subordinates get a feeling of importance. They get motivated to work and this motivation provides appropriate results to a concern. Job satisfaction is an important criterion to bring stability and soundness in the relationship between superior and subordinates. Delegation also helps in breaking the monotony of the subordinates so that they can be more creative and efficient. Delegation of authority is not only helpful to the subordinates but it also helps the managers to develop their talents and skills. Since the manager get enough time through delegation to concentrate on important issues, their decision-making gets strong and in a way they can flourish the talents which are required in a manager. Through granting powers and getting the work done, helps the manager to attain communication skills, supervision and guidance, effective motivation and the leadership traits are flourished. Therefore it is only through delegation, a manager can be tested on his traits.

5. Delegation of authority is help to both superior and subordinates. This, in a way, gives stability to a concern's working. With effective results, a concern can think of creating more departments and divisions flow working. This will require creation of more managers which can be fulfilled by shifting the experienced, skilled managers to these positions. This helps in both virtual as well as horizontal growth which is very important for a concern's stability.

Therefore, from the above points, we can justify that delegation is not just a process but it is a way by which manager multiples

himself and is able to bring stability, ability and soundness to a concern.

Principle of Delegation

There are a few guidelines in form of principles which can be a help to the manager to process of delegation. The **principles of delegation** are as follows: -

1. **Principle of result excepted-** suggests that every manager before delegating the powers to the subordinate should be able to clearly define the goals as well as results expected from them. The goals and targets should be completely and clearly defined and the standards of performance should also be notified clearly. For example, a marketing manager explains the salesmen regarding the units of sale to take place in a particular day, say ten units a day have to be the target sales. While a marketing manger provides these guidelines of sales, mentioning the target sales is very important so that the salesman can perform his duty efficiently with a clear set of mind.

2. **Principle of Parity of Authority and Responsibility-** According to this principle, the manager should keep a balance between authority and responsibility. Both of them should go hand in hand.

   According to this principle, if a subordinate is given a responsibility to perform a task, then at the same time he should be given enough independence and power to carry out that task effectively. This principle also does not provide excessive authority to the subordinate which at times can be misused by him. The authority should be given in such a way which matches the task given to him. Therefore, there should be no degree of disparity between the two.

3. **Principle of absolute responsibility-** This says that the authority can be delegated but responsibility cannot be delegated by managers to his subordinates which means responsibility is fixed. The manager at every level, no matter

what is his authority, is always responsible to his superior for carrying out his task by delegating the powers. It does not means that he can escape from his responsibility. He will always remain responsible till the completion of task. Every superior is responsible for the acts of their subordinates and are accountable to their superior therefore the superiors cannot pass the blame to the subordinates even if he has delegated certain powers to subordinates example if the production manager has been given a work and the machine breaks down. If repairmen are not able to get repair work done, production manager will be responsible to CEO if their production is not completed.

4. **Principle of Authority level-** This principle suggests that a manager should exercise his authority within the jurisdiction / framework given. The manager should be forced to consult their superiors with those matters of which the authority is not given that means before a manager takes any important decision, he should make sure that he has the authority to do that on the other hand, subordinate should also not frequently go with regards to their complaints as well as suggestions to their superior if they are not asked to do. This principle emphasizes on the degree of authority and the level upto which it has to be maintained.

Self Check Questions

1. _____suggests that every manager before delegating the powers to the subordinate should be able to clearly define the goals as well as results expected from them.

2. _____is the obligation of subordinate to perform the work assigned to him

3.5   Assignments

3.5.1   Class assignment

1. Collect the samples of various ATL and BTL techniques.

3.5.2   Home assignment

1. Write short notes on

a. Commission System

b. Negotiated Fee

c. Percentage Charges

2. What are ATL and BTL techniques?

3.6   Summing Up

This lesson dealt with authority can be delegated but responsibility cannot be delegated by managers to his subordinates which means responsibility is fixed. The manager at every level, no matter what is his authority, is always responsible to his superior for carrying out his task by delegating the powers.

3.7   Possible answers to self check questions

1. Principle of result excepted
2. Responsibility

3.8   Terminal Questions

1. What is responsibility? Explain responsibility of an effective manager.

2. Explain the concept of delegation of authority in an organization.

3. Write accountability of a manager in a management

3.9   References

1. Hargie O, Dickson D, TourishDenis- Communication Skills for Effective Management, Palgrave Macmillan,   India

2. Dr. Sakthivel Murughan M   -Management Principles & Practices, New Age International Publishers, New Delhi

3.10   Suggested Further Readings

1. Redmond, J, Trager R -Media Organisation Management, Biztantra, Delhi

2.   Albarran, Alan B- Media Economics, Surjeet Publication, New Delhi

3.11   Keywords

1. **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.

2. **Responsibility** is the obligation of subordinate to perform the work assigned to him.

Lesson 4 Planning – Definition, process and importance, organizing, directing and controlling

_____

STRUCTURE

Lesson 4 Planning – Definition, process and importance, organizing, directing and controlling

In the last lesson we had discussed Responsibility, Authority and Accountability of Management. In present lesson, we shall study about the planning process and its importance.

4.0   Objectives

After going through this lesson you will learn:

- Planning need
- Importance of planning
- Process of planning

4.1   Introduction

Planning is the process of deciding in advance what is to be done, where, how and by whom it is to be done. Planning as a process involves anticipation of future course of events and deciding the best course of action. Planning is the selection from among alternatives for future courses of action for the enterprise as a whole and each department within it.

4.2   Nature of Planning

The nature of planning can be highlighted by studying its characteristics. They are as follows:

(a) **Planning is a mental activity**. Planning is not a simple process. It is an intellectual exercise and involves thinking and forethought on the part of the manager.

(b)**Planning is goal-oriented**. Every plan specifies the goals to be attained in the future and the steps necessary to reach them. A manager cannot do any planning, unless the goals are known.

(c) **Planning is forward looking**. Planning is in keeping with the adage, "look before you leap". Thus planning means looking ahead. It is

futuristic in nature since it is performed to accomplish some objectives in future.

(d)**Planning pervades all managerial activity**. Planning is the basic function of managers at all levels, although the nature and scope of planning will vary at each level.

(e) **Planning is the primary function**. Planning logically precedes the execution of all other managerial functions,

since managerial activities in organizing; staffing, directing and controlling are designed to support the attainment of

organizational goals. Thus, management is a circular process beginning with planning and returning to planning for

revision and adjustment.

(f) **Planning is based on facts**. Planning is a conscious determination and projection of a course of action for the

future. It is based on objectives, facts and considered forecasts. Thus planning is not a guess work.

(g)**Planning is flexible**. Planning is a dynamic process capable of adjustments in accordance with the needs and

requirements of the situations. Thus planning has to be flexible and cannot be rigid.

(h) **Planning is essentially decision making**. Planning is a choice activity as the planning process involves finding the alternatives and the selection of the best. Thus decision making is the cardinal part of planning.

4.3   Significance of Planning

According to G.R. Terry, "Planning is the foundation of most successful actions of all enterprises." An enterprise can achieve its objectives only through systematic planning on account of the increasing complexities of modern business.

(a) **Minimizes uncertainty**-The future is generally uncertain and things are likely to change with the passage of time. Planning helps in minimizing the uncertainties of the future as it anticipates future events.

(b)**Emphasis on objectives -**The first step in planning is to fix the objectives. When the objectives are clearly fixed, the execution of plans will be facilitated towards these objectives.

(c) **Promotes coordination**- Planning helps to promote the coordinated effort because of pre-determined goals.

(d)**Facilitates control-** Planning and control are inseparable in the sense that unplanned actions cannot be controlled. Control is nothing but making sure that activities conform to the plans.

(e) Improves competitive strength-Planning enables an enterprise to discover new opportunities, which give it a

competitive edge.

(f) **Economical operation-**Since planning involves a lot of mental exercise, it helps in proper utilization of resources

and elimination of unnecessary activities. This, in turn, leads to economy in operation.

(g)**Encourages innovation- Planning** is the deciding function of management. Many new ideas come to the mind of a manager when he is planning. This creates an innovative and foresighted attitude among the managers.

(h)**Tackling complexities of modern business**-With modern business becoming more and more complex, planning helps in getting a clear idea about what is to be done, when it is to done, where it is to be done and how it is to be done.

Types of Planning

Planning is of several kinds depending upon their nature. The various types of plans are as follows:

(a)Financial and non-financial planning-Financial planning relates to the monetary aspect of the concern. On the other hand, non-financial planning relates to the physical resources of the concern.

(b)Formal and informal planning- A planning in black and white is known as formal planning. Informal planning is only thinking about it and nothing more.

(c)Short-range and long-range planning- Short-term planning relates to a period of less than one year. It is to accomplish objectives in the near future. Medium-term planning covers a period of over one year but less than three years. A planning between three to five years is known along-term planning.

(d)Standing and ad hoc planning-Standing plans are permanent in nature and are meant to be used over and over again. They ensure quick decision and action whenever need arises. On the other hand, ad hoc plans are generally for specific matters and are prepared only when some need arises.

(e)Administrative and operational planning-

Administrative planning associates with middle level managers and provide guidelines to operational planning. On the other hand, operational planning associates with lower levels of management and deals with actual execution of operations. Top level planning is concerned with fixing of objectives.

Requirements of a Good Plan

An effective and sound plan should have the following features:

(a) Clear objective-The purpose of plans and their components is to develop and facilitate the realization of organizational objectives. The statement on objectives should be clear, concise, definite and accurate. It should not be colored by bias resulting from emphasis on personal objectives.

(b) Proper understanding-A good plan is one, which is well understood by those who have to execute it. It must be based on sound assumptions and sound reasoning.

(c)Flexible-The principle of flexibility states that management should be able to change an existing plan because of change in environment without undue extra cost or delay so that activities keep moving towards the established goals. Thus, a good plan should be flexible to accommodate future Uncertainties.

(d)Stable-The principle of stability states that the basic feature of the plan should not be discarded or modified because of changes in

external factors such as population trends, technological developments, or unemployment.

(e)Comprehensive- A plan is said to be comprehensive when it covers each and every aspect of business. It should integrate the various administrative plans so that the whole organization operates at peak efficiency.

(f)Economical-A plan is said to be good, if it is as economical as possible, depending upon the resources available with the organization.

Limitations Of Planning

Although planning is a primary function of management and facilitates various other management functions, it has many barriers and limitations. Some of them are explained below:

(a)Costly process- Planning is a costly process as time; energy and money are involved in gathering of facts and testing of various alternatives.

(b)Rigidity- Planning restricts the individual's freedom, initiative and desire for creativity as it strictly adheres to -predetermined-policies and Programmes.

(c)Limited scope- The scope of planning is said to be limited in the case of organizations with rapidly changing situations.

(d)Influence of external factors-The effectiveness of planning is sometimes limited because of the external social, political, economical and technological factors, which are beyond the control of the planners.

(e)Non-availability of data- Planning needs reliable facts and figures. Planning loses its value unless reliable information is available.

(f)People's resistance-Resistance to change hinders planning. Planners often feel frustrated in instituting new plans, because of the inability of people to accept them.

Planning in Event management involves the following steps:-

1.   Objective -

•   What do we want?

•   Ideas & Proposals: Screening Criteria for Screening

•   Event Objectives and detailed aims

2.   Draft Outline Plan

• Environmental Search- Competition problems Precedents / Similarities Stakeholders

• Information Gathering /dates/cost& revenues/Venues/ Staffing

3. Systematic detailed Planning

• Financial plan

• Operational Plan

• Marketing Plan

4. Organizing & preparing the Event- Developmental activities, Preparation & Deadlines

5. Implementing The Event- Operations, Control of Action

6. Disinvestment /Legacy- Closedown Evaluation, Feedback& Recording : handover

~The Objective have to be carefully thought through and sufficiently precise and clear to ensure that the purpose of the event is obvious to all those invoiced in it . Clarity at the beginning also help the planning process and of getting everyone to pull in same direction.

~The draft plan is really a place for initial ideas to be recorded. It heading should cover six key issues to give it some structure & form

•   Who the event is being undertaken?

•   Who will be involved in the process & the event?

•   What will take place & what information research is needed to make decisions?

•   How it will be done?

•   Where it will happen?

•   When it will take place?

1. Operational Plan – The event will require whole range of resources. There has to be enough time plan the event properly to meet deadline& cut off points to achieve the setup m, run the event &Break down its various elements.

2.　　　Financial Planning – There are hidden, cost risk involved in event management. Break down & Bottleneck cost can be very severe & not apparent until they occur.

3.　　　Marketing Plan- It Can be Marketing action plan or a event launch plan. It schedule of activities leading up to the event .The marketing team need to identify the key lead-time of every activity.

~　　A short wash up session should take place for feedback on the event to write up the account complete the records and make any notes of importance to the planning of a similar future event.

Process of generating Ideas involve following steps:

1.　　ideas Or Objective

2.　　General Nature of the event

3.　　Purpose of the event

4.　　How should it `operate?

5.　　What Benefits are there to participants?

6.　　Concepts

7.　　First Screening- Marketing

8.　　Second Screening- Operational

9.　　Third Screening- Financial

10.　　Remaining concepts & Choice

4.4　Process of planning

The various stages in the process of planning are as follows:

1. Goal setting:

Plans are the means to achieve certain ends or objectives. Therefore, establishment of organizational or overall objectives is the first step in planning. Setting objectives is the most crucial part of planning. The organizational objectives should be set in key areas of operations.

They should be verifiable i.e., they should as far as possible be specified in clear and measurable terms. The objectives are set in the light of the opportunities perceived by managers. Establishment of goals is influenced by the values and beliefs of executives, mission of the organization, organizational resources, etc.

Objectives provide the guidelines (what to do) for the preparation of strategic and procedural plans. One cannot make plans unless one knows what is to be accomplished. Objectives constitute the mission of an organisation. They set the pattern of future course of action.

The objectives must be clear, specific and informative. Major objectives should be broken into departmental, sectional and individual objectives. In order to set realistic objectives, planners must be fully aware of the opportunities and problems that the enterprise is likely to face.

2. Developing the planning premises:

Before plans are prepared, the assumptions and conditions underlying them must be clearly defined these assumptions are called planning premises and they can be identified through accurate forecasting of likely future events.

They are forecast data of a factual nature. Assessment of environment helps to reveal opportunities and constraints. Analysis of internal (controllable and external (uncontrollable) forces is essential for sound planning premises are the critical factors which lay down the bounder for planning.

They are vital to the success of planning as they supply per tenant facts about future. They need revision with changes in the situation. Contingent plans may be prepared for alternate situations.

3. Reviewing Limitations:

In practice, several constraints or limitations affect the ability of an organization to achieve its objectives. These limitations restrict the smooth operation of plans and they must be anticipated and provided for.

The key areas of Imitations are finance," human resources, materials, power and machinery. The strong and weak points of the enterprise should be correctly assessed.

4. Deciding the planning period:

Once the broad goals, planning premises and limitations are laid down, the next step is to decide the period of planning. The planning period

should be long enough to permit the fulfillment of the commitments involved in a decision.

This is known as the principle of commitment. The planning period depends on several factors e.g., future that can be reasonably anticipated, time required to receive capital investments, expected future availability of raw materials, lead time in development and commercialization of a new product, etc.

5. Formulation of policies and strategies:

After the goals are defined and planning premises are identified, management can formulate policies and strategies for the accomplishment of desired results. The responsibility for laying down policies and strategies lies usually with management. But, the subordinates should be consulted as they are to implement the policies and strategies.

Alternative plans of action should be developed and evaluated carefully so as to select the most appropriate policy for the organization. Imagination, foresight, experience and quantitative techniques are very useful in the development and evaluation of alternatives.

Available alternatives should be evaluated in the light of objectives and planning premises. If the evaluation shows that more than one alternative is equally good, the various alternatives may be combined in action.

6. Preparing operating plans:

After the formulation of overall operating plans, the derivative or supporting plans are prepared. Several medium range and short-range plans are required to implement policies and strategies.

These plans consist of procedures, programmers, schedules, budgets and rules. Such plans are required for the implementation of basic plans.

Operational plans reflect commitments as to methods, time, money, etc. These plans are helpful in the implementation of long range plans. Along with the supporting, plans, the timing and sequence of activities is determined to ensure continuity in operations.

7. Integration of plans:

Different plans must be properly balanced so that they support one another. Review and revision may be necessary before the plan is put into operation. Moreover, the various plans must be communicated and explained to those responsible for putting them into practice.

The participation and cooperation of subordinates is necessary for successful implementation of plans. Established plans should be reviewed periodically so as to modify and change them whenever necessary.

A system of continuous evaluation and appraisal of plans should be devised to identify any shortcomings or pitfalls of the plans under changing situations.

Self check question

1.   The _____have to be carefully thought through and sufficiently precise and clear to ensure that the purpose of the event is obvious to all those invoiced in it

2.   _____is the foundation of most successful actions of all enterprises."

4.5   Assignments

4.5.1   Class assignment

1. Prepare planning schedule for launching a concept car

4.5.2   Home assignment

1. Write short notes on

a. Operational Plan

b. Planning premises

4.6   Summing Up

These lesson dealt with Plans are the means to achieve certain ends or objectives. Therefore, establishment of organizational or overall objectives is the first step in planning. Setting objectives is the most crucial part of planning. The organizational objectives should be set in key areas of operations.

4.7   Possible answers to self check questions

1. Objective

    2. Planning

4.8 Terminal Questions

1. Define planning.
2. Write process and importance of planning.

4.9 References

1. Hargie O, Dickson D, TourishDenis- Communication Skills for Effective Management, Palgrave Macmillan,   India

2. Dr. Sakthivel Murughan M   -Management Principles & Practices, New Age International Publishers, New Delhi

4.10 Suggested Further Readings

1. Redmond, J, Trager R -Media Organisation Management, Biztantra, Delhi

2. Albarran, Alan B- Media Economics, Surjeet Publication, New Delhi

4.11 Keywords

Operational Plan – The event will require whole range of resources.

Lesson 5 Human Resource Planning

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STRUCTURE

Lesson **5**   Human Resource Planning

In the last lesson we had discussed planning. In present lesson, we shall study about the Human resource planning, recruitment and selection.

5.0   Objectives

After going through this lesson you will learn:

Human resource planning

recruitment and selection

5.1   Introduction

Human Resource Management is the organizational function that deals with issues related to people such as compensation, hiring, performance management, organization development, safety, wellness, benefits, employee motivation, communication, administration, and training

5.2   Human Resource Management

HRM as "planning, organizing, directing, controlling of procurement, development, compensation, integration , maintenance and separation of human resources to the end that individual, organizational and social objectives are achieved."

According to **Decenzo and Robbins,** "HRM is concerned with the people dimension" in management. Since every organization is made up of people, acquiring their services, developing their skills, motivating them to higher levels of performance and ensuring that they continue to maintain their commitment to the organization is essential to achieve organsational objectives. This is true, regardless of the type of organization – government, business, education, health or social action".

Definition 1 "HRM is planning, organizing, directing and controlling of the procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organizational and social objectives are accomplished."

OBJECTIVES OF HRM

Societal objective. To be socially responsible to the needs and challenges of society while minimizing the negative impact of such demands upon the organization. The failure of organizations to use their resources for society's benefit may result in restrictions. For example, societies may pass laws that limit human resource decisions.

Organizational objective. To recognize that HRM exists to contribute to organizational effectiveness. HRM is not an end in itself; it is only a means to assist the organization with its primary objectives. Simply stated, the department exists to serve the rest of the organization.

Functional objective. To maintain the department's contribution at a level appropriate to the organisation's needs. Resources are wasted when HRM is more or less sophisticated than the organisation demands. A department's level of service must be appropriate for the organisation it serves.

Personal objective. To assist employees in achieving their personal goals, at least insofar as these goals enhance the individual's contribution to the organisation. Personal objectives of employees must be met if workers are to be maintained, retained and motivated. Otherwise, employee performance and satisfaction may decline, and employees may leave the organisation.

5.3   Nature of HRM

1. HRM involves management functions like planning, organizing, directing and controlling

2. It involves procurement, development, maintenance of human resource

3. It helps to achieve individual, organizational and social objectives

4. HRM is a multidisciplinary subject. It includes the study of management, psychology, communication, economics and sociology.

5. It involves team spirit and team work.

6. It is a continuous process.

What Is Needs Assessment?

A needs assessment is the process of collecting information about an expressed or implied organizational need that could be met by conducting training. The need can be a desire to improve current performance or to correct a deficiency. A deficiency is a performance that does not meet the current standard. It means that there is a prescribed or best way of doing a task and that variance from it is creating a problem. The needs assessment process helps the trainer and the person requesting training to specify the training need or performance deficiency. Assessments can be formal (using survey and interview techniques) or informal (asking some questions of those involved).The term needs assessment is a general term for a three-phaseprocess to collect information, analyze it, and create a training plan. Different types of assessments are called needs analysis, such as performance analysis, job/task analysis, target population analysis, and so forth. Needs assessment often involves the use of more than one type of analysis.

Why Conduct a Needs Assessment?

The purpose of a needs assessment is to answer some familiar questions: why, who, how, what, and when. Following the definitions of each type of needs assessment is the common needs analysis term.

1. Why conduct the training: to tie the performance deficiency to a business need and be sure the benefits of conducting the training are greater than the problems being caused by the performance deficiency. Conduct two types of analysis to answer this question:

(1) needs versus wants analysis and (2) feasibility analysis.

2. Who is involved in the training: involve appropriate parties to solve the deficiency. Conduct a target population analysis to learn as much as

possible about those involved in the deficiency and how to customize a training program to capture their interest.

3. How can the performance deficiency be fixed: training can fix the performance deficiency or suggest other remediation if training is not appropriate. Conduct a performance analysis to identify what skill deficiency is to be fixed by a training remedy

Policies & Procedure

Policies may be defined as guides to thinking and action of those who have to make decisions in the course of accomplishment of the enterprise objectives. They provide ready answers to all questions faced in the running on the enterprise.Policies are formulated in broad terms and provide a comprehensive and flexible course of action to be pursued to attain the given objectives. Thus they give a concrete touch to objectives.

Procedure- A fixed, step-by-step sequence of activities or course of action (with definite start and end points) that must be followed in the same order to correctly perform a task. Repetitive procedures are called routines.

However, it should be noted that policies & Procedure do not provide any decisions as such. They only lay down the limits within which decisions have to be made. For example, an enterprise which has set the objective of promoting the development of people of the area may follow the policy of employing only local people. Similarly, an enterprise

may follow the policy of selling only against or of filling up managerial posts from among its own employees.

It is critical for organizational policies and procedures to be clearly defined and communicated.

1) **Understanding Organizational Expectations:** Without policies and procedures it is difficult for new and existing employees to understand the organization's culture, expectations and requirements. Employees need to be aware of their specific roles and responsibilities, as well as employment policies for vacation time, sick time, health care, etc.

2) **Improving Employee Engagement:** If employees are educated and understand their individual and organizational requirements, overall morale and productivity will increase.

3) **Ensuring Ongoing Compliance:** In order to ensure compliance, organizations must ensure all employees are trained

4) **Keeping Up with Escalating Risks and Challenges:** All employees (and third-parties) should be reminded on an ongoing basis about your organization's policies and procedures as risks, regulations, best practices, etc. are constantly evolving. As regulations, risks and threats change, are you updating your procedures or are your policies still the same as the day you first created them?

5) **Avoiding Expensive and Embarrassing Incidents:** Many organizations are too flexible with requirements and can expose themselves to expensive and embarrassing data breaches, lawsuits, losses and mistakes by not implementing clearly defined policies.

6) **Replacing Status Quo Methodologies:** The first step for many organizations is to determine their requirements and then create their policies and procedures accordingly. However, this is where many organizations quit. They create a comprehensive policy manual or binder, distribute it to their employees and never mention it again. Do you really think your employees are reading the manual and identifying the specific roles and responsibilities that apply to them?

7) **Avoiding the "I never got that email" Excuse:** If your organization is just blasting your policies out to your people in e-mails and

memos...how do you know if anyone received the email or is reading the policies and understands them? How can you hold your employees accountable?

8) **Communicating to All Affected Personnel:** It is critical for organizations of all sizes to not only create comprehensive policies and procedures ongoing, but to ensure those policies have been implemented down to the individual level and read, understood and acknowledged by all employees (staff, management, third-parties, vendors, contractors, first responders, etc.).

9) **Improving Safety and Preparedness:** Do your employees know what to do in the event of a disaster? What is the organization's emergency plan? What are their individual roles and responsibilities? Should they evacuate? Where do they go? Where is the emergency call list? Are systems back-up on a daily basis? And so on... It is critical for your organization to ensure all individuals understand their requirements before, during and after an incident occurs.

10) **Documenting, Documenting, Documenting:** Are employees signing off on certain policies required by federal and state regulations? Actually implementing policies, procedures, plans and processes means organizations have documentation and proof that individuals have read, understood and acknowledged their roles and responsibilities. Regulations require proof of implementation. Legal due diligence requires proof of implementation.

5.4   Recruitment & Selection

The recruitment and selection is the major function of the human resource department and recruitment process is the first step towards creating the competitive strength and the strategic advantage for the organisations. Recruitment process involves a systematic procedure from sourcing the candidates to arranging and conducting the interviews and requires many resources and time. A general recruitment process is as follows:

Identifying the vacancy:

The recruitment process begins with the human resource department receiving requisitions for recruitment from any department of the company. These contain:

Posts to be filled

Number of persons

Duties to be performed

Qualifications required

Preparing the job description and person specification

Locating and developing the sources of required number and type of employees (Advertising etc).

Short-listing and identifying the prospective employee with required characteristics.

Arranging the interviews with the selected candidates

Conducting the interview and decision making

    i. Identify vacancy

    ii. Prepare job description and person specification

    iii. Advertising the vacancy

    iv. Managing the response

    v. Short-listing

    vi. Arrange interviews

    vii. Conducting interview and decision making

The recruitment process is immediately followed by the selection process i.e. the final interviews and the decision making, conveying the decision and the appointment formalities.

Purpose & Importance of Recruitment

Attract and encourage more and more candidates to apply in the organisation.

Create a talent pool of candidates to enable the selection of best candidates for the organisation.

Determine present and future requirements of the organization in conjunction with its personnel planning and job analysis activities.

Recruitment is the process which links the employers with the employees.

Increase the pool of job candidates at minimum cost.

Help increase the success rate of selection process by decreasing number of visibly under qualified or overqualified job applicants.

Help reduce the probability that job applicants once recruited and selected will leave the organization only after a short period of time.

Meet the organizations legal and social obligations regarding the composition of its workforce.

Begin identifying and preparing potential job applicants who will be appropriate candidates.

Increase organization and individual effectiveness of various recruiting techniques and sources for all types of job applicants

Recruitment Policy of a company

In today's rapidly changing business environment, a well defined recruitment policy is necessary for organizations to respond to its human resource requirements in time. Therefore, it is important to have a clear and concise recruitment policy in place, which can be executed effectively to recruit the best talent pool for the selection of the right candidate at the right place quickly. Creating a suitable recruitment policy is the first step in the efficient hiring process. A clear and concise recruitment policy helps ensure a sound recruitment process.

It specifies the objectives of recruitment and provides a framework for implementation of recruitment programme. It may involve organizational system to be developed for

Implementing recruitment programmes and procedures by filling up vacancies   with   best   qualified   people.

_____

Self Check question

1.   The_____ and _____is the major function of the

human resource department and recruitment process is the first step towards creating the competitive strength

2. _____is concerned with the people dimension

_____

5.5   Assignments

5.5.1   Class assignment

1. Prepare Recruitment classified for any organization.

5.5.2   Home assignment

1. Write short notes on

a. Recruitment

b. selection

5.6   Summing Up

This lesson dealt with various methods of Human resource planning to assist employees in achieving their personal goals, at least insofar as these goals enhance the individual's contribution to the organisation. Personal objectives of employees must be met if workers are to be maintained, retained and motivated.

5.7   Possible answers to self check questions

1. recruitment and selection
2.   HRM

5.8   Terminal Questions

1. Explain human resource planning.

5.9   References

1. Hargie O, Dickson D, TourishDenis- Communication Skills for Effective Management, Palgrave Macmillan,   India

2. Dr. Sakthivel Murughan M   -Management Principles & Practices, New Age International Publishers, New Delhi

5.10   Suggested Further Readings

1. Redmond, J, Trager R -Media Organisation Management, Biztantra, Delhi

2.   Albarran, Alan B- Media Economics, Surjeet Publication, New Delhi

5.11   Keywords

- Recruitment is the process which links the employers with the employees.

Unit-II [Behaviour and Leadership]

Lesson 1 Foundations of behaviour – Attitudes, Personality and Learning

Lesson 2 Leadership – Importance and major types

Lesson 3 Motivation and Conflict management

Lesson 1 Foundations of behaviour – Attitudes, Personality and Learning

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STRUCTURE

Lesson 1   Foundations of behaviour – Attitudes, Personality and Learning

This unit deals with the **Behaviour and Leadership** Concepts. This present lesson provides you the clarity of concept for Attitudes, Personality and Learning.

1.0   Objectives

After going through this lesson you will learn:

- Attitude
- Personality
- Learning

1.1   Introduction

Attitude is an understanding or learning of why employees feel and act the way; they do and help supervisors in winning cooperation from them. So, it is very essential for the efficient working of an organization.
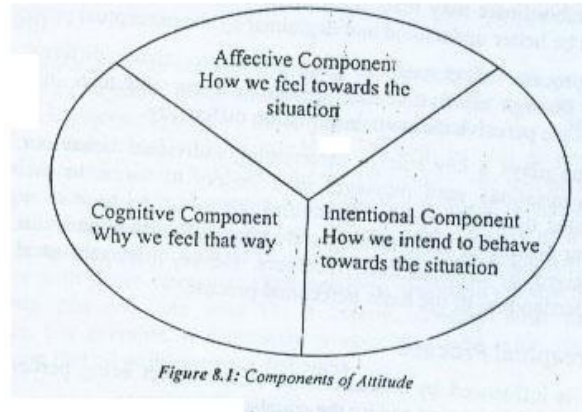
1.2   Attitude

An attitude is defined as, "a learned pre-disposition to respond in a consistently favourable or unfavorable manner with respect to a given object".Attitude is the combination of beliefs and feelings that people have about specific ideas, situations or other people. Attitude is important because it is the mechanism through which most people express their feelings.

COMPONENTS OF ATTITUDE

Attitude has three components, which are as follows:

- Affective component
- Cognitive component
- Intentional component

Figure 8.1: Components of Attitude

The affective component of an attitude reflects 'feelings and emotions' that an individual has towards a situation. The cognitive component of an attitude is derived from 'knowledge' that an individual has about a situation. Finally, the intentional component of an attitude reflects how an individual 'expects to behave' towards or in the situation. For example, the different components of an attitude held towards a firm, which supplies inferior products and that too irregularly could be described as follows:

- "I don't like that company"—Affective component.
- "They are the worst supply firm I have ever dealt with"—Cognitive component.
- "I will never do business with them again'"—Intentional component.

People try to maintain consistency among the three components of their attitudes. However, conflicting circumstances often arise. The conflict that individuals may experience among their own attitudes is called 'cognitive dissonance.

ATTITUDE FORMATION AND CHANGE

Individual attitude are formed over time as a result of repeated personal experiences with ideas, situations or people. One of the very

important ways to understand individual behaviour in an organization is that of studying attitude, which is situation ally specific and learned.

An attitude may change as a result of new information. A manager may have a negative attitude about a new employee because of his lack of job-related experience. After working with a new person, a manager may come to realise that he is actually very talented and subsequently may develop a more positive attitude toward him.

Work-Related Attitudes

People in an organization form attitude about many things such as about their salary, promotion possibilities, superiors, fringe benefits, food in the canteen, uniform etc. Especially some important attitudes are job satisfaction or dissatisfaction, organizational commitment and job involvement.

Job Satisfaction

Job satisfaction is an attitude reflects the extent to which an individual is gratified or fulfilled .by his or her work. Extensive research conducted on job satisfaction has indicated that personal .factors such as an individual's needs and aspirations determine this attitude, along with group and organizational factors such as relationships with co-workers and supervisors, working conditions, work policies and compensation.

A satisfied employee also tends to be absent less often, makes positive contributions, and stays with the organization. In contrast, a dissatisfied employee may be absent more often may experience stress that disrupts co-workers, and may keep continually looking for another job.

Organizational factors that influence employee satisfaction include pay, promotion, policies and procedures of the organizations and working conditions. Group factors such as relationship with co-workers and supervisors also influence job- satisfaction. Similarly, satisfaction depends on individual factors like individual's needs and aspirations. If employees are satisfied with their job, it may lead to low employee turnover and less absenteeism and vice-versa.

Organizational Commitment and Involvement

Two other important work-related attitudes arc organizational commitment and involvement. Organizational commitment is the individual's feeling of identification with and attachment to an organization. Involvement refers to a person's willingness to be a team member and work beyond the usual standards of the job. An employee with little involvement is motivated by extrinsic motivational factor and an employee with strong involvement is motivated by intrinsic motivational factors.

There are a number of factors that lead to commitment and involvement. Both may increase with an employee's age and years with the organization, with his sense of job security and participation in decision-making. If the organization treats its employees fairly and provides reasonable rewards and job security, employees are more likely to be satisfied and committed. Involving employees in decision-making can also help to increase commitment. In particular, designing jobs, which are interesting and stimulating, can enhance job involvement.

ATTITUDE: IT'S IMPORTANCE IN ORGANIZATIONAL BEHAVIOUR

Attitudes of both workers and management react to each other and determine mutual relationships.

Attitude is an understanding or learning of why employees feel and act the way; they do and help supervisors in winning cooperation from them. So, it is very essential for the efficient working of an organization.

From a personal perspective, attitudes provide knowledge base or prepare, our mental state, for our interaction with others, and with the world around us. This directly affects organizational behaviour, and in turn organizational working.

Perception

Perception is an important mediating cognitive process. Through this complex process, people make interpretations of the stimulus or situation they are faced with. Both selectivity and organization go 'into perceptual, interpretations. Externally, selectivity is affected by intensity,

size, contrast, repetition, motion and novelty and familiarity. Internally, perceptual selectivity is influenced by the individual's motivation, learning and personality. After the selective process filters the stimulus situation, the incoming information is organized into a meaningful whole.

Individual differences and uniqueness are largely the result of the cognitive processes. Although there arc a number of cognitive processes, it is generally recognized that the perceptual process is a very important one. It is a process that takes place between the situation and the behaviour and is most relevant to the study of organizational behaviour. For example, the observation that a department head and a subordinate may react quite differently to the same top management directive can be better understood and explained by the perceptual process.

In the process of perception, people receive many different kinds of information through all five senses, assimilate them and then interpret them. Different people perceive the same information differently.

Perception plays a key role in determining individual behaviour in organizations. Organizations send messages in a variety of forms to their members regarding what they are expected to do and not to do. In spite of organizations sending clear messages, those messages are subject to distortion in the process of being perceived by organizational members. Hence, managers need to have a general understanding of the basic perceptual process.

Basic Perceptual Process

Perception is influenced by characteristics of the object being perceived, by the characteristics of the person and by the situational processes.

- Characteristics of the object include contrast, intensity, movement, repetition and novelty.
- Characteristics of the person include attitude, self-concept and personality.

The details of a particular situation affect the way a person perceives an object; the same person may perceive the same object very differently in different situations. The processes through which a person's perceptions are altered by the situation include selection, organization, attribution, projection, stereotyping process, and the halo effect process. Among these, selective perception and stereotyping are particularly relevant to organizations.

Selective Perception

Selective perception is the process of screening out information that we are uncomfortable with or that contradicts our beliefs. For example, a manager has a very positive attitude about a particular worker and one day he notices that the worker seems to be goofing up. Selective perception may make the manager to quickly disregard what he observed.

Stereotyping

Stereotyping is the process of categorizing or labeling people on the basis of a single attribute. Perceptions based on stereotypes about people's sex exist more or less in all work places. Typically, these perceptions lead to the belief that an individual's sex determines which tasks he or she will be able to perform. For example, if a woman is sitting behind the table in the office, she will be very often, perceived as a clerk and not an executive at first.

PERCEPTION AND ATTRIBUTION

Perception is also closely linked with another process called attribution. Attribution is a mechanism through which we observe behaviour and then attribute certain causes to it. According to Attribution theory, once we observe behaviour we evaluate it in terms of its consensus, consistency and distinctiveness. Consensus is the extent to which other people in the same situation behave in the same way. Consistency is the degree to which the same person behaves in the same way at different times. Distinctiveness is the extent to which the same person behaves in the same way in other situations. The forces within the person (internal) or outside the person (external) lead to the behaviour.

IMPRESSION MANAGEMENT

Social perception is concerned with how one individual perceives other individuals. Conversely, impression management is the process by which the general people attempt to manage or control the perceptions that others form about them. People often tend to present themselves in such a way so as to impress others in a socially desirable manner. Thus, impression management has considerable' implications for activities like determining the validity of performance appraisals. It serves as a pragmatic, political tool for someone to climb the ladder of success in organizations.

The Process of Impression Management

Impression construction, the other major process, is concerned with the specific type of impression people want to make and how they create it. Although some theorists limit the type of impression only to personal characteristics others include such things as attitudes, physical status, interests, or values. Using this broader approach, five factors have been identified as being especially relevant to the] kinds of impression people try to construct: the self-concept, desired and undesired identity images, role constraints, target values and current social image. Although there has been a considerable research done on how these five factors influence the type of impression that people try to make, there is still little known of how they select the way to manage others' perceptions of them.

Employee Impression Management Strategies

There are two basic strategies of impression management that employees can use. If employees are trying to minimize responsibility for some negative event or to stay out of trouble, they may employ a demotion-preventative strategy. On the other hand, if they are seeking to maximize responsibility for a positive outcome or to look better than what they really are, then they lean use a promotion-enhancing strategy.

The demotion-preventative strategy is characterized by the following activities:

- Employees attempt to excuse or justify their actions.

- Employees apologies to the boss for some negative event.

- Employees secretly tell their boss that they fought for the right thing, but were overruled. Employees using this approach try to disassociate themselves from the group and from the problem.

   The promotion enhancing strategies involve the following activities:

- Employees harbor a feeling that they have not been given credit for a positive outcome.

- Employees point out that they did more, but received a lesser credit.

- Employees identify cither personal or organizational obstacles they had to overcome to accomplish an outcome and expect a higher credit.

- Employees ascertain that they are seen with the right people at the right times.

Coping with Individual Differences

Individual differences and people's perception of them affect every aspect of behaviour in organizations. Managers must never underestimate the differences between individuals. Successful managers constantly monitor their own assumptions, perceptions and attributions, trying to treat each individual as a unique person.

1.3 Personality

Personality is a complex, multi-dimensional construct and there is no simple definition of what personality is. Maddi defines personality as, "A stable set of characteristics and tendencies that determine those commonalities and differences in the psychological behavior and that may not be easily understood as the sole result of the social and biological pressures of the moment".

   social learning analysis is one of the most comprehensive and meaningful ways included in the overall study of organizational behavior. From this perspective, personality means the way people affect others. It also involves people's understanding themselves, as well as their pattern of inner and outer measurable traits, and the

person and situation interaction. People affect others depending primarily upon their external appearance such as height, weight, facial features, color and other physical aspects and traits.

Personality traits are very important in organizational behavior. In particular, five personality traits especially related to job performance have recently emerged from research. Characteristics of these traits can be summarized as follows:

1.   **Extroversion:** Sociable, talkative and assertive.

2.   **Agreeableness:** Good-natured, cooperative and trusting.

3. **Conscientiousness:** Responsible, dependable, persistent and achievement-oriented.

4.   **Emotional Stability:** Viewed from a negative standpoint such as tense, insecure and nervous.

5.   **Openness to Experience:** Imaginative, artistically sensitive and intellectual.

Identifying the above "big five" traits related to performance reveals that personality plays an important role in organizational behavior. Besides physical appearance and personality traits, the aspects of personality concerned with the self-concept such as self-esteem and self-efficacy and the person-situation interaction also play important roles.

PERSONALITY FORMATION

The personality formation of an individual starts at birth and continues throughout his life. Three major types of factors play important roles in personality formation, which are as follows:

- **Determinants:** The most widely studied determinants of personality are biological, social and cultural. People grow up in the presence of certain hereditary characteristics (body shape and height), the social context (family and friends) and the cultural context (religion and values). These three parts interact with • each other to shape personality. As people grow into adulthood, their personalities become very clearly defined and generally stable.

- **Stages:** According to Sigmund Freud human personality progresses through four stages: dependent, compulsive, oedipal and mature. This concept of stages of growth provides a valuable perspective to organizational behavior. Experienced managers become aware of the stages that their employees often go through. This helps them 19 deal with these stages effectively and promote maximum growth for the individual and for the organization.

- **Traits:** Traits to personality are also based on psychology. According to some trait theories, all people share common traits, like social, (political, religious and aesthetic preferences but each individual's nature differentiates that person from all others.

PERSONALITY FACTORS IN ORGANISATIQN5

Some of the important personality factors that determine what kind of behaviors are exhibited at work include the following:

Need Pattern

Steers and Braunstein in 1976 developed a scale for the four needs of personality that became apparent in the 'work environment. They are as follows:

- **The need for achievement:** Those with a high achievement need engage themselves proactively in work behaviors in order to feel proud of their achievements and successes.

- **The need for affiliation:** Those in greater need for affiliation like to work cooperatively with others.

- **The need for autonomy:** Those in need for autonomy function in the best way when not closely supervised.

- **The need for dominance:** Those high in need for dominance are very effective while operating in environments where they can actively enforce their legitimate authority.

Locus of Control

Locus of control is the degree to which an individual believes that his or her behavior has direct impact on the consequences of that behavior. Some people, for example, believe that if they work hard they will certainly succeed. They, strongly believe that each individual is in

control of his or her life. They are said to have an internal locus of control. By contrast, some people think that what happens to them is a result of fate, chance, luck or the behavior of other people, rather than the lack of skills or poor performance on their part. Because- these individuals think that forces beyond their control dictate the happenings around them, they are said to have an external locus of control.

Self-Esteem and Self-Concept

Self-esteem denotes the extent to which individuals consistently regard themselves as capable, successful, important and worthy individuals. Self-esteem is an important personality factor that determines how managers perceive themselves and their role in the organization. Self-esteem is important to self-concept, i.e., the way individuals, define themselves as to who they are and derive their sense of identity. High self-esteem provides a high sense of self-concept, which, in turn, reinforces high self-esteem. Thus, the two are mutually reinforcing. Individuals with a high self-esteem will try to take on more challenging assignments and be successful. Thus, they will be enhancing their self-concept i.e., they would tend to define themselves as highly valued individuals in the organizational system. The higher the self-concept and self-esteem, the greater will be their contributions to the goals of the organization, especially when the system rewards them for their contributions.

Authoritarianism and Dogmatism

Authoritarianism is the extent to which an individual believes that power and status differences are important within' hierarchical social systems like organizations. For example, an employee who is highly authoritarian may accept directives or orders from his superior without much questioning.

Dogmatism is the rigidity of a person's beliefs and his or her openness to other viewpoints. The popular terms 'close-minded' and 'open-minded' describe people who are more and less .dogmatic in their beliefs respectively. For example, a manager may be unwilling to listen to a new idea related to doing something more efficiently

Machiavellianism

Machiavellianism is manipulating or influencing other people as a primary way of achieving one's goal. An individual tends to be Machiavellian, if he tends to be logical in assessing the system around, willing to twist and turn facts to influence others, and try to gain control of people, events and situations by manipulating the system to his advantage.

Type A and B Personalities

Type A persons feel a chronic sense of time urgency, are highly achievement-oriented, exhibit a competitive drive, and are impatient when their work is slowed down for any reason. Type B persons are easy-going individuals who do not feel the time urgency, and who do not experience the competitive drive. Type A individuals are significantly more prone to heart attacks than Type B individuals. While Type A persons help the organization to move ahead in a relatively short period of time they may also suffer health problems, which might be detrimental to both themselves and the organization in the long run.

THE SELF-CONCEPT: SELF-ESTEEM AND SELF-EFFICACY

People's attempt to understand themselves is called the self-concept in personality theory. The human self is made of many interacting parts and may be thought of as the personality viewed from within. This self is particularly relevant to the concepts of self-esteem and self-efficacy in the field of organizational behavior.

People's self-esteem has to do with their self-perceived competence and self-image. Considerable research has been done on the role played by self-esteem outcomes in the organizational behavior. Most recently done studies indicate that self-esteem plays an important moderating role in the areas of emotional and behavioral responses and stress of organizational members. It was recently noted that, "both research and everyday experience confirm that employees with high self-esteem feel unique, competent, secure, empowered and connected, to the people around them"

Self-efficacy is concerned with self-perceptions of how well a person can cope with situations as they arise. Those with high self-efficacy feel capable and confident of performing well in a situation. In the field of organizational behavior, self-efficacy is conceptually close to self-esteem. Miner points out the differences by noting that self-esteem tends to be a generalized trait (it will be present in any situation), while self-efficacy tends to be situation specific. Self-efficacy; has been shown to have an empirical relationship with organizational performance and other dynamics of organizational behavior.

In summary, personality is a very diverse and complex cognitive process. It incorporates almost everything. As defined above, personality means the whole person. It is concerned with external appearance and traits, self and situational interactions. Probably the best statement on personality was made many years ago by Kluckhohn and Murray, "to some extent, a person's personality is like all other people's, like some other people's, and like no other people's."

1.4   Learning

Learning is an important psychological process that-determines human behavior. Learning can be defined as "relatively permanent change in behavior that occurs as a result of experience or reinforced practice". There are four important points in the definition of learning:

1.   Learning involves a change in behavior, though this change is not necessarily an improvement over previous behavior. Learning generally has the connotation of improved behavior, but bad habits, prejudices, stereotypes, and work restrictions are also learned.

2.   The, behavioral change must be relatively permanent. Any temporary change in behavior is not a part of learning.

3.   The behavioral change must be based oh some form of practice or experience.

4.   The practice or experience must be reinforced in order so as to facilitate learning to occur.

COMPONENTS OF THE LEARNING PROCESS

The components of learning process are: drive, cue stimuli, response, reinforcement and retention.

Drive

Learning frequently occurs in the presence of drive - any strong stimulus that impels action. Drives are basically of two types -primary (or physiological); and secondary (or psychological). These two categories of drives often interact with each other. Individuals operate under many drives at the same time. To predict a behavior, it is necessary to establish which drives are stimulating the most.

Cue Stimuli

Cue stimuli are those factors that exist in the environment as perceived by the individual. The idea is to discover the conditions under which stimulus will increase the probability of eliciting a specific response. There may be two types i of stimuli with respect to their results in terms of response concerned: generalization and discrimination.

Generalization occurs when a response is elicited by a similar but new stimulus. If two stimuli are exactly alike, they will have the same probability of evoking a specified response. The principle of generalization has important implications for human learning. Because of generalization, a person does not have to 'completely relearn each of the new tasks. It allows the members to adapt to overall changing conditions and specific new assignments. The individual can borrow from past learning experiences to adjust more smoothly to new learning situations.

Discrimination is a procedure in which an organization learns to emit a response to a stimulus but avoids making the same response to a similar but somewhat different stimulus. Discrimination has wide applications in 'organizational behavior. For example, a supervisor can discriminate between two equally high producing workers, one with low quality and other with high quality.

Responses

The stimulus results in responses. Responses may be in the physical form or may be in terms of attitudes, familiarity, perception or other complex phenomena. In the above example, the supervisor discriminates between the worker producing low quality products and the worker producing high quality products, and positively responds only to the quality conscious worker.

Reinforcement

Reinforcement is a fundamental condition of learning. Without reinforcement, no measurable modification of behavior takes place. Reinforcement may be defined as the environmental event's affecting the probability of occurrence of responses with which they are associated.

Retention

The stability of learned behavior over time is defined as retention and its contrary is known as forgetting. Some of the learning is retained over a period of time while others may be forgotten.

LEARNING THEORIES

Classical Conditioning

The work of the famous Russian physiologist Ivan Pavlov demonstrated the classical conditioning process. When Pavlov presented a piece of meat to the dog in the experiment, Pavlov noticed a great deal of salivation. He termed the food an unconditioned stimulus and the salivation an unconditioned response. When the dog saw the meat, it salivated. On the other hand, when Pavlov merely rang a bell, the dog did not salivate. Pavlov subsequently introduced the sound of a bell each time the meat was given to the dog. The dog eventually learned to salivate in response to the ringing of the-bell-even when there was no meat. Pavlov had conditioned the dog to respond to a learned stimulus. Thorndike called this the "law of exercise" which states that behavior can be learned by repetitive association between a stimulus and a response.

Classical conditioning has a limited value in the study of organizational behavior. As pointed out by Skinner, classical conditioning represents an insignificant part of total human learning. Classical conditioning is passive. Something happens and we react in a specific or particular fashion. It is elicited in response to a specific, identifiable event. As such it explains simple and reflexive behaviors. But behavior of people in organizations is emitted rather than elicited, and it is voluntary rather than reflexive. The learning of these complex behaviors can be explained or better understood by looking at operant conditioning.

Operant Conditioning

An operant is defined as a behavior that produces effects. Operant conditioning, basically a product of Skinnerian psychology, suggests that individuals emit responses that are either not rewarded or are punished. Operant conditioning is a voluntary behavior and it is determined, maintained and controlled by its consequences.

Operant conditioning is a powerful tool for managing people in organizations. Most behaviors in organizations are learned, controlled and altered by the consequences; i.e. operant behaviors. Management can use the operant conditioning process successfully to control and influence the behavior of employees by manipulating its reward system. Reinforcement is anything that both increases the strength of response and tends to induce repetitions of the behavior. Four types of reinforcement strategies can be employed by managers to influence the behavior of the employees, viz., positive reinforcement, negative reinforcement, extinction and punishment.

Positive Reinforcement

Positive reinforcement strengthens and increases behavior by the presentation of a desirable consequence (reward). In other words, a positive reinforce is a reward that follows behavior and is capable of increasing the frequency of that behavior. There are two typos of positive: reinforces: primary and secondary. Primary reinforcers such as food, water and sex are of biological importance and have effects,

which arc independent of past experiences. For instance, a primary reinforcer like food satisfies hunger need and reinforced food-producing behavior. Secondary reinforcers like job advancement, recognition, praise and esteem result from previous association with a primary reinforcer. Primary reinforcers must be learned. In order to apply reinforcement procedures successfully, management must select reinforcers that are sufficiently powerful and durable.

Negative Reinforcement

The threat of punishment is known as negative reinforcement. Negative reinforcers also serve to strengthen desired behavior responses leading to their removal or termination.

Extinction

Extinction is an effective method of controlling undesirable behavior. It refers to non-reinforcement. It is based on the principle that if a response is not reinforced, it will eventually disappear. Extinction is a behavioral strategy that does not promote desirable behaviors but can help to reduce undesirable behaviors.

Punishment

Punishment is a control device employed in organizations to discourage and reduce annoying behaviors of employees.

OBSERVATIONAL LEARNING

Observational learning results from watching the behavior of another person and appraising the consequences of that behavior. It does not require an overt response. When Mr. X observes that Y is rewarded for superior performance, X learns the positive relationship between performance and rewards without actually obtaining the reward himself. Observational learning plays a crucial role in altering behaviors in organizations.

Cognitive Learning

Here the primary emphasis is on knowing how events and objects are related to each other. Most of the learning that takes place in the classroom is cognitive learning. Cognitive learning is important because

it increases the change that the learner will do the right thing first, without going through a lengthy operant conditioning process.

LEARNING THEORY AND ORGANIZATIONAL BEHAVIOR

The relevance of the learning theories for explaining and predicting of organizational behavior is marginal. This does not mean that learning theories are totally irrelevant. Learning concepts provide a basis for changing behaviors that are unacceptable and maintaining those behavior that are acceptable. When individuals engage in various types of dysfunctional behavior such as late for work, disobeying orders, poor performance, the manager will attempt to educate more functional behaviors.

Learning theory can also provide certain guidelines for conditioning organizational behavior. Managers know that individuals capable of giving superior performance must be given more reinforces than those with average or low performance.

Managers can successfully use the operant conditioning process to control and influence the behavior of employees; by manipulating its reward system.

Self-Check Questions

1.   Positive reinforcement strengthens and increases behavior by the presentation of a desirable consequence (reward)_____ (True/false)

2.   _____ is concerned with self-perceptions of how well a person can cope with situations as they arise.

1.5 Assignments

1.5.1   Class assignment

1. Prepare an planning exercise that the primary emphasis is on knowing   how events and objects are related to each othe

1.5.2   Home assignment

1. Write short notes on

- Attitude

- Personality
- Learning

1.6   Summing Up

This lesson dealt with Attitude, Personality & Learning theories and perception to make organization employee productive

1.7   Possible answers to self check questions

1. True

2. Self-efficacy

1.8   Terminal Questions

1. Write notes on

a) Attitude

b) Personality

c) Learning.

1.9   References

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1.10   Suggested Further Readings

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1.11   Keywords

1. **Cue stimuli** are those factors that exist in the environment as perceived by the individual.

2. **Selective perception** is the process of screening out information that we are uncomfortable with or that contradicts our beliefs

Lesson 2 Leadership – Importance and major types

STRUCTURE

Lesson 2   Leadership – Importance and major types

_____

In the last lesson we had   discussed Attitudes, Personality and Learning**.** In present lesson, we shall study leadership and its importance ,major types .

2.0   Objectives

        After going through this lesson you will learn:

- Leadership
- Theories of Leadership

2.1   Introduction

According to Peter Drucker, "Leadership means the lifting of man's visions to higher sights, the raising of man's performance to higher standard, the building of man's personality beyond its normal limitations".

2.2   Meaning of Leadership

Leadership is an integral part of management and plays a vital role in managerial operations. It provides direction, guidance, and confidence to the employees and helps in the attainment of goals in much easier way. In business and industrial organizations, managers play the role of leader and acquire leadership of subordinates, their efforts towards the achievement of organizational goals and activate the individuals of an organization to make them work. Leadership influences behavior of the individuals. It has an ability to attract others and potential to make them follow the instructions. Individuals can be induced to contribute their optimum towards the attainment of organizational goals through effective leadership. Leadership acquires dominance and the followers accept the directives and control of a leader. Leadership provides direction and vision for future to an organization.

DEFINITION

Leadership is the art of influencing and inspiring subordinates to perform their duties willingly, competently and enthusiastically for achievement of groups objectives.

According to Wendell French, "Leadership is the process of influencing the behavior of others in the direction of a goal or set of goals or, more broadly, toward a vision of the future",

According to Keith Davis, "Leadership is the process of encouraging and helping others to work enthusiastically towards objectives".

According to Koontz and O'Donnell, "Leadership is the art or process of influencing people so that they will strive willingly towards the achievement of group goals".

According to Peter Drucker, "Leadership means the lifting of man's visions to higher sights, the raising of man's performance to higher standard, the building of man's personality beyond its normal limitations".

According to Grey and Starke, "Leadership is both a process and a property. As a process, it is used for non-coercive influence lo shape up the goals of a group or organization, to motivate behavior toward the achievement of those goals and to help define group or organizational culture. As a property, leadership is the set multi characteristics attributed to those who are perceived to be leaders".

Thus, leaders are people who are able to influence the behavior of others without recourse to threats or other forms of force towards the individuals. Leaders are the people who are accepted by the other individuals, as a superior person to them.

FEATURES OF LEADERSHIP

The features of leadership are as follows:

1. Leadership is the process of influencing behavior of individuals of an organization.

2. Leadership uses non-coercive methods to direct and coordinate the activities of the individuals of an organization.

3. Leadership directs the individuals to attain the tasks assigned to them by following the instructions of their leaders.

4. A leader possesses qualities to influence others.

5. Leadership gives the individuals, a vision for future.

6. Leadership is a group activity. Leader influences his followers and followers also exercise influence over his leader.

7. Leadership is meant for a given situation, given group for a pre-determined period of lime.

8. Leadership is continuous process of influencing behavior. It encourages liveliness in the group.

2.3   Importance of Leadership

The following points can judge the importance of leadership:

a. A leader should act as a friend of the people whom he is leading.

b. A leader must have the capacity to recognize the potentials of the individuals and transform them into realities.

c. A leader should have the confidence of the individuals of the organization.

d. A leader must be able to unite the people as a team and build up team spirit.

e. A leader should be able to maintain discipline among his group and develop a sense of responsibility.

f. A leader must be able to build up a high morale among the individuals of the organization.

g.   A leader should motivate his people to achieve goals.

h.   A leader should try to raise the morale of the individuals and should maintain ethical standards among the individuals.

i.   A leader should act as a link between the work groups and the forces outside the organization.

Difference between Leadership and Management

Leading and managing go together but some differences exist between the two. The following are the differences between the leadership and the management:

- Management takes rational and logical decisions while leadership takes decision on expectations of the followers. Leadership has an emotional appeal while management acts on rationality.

- The management establishes relationship through a lawful authority while leadership establishes relationship through power.

- Managers have formal authority but the leaders have no such authority.

- All leaders are not managers and all managers are leaders.

- Management is a process of planning, organizing, directing and controlling the activities of others to attain the organizational objectives. Leadership on the other hand, is a process of influencing the behavior of the people to attain their assigned tasks. A successful manager must possess both the managerial and leadership qualities.

2.4 TYPES OF LEADERSHIP

Following are the main types of leadership:

Autocratic or Authoritarian

In this type of leadership, there is a complete centralization of authority in the leader, i.e., authority is centered in the leader himself. He has all the powers to make decisions. He uses coercive measures and adopts, negative method of motivation. He wants immediate obedience of his orders and instructions. Any negligence on the part of subordinates results in punishment. There is no participation from the subordinates in decision-making. A leader thinks that he is the only competent person in the organization. According to Edwin B. Filippo, there are following three types of leaders in autocratic:

1. ***Hard Boiled or Strict Autocrat:*** Leader, under such type uses negative influence and expects that the employees should obey his orders immediately. Non-compliance of his orders results in

punishment. He makes all decisions and does not disclose anything to anyone. He is quite rigid on performance.

2. ***Benevolent Autocrat:*** Benevolent autocrat leader uses positive influences and develops effective human relations. He is known as paternalistic leader. He praises his employees if they follow his orders and invites them to get the solutions of the problems from him. He feels happy in controlling all the actions of his subordinates.

3. ***Manipulative Autocrat:*** Leader, under such type is manipulative in nature. He creates a feeling in the minds of his subordinates and workers that they are participating in decision-making processes. But he makes all decisions by himself. Non-compliance of his orders also results jn punishment.

Democratic or Participative

Democratic or Participative leadership is also known as group centered or consultative leadership. In this type of leadership, leaders consult their groups and consider their opinion in the decision-making process. Leaders encourage discussion among the group members on the problem under consideration and arrive at a decision depending on their consent. Participation or involvement of the employees in the decision-making process is also rewarded. Exchange of ideas among subordinates and with the leader is given encouragement. Leaders give more freedom to their group members, who feel that, their opinions arc honored and they are given importance. It develops a sense of confidence among subordinates and they derive job satisfaction. It improves quality of decision as it is taken after due consideration of valued opinions of the talented group members.

The demerit of this type of leadership is that it takes more time to arrive at a decision, as a lot of time is wasted while taking the views from the employee. It is, therefore, very time consuming.

Laissez-faire or Free Rein

In this type of leadership, there is virtual absence of direct leadership. It is, therefore, known as "no leadership at all". There is complete delegation of authority to subordinates so that they can make

decisions by themselves. Absence of leadership may have both positive and negative effects. Free rein leadership may be effective if members of the group are highly committed to their work. The negative aspect shows that the leader is not competent enough to lead his group effectively. Members may feel insecure and develop frustration for lack of decision-making authority.

Bureaucratic

This type of leadership emphasizes the rules and regulations of an organization. The behavior of a leader is determined by the rules, regulations and procedure to be followed under his leadership. The leader and the subordinates both follow these rules and regulations. Therefore, there is no difference between the management and the administration in this type of leadership. The employees, themselves cannot do anything in this regard. It is the rules that determine their performance.

Manipulative

This type of leadership manipulates the employees to attain their assigned tasks. A manipulative leader is quite selfish and exploits the aspirations of the employees for his gains. He knows very well the needs and desires of the employees but he does very little to fulfill them. Due to such attitude, he has to face the hatred of the employees at times.

Paternalistic

The paternalistic leadership believes in the concept that the happy employees work better and harder. It maintains that the fatherly altitude is the right one for better relationship between the manager and the employees. Everyone within the organization should work together like a family.

Expert Leadership

The expert leadership emerged as a result of complex structure of modern organizations. This type of leadership is based on the ability, knowledge and competence of the leaders. He handles the situation

skillfully with his talent. The employees feel relieved as they are working under a person who is expert and can handle the situation without any problem.

In modern organizations, human resources vary in terms of skill, knowledge and competences. They differ in quality, determination and their attitude towards the organization. They exhibit different behaviors as they differ in attitude and outlook also. The leader must understand their behavior and accordingly can make use of the various types LEADERSHIPS. The manager should assess the situation and adopt that type of leadership, which suits that situation. He should remember that leadership is situational. If situation changes, the use of leadership among its various types also changes. A successful leader is the one who assesses the situation, studies the psychology of the subordinates and adopts the most useful type of leadership to lead the people at work to accomplish the organizational goals.

2.5   THEORIES OF LEADERSHIP

A number of theories and approaches to study leadership have been developed. There are broadly three theories of leadership.

- Trait Theory
- Behavior Theory
- Contingency Theory

(a)   Trait Theory

This theory of studying leadership is taken into consideration to analyze the personal, psychological and physical traits of strong leaders. The assumption made in this theory was that some basic traits or set of traits differentiates leaders from non-leaders. For example, the leadership traits might include intelligence, assertiveness, above average height, self-confidence, initiative and understanding of interpersonal human relations. The existence of these traits determines the importance of leadership. Possession of these traits helps the individuals to gain possession of leadership. Since all individuals do not

have these qualities, only those who have them would be considered potential leaders.

Some of the weakness of this theory is:

• All the traits are not identical with regard to essential characteristics of a leader.

• Some traits may not be inherited, but can only be acquired by training.

• It does not identify the traits that are most important and that are least important for a successful leader.

• It does not explain the leadership failures, in spite of the required traits.

• It has been found that many traits exhibited by leaders are also found among followers without explaining as to why followers could not become leaders.

• It is difficult to define traits in absolute terms.

• Thus, the trait theory has been criticized for lack of conclusiveness and predictability.

(b)   Behavior Theory

The behavioral theory assumed that effective leaders behaved differently from ineffective leaders. It also identified the need of consistency of behavior of good leaders. This theory can be more clearly understood with the help of following case studies.

• *The Michigan Studies:* Researchers at the University of. Michigan, led by Rensis Likert, began studying leadership in the late 1940s. Depending on broad discussions with both the managers and sub-ordinates, the Michigan studies identified two forms of leadership behavior. They are discussed as below:

❖ *Job-centered leadership behavior :* The first was called job-centered leadership behavior, which focuses on performances and efficient completion of the assigned tasks. A job-centered leader interacts with group members to explain task procedures and oversee their work.

❖ *Employee centered leadership behavior:* The second behavior was identified as employee centered leader behavior, which focuses on, high performance standards to be accomplished. This can be done by

developing a cohesive work group and ensuring that employees are satisfied with their jobs. Thus, the leader's primary concern is the welfare of the ordinates. The Michagan researchers thought a leader could show signs of one kind of behavior, but not both.

- *The Ohio State Studies:* At about the same time, a group of researchers at Ohio State also began studying leadership. The Ohio State leadership studies also identified two major kinds of leadership behaviors or styles, which are as follows:

❖ *Initiating-structure behavior:* In initiating-structure behavior, the leader clearly defines the leader-subordinate roles so that everyone knows what is expected. The leader also establishes formal lines of communication and determines how tasks will be performed.

❖ *Consideration behavior:* In consideration behavior, the leader shows concern for subordinates feelings' and ideas. He attempts to establish a warm, friendly and supportive.

The most obvious difference between Michigan and Ohio State studies is that the Ohio State researchers did not position their two forms of leader behavior at opposite ends of a single continuum. Rather, they assumed the behaviors to be independent variables, which means that a leader could exhibit varying degrees of initiating structure and consideration at the same time i.e. a particular leader could have higher ratings on both measures, low ratings on both or high ratings on one and low on the other.

The Ohio State researchers found that a leader's behavior remains consistent over a period of time, if the situation also remains same. But the researchers could not come up with one best combination of behavior suitable to all the situations. The researchers used to believe that the leaders in possession of both types of behavior are most effective. However, their studies at International Harvester found that leaders rated highly on initiating structure behavior have higher performing but dissatisfied sub-ordinates, whereas leaders rated highly on consideration structure had lower-performing sub-ordinates who showed signs of higher satisfaction.

Most experts now agree that no single set of traits or behaviors appears to be common to all good leaders. The universal approaches to leadership can help managers examine their own leadership characteristics and match them against the traits most commonly identified with good leaders. In order to understand the full complexity of leadership, contingency theory is to be studied.

(c) Contingency Theory

The main assumption of contingency theory is that the behavior of an appropriate leader varies from one situation to another. The motive of a contingency theory is to identify key situational factors and to specify how they interact to determine appropriate behavior of a leader

The three most important and widely accepted contingency theories of leadership are as follows:

- ***The LPC theory:*** The first contingency theory of leadership is Fred Fielder's Least Preferred Co-worker (LPC) Model. Fielder identified two types of leadership: task-oriented and relationship-oriented. Fielder believes that a leader's tendency to be task-oriented or relationship oriented remains constant. In- other words, a leader is either task-oriented or relationship-oriented while leading his group members. Fielder used the Least Preferred Co-worker (LPC) scale to measure the type of leadership. A leader is asked to describe characteristics of the person with whom he or she is least comfortable while working. They can do this by marking in a set of sixteen scales at each end, by a positive or negative adjective. For example, three of the scales Fielder uses in the LPC are:

Helpful   --------------------   Frustrating 8 7 6 5 4 3 2 1

Tense   ------------------   Relaxed   1 2 3 4 5 6 7 8

Boring   ------------------   Interesting 1 2 3 4 5 6 7 8

The leader's LPC score is (hen calculated by adding up the numbers below the line checked on each scale. A high total score is assumed to reflect a relationship orientation and a low score, a task orientation by the leader. The LPC measure is controversial because researchers disagree about its validity. This is because some of the LPC measures

show whether the score is an index of behavior, personality or some other unknown factor.

According to Fielder, the contingency factor favours the situation from the leader's point of view. This factor is determined by leader-member relations, task-structure and position-power, which are discussed as below:

- **Leader-member relations:** *A* Leader-member relation refers to the nature of relationship between the leader and his work group. If the leader and the group enjoy mutual trust, respect, confidence and they like one another, relations will remain good. If there is little trust, respect or confidence and. if they do not like one another, relations will remain bad. Good relations are assumed to be favourable and bad relations unfavorable.

- **Task-structure:** Task-structure is the degree to which the group's task is clearly defined. When the task is routine, easily understood, and unambiguous and when the group has standard procedures, the structure is assumed to be high. When the task is non-routine, ambiguous, complex, with no standard procedures and precedents, structure is assumed to be low. High structure is more favourable for the leader and low structure is unfavorable. If the task structure is low, the leader will have to play a major role in guiding and directing the group's activities. If the task structure is high, the leader will not have to pay much attention.

- **Position-power:** Position-power is the power vested in the position of a leader in an organization. If the leader has the power to assign work, administer rewards and punishment, recommend employees for promotion or demotion, position-power is assumed lo be strong. If the leader does not have required powers, the position-power is weak. From the leader's point of view, strong position power is favourable and weak position power is unfavorable.

Fielder and his associates conducted various studies highlighting if a situation favors the leadership and group effectiveness or not.

When the situation includes good relations, high structure and strong power, a risk-oriented leader to lie most effective. However, when relations are good but task structure is low and position-power is weak, LI relationship-oriented leader is considered to be most effective.

- A final point about LPC theory is that, Fielder argues that any particular-type of leadership, which is measured by the LPC is inflexible and cannot be changed. In other words a leader cannot change his behavior to fit a particular situation. Fielder's contingency theory has been criticized on the ground that LPC measure lacks validity and that the assumption about the inflexibility of the leader's behavior is unrealistic.

(d)   The Path-Goal theory

The path-goal model of leadership was introduced by Martin Evans and Robert House. Path-goal theory says that a leader can motivate subordinates by influencing their expectations. Leaders can motivate sub-ordinates by making clear what they have to do to get the reward they desire. The path-goal model assumes that leaders can change their style or behavior to meet the demands of a particular situation. This model identifies four kinds of leader behavior: directive, supportive, participative and achievement-oriented. According to this model managers can adjust their behavior to include any four kinds of leadership behavior mentioned above. For instance, while leading a new group of sub-ordinates, the leader may be directive in giving guidance and instructions to them. He may also adopt supportive behavior to encourage group cohesiveness, to look after their needs and ensuring that they get the rewards and benefits. As the group becomes more familiar with the task and as new problems are taken into consideration, the leader may use participative behavior by which he can participate with employees in making decisions and take their suggestions as well. Finally, the leader may use achievement-oriented behavior to encourage continued high performance of sub-ordinates.

Environmental characteristics are factors, which are beyond the control of subordinates. It includes task structure, the primary work

group and the formal authority system. For instance, when structure is high, directive leadership is less effective than when structure is low. Sub-ordinates do not usually need their boss to repeatedly tell them how to do a routine job. According to the path-goal theory, these environmental factors can create uncertainty for employees. A leader who helps employees reduce such uncertainty can motivate them. The figure 14.1 shows the path goal model of leadership.

Figure 14.1: Path-Goal Model of Leadership
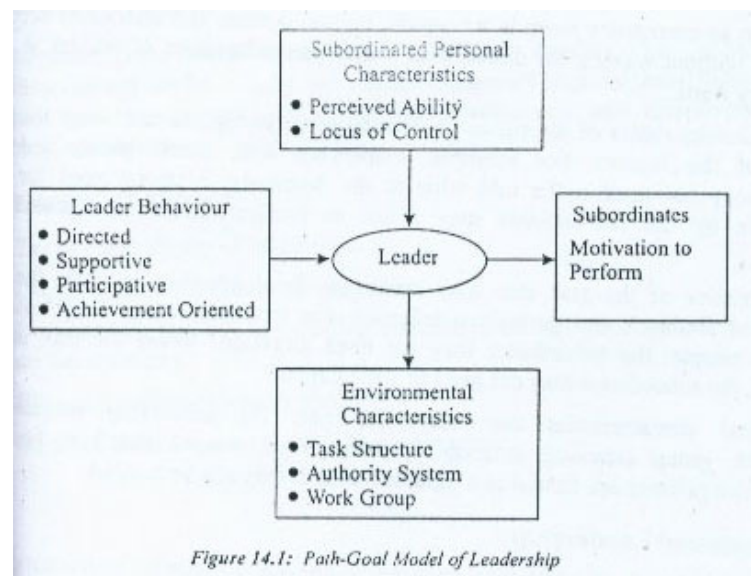
Leaders do not always have control over environmental factors, but the theory emphasizes that leaders can use the control they want, to adjust the environment and to motivate sub-ordinates

Leadership Skills

There is now recognition in both leadership theory and practice of the importance of skills, how leaders should behave and perform effectively. Although there are many skills, such as cultural flexibility, communication, HRD, creativity, and self-management of learning, the research-based skills identified by Whetten and Cameron seem to be most valuable. Their personal skills model, involving developing self-awareness, managing stress and solving problems creatively; the interpersonal skills model, involving communicating supportively,

gaining power and influence, motivating others and managing conflict, are especially comprehensive and useful. Finally, the widely recognized organizational behavior .techniques such as, training, job design and leaders can also effectively use behavioral management.

Self Check Question

1 The_____ leadership believes in the concept that the happy employees work better and harder.

3. Leadership gives the individuals, a vision for future._____(True/False)

2.6   Assignments

2.6.1   Class assignment

1. Prepare the leader role and responsibility for Media content Manager

2.6.2   Home assignment

1. Write short notes on

a. Manipulative leader

b. Leadership Skills

2.7   Summing Up

This lesson dealt with Leadership theories to control they want, to adjust the environment and to motivate sub-ordinates

2.8   Possible answers to self check questions

a. paternalistic

b. True

2.9   Terminal Questions

1.   Explain the importance of leadership for an effective manager.

2.   What are major types of leadership?

3.   Explain leadership theories for development of Managerial traits.

2.10 References

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2. Dr. Sakthivel Murughan M   -Management Principles & Practices, New Age International Publishers, New Delhi

3.11 Suggested Further Readings

1. Redmond, J, Trager R -Media Organisation Management, Biztantra, Delhi

2. Albarran, Alan B- Media Economics, Surjeet Publication, New Delhi

2.12 Keywords

- **Leadership** is both a process and a property. As a process, it is used for non-coercive influence lo shape up the goals of a group or organization, to motivate behavior toward the achievement of those goals and to help define group or organizational culture.

Lesson 3 Motivation and Conflict management

_____

STRUCTURE

Lesson 3   Motivation and Conflict management

In the last lesson we had discussed Leadership – Importance and major types .In present lesson, we shall study about the Motivation and Conflict management

3.0   **Objectives**

After going through this lesson you will learn:

- o   Motivation
- o   Motivation Theories
- o   Conflict Management

3.1   **Introduction**

The word motivation is derived from 'motive', which means an active form of a desire, craving or need that must be satisfied. Motivation is the key to organizational effectiveness. The manager in general has to get the work done through others. These 'others' are human resources who need to be motivated to attain organizational objectives.

3.2   **Motivation Definition**

According to George R. Terry, "Motivation is the desire within an individual that stimulates him or her to action."

In the words of Robert Dubin, it is "the complex of forces starting and keeping a person at work in an organization". Viteles defines motivation as "an unsatisfied need which creates a state of tension or disequilibrium, causing the individual to move in a goal directed pattern towards restoring a state of equilibrium, by satisfying the need."

According to Encyclopaedia of Management. "Motivation refers to the degree of readiness of an organism to pursue some designated goals and implies the determination of the nature and locus of force inducing a degree of readiness."

On the basis of above definitions, the following observations can be made regarding motivation:

• Motivation is an inner psychological force, which activates and compels the person to behave in a particular manner.

• The motivation process is influenced by personality traits, learning abilities, perception and competence of an individual.

• A highly motivated employee works more efficiently and his level of production tends to be higher than others.

• Motivation originates from the-needs and wants of an individual. It is a tension of lacking something in his mind, which forces him to work more efficiently.

• Motivation is also a process of stimulating and channelising the energy of an individual for achieving set goals.

• Motivation also plays a crucial role in determining the level of performance. Highly motivated employees get higher satisfaction, which may lead to higher efficiency.

• Motivating force an^ its degree, may differ from individual to individual depending on his personality, needs, competence and other factors.

• The process of Motivation helps the manager in analysing and understanding human behavior and finding but how an individual can be inspired to produce desirable working behavior.

• Motivation may be positive as well as negative. Positive motivation includes incentives, rewards and other benefits while negative motivation implies some punishment, fear, use of force etc.

• The motivation procedure contributes to and boosts up the morale of the employees. A high degree of motivation may lead to high morale.

FEATURES OF MOTIVATION

The following are the features of motivation:

• It is an internal feeling and forces a person to action.

• It is a continuous activity.

• It varies from person to person and from time to time.

• It may be positive or negative.

3.3   IMPORTANCE OF MOTIVATION

Motivation is an important part of managing process. A team of highly qualified and motivated employees is necessary for achieving objectives of an organization because of the following reasons:

- Motivated employees make optimum use of available resources for achieving objectives.
- Motivation is directly related to the level of efficiency of employees.
- Motivated employees make full use of their energy and other abilities to raise the existing level of efficiency.
- Motivated employees make goal-directed efforts. They are more committed and cooperative for achieving organizational objectives.
- Motivated employees are more loyal and sincere to an organization. These factors help reduce absenteeism and labor turnover.
- Motivation is considered as a backbone of good industrial relations.
- Effectively motivated employees get more job satisfaction and possess high morale.
- Motivation also helps in improving the image of an organization.

The motivation process begins with identification of individual needs. For example, when an employee feels underpaid then what, then he tries to fulfill his needs by asking for a raise or by working harder to earn a raise or by seeking a new job. He then chooses to pursue one or more of these options for instance, working harder while simultaneously looking for a job. If his hard work resulted in a pay rise, he probably feels satisfied and will continue to work hard. But if no raise has been provided he is likely to try another option. Since people have many different needs, the satisfaction of one need or set of needs is likely to give rise to the identification of other needs. Thus, the cycle of motivation is constantly repeated.

Understanding human motivation is crucial for managing people. Extensive research has been performed to find out what makes people work and how to motivate them. This includes managers, social scientists, behaviorists and psychologists. A number of theories have

been developed, even though there is no universally acceptable motivation theory. Understanding these theories facilitates the managers to get a better insight into the human behavior.

3.4   THEORIES TO MOTIVATION

Need-based theories try to answer the question, "what factor(s) motivate people to choose certain behaviors?" Some of the widely known need-based theories are as follows:

(a) Maslow's Hierarchy of Needs

Maslow Abraham proposed his theory in the 1940s. This theory, popularly known as the Hierarchy of Needs assumes that people are motivated to satisfy five levels of needs: physiological, security, belongingness, esteem and self-actualization needs. The figure shows Maslow's hierarchy of needs

Figure 9.1: Maslow's Hierarchy of Needs
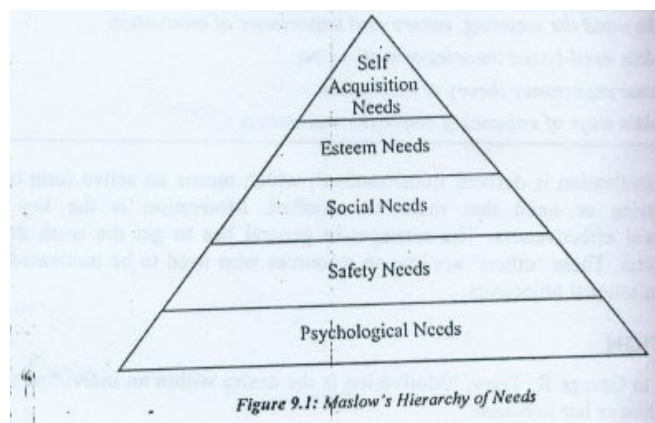
Maslow suggested that the five levels of needs are arranged in accordance with their importance, starting from the bottom of the hierarchy. An individual is motivated first and foremost to satisfy physiological needs. When these needs are satisfied, he is motivated and 'moves up' the hierarchy to satisfy security needs. This 'moving up' process continues until the individual reaches the self-actualization level.

Physiological needs represent the basic issues of survival such as food, sex, water and air. In organizational settings, most physiological needs are satisfied by adequate wages and by the work environment itself, which provides employees with rest rooms, adequate lighting, comfortable temperatures and ventilation.

Security or safety needs refer to the requirements for a secure physical and emotional environment. Examples include the desire for adequate housing and clothing, the need to be free from worry about money and job security and the desire for safe working conditions. Security needs are satisfied for people in the work place by job continuity, a grievance resolving system and an adequate insurance and retirement benefit package.

Belonging or social needs are related to the, social aspect of human life. They include the need for love and affection and the need to be accepted by one's peers. For most people these needs are satisfied by a combination of family and community relationships and friendships on the job. Managers can help ensure the 'satisfaction of these important needs by allowing social interaction and by making employees feel like part of a team or work group.

Esteem needs actually comprise of two different sets of needs:

- The need for a positive self-image and self-respect.
- The need for recognition and respect from others.

Organizations can help address esteem needs by providing a variety of external symbols of accomplishment such as job titles and spacious offices. At a more fundamental level, organizations can also help satisfy esteem needs by providing employees with challenging job assignments that can induce a sense of accomplishment.

At the top of the hierarchy are those needs, which Maslow defines the self-actualization needs. These needs involve realizing one's potential for continued: growth and individual development. Since these needs are highly individualized and personal, self-actualization needs are perhaps the most difficult for managers to address. Therefore, an

employee should try to meet these needs on his own end. However, an organization can help his employee by creating a climate for fulfillment of self-actualization needs. For instance, an organization can help in fulfillment of these needs by encouraging employee's participation in decision-making process and by providing them with an opportunity to learn new things about their jobs and organization. This process of contributing to actual organizational performance helps employees experience personal growth and development associated with self-actualizing.

Maslow's concept of the need hierarchy possesses a certain intuitive logic and has been accepted universally by managers. But research has revealed several shortcomings of the theory such as some research has found that five levels of needs are not always present and that the order of the levels is not always the same as assumed by Maslow. Moreover, it is difficult for organizations to use the need hierarchy to enhance employee motivation.

(b) ERG Theory of Motivation

Clayton Alderfer has proposed an alternative hierarchy of needs - called the ERG Theory of Motivation. The letters E, R and G stand for Existence, Relatedness and Growth. The figure 9.2 shows ERG theory:

Figure 9.2: ERG Theory
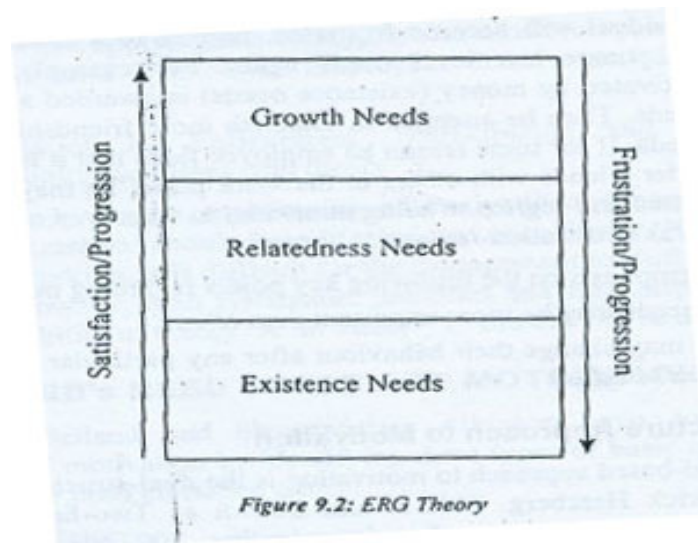
ERG Theory the need hierarchy developed by Maslow into three 9.2. The existence needs in this theory refers to the physiological and security needs of Maslow. Relatedness needs refers to belongingness and esteem needs. Growth needs refers to both self-esteem and self-actualization needs.

Although ERG Theory assumes that motivated behavior follows a hierarchy in somewhat the same fashion as suggested by Maslow, there are two important differences.

- Firstly, ERG theory suggests that more than one kind of need might motivate a person at the same time. For example, it allows for the possibility that people can be motivated by a desire for money (existence); friendship (relatedness), and an opportunity to learn new skills (growth) all at the same time.

- Secondly, ERG theory has an element of frustrations-regression that is missing from Maslow's need hierarchy. Maslow maintained that one heed must be satisfied before an individual can progress to needs at a higher level, for example, from security needs to belongingness. This is termed as satisfaction—progression process. Although the ERG theory includes this process, it also suggests that if needs remain unsatisfied at some higher level, the individual will become frustrated, regress to a lower level and will begin to pursue low level needs again. For" example, a worker previously motivated by money (existence needs) is awarded a pay rise to satisfy this needs. Then he attempts to establish more friendship to satisfy relatedness needs. If for some reason an employee finds that it is impossible to become better friends with others in the work place, he may eventually become frustrated and regress to being motivated to earn even more money. This is termed as 'frustration-regression' process.

The ERG theory emphasis on the following key points regarding needs:
o   Some needs may be more important than others.

o People may change their behavior after any particular set of needs has been satisfied.

(c) The Dual-Structure Approach to Motivation

Another popular need-based approach to motivation is the dual-structure approach developed by Frederick Herzberg. This is also known as Two-factor Theory. Herzberg developed this approach after interviewing 200 accountants and engineers in Pittsburg. He asked them to recall such occasions when they had been dissatisfied and less motivated. He found that entirely different sets of factors were associated with satisfaction and dissatisfaction. For instance, an individual who identified 'low pay' as causing dissatisfaction did not necessarily mention 'high pay' as a cause of satisfaction. Instead, several other factors, such as recognition or accomplishment, were cited as causing satisfaction.

This finding suggests that satisfaction and dissatisfaction are at opposite ends of a single scale. Employees would, therefore, be satisfied, dissatisfied or somewhere in between. Herzberg argued that attitudes and motivation consists of a dual structure. One structure involves a set of factors that result in feelings ranging from satisfaction to no satisfaction. The other structure involves a set of factors that result in feelings ranging from dissatisfaction to no satisfaction.

Herzberg identified two sets of factors responsible for causing either satisfaction or dissatisfaction. The factors influencing satisfaction are called motivation factors or motivators, which are related specifically to the job itself and the factors causing dissatisfaction are called hygiene factors, which are related to the work environment in which the job is performed.

Motivators

* Achievement
* Recognition
* Advancement
* The work itself

- The possibility of personal growth
- Responsibility

Hygiene or Maintenance Factors

- Company policies
- Technical supervision
- Interpersonal relations with supervisor
- Interpersonal relations with peers
- Interpersonal relations with subordinates
- Salary
- Job security
- Personal life
- Work conditions
- Status

Based on these findings, Herzberg recommended that managers seeking to motivate employees should first make sure that hygiene factors are taken care of and that employees are not dissatisfied with pay, security and working conditions. Once a manager has eliminated employee dissatisfaction, Hertzberg recommends focusing on a different set of factors to increase motivation, by improving opportunities for advancement, recognition, advancement and growth. Specifically, he recommends job enrichment as a means of enhancing the availability of motivation factors.

Although widely accepted by managers, Hertzberg's dual structure approach however suffers from certain drawbacks. Other researchers who measured satisfaction and dissatisfaction based on different aspects reached very different conclusions. They have also criticized Herzberg's theory for its inability to define the relationship between satisfaction and motivation and to pay enough attention to differences between individuals. Hence, at present Herzberg's theory is not held in high esteem by researchers in the field of motivation. The theory, however, had a major impact on managers and has played a key role in

increasing their awareness of motivation and its importance in type work place.

'X' AND 'Y' THEORIES OF MOTIVATION

Douglas McGregor observed two diametrically opposing viewpoints of managers 'about their employees; one is negative called "Theory of X" and another is positive called "Theory of Y". I

Theory of X

Following are the assumptions of managers who believe in the "Theory of X" regarding their employees.

• Employees dislike work.

• Employees must be coerced, controlled or threatened to do the work.

• Employees avoid responsibilities and seek formal direction.

• Most employees consider security of job, most important of all other factors in the job and have very little ambition.

Theory of Y

Following are the assumptions of managers who believe in the "Theory of Y" regarding their employees.

• Employees love work as play or rest.

• Employees are self-directed and self-controlled and committed to the organizational objectives.

• Employees accept and seek responsibilities.

• Innovative spirit is not confined to managers alone, some employees also possess it.

Applicability of Theories 'X' and 'Y'

Theory 'X' in its applicability, places exclusive reliance upon external control of human behavior, while theory 'Y', relies heavily on self-control -and self-direction.

      Theory 'X' points to the traditional approach of management. Literally, this theory of behavior is related to organizations that lay hard and rigid standards of work-behavior. Some examples of such organizations are organizations that break down jobs into specialized elements, establish 'norms of production, design equipment to control

worker's pace of work, have rigid rules and regulations, that are sometimes very vigorously enforced.

Theory 'Y', on the other hand, secures the commitment of employees to organizational objectives. This motivational theory places emphasis on satisfaction of employees. While applying this theory, the use of authority, as an instrument of command and control is minimal. Employees exercise self-direction and self-control.

The concepts of 'Job' Enlargement', 'Participation' and 'Management by Objectives' are quite consistent with theory ' Y'.

McGregor supports the applicability of motivational theory 'Y', instead of theory 'X'. Organization should keep in mind that once theory 'X' is employed for organizational working, it is difficult for the management to shift to theory ' Y', all of a sudden. However, with systematic, judicious and slow steps, shifting in the practical applicability of theory 'X' to theory ' Y' usually can be achieved.

MC-CLELLAND's NEED THEORY OF MOTIVATION

David C. McClelland and his associate Atkinson have contributed to an understanding of motivation by identifying three types of basic motivating needs. These needs have been classified as:

1.   Need for Power
2.   Need for Affiliation
3.   Need for Achievement

Need for Power

According to this theory the need for power, which might be defined as the desire to be influential in a group and to control one's environment is an important motivation factor. Research suggests that people with a strong need for power, are likely to be superior performers and occupy supervisory positions. Such types of individuals generally look for positions of leadership, they act effectively, are outspoken, have a stubborn character and exert authority.

Need for Affiliation

The need for affiliation means the desire for human companionship and acceptance. Those with a high need for affiliation often behave the way they think other people want them to, in an effort to maintain friendship. They prefer a job that entails a good deal of social interaction and offers opportunities to make friends. The principal characteristics of such peoples' traits are as follows:

- Desire to like and be liked.
- Enjoy company and friendship.
- Prefer cooperative situation.
- Excel in group task.
- Star attraction in gathering.
- Leadership qualities.

This need is closely associated with the "social-type" of personality, who are sociable, friendly, cooperative and understanding. Persons with high motivation for power and affiliation have better chances of becoming good managers.

Need for Achievement

People with a high need for achievement, always feel ambitious to be successful; are ever prepared to face challenging situations and set arduous goals .for themselves. They are prone to take calculated risks; and possess a high sense of personal responsibility in getting jobs done. These people are concerned with their progress, and feel inclined to put in longer hours of work" Failures never dishearten them and they are always ready to put in their best efforts for excellent performance.

NEW APPROACHES TO MOTIVATION IN ORGANIZATIONS

New approaches are emerging to supplement the established models and theories of motivation. Two of the most promising are Goal-Setting Theory and the Japanese Approach.

(a) Goal-Setting Theory

This approach to motivation has been pioneered in the USA by Edwin Locke and his associates in 1960s and refined in 1980s. Goal-setting theory suggests that managers and subordinates should set goals for

an individual on a regular basis, as suggested by MBO. These goals should be moderately difficult and very specific and of type that an employee will accept and make a commitment to accomplishing them. Rewards should be tied directly to accomplished goals. When involved in goal-settings, employees see how their effort will lead to performance, rewards and personal satisfaction.

Salient features of this theory are as follows:

- Specific goal fixes the needs of resources and efforts.
- It increases performance.
- Difficult goals result higher performance than easy job.
- Better feedback of results leads to better performances than lack of feedback.
- Participation of employees in goal has mixed result.
- Participation of setting goal, however, increases acceptance of goal and involvements.
- Goal setting theory has defined two factors,' which influences the performance. These are given below:
  o Goal commitment
  o Self-efficiency.

The mere act of goal setting does not ensure higher levels of motivation among employees. In fact, there seem to be three important criteria that goals must meet if they are to influence the behavior of organization members. They are goal specificity, goal difficulty and goal acceptance.

Goal Specificity

Goals must be stated in specific terms if they are to motivate effective performance. Goals must be set in terms of measurable criteria of work performance, i.e., number of units produced, new sales etc. and must specify a lime period within which the goal is to be attained. It also gives a sense of personal satisfaction and accomplishment to workers if he is able to meet the specific goal.

Goal Difficulty/Challenge

There exists a relationship between goal difficulty and work motivation. The more difficult- and challenging the goal is, the higher the level of motivation and performance. However, it is essential that goals are set at realistic levels. Goals that are very difficult to achieve are unable to motivate since it is beyond the capacity of the concerned individual.

Goal *Acceptance*

In order to influence motivation and performance, a goal must be internalized by an individual. In other words, the person has to feel some personal ownership of the goal and must have commitment to achieve it.

Goal Setting in Practice

The most obvious implication of goal-setting theory is that managers should be helping subordinates to set goals that are specific and reasonably difficult so that subordinates accept and internalize them as their own goals. Besides this, there are a number of issues that arise in implementing goal setting in practice.

- Though specificity of goal is essential and measurability is desirable, it should not affect in identifying meaningful and valid objective of goal attainment.

- The manager can stimulate goal acceptance in at least three ways:

o By involving subordinates in goal-setting process.

o **By demonstrating a supportive attitude and approach toward his subordinates**.

o By assigning various rewards to the achievement of goals.

Management by Objectives (MBO) is a managerial technique for improving motivation and performance using goal-setting principles.

Cognitive Evaluation Theory

A researcher 'Charms' reported in 1960 that extrinsic motivation like pay or rewards for a job, which has an intrinsic-motivation content, which is prior to such rewards. It tends to decrease overall level of motivation. This proposal is called cognitive Evaluation Theory" which has been

supported by a large number of research studies conducted subsequently.

(b) Japanese Approach to Motivation

The Japanese approach to motivation has gained increasing popularity around the world during the past few years. This approach is rather a philosophy of management than a theory or model. The basic tenet of the Japanese approach is that managers and workers should perform together as partners. Since both of them see themselves as one group, ail members are committed and motivated to work in the best interests of an organization. No one is called an employee; instead everyone is a team member, team leader or coach and everyone owns the 'share' of an organization. Like goal-setting meow, the Japanese approach is likely to become more common in businesses throughout the world.

Integration of Motivation Theories

Thus several theories complicate our understanding. Some of these theories are compatible and some are not. The real challenge that a researcher has to face is integration of all or at least some of these together so that their inter and intra-relationships are established. This will also improve the understanding of motivation. Certain attempts are made in USA and elsewhere.

Enhancing Motivation in Organizations

Managers trying to enhance the motivation of their employees can, of course, draw on any of the theories described above. They may in practice adopt specific interventions derived from one or more theories or they may influence motivation through the organization's reward system. The organization can enhance motivation in following ways:

- *Humanize the work environment:* Respect the need to treat each employee as an individual.

- *Publicize both short and long-term organizational goals:* Encourage personal and departmental goal setting.

- *Promote from within:* It's great for morale and simplifies hiring procedures.

- *Use incentive programs:* Inducing the feeling that 'if you're creative enough, you won't have to rely on expensive financial bonuses.'
- *Establish appropriate deadlines:* Every project should have a deadline.
- *Be liberal with praise:* It's almost impossible to over praise and easy to under praise.
- Be consistent in your own work and in your relations with others.
- *Show a personal interest in the people who work for you:* Relations are always smoother between people who know each other on a personal basis than relations between people who merely want something from each other.
- *Admit mistakes:* People will respect you for it and will be less likely to hide their own mistakes.
- *Don't whitewash unpleasant assignments:* Prepare subordinates for unpleasant assignments well in advance and offer what support you can.

Managerial Approaches for Improving Motivation

A number of approaches can help managers motivate workers, to perform more effectively. The following steps promote intrinsic motivation:

- Workers Participation in Management (WPM)
- Management by Objectives (MBO)
- Organization Behavior Modification
- Job-Redesign
- Alternative Work Schedules.

Two approaches, however, have been especially effective: linking pay to jot performance and quality of work-life programs.

Pay and Job Performance

Pay often can be used to motivate employee performance. But a pay plan also must be able to do the following tasks:

- Create the belief that good performance leads to high levels of pay;

- Minimize the negative consequences of good performance; and

- Create conditions in which rewards other than pay are evaluated as related to good performance.

Quality of Work Life Programs

Quality of Work Life (QWL) is defined as an attempt through a formal program to integrate employee needs and well being with the intention of improved productivity, greater worker involvement and higher levels of job satisfaction.

Programs for QWL improvements range from those requiring minor changes in an organization to those requiring extensive modifications in structure, personnel and the utilization of resources. There are three types of QWL programs, which are as follows:

Quality Circles

Quality Circles (QC) are small groups of workers who meet regularly with their supervisor as their 'circle leader' to solve work-related problems. QCs give an employee an opportunity for involvement, social-need satisfaction, participation in work improvement and challenge and opportunity for growth. They are, in essence, vehicles for providing employees with opportunities to satisfy lower and upper-level needs as stated by Maslow, through the motivators described in 'Herzberg's theory.

Alternative Work Schedule

Organizations also frequently use the modified 'work-week' as a way to increase employee motivation. A modified 'work-week' can be any work schedule that does not conform to a traditional 8 hours a day or 5 days a week format. The modified 'work-week' helps individual satisfy higher-level needs by providing more personal control over one's work schedule. It also provides an opportunity to fulfil several needs simultaneously.

Job-Redesign

Job-Redesign or changing the nature of people's job is also being used more as a motivational technique. The idea pursued here is that mangers can use any of the alternatives job rotation, job enlargement, job enrichment as part of motivational programme. Expectancy theory helps explain the role of work design in motivation.

3.5   Conflict Management

Conflict is defined as a clash between individuals arising out of a difference in thought process, attitudes, understanding, interests, requirements and even sometimes perceptions. A conflict results in heated arguments, physical abuses and definitely loss of peace and harmony. A conflict can actually change relationships. Friends can become foes as a result of conflict just as in the case of Tim and Joe.

A Conflict not only can arise between individuals but also among countries, political parties and states as well. A small conflict not controlled at the correct time may lead to a large war and rifts among countries leading to major unrest and disharmony.

It is a well known fact that neighbours are our biggest assets as they always stand by us whenever we need them. Let us take the example of India and China or for that matter India and Pakistan. India and Pakistan are twin sisters as there is hardly any difference in the culture, religion, climatic conditions, eating habits of the people staying in both the countries, but still the two countries are always at loggerheads and the reason is actually unknown. Small issues between the two countries have triggered a conflict between them which has now become a major concern for both the countries.

Misunderstandings as well as ego clashes also lead to conflicts. Every individual has a different way to look at things and react to various situations.

 Phases of conflict

A conflict has five phases.

a) Prelude to conflict - It involves all the factors which possibly arise a conflict among individuals. Lack of coordination, differences in interests, dissimilarity in cultural, religion, educational background all are instrumental in arising a conflict.

b) Triggering Event - No conflict can arise on its own. There has to be an event which triggers the conflict. Jenny and Ali never got along very well with each other. They were from different cultural backgrounds, a very strong factor for possibility of a conflict.Ali was in the mid of a presentation when Jenny stood up and criticized him for the lack of relevant content in his presentation, thus triggering the conflict between them.

c) Initiation Phase - Initiation phase is actually the phase when the conflict has already begun. Heated arguments, abuses, verbal disagreements are all warning alarms which indicate that the fight is already on.

d) Differentiation Phase - It is the phase when the individuals voice out their differences against each other. The reasons for the conflict are raised in the differentiation phase.

e) Resolution Phase - A Conflict leads to nowhere. Individuals must try to compromise to some extent and resolve the conflict soon. The resolution phase explores the various options to resolve the conflict.

Conflicts can be of many types like verbal conflict, religious conflict, emotional conflict, social conflict, personal conflict, organizational conflict, community conflict and so on.

Conflicts and fighting with each other never lead to a conclusion. If you are not on the same line as the other individual, never fight, instead try your level best to sort out your differences. Discussion is always a better and wiser way to adopt rather than conflicts.

Self Check Question

1. Conflicts can be of many types like _____

2. _____is defined as an attempt through a formal program to integrate employee needs and well being with the intention of improved productivity

3.6   Assignments

    3.6.1   Class assignment

    1. Appreciate each other strength in group of five. Prepare its detail

    3.6.2   Home assignment

    1. Write short notes on

        a. Conflict Management   b. Motivation

        c. Maslow Theory

3.7   Summing Up

 This lesson dealt with various Motivational Methods and it help to specificity of goal is essential and measurability is desirable, it should not affect in identifying meaningful and valid objective of goal attainment.

3.8   Possible answers to self check questions

    1. verbal conflict, religious conflict, emotional conflict, social conflict, personal conflict, organizational conflict, community conflict

    2. Quality of Work Life (QWL)

3.9   Terminal Questions

    1.What is Motivation? Explain the tools of motivation.

    2.Explain various theories of Motivation

3.10   References

    1. Hargie O, Dickson D, TourishDenis- Communication Skills for Effective Management, Palgrave Macmillan,   India

    2. Dr. Sakthivel Murughan M   -Management Principles & Practices, New Age International Publishers, New Delhi

3.11   Suggested Further Readings

    1. Redmond, J, Trager R -Media Organisation Management, Biztantra, Delhi

2.   Albarran, Alan B- Media Economics, Surjeet Publication, New Delhi

3.12   Keywords

Quality Circles (QC) are small groups of workers who meet regularly with their supervisor as their 'circle leader' to solve work-related problems

Unit-III [Media Organizations: Structure and functions]

Lesson 1   Media Organisations : Meaning, Nature, process and importance

Lesson 2 Ownership patterns of media organizations

Lesson 3   Organisational structure of media organizations : Print/Electronic and their functions

Lesson 4   Cross media ownership, conglomerates

Lesson 1   Media Organisations: Meaning, Nature, process and importance

_____

STRUCTURE

Lesson 1   Media Organisations: Meaning, Nature, process and importance

This unit deals with the Media Management organization Concepts .In present lesson we will study Nature, concept and importance of media organization.

1.0   Objective

After going through this lesson you will learn:

• Media Organization – Meaning

• Nature of Media Organization

• Importance and process of media organization

1.1   Introduction

New forms of Media Organizations are geared to make Media Organizations more receptive, adaptive and generative -- always focused on meeting the needs of stakeholders.

1.2   Media Organizations: Meaning, Nature & process

Organizational structure refers to the hierarchy of an organization and how the components of this hierarchy work together to achieve the objectives of the company. For example, in a particular area, there are staff reporting to manager, who may report to another manager, or directly to a CEO (depending on the complexity of the structure or the size of the organization). Each of this group of persons has their own distinct task(s) to complete that contributes to a main goal(s).

There are six key elements:

• Work specialization

• Departmentalization

• Chain of command

• Span of control

- Centralization and decentralization
- Formalization

A. Work Specialization

1. Henry Ford became rich and famous by building automobiles on an assembly line, demonstrating that work can be performed more efficiently by using a work specialization strategy.

•Every Ford worker was assigned a specific, repetitive task.
•By breaking jobs up into small standardized tasks, Ford was able to produce cars at the rate of one every ten seconds, while using employees who had relatively limited skills.
•In essence, an entire job is broken into a number of steps, each completed by a separate individual.

2. By the late 1940s, most manufacturing jobs in industrialized countries were being done this way. Management saw this as a means to make the most efficient use of its employees' skills.

3. Managers also looked for other efficiencies that could be achieved through work specialization:

B. Departmentalization

1. Grouping these jobs together so common tasks can be coordinated is called departmentalization.

2. One of the most popular ways to group activities is by functions performed. For example, a manufacturing manager might organize his/her plant by separating engineering, accounting, manufacturing, personnel, and purchasing specialists into common departments.

3. The advantage to this type of grouping is obtaining efficiencies from putting like specialists together. Functional departmentalization achieves economies of scale by placing people with common skills and orientations into common units.

4.   Tasks can also be departmentalized by the type of product the Media Organization produces.

•   Procter & Gamble recently reorganized along these lines. Each major product—such as Tide, Pampers, Charmin, and Pringles—will be placed under the authority of an executive who will have complete global responsibility for that product.

•   The major advantage to this type of grouping is increased accountability for product performance under a single manager.

5.   Another way to departmentalize is on the basis of geography or territory.

C. Chain of Command

1.   Thirty years ago, the chain-of-command was a basic cornerstone in the design of Media Organizations.

2.   The chain of command is "an unbroken line of authority that extends from the top of the Media Organization to the lowest echelon and clarifies who reports to whom."

3.   It answers the questions: "To whom do I go if I have a problem?" and "To whom am I responsible?"

4.   Two complementary concepts: authority and unity of command.

•   Authority—"the rights inherent to management to give orders and expect the orders to be obeyed."

•   The unity-of-command principle helps preserve the concept of an unbroken line of authority. It states that a person should have only one superior to whom he/she is directly responsible.

5.   Times change, and so do the basic tenets of Media Organizational design. The concepts of chain of command have less relevance today because of technology and the trend of empowering employees

D. Span of Control

1.   How many employees a manager can efficiently and effectively direct is an important question.

2.   All things being equal, the wider or larger the span, the more efficient the Media Organization.

•Wider spans are more efficient in terms of cost.

•However, at some point, wider spans reduce effectiveness.

3.   Narrow or small spans have their advocates. By keeping the span of control to five or six employees, a manager can maintain close control.

4.   Narrow spans have three major drawbacks:

•First, as already described, they are expensive because they add levels of management.

•Second, they make vertical communication in the Media Organization more complex.

•Third, narrow spans of control encourage overly tight supervision and discourage employee autonomy.

5.   The trend in recent years has been toward wider spans of control.

•They are consistent with recent efforts by companies to reduce costs, cut overhead, speed up decision-making, increase flexibility, get closer to customers, and empower employees.

•To ensure that performance does not suffer because of these wider spans, Media Organizations have been investing heavily in employee training.

 E: Centralization and Decentralization

1. In some Media Organizations, top managers make all the decisions. This is highly centralized.

2.   There are Media Organizations where decision-making is pushed down to those managers who are closest to the action. This is highly decentralized.

3. Centralization refers to the degree to which decision-making is concentrated at a single point. A centralized Media Organization is inherently different structurally from one that is decentralized.

•The concept includes only formal authority.

•The Media Organization is centralized when top management makes the Media Organization's key decisions with little or no input from lower-level personnel.

•The more that lower-level personnel provide input, the more decentralization there is.

4.   In a decentralized Media Organization, action can be taken more quickly to solve problems, more people provide input into decisions, and employees are less likely to feel alienated.

5.   There has been a marked trend toward decentralizing decision making. For example, Sears and JC Penney have given their store managers considerably more discretion on what merchandise to stock.

F. Formalization

In general, the Media Organizational process consists of five steps

1. Review plans and objectives.

Objectives are the specific activities that must be completed to achieve goals. Plans shape the activities needed to reach those goals. Managers must examine plans initially and continue to do so as plans change and new goals are developed.

2. Determine the work activities necessary to accomplish objectives.

Although this task may seem overwhelming to some managers, it doesn't need to be. Managers simply list and analyze all the tasks that need to be accomplished in order to reach Media Organizational goals.

3. Classify and group the necessary work activities into manageable units.

A manager can group activities based on four models of departmentalization: functional, geographical, product, and customer.

4. Assign activities and delegate authority.

Managers assign the defined work activities to specific individuals. Also, they give each individual the authority (right) to carry out the assigned tasks.

5. Design a hierarchy of relationships.

A manager should determine the vertical (decision-making) and horizontal (coordinating) relationships of the Media Organization as a whole. Next, using the Media Organizational chart, a manager should diagram the relationships.

Characteristics of Nature of Media Organizations

New forms of Media Organizations are geared to make Media Organizations more receptive, adaptive and generative -- always

focused on meeting the needs of stakeholders. New forms of Media Organizations often exhibit the following characteristics:

1. Strong employee involvement - input to the system starts from those closest to the outcome preferred by the system, from those most in-the-know about whether the Media Organization is achieving its preferred outcomes with its stakeholders or not. This way, the Media Organization stays highly attuned and adaptive to the needs of stakeholders.

2. Organic in nature - less rules and regulations, sometimes no clear boundaries and always-changing forms

3. Authority based on capability - ensures the Media Organization remains a means to an end and not an end in itself

4. Alliances -takes advantage of economies of scale, e.g., collaborations, networks, strategic alliances/mergers, etc.

5. Teams -shares activities to take advantage of economies of scale at the lowest levels of activities and ensures full involvement of employees at the lowest levels

6. Flatter, decentralized Media Organizations - less middle management, resulting in top management exchanging more feedback with those providing products and services; also results in less overhead costs

7. Mindfulness of environments, changes, patterns and themes - priority on reflection and inquiry to learn from experience; develop "learning Media Organizations"

1.3   Importance of Media Organization

Media Organizations are established to attain the different goals related to the different interest groups. These are attained through the mutual contribution of all related stakeholders. We can realize the importance of Media Organization in society in many ways, among which some are discussed as follows:

A. Synergy effect: In an Media Organization, people having different skills and expertise work together to produce the synergetic effect with

the help of latest technology. The result of the work done in group will be higher as compared to the additional value of individual work. Media Organizations make possible the complex activities. A very small team of players and very small number of civil servants can manage the activities of the government and the nation.

B. Team Spirit: Media Organizations always enhance the team spirit within its team members. No Media Organization can attain its goal with a single effort of limited members. So, by naturally Media Organization strengthen the feeling of team spirit to his components.

C. Attainment of Common goal: Different individuals have different goals on the basis of their social values and they come to the Media Organization in the expectation of the fulfillment of those goals. Media Organizations fulfill their goals by creating the environment of compliance of Media Organizational goals with the individual goals. Media Organizations motivate them for the commitment in the common goal.

D. Employment Opportunity: The Media Organization has thousands of small tasks and responsibilities in hierarchical form for the goal attainment obviously creating employment opportunity in variety of scale.

E. Economic Development: Through the employment, purchasing power will increase as well as the Media Organization has to pay tax resulting more revenue collection for government. This revenue will help in the infrastructure development like roads, hospitals etc. On the other way, employment generation is the basic tools for the economic development for any nation. Employment creates income, income creates purchasing power, purchasing power creates demand, and to fulfill the increased demand production should be increased. To produce more, again more employment is necessary. Thus this helps

for economic development creating a good economic development circle in the nation.

F. Specified Service: Media Organizations are established to produce or render specified goods or services to the society giving emphasis on innovation and creativity. This also helps to fulfill the customer needs bringing up the social awareness.

G. Minimize Economic Disparities: As the lower level people get the opportunity to work and get remuneration, the economic gap between the different levels of society will be lowered.

H. Transfer and adaptation of technology: Any Media Organization is involved in ongoing process of research to enhance its level of services. In this course, it adapts the latest technologies available in the market and indirectly it also imparts these technologies to the society through its members.

_____

Self check question

1. Authority based on capability - ensures the _____remains a means to an end and not an end in itself

2. The principle helps preserve the concept of an unbroken line of authority.

_____

1.4   Assignments

1.4 .1   Class assignment

1. Prepare the list of leading media business houses in india.

1.4 .2   Home assignment

1. Write short notes on

a. Synergy Effect

b. Team Spirit

1.5   Summing Up

These lessons dealt with Media Organizations are established to produce or render specified goods or services to the society giving emphasis on innovation and creativity. This also helps to fulfill the customer needs bringing up the social awareness.

1.6   Possible answers to self check questions

1. Media Organization
2. unity-of-command

1.7   Terminal Questions

1. Write a brief note on Economics of newspapers
2. Write the importance of media organization

1.8   References

1. Hargie O, Dickson D, TourishDenis- Communication Skills for Effective Management, Palgrave Macmillan,India
2. Dr. Sakthivel Murughan M   -Management Principles & Practices, New Age International Publishers, New Delhi

1.9   Suggested Further Readings

1.   Redmond, J, Trager R -Media Organisation Management, Biztantra, Delhi
2.   Albarran, Alan B- Media Economics, Surjeet Publication, New Delhi

1.10 Glossary

Centralization refers to the degree to which decision-making is concentrated at a single point.

Lesson 2 Ownership patterns of media organizations

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STRUCTURE

2.0   Objectives

2.1   Introduction

2.2   Ownership patterns of media organizations

2.3   Assignments

   2.3.1   Class assignment

   2.3.2   Home assignment

2.4   Summing Up

2.5   Possible answers to self check questions

2.6   Terminal Questions

2.7   References

2.8   Suggested Further Readings

2.9   Glossary

Lesson 2   Ownership patterns of media organizations

In the last lesson we had Media Organisations: Meaning, Nature, process and importance .In present lesson, we shall study about the ownership pattern of media organization.

2.0   Objectives

After going through this lesson you will learn:

• Ownership pattern of media organization

2.1   Introduction

Business is simple to form and operate, and may enjoy greater flexibility of management and fewer legal controls. However, the business owner is personally liable for all debts incurred by the business.

2.2   Ownership patterns of media organizations

Each type of structure has certain advantages and disadvantages that should be considered. The descriptions of the structures below are provided to assist applicants and are not intended to be legal definitions with the force of law.

A **Sole Proprietorship** is one individual or married couple in business alone. Sole proprietorship's are the most common form of business structure. This type of business is simple to form and operate, and may enjoy greater flexibility of management and fewer legal controls. However, the business owner is personally liable for all debts incurred by the business.

A **General Partnership** is composed of two or more persons (usually not a married couple) who agree to contribute money, labor, and/or skill to a business. Each partner shares the profits, losses, and management of the business and each partner is personally and equally liable for debts of the partnership. Formal terms of the partnership are usually

contained in a written partnership agreement. A **Limited Partnership** is composed of one or more general partners and one or more limited partners. The general partners manage the business and share fully in its profits and losses. Limited partners share in the profits of the business, but their losses are limited to the extent of their investment. Limited partners are usually not involved in the day-to-day operations of the business.

A **Limited Liability Partnership** is similar to a General Partnership except that normally a partner does not have personal liability for the negligence of another partner. This business structure is used most commonly by professionals such as accountants and lawyers.

The **Limited Liability Company (LLC)** An LLC is formed by one or more individuals or entities through a special written agreement. The agreement details the organization of the LLC, including: provisions for management, assign ability of interests, and distribution of profits or losses. Limited liability companies are permitted to engage in any lawful, for profit business or activity other than banking or insurance.

A **Corporation** is a legal entity; a corporation has certain rights, privileges, and liabilities beyond those of an individual. Doing business as a corporation may yield tax or financial benefits, but these can be offset by other considerations, such as decreased personal control. Corporations may be formed for profit or nonprofit purpose.

A **Nonprofit Corporation** A nonprofit corporation is a legal entity and is typically run to further some sort of ideal or goal, rather than in the interests of profit. Many nonprofits serve the public interest, but some do engage in private sector activities.

Self-Check Questions

1.   A _____ is composed of two or more persons (usually not a married couple) who agree to contribute money, labor, and/or skill to a business..

2.   A _____ is a legal entity; a corporation has certain rights, privileges, and liabilities beyond those of an individual.

_____

2.3   Assignments

2.3.1   Class assignment

1. Prepare the Media organization ownership pattern.

2.3.2   Home assignment

1. Write short notes on

      a. Partnership

      b. Sole Proprietor

2.4   Summing Up

This lesson dealt with various methods of ownership of media ownership.

2.5   Possible answers to self check questions

1.   Partnership
2.   Corporation

2.6   References

Hargie O, Dickson D, TourishDenis- Communication Skills for Effective Management, Palgrave Macmillan,India

Dr. Sakthivel Murughan M -Management Principles & Practices, New Age International Publishers, New Delhi

2.7   Suggested Further Readings

1. Redmond, J, Trager R -Media Organisation Management, Biztantra, Delhi

2. Albarran, Alan B- Media Economics, Surjeet Publication, New Delhi

2.8   Glossary

A **Corporation** is a legal entity; a corporation has certain rights, privileges, and liabilities beyond those of an individual.

Lesson 3   Organisational structure of media organizations : Print/Electronic and their functions

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STRUCTURE

Lesson 3   Organisational structure of media organizations: Print/Electronic and their functions

In the last lesson we had discussed ownership patterns of media organizations .In present lesson, we shall study about organisational structure of media organizations.

3.0   Objectives
After going through this lesson you will learn:
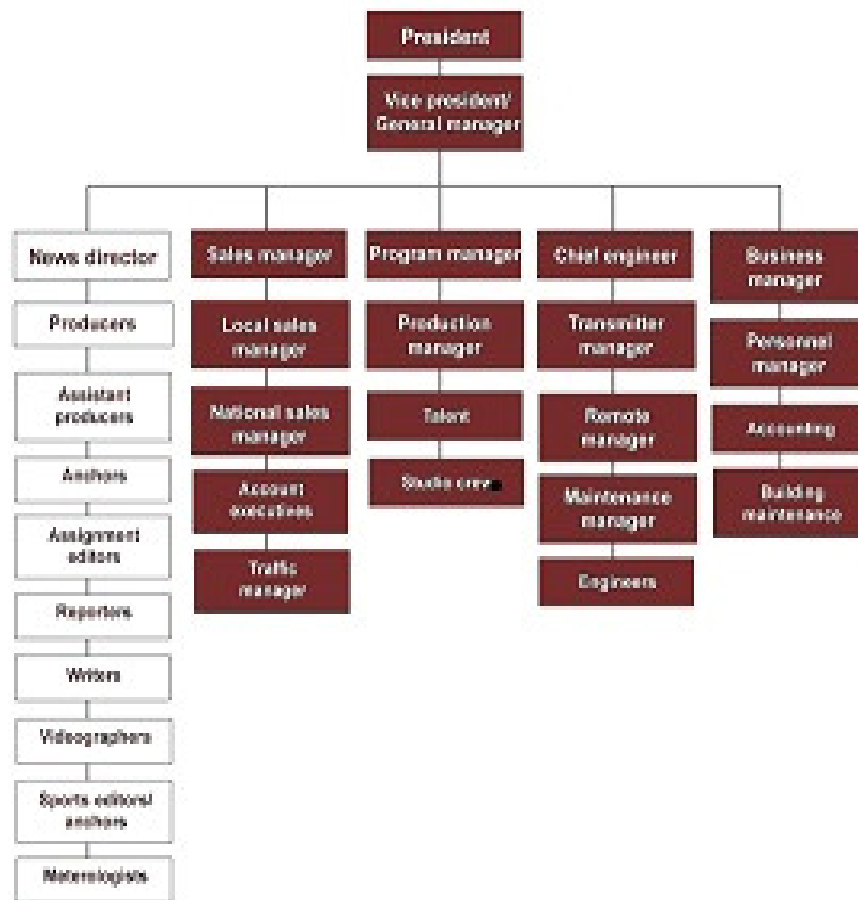
- Organization chart of Media organization

3.1   Introduction
The organization charts indicates how employees are linked to other employees in the business; the organization chart helps individuals see their positions in a firm

3.2   Organization chart of Electronic media
Every organization has to have an organization chart which shows the relationships between individuals, who is in charge, who has authority to make decisions, who carries out decisions, how information is communicated, how the positions are coordinate, etc. The structure of the business allows: to spot communication problems. This can help them appreciate their responsibilities, who have authority over them and who they are accountable to; the organization chart also help to pinpoint where specialists are needed; and organization charts show how different sections of the firm relate to each other.

The television organization chart has these components as described by Hall. Below is an illustration of a television organization structure according (Stovall 2010: 14).

A Television Organization Chart-

The President- This is the highest executive position at a television station. He/she is often the owner or the representative of the owner of a television station. In other television stations this position carries the name of the Managing Director or the General Manager. This person overseas all activities done in the organization like production, advertising, budget issues, community relations, ensuring achieving goals of mission statement, etc. He is the decision maker of short and some long term objectives apart from the television board committee.

argues that the General Manager reports to the station owner while several departments report to the GM, including the news department, production, sales, business, and engineering.

The vice president is in second command to the president. Usually his major work is to ensure active implementation and monitoring of implemented ideas and programs succeed on behalf of the president. Such ideas can be like a new youth program sensitizing on positive living for good health and long life for development of Malawi.

The News Director heads the news department. Checks how news programs are being run, how producers are coordinating with reporters and also lead duties designed by producers during production.That a **director** is a person in charge of working out production details; coordinating the activities of the production staff and non-camera talent; working out positions of camera and talent or actors and presenters on the set; selecting the camera shots during the production; and supervising post production work.

The director therefore his main role is to coordinate activities so that his team produces the desired output worthy to broadcast. argue that coordination means the dividing up of the total task of the enterprise into smaller units so as to take advantage of specialization to achieve the aims of the enterprise as productively as possible. This dividing of the work into smaller jobs, however, immediately raises the problem of cooperation or the coordination of the divided tasks and the various objectives which the various departments are working towards as an integrated whole to achieve the primary objective of the enterprise.

Producers come up with production concept. In other words the 'they hatch the production concept'. He then budget for the entire production process, makes major decision which guide the production process. He is the team leader thus works with writers, decides on the key talent, hires the director where there is no in-house director, and guides the general direction of the production. The **producer** is assisted by the assistant producer throughout the production.

Anchors are those that have personal strength and authority, as though the bearer of that title, through a combination of experience, personality

and charisma is holding the program together and somehow grounding it in reality. They are also newsreaders or news casters

Assignment editors are in charge of assigning duties to reporters. Where reporters to get news, when to bring news items, are some of activities they look into. They also write and come up with headlines on fished stories which they as well edit before broadcast.

Reporters fetch news stories and sometimes do write down those news ideas into readable stories. These make the news department live and active.

Writers do write down news stories from news ideas brought by reporters.

Videographers are also called cameramen. They do shoot shots assigned by the responsible producers. For example whether it is a shooting script or treatment script videographers are right people to manage the shooting job.

Sports editors edit sports news. They do assign sports reporters to reporting duties.

Meteorologists do prepare news of climate and weather changes. They even report forecast of climate as well as weather.

All discussed positions above fall under the news department which comprise program manager who design new programs, control and monitors them; production manager, who is responsible of making sure that the programs are produced as intended by the producer as well as directed and ensures programs are made ready for broadcast. He also checks matters of decency and laws to comply with laws of the land and journalistic principles like ethics; talent, includes actors, reporters, hosts, guests, etc; and studio crew which include all studio personnel like lighting, technical, camera operators, costume directors, electronic character generators, audio and visual directors, etc.

Another department is business. This department is composed of business manager, accounting manager, personnel manager, sales

manager, local sales manager, national sales manager, account executives, traffic manager, and building maintenance.

The **business manager** is responsible for managing all television business activities across business department as mentioned in above paragraph including advertising and coverage of public and private functions which is one way of generating finances for the television.

Another important department is the **engineering department**. This department is headed by chief engineer who subordinates transimitter manager, remote manager, maintenance manager and engineers. The main duty of this department is to ensure that the broadcast transmission is perfect and technical faults like picture blurring, sound jamming are avoided and/or rectified on time with desirably with improvement like that of picture quality. The engineering department also expands the transmission network for a television to have wide viewership.

Finally, the organization chart shows areas of specializationdefine specialization as the basic principle on which organization rests is that of specialization or the way in which a task is broken up into smaller units so as to take advantage of specialized knowledge or skills to improve productivity

3.3   Organization chart of Electronic media

Self Check Question

1. _____fetch news stories and sometimes do write down those news ideas into readable stories.

2. A _____is a person in charge of working out production details; coordinating the activities of the production staff and non-camera talent; working out positions of camera and talent or actors

and presenters on the set; selecting the camera shots during the production; and supervising post production work.

_____

3.4   Assignments

3.4.1   Class assignment

1. Collect the organization chart of any news organization

3.4.2   Home assignment

1. Write short notes on

a. Video editor

b. Business Manager

c. Editor

3.5   Summing Up

This lesson dealt with organization structure of media organisation to understand hierarchy.

3.6   Possible answers to self check questions

1. Reporters

2. Director

3.7   Terminal Questions

1. Explain the Organisational structure of media organizations**.**

3.8   References

1) Philip Kotler, Marketing Management, Prentice Hall of India

2) Jethwaney, Jaishri, Advertising, Phoenix Publishing House Pvt. Delhi

3) Chunawala, S.A., Sethia K.C, Foundations of Advertising Theory &Practice Himalaya Publication House, Mumbai

4) J.V. Vilanilam & A.K. Verghese, Advertising Basics

3.9   Suggested Further Readings

1. Brand Equity – The Economic Times
2. Pitch
3. Brand Reporter
4. Ogilvy, David, Ogilvy on Advertising, Prion Book Ltd

3.10 Glossary

The President- This is the highest executive position at a television station.

The **business manager** is responsible for managing all television business activities across business department

Lesson 4   Cross media ownership, conglomerates

_____

STRUCTURE

Lesson 4   Cross media ownership, conglomerates

_____

In the last lesson we had discussed methods of Organisational structure of media organizations : Print/Electronic. In present lesson, we shall study about the Cross media ownership, conglomerates

4.0   Objectives

After going through this lesson you will learn:

- Cross media ownership
- conglomerates

4.1   Introduction

In India, there is no general policy on ownership and cross-media restrictions, as far as restrictions between print and electronic media are concerned. Debating on regulatory issues for cross-media ownership the Industry & TRAI have long-term implications for the critical and booming Indian media industry

4.2   Cross Ownership in Media Industry

Media businesses supply chain includes the following categorizes - carrier (medium), content (production) and distribution (platform). Carriers are television, radio, film, and mobile, the Internet, newspapers and magazines. Content is typically the software—different genres of programmes for various mediums. Distribution is the carriage services that deliver content, including cable networks, direct-to-home (DTH) and Internet service providers. All these operations are heavily technology driven and are resource & capital intensive projects.

Increasing commercialization of Indian media with the entry of multinational media corporations and large investments of domestic media companies has given a silver spoon to the expansion phase. Inter-corporate investments and interlocking of directorships between media companies are also clearly emerging. Due to limited information

on revenue patterns of media groups, especially Private players, creates hurdles to getting a handle on media dominance and any emerging media monopolies.

Accumulation of ownership interest across the various carriers such as television, radio or print; consolidation, including upright combination among media operations of content, carrier and distributor within a media segment such as television or radio; and market share dominance in a given geography within each media segment.

Media business can be run only with advertising and subscription to meet the expenses and certainly it is not a tool for social reforms. Media conglomerates are largely run for business interests and not specifically for any ideology, commercial aspect of media are just not ignorable in capitalist market.

As per Arguments raised by marketers, Cross ownership Pattern might be a case of just 'market-oriented' competition but keeping in view the current practices and growing shared interests among corporations, it does not indicate a healthy sign. Absence of any cross-ownership law has fostered market forces to run for dominance and monopolization

Media companies in India and abroad are integrating vertically to sell cross-media, often acquiring or building multimedia platforms. News Corp.'s Star TV India and Sun TV Network Ltd already own DTH and cable distribution platforms. Star's cross-media India operations include television channels, Internet offerings, radio, mobile entertainment and home video.

Sun Network has 14 TV channels in four states, cable assets, magazines, radio stations and newspapers. In Tamil Nadu, the dominance of Sun in cable and satellite TV (channels and distribution network) and now in the DTH market is quite visible. Sun TV and its cable company are known to simply blackout political telecasts by rival Jaya TV.

Realizing the leverage provided by media, the Dravida Munnetra Kazhagam government has taken steps to start its own channels and even a government cable network. Similarly, realizing the dominance of

the Eenadu group, the Congress government in Andhra Pradesh, in the form of the son of state chief minister Y.S.R Reddy, went all out to break this monopoly by starting a newspaper—*Sakshi*—and a television channel, besides promoting a few magazines.

Considering the complexity and controversial nature of ownership issues, the immediate attention is required to understand the sensitivity from Industry & Viewers pattern. Most importantly, any restrictions on media ownership must be defensible on grounds of public interest, with particular reference to media diversity and plurality.

With combination of diverse cultural, lingual and social settings in our country, it may be difficult to visualize conditions of cross media ownership dominance leading to market monopoly. In India, there is no general policy on ownership and cross-media restrictions, as far as restrictions between print and electronic media are concerned. Debating on regulatory issues for cross-media ownership the Industry & TRAI have long-term implications for the critical and booming Indian media industry.

4.3   *'Conglomerate'*

In a conglomerate, one company owns a controlling stake in a number of smaller companies, which conduct business separately. Each of a conglomerate's subsidiary businesses runs independently of the other business divisions, but the subsidiaries' management reports to senior management at the parent company. The largest conglomerates diversify business risk by participating in a number of different markets, although some conglomerates elect to participate in a single industry.

These are the two philosophies guiding many conglomerates:

1. By participating in a number of unrelated businesses, the parent corporation is able to reduce costs by using fewer resources.

2. By diversifying business interests, the risks inherent in operating in a single market are mitigated.

Self Check Questions

1. Media companies in India and abroad are integrating vertically to sell cross-media, often acquiring or building _____.

2. _____of Indian media with the entry of multinational media corporations and large investments of domestic media companies has given a silver spoon to the expansion phase.

_____

4.4   Assignments

4.4 .1 Class assignment

1. Prepare the Conglomerate of media organizations**.**

4.4.2   Home assignment

1. Write short notes on

a. Cross ownership

b. Conglomerate

4.5   Summing Up

This lesson dealt with Cross ownership and Conglomerates importance and the development taken in media expansion

4.6   Possible answers to self check questions

1.   multimedia platforms

2.   Increasing commercialization

4.7   Terminal Questions

1. Explain the cross-ownership pattern of media organizations.

4.8   References

1.   Hargie O, Dickson D, TourishDenis- Communication Skills for Effective Management, Palgrave Macmillan,India

2.   Dr. Sakthivel Murughan M -Management Principles & Practices, New Age International Publishers, New Delhi

4.9   Suggested Further Readings

1. Redmond, J, Trager R -Media Organisation Management, Biztantra, Delhi

2.   Albarran, Alan B- Media Economics, Surjeet Publication, New Delhi

4.10   Glossary

In a **conglomerate**, one company owns a controlling stake in a number of smaller companies, which conduct business separately.

Unit-IV [Economics of Media Organisations]

Lesson 1   Economics of newspapers

Lesson 2 Electronic and Print media organization – cost and revenue relationship

Lesson 3 FDI in media

Lesson 4 Establishing a media organization – steps involved

Lesson 5 Importance of entrepreneurship and fund-raising

Lesson 1   Economics of newspapers

_____

STRUCTURE

Lesson 1 Economics of newspapers

_____

This unit deals with the Management of media organization & its importance for entrepreneur and fund raiser .In present lesson we shall study Economies of newspaper.

1.0   Objectives

After going through this lesson you will learn:

- Newspaper management

1.1   Introduction

Newspapers individually and collectively – need equally strong promotion to sell their services on account of competition from other media. It is widely acknowledged that if financial resources are properly managed and utilized, newspaper publishing may be profitable activity.

1.2   Economics of newspapers

Management is an extremely important function in every organization. It provides an invigorating force that brings life in an organization. It is through effective application of management principles and techniques that an organization, industry or service can succeed in achieving goals.

Management has been defined as distinct process consisting of activities of planning, organizing, actuating and controlling, performed to determine and accomplish stated objectives with use of human beings and other resources. In every organization mangers have to design and maintain an environment in which individuals work in groups to achieve selected missions and objectives. Managers direct the effort and activities of other people toward common objectives. Simply stated, management is to get

things done through other people. Management is the art id getting things done through or with informally organized groups.

Management plays a pivotal role in a newspaper organization. The success of a newspaper organization is determined by the effectiveness of its management in terms of its competence, integrity and performance. Management makes the human efforts in a newspaper organization more productive. The inputs of labor, capital and news content do not themselves ensure growth of a newspaper establishment. It requires the catalyst of management to maximize the results. It is rightly said that management is the mover and development is the consequence.

Howsoever sound and credible the journalistic product of a newspaper organization may be, the fact remains that it cannot succeed without professional management. The managerial functions of planning, organization, coordination, motivation and control must be performed effectively and purposefully in the newspaper organization. The activities in the editorial, advertising, printing, personnel, accounts and other departments have to be planned, organized, coordinated and controlled properly failing which the objective remain unachieved. Intense competition among newspapers as well as from other media-television, magazines and radio-has necessitated adopting of suitable and better marketing strategies in a newspaper organization.

Newspapers individually and collectively – need equally strong promotion to sell their services on account of competition from other media. It is widely acknowledged that if financial resources are properly managed and utilized, newspaper publishing may be profitable activity. By adopting the modern techniques of human resource management, the morale of personnel working in a newspaper organization can be kept high. Equally important is

employee motivation for it is the driving power which carries out plans of management through enthusiasm of the group. Truly, the hazards in a newspaper enterprise that impede stability, profitable operation and continuance of publication can be removed by adopting techniques of modern management. The changing economic, social and technological scenario has wrought developments that demand aggressiveness and professionalism in newspaper management.

The chart shows the organizational structure of most newspapers

Newspaper Industry Culture

Generally speaking, newspapers have an Aggressive-Defensive culture, where people are expected to approach tasks in forceful ways to protect their status and security. The primary behavior style (the way employees are expected to interact with each other) is Perfectionist. Persistence and hard work are valued. People feel they must avoid all mistakes, keep track of everything and work long hours to meet narrow objectives. The value of perfectionism is obvious, particularly in the news business, but an

over-emphasis can lead employees to lose sight of goals, get lost in details and develop symptoms of stress.

A secondary strong behavior style is Oppositional, where confrontation prevails. While questioning is important in any organization, a highly oppositional culture can lead to unnecessary conflict, poor group problem-solving and "watered-down" solutions to problems.

This type of culture is typically found in organizations that emphasize traditional methods of quality control — evaluating quality at the unit level rather than system-wide; focusing on avoiding mistakes rather than achieving improvements; sacrificing quality in some areas to reach unrealistic or unnecessary levels of quality in others; and assigning quality responsibilities to supervisors rather than staff. The culture also tends to be pervasive in fast-paced environments, where people are required to think and act very quickly on a regular basis.

The second defensive culture in Impact newspapers is Passive-Defensive, typified by conflict avoidance and by dependent and conventional behaviors. In the Passive-Defensive culture, people do what it takes to please others and avoid interpersonal conflict. Rules, procedures and orders are followed without question. In this highly directed environment, jobs are narrowly defined and supervision is intense. Managers rarely catch employees doing things right, but never miss when they do things wrong.
 Passive-Defensive cultures are often found in "protected" organizations, such as government agencies, organizations that are closely regulated by government or ones that operate as monopolies.
The third type of defensive culture in Impact newspapers is

mixed Passive/Aggressive, which contains equal measures of those behaviors.

Current Culture Vs. Ideal Culture

There is a large gap between where newspaper culture is and where people at both staff and management levels think it should be. When asked what behaviors should be expected and encouraged to maximize their organization's effectiveness, respondents indicated the ideal culture would be Constructive. This outcome is consistent with ideal cultures envisioned by hundreds of other organizations that have taken the culture survey.

Constructive cultures encourage members to work to their full potential, resulting in high levels of motivation, satisfaction, teamwork, service quality and sales growth. The primary style in the ideal newspaper culture is Humanistic, managed in a participative and person-centered way where people are expected to be supportive and open to collaboration. The secondary style is Achievement, where people are expected to know the business, pursue a standard of excellence and plan well. Benefits include appropriate problem-solving and effective customer service.

Constructive cultures tend to be found in companies that achieve steady sales gains, seriously focus on system-wide improvements and innovations, and practice empowerment and change-oriented leadership.

When the current newspaper culture is compared with the ideal culture, the biggest gaps — which can also be viewed as opportunities for improvement — are in the following items:

- Giving positive rewards to others
- Encouraging others
- Helping others to develop

- Enjoyment of work
- Opportunity to think in unique and independent ways
- Maintaining personal integrity

In other words, compared to other industries, newspapers operate more as "silos" both within and among departments, and produce lower-quality products and services.

NEWSPAPER

Types of Newspaper: it is classified based on

1. Frequency of publication
2. Page size
3. Audience
4. Market

Types of Newspaper advertisements are:

1. Display advertisements
2. Classified Display
3. Preprinted inserts

Advantages of Newspaper advertising	Limitations of Newspaper advertising
Market penetration	Reproduction constraints
Geographical selectivity	Limited targeting capability
Response Timings	Short life span
Creative flexibility	Clutter
Audience interest	

2) Advertising in magazines

Three broad audiences they serve are:

1. Consumer
2. Business
3. Farm

Advantages of advertising in magazines	Limitations of advertising in magazines
Geographical selectivity	Limited reach and frequency
Audience selectivity	Lack of sound and motion
Creative flexibility	Long lead time
Audience interest	Clutter
Short life span	

Selling the Print Newspaper Advertising Space

I. Design your print newspaper classified advertising section. It should be easy to read, simple to understand, and consistent. There is nothing worse than a classified ad section that is all jumbled with too many display ads. Stay true to the "classified" aspect of your classifieds. For example, list everything under headings like Auto, Real Estate, For Sale, and so on. Include subheadings when necessary. Also include advertising rate information and your contact information so that potential advertisers can contact your sales team.

II. Compose the rate sheet for classified ads in your print publication. The rates must be easy to understand. For example, be clear about whether you charge by the character, word or line. Offer clear discounts on classified ad packages bought in bulk. Specify whether you will help them to actually compose the ad, along with any other value-added services

you offer when advertisers go through your print newspaper. Later, add testimonials to the rate sheet, as the rate sheet acts as a form of advertising for people to advertise with you.

III.   Get a steady stream of sales leads. You can get potential advertisers' contact information from competing newspapers (known as "raiding the competition"), the Yellow Pages, or anywhere else. Be creative, and come up with at least a few hundred leads before starting your telesales program.

IV.   Telemarket your print classified advertising services. Use your sales leads and telephone all leads one at a time to pitch ad space. Keep it conversational.

V.   Explain the benefits of advertising with you, and elucidate on the drawbacks of not advertising with you. Keep it short and simple.

VI.   If someone agrees to buy classified ad space in your print publication, up-sell them. To do this, you can offer discounts on bulk advertising. Sell ads in bundles over a period of time, or offer to place two or more differing ads in the same issue of the newspaper.

VII.   Have the advertiser pay by credit card, and do not run the ad until payment is received. You may have to stand your ground on this point. Remain polite.

VIII.   Constantly prospect to regenerate your classified ad sales lead list. Make sure you have a bottomless pool of leads from which your sales team can draw.

IX.   Manage your sales team by tracking their progress. Use quotas as mile markers by which to measure performance. Make sure everyone is dialing at least a dozen times a day, talking with at least 20 prospects, and successfully closing at least five sales. On slow days, they must dial 120 times a day, talk to at least 10 prospects, and make at least three sales. Keep your sales team pumped up and happy. Don't be a jerk. Just be tough.

X.   Help your advertisers by participating in the ad composition process. Make headlines extremely clear and place them under appropriate headings. The body of the classified ad should clearly explain what is being advertised, along with the contact information so that readers can actually take action and purchase the product or service.

XI.   Track the effectiveness of your print classified advertising section. To do this, tell your readers to tell your advertisers that they found them in your publication. Print this prominently throughout your classified section. That way, you will get repeat clients. Remember, it is far easier to keep a client than to get one.

XII.   Stay creative, and always strive to improve the sales and effectiveness of your classified advertising section.

1.3   Media Buying

Buying media is a specialized skill which requires knowledge of your Target clients, Consumer behavior, the media, and the criteria used to measure the value of newspaper making, TV and radio programming. Station sales reps can be very persuasive in proposing advertising packages and will offer to serve as your media advisors. A broadcast station sales rep's advice can be very helpful, but never let a media sales rep talk you into buying a package. Instead of relying on the sales rep, one may wish to hire a professional media buyer at no cost since the station pays the media buyer's commission.

Even if you hire a media buyer, you must learn enough about the key buying criteria to be in control and make the purchase decisions based on the proposals. Since you are buying media only for your company, it is feasible for you to learn enough about the key factors applicable to the tax industry to buy your own media.

The following is a summary of the most important considerations:

1. Go for the numbers: National mass-market firms buy TV and radio on a "tonnage" basis. Determine you market and then attempt to reach as many people in that market as is possible. Your efficiency goal is to get the lowest cost-per-thousand ("CPM") for your target market while also satisfying your other media buying requirements. If you can determine the demographics of your most lucrative customers, you may wish to advertise to them first.

2. Adequate Reach and Frequency: You want to reach the majority of viewers with adequate frequency to make an impression. Remember the AIDA model of consumer behavior: Awareness, Interest, Decision, and Action. A prospect may need to see your ad several times just to become aware of your company and the services you offer. Another couple of impressions may be necessary to create interest. Your commercial should, ideally, reach 100% of the audience with an average frequency of at least five times. This goal will not likely be accomplished by advertising only on one broadcast station. At least two of the four major TV stations (ABC, CBS, NBC and FOX) should be included. (Cable TV is discussed in Chapter 4 of this handbook, "Targeted Marketing".) If all network stations are competitive, you should buy time on all four. Your reach and frequency can be amplified through radio and other media, as well as your office sign exposure.

3. TV Program Schedules: You can buy time in specific programs (higher price), and you can buy "Run of Station" (ROS) spots within pre-determined time periods (lower cost). Prime time (7:00 p.m. to 11:00 p.m.) is very costly because of high demand. You should allocate no more than ten percent of your spots to prime time. At least 1/2 of your spots should be run during "Fringe Time",

the hour immediately before (6:00 - 7:00 p.m.) and after (11:00 - 12:00 p.m.) prime time. About 20 percent of your spots might be run during morning news programs. Other departs with high adult audiences and good cost efficiencies could be added such as daytime soaps and talk shows, and weekend movies and sports programs. Given your goal of reaching your audience at the lowest possible cost per thousand and knowing that he or she is competing for your business against the other stations, your sales rep should be able to identify the most efficient programs. You may want to reserve part of your budget to take advantage of specials caused by late cancellations of prime spots.

4. Rating Services: TV programs are rated by rating services (e.g.: Nielson) subscribed to by all stations. New ratings are published in February, May, and November. You should require that all stations quote from the most recent book, adjusted for February. If the TV coverage area extends beyond the metro area where your offices are located, you should ask all stations to provide figures on a metro area basis.

5. Negotiating the Best Price: An effective strategy is to ask for proposals from each of the four major TV stations for a schedule that would use about 1/2 of your total TV budget over a five-week period. Instruct each station of your acceptable programming parameters and the maximum allowable ratio of 10 to 30 second spots (e.g. no more than 20% 10s).

_____

Self check question

1.   A secondary strong _____is Oppositional, where confrontation prevails

_____

1.4   Assignments

1.4.1   Class assignment

1. Prepare strategy for selling newspaper space.

1.4.2   Home assignment

1. Write short notes on

a. Media Buying

1.5   Summing Up

This lesson dealt with various methods of newspaper ownership management.

1.6   Possible answers to self check questions

1. Behaviour style

1.7   Terminal Questions

1. Write a brief note on Economics of newspapers

1.8   References

1.   Hargie O, Dickson D, TourishDenis- Communication Skills for Effective Management, Palgrave Macmillan,India

2.   Dr. Sakthivel Murughan M -Management   Principles   & Practices, New Age International Publishers, New Delhi

1.9   Suggested Further Readings

1. Redmond, J, Trager R -Media Organisation Management, Biztantra, Delhi

2. Albarran, Alan B- Media Economics, Surjeet Publication, New Delhi

1.10 Glossary

The second defensive culture in Impact newspapers is **Passive-Defensive,** typified by conflict avoidance and by dependent and conventional behaviours.

Lesson 2   Electronic and Print media organization – cost and revenue relationship

_____

STRUCTURE

Lesson 2 Electronic and Print media organization – cost and revenue relationship

_____

In the last lesson we had discussed economics of newspapers .In present lesson, we shall study about the cost and revenue relationship for media economies.

2.0   Objectives

After going through this lesson you will learn:

• Cost and Revenue relationship for media economies

2.1   Introduction

Over the last 20 years, digital technologies have rapidly multiplied the amount of information that can be moved electronically and multiplied the number and kinds of devices that can access this information. **Economics** because the costs of both information bandwidth and information devices have spiralled steeply downward.

2.2   Cost and revenue relationship

One of the most important aspects of media is the fact that the media industry is just that: an industry. Most media producers and outlets are commercial in nature, with the main objective of making money. There are several methods or "revenue models" that media companies use to make money. The four most common revenue models are discussed below.

Advertising

Advertising is the most common of all revenue models in traditional media and online. TV shows, newspapers, and websites offer their content (programming, news stories, etc.) at no charge (or at a low price) in order to attract a large audience.

Advertisers wanting to promote the products they're selling pay the media outlets, who in turn place ads in between their content for the audience to experience.

Advertising is most commonly used in media outlets that 1) can't cover their entire costs just by selling their content (like newspapers and magazines), and 2) would have little to no audience if they charged (or charged more) for their product. For example, a newspaper would never sell at $5 per copy, and you wouldn't pay $30 for a movie ticket, so advertising is there to subsidize the cost.

Subscription

Subscriptions are great for media types that are continually being updated - think a newspaper, a magazine, or cable TV - or have some kind of ongoing value - think websites like LinkedIn or informational databases. Subscriptions are popular with media companies because they provide steady revenues over time. This revenue model doesn't work with media considered a commodity - something you can get elsewhere for little to no cost. An example of a media commodity is news - you can get it all over the web, so paying for a subscription to a news website means that site should provide significant value beyond the common news found elsewhere. The Economist and the Wall Street Journal are examples of news websites that offer significant value beyond what you might find for free on Google News.

Pay-per-item

The pay-per-item model works for media types that come in an individual package, offer no ongoing value, and are sustained through sales alone. An example of this is a pay per view movie on cable, a movie ticket at your local theater, or a CD or DVD.

Merchandising

Media companies use merchandising as a secondary, or ancillary, income. This is popular with recognizable media franchises whose fan base would want to purchase related items. An example might

be the merchandising efforts of a company like Disney, which produces and sells merchandise for all of it's big-budget movies and TV shows. Many times, merchandising efforts earn more income than the media product it references. For example, the original Star Wars movies earned more income through merchandising than through ticket sales.

The cost of moving units of information has fallen from very high in the Mass Media Era to nearly zero in the Infinite Media Era. As a direct outcome, in barely 20 years, the barriers of cost and capacity that formed and defined our global information systems have been shattered. The remaining limits are fast disappearing as digital systems gain still more speed and capacity and as digital devices penetrate every economic level and geography.

This is a change so profound that most of us, being creatures of the Mass Media Era, barely grasp its implications. Having lived in this restricted system for so long, we barely understand how its limits have determined its contents and the behaviors of its users at both ends of the pipe. And we have only begun to see how infinite bandwidth will drastically alter content and behaviors. Facebook is only a hint of what's to come.

For humanity in total, this is a huge breakthrough. As universal access to information arrives among the populations around the globe, it will unlock vast amounts of previously restricted human potential. Give the world's people full access to the world's information, and huge numbers of them will rise to levels of self-actualization their parents and grandparents could barely imagine. This process will accelerate through the 21st century and beyond.

For the old mass media, however, this means hard times from now on. It's the end of the scarcity model — the limits that both restricted them and made them hugely profitable. As the print business declines and newspaper companies try to transfer their business into the digital realm, five basic changes are working against them:

1. The mass media's digital advertising must compete with vast inventories of low-priced space on millions of Web sites.

It's print dollars vs. digital dimes. As John Paton of Digital First Media has often said, when the print dollars are going away, media companies have to get really good at stacking digital dimes.

2. Mass media content is now just a drop in an infinite ocean.

The digital content competition is even stiffer than the advertising competition. Now that people can get virtually any information they want, they're shifting huge amounts of their media time away from news and other mass-media content into personally relevant information. Generic, one-size-fits-all content like news and mass entertainment, which ruled in the Mass Media Era, is now just a small part of many people's diet. Where the action is now — for both individuals and Web companies — is in what people care about personally. This is why news alone isn't enough to support much of a local media business model.

3. Digital audiences for local mass media Web sites are dwarfed by those of national and international digital players that meet more individualized needs and interests.

Most newspaper companies are ignoring this, at their great peril. In the pre-digital era, newspapers dominated the local media landscape, reaching more people every day than any other single media outlet. In the digital age, national/global Web sites are the giants, reaching far larger local audiences, far more often, than the Web sites of local media.

The 12 Morris Publishing Group daily markets in the United States with which I've been working are typical. Facebook, Google, Yahoo!, YouTube, Bing, MSN and others dwarf our digital audiences. Facebook is king, getting about 10% of all local visits — 20 to 30 times more than Morris news sites. With market shares that small in the digital realm, traditional local media companies are distant also-rans. Comparing ourselves to other local media sites — usually TV and radio — is missing the point:

the national/global giants are trouncing us. And they are working harder and harder to sell advertising to local businesses in direct competition with local media.

4. Social media are unlocking an incredibly vast desire and capacity among humans to get and give personally relevant information.

When the cost of information falls to near zero, what happens? People start using the pipe to get and give tremendous amounts of information that's mainly of personal and inter-personal interest. This is the kind of information that matters to the individual and maybe his or her network of friends, but not to many others. The old mass media pipe was too constrained — and therefore too expensive — to handle stuff like, "I guess I'll go to Starbucks now," but Facebook is full of it.

This appetite for personal and inter-personal information has always been there, but now that it can be fulfilled for free in digital media, it's being liberated. And it's huge. As the information pipe goes infinite, this stuff is most of the added volume of content, and it's being exchanged in an incredible number of small, overlapping personal networks rather than in mass systems. The amount of interpersonal information generated each day is now far greater than what's created by the old mass-media providers, including newspapers.

5. Digital targeting is providing the tools to reach people across thousands of Web sites and billions of small networks.

For advertisers, the broken digital media system presents a huge challenge and a huge opportunity. They need to figure out how to reach people who are looking for personally relevant information (often about a purchase) and using dozens of Web sites and countless tiny personal networks several hours a day. Advertisers see mass-media audiences splintering, and they're trying to figure out how to target the specific people who might buy their products.

It was far easier in "the old days" of the Mass Media Era, when virtually all of the people could be reached through just a few media channels. But there was tremendous waste because the advertising couldn't be targeted.

Digital targeting is technology's answer to this splintered digital environment. Using detailed profiles compiled from people's Internet activity, and serving ads in milliseconds to people whose data shows the desired characteristics, advertisers can achieve far higher precision at far lower cost than they could with mass media. Advertising dollars will flow from inefficient mass media to the new forms of efficient digital targeting, creating the next painful wave of disruption for legacy media.

These five factors add up to a massive overall disruption of the mass-media business model. At the heart of it, it's an audience problem. In the old, information-starved days, we could guarantee market-dominant audiences just by doing news (or, for the broadcast media, entertainment). Today, news won't get us enough audience to be competitive, and our audiences are too small for digital dimes to make up for the print dollars we're losing.

Radio and television broadcasters may feel a bit smug these days, watching what's happening to newspaper companies. But it's just a matter of time before the bandwidth of the "infinite pipe" becomes great enough, and the devices powerful enough, that they will suffer the same problems.

It's the end of the Mass Media Era, and with it, the mass-media business model.

Self check question (True/False)

1. The digital content competition is even stiffer than the advertising competition._____

2. The pay-per-item model does not works for media types that come in an individual package._____

_____

2.3   Assignments

2.3.1   Class assignment

1. Collect the stock position of media organisation.

2.3.2   Home assignment

1. Write short notes on

a. Social media are unlocking an incredibly vast desire

b. Mass media content is now just a drop in an infinite ocean

2.4   Summing Up

This lesson dealt with Mass media economies cost and revenue relationship.

2.5   Possible answers to self check questions

1.True

2. False

2.6   Terminal Questions

1. Explain the cost and revenue relationship of media economies.

2.7   References

1. Hargie O, Dickson D, TourishDenis- Communication Skills for Effective Management, Palgrave Macmillan,India

2. Dr. Sakthivel Murughan M   -Management   Principles   & Practices, New Age International Publishers, New Delhi

2.8   Suggested Further Readings

1. Redmond, J, Trager R -Media Organisation Management, Biztantra, Delhi

2.   Albarran, Alan B- Media Economics, Surjeet Publication, New Delhi

2.9 Glossary

Subscriptions are popular with media companies because they provide steady revenues over time.

Lesson 3 FDI in media

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STRUCTURE

Lesson 3   FDI in media

_____

In the last lesson we had discussed cost and revenue relationship. In present lesson, we shall study about the Cable TV and private FM radio companies will be able to seek more foreign participation.

3.0   Objectives

After going through this lesson you will learn:

- FDI in media

3.1   Introduction

FDI cap for news media will continue at 26%, it is the non-news media which benefits more, with a higher FDI ceiling of 74% —up from the existing 49%.

3.2   FDI in Media

After scams, this is the next big thing that has caught the fancy of Indian media over past few months. The former infact seems to have done more economic damage to the country's future in many respects than the latter. Especially if one considers the value of Foreign Direct Investment (FDIs) stalled due to delays in project clearances. In addition, the fact that unlike the telecom revenues, the projects have immense potential to multiply India's GDP growth. But as the scam ridden government gets ready for the Budget session, India Inc may see more green signals coming its way. Accused of turning a blind eye to economic reforms, the Prime Minister has assured of steps to get projects rolling.

Cable TV and private FM radio companies will be able to seek more foreign participation if the government's proposal for upping the FDI sails through. The Ministry will plead with the Finance Ministry for incentives to television distribution companies, the sources further said, adding that the I&B Minister Ambika Soni had already given a list of demands on behalf of the entertainment

industry to Finance Minister Pranab Mukherjee. At present, there are different FDI limits for the various segments in the broadcasting industry. The Telecom Regulatory Authority of India (Trai) had in July last year suggested bringing uniformity and raising the limits – noting that it was a as low as just 20% in some cases. Trai had, however, made an exception at 26% for FM radio and TV news channels.

The broadcast sector consists of channels as well as distribution media such as DTH, cable etc. At present, 100% foreign investment is allowed in non-news channels, while most distribution channels have 51% Indian ownership. Arvind Kumar, Joint Secretary (Broadcasting) in the Ministry, said that the broadcasting sector is expected to require Rs 400 to Rs 500 billion for its expansion in the next few years.

Thus speedy approvals for the private sector and FDI funded projects are in order. At the same time, the government would not want only cheap hot money from abroad to flood Indian markets. While the FII funds may help India's current account balance, they are best kept away from the country's long term investments. Hence in order to balance out the steady FII inflows with FDI, more projects may be seen getting the environmental go ahead. But will FDI at the cost of environment serve India' long term needs? Experts believe that allocation of critical resources like mining rights need to have much more than economic goals in mind. Protecting the country's green zones and ensuring a reasonable quality of ecological balance is paramount to an economy's prosperity. A softer stand on environmental issues may be seen as a near term positive. But these is a fear that such myopic visions tend to ignore more critical concerns about sustainability.

Uniform FDI not possible

The government may finalize its views on FDI in the media sector within one month, a senior government official said. The FDI,

however, can't be uniform across all sectors of the media, said Information and Broadcasting Secretary Raghu Menon. At present, different FDI limits apply for different segments in the broadcasting industry and the regulator had suggested bringing uniformity and raising the limits.

India must reduce its tariff and non-tariff barriers and consider lifting restrictions on FDI in several areas to help it secure funds to help fix its infrastructure, U.S. Commerce Secretary Gary Locke said. Addressing a media roundtable, Mr. Locke said that allowing more FDI in sectors like infrastructure, banking and insurance and even the retail sector would greatly help these sectors get access to more funds and lower their costs. "Only 2% of the roads are paved in India. It is estimated that India requires up to $1.2 trillion between now and 2030 to repair and upgrade its infrastructure which involves an eight-fold increase in per capita spending. That is clearly beyond the capability of India and that is where FDI will help." "Besides, higher investments coming in to build food storage facilities will help streamline the supply chain and also lower food prices," he said. Although India has made progress in opening its markets to U.S. companies, a lot more remains to be done in this direction. "India has been demanding more help in a whole host of projects — to modernise its defence and security forces, where it is seeking proposals from all over the world, education as well as healthcare. However, it is difficult in a high tariff environment where the tariffs on things like medical devices are very high. If companies are to do more innovation here, there is also a need for stronger intellectual property rights (IPRs)."

Allowing more foreign investment

The government is considering allowing foreign firms to own up to 74% of broadcasting companies, along the lines suggested by the telecom regulator seven months ago, a top official in charge of the matter said. At present, different FDI limits apply for different

segments in the broadcasting industry and the regulator had suggested bringing uniformity and raising the limits. The government is set to propose simplified FDI norms for media companies in India, classifying them into two categories: news media and non-news media. While the FDI cap for news media will continue at 26%, it is the non-news media which benefits more, with a higher FDI ceiling of 74% —up from the existing 49%. Proposed by the ministry of information and broadcasting, the fresh norms are expected to help the loss-making direct-to- home (DTH) industry and multi-system operators (MSOs). Besides, applications for FDI up to 26% will be put on the automatic route. Currently, there are different FDI limits for different categories of media companies ranging from 20% to 100% with mandatory approvals required from the Foreign Investment Promotion Board.

All media entities engaged in the news business will continue to have a 26% FDI cap. Private FM radio stations — which currently face an FDI limit of 20% — will also get a higher limit at 26%, once the third phase of FM radio privatization (FM-III) is complete. Use of news and current affairs sourced from All India Radio will also be allowed in FM-III. For all non news media, there will be a simplified regime where the FDI limit goes up to 74%, which will include all kinds of foreign funds — including money from foreign institutional investors, non-resident Indians and overseas commercial borrowings. Currently, there are caps on FDI within the overall foreign investment limits.

The biggest beneficiaries of the I&B proposal will be digital content distribution platforms including DTH, teleport operations, MSOs, cable operators, IPTV, Mobile TV and Head end In The Sky (HITS). Currently, the foreign investment cap for DTH is 49% but within that, FDI cannot be more than 20%. A similar cap is also applicable for MSOs and cable operators. However, there is no FDI policy for mobile TV. Now, all these platforms can attract up to 74% FDI.

According to media experts, the move is likely to help the fast-growing, six-player private DTH sector get more investments. This is because several leading DTH operators including Tata Sky, Sun Direct and Dish TV have already hit the 20% FDI cap. Currently, the Tata group owns 70% in Tata Sky while 20% is with Star group and the remaining is held by Singapore-based Temasek Holdings. Similarly, Malaysia's Astro Group holds 20% stake in Kalanithi Maran's DTH venture Sun Direct through its subsidiary South Asia Entertainment Holdings. Both Star (for Tata Sky) and Astro (for Sun Direct) have increased up their respective stakes in heir DTH ventures via the indirect route. "The simplified FDI norms will allow the inflow of foreign investments in both DTH as well as in digital cable firms as digitalisation will become mandatory from 2012," a media expert said.

Television Sector

	Segment		Existing Limit
	Teleport (Hub)		49 per cent
	DTH		49 per cent
	HITS		74 per cent (49 per cent ir automatic route)
	Cable Networks-MSOs		49 per cent
	Cable Networks-Loca Cable operators		49 per cent
	FM Radio		20 per cent
	Downlinking of TV channels		100 per cent
	Uplinking of TV News and Current Affairs Channels		26 per cent
	Uplinking of TV Non-nes and Current Affairs		100 per cent

	Channels		
	Mobile TV		No policy

Source: FICCI-KPMG Indian Media and Entertainment Industry Report 2011

_____

Self check question (True/False)

1. The biggest beneficiaries of the I&B proposal will be digital content distribution platforms including DTH, teleport operations, MSOs, cable operators, IPTV, Mobile TV and Head end In The Sky (HITS)._____

2. For all non news media, there will be a simplified regime where the FDI limit goes up to _____which will include all kinds of foreign funds — including

_____

3.3   Assignments

3.3.1   Class assignment

1. Collect the FDI norms any five countries .

3.3.2   Home assignment

1. Write short notes on

a.Cable network

b. DTH

3.4   Summing Up

This lesson dealt with FDI in several areas to help it secure funds to help fix its infrastructure .

3.5   Possible answers to self check questions

1.   True

2.   74%, money from foreign institutional investors, non-resident Indians and overseas commercial borrowings.

3.6   Terminal Questions

1. Explain the role of FDI in media Expansion

3.7   References

1.   Hargie O, Dickson D, TourishDenis- Communication Skills for Effective Management, Palgrave Macmillan,India

2. Dr. Sakthivel Murughan M   -Management   Principles   & Practices, New Age International Publishers, New Delhi

3.8   Suggested Further Readings

1. Redmond, J, Trager R -Media Organisation Management, Biztantra, Delhi

2.   Albarran, Alan B- Media Economics, Surjeet Publication, New Delhi

3.9   Glossary

Proposed by the ministry of information and broadcasting, the fresh norms are expected to help the loss-making direct-to- home (DTH) industry and **multi-system operators (MSOs).**

Lesson 4   Establishing a media organization – steps involved
_____

STRUCTURE

4.0   Objectives

4.1   Introduction

4.2   Establishing a media organization – steps involved

4.3   Assignments

   4.3.1   Class assignment

   4.3.2   Home assignment

4.4   Summing Up

4.5   Possible answers to self check questions

4.6   Terminal Questions

4.7   References

4.8   Suggested Further Readings

4.9   Glossary

Lesson 4   Establishing a media organization – steps involved

_____

In the last lesson we had discussed FDI in media . In present lesson, we shall study about the methods of establishing a media organization.

4.0   Objectives

After going through this lesson you will learn:

• Establishing a media organization

4.1   Introduction

In present lesson, we shall study about the methods of establishing a media organization

4.2   Establishing a media organization – steps involved

There are a few essential steps you need to take before starting a business, any business.

1. Do your market research: Just because you build it or sell it doesn't necessarily mean anyone will buy it. The first essential step is to research your potential market. Who needs what you are offering? Is there space for your product or service in the market or is the market saturated? Is the market national? Is it a niche? Can you define your ideal customers? These are all questions that need to be answered before you even consider starting a business. Too many entrepreneurs have found out the hard way that there was not enough market share for them to capture. Others have realized that their target market audience was far too limited to make their business work.

2. Show yourself the money: You can't start a business without capital. Determine what you have, what you will need and how you will go about getting it. If you plan to seek investor funding or

financing, start writing a business plan and practice your pitch. Research the costs associated with your business. Know how much money you'll need and decide where it could come from.

3. Hire a good business attorney: You don't necessarily need to have an attorney on a retainer, but you'll want to hire an attorney experienced with new businesses to help you get started. Your attorney can advise you about such things as drafting contracts, reviewing your lease and determining the right business structure.

4. Hire a good accountant: An accountant will work in conjunction with your attorney and be instrumental in determining the best form of ownership. He can also help you establish bookkeeping and other record keeping procedures that can keep you on track for years. Most important, a good accountant will help with tax planning. "You will also want an accountant who understands the state laws, since every state has its own little intricacies, such as sales tax issues," Talis says, adding that it's important for your accountant to be familiar with startup ventures.

5. Decide on a business structure: Your choices include sole proprietorship, partnership, corporation, "S" corporation or limited liability corporation (LLC). Personal liability, taxes, paperwork and regulations vary greatly among the different legal business structures. Your attorney and accountant will play a key role in assisting you in this important decision.

6. Decide on a business name: It may seem obvious and simple, but the name is how your business will be known to the world. The right name says a lot about your company. Make a list of potential names and narrow the list down to the one that best describes your company in a few words, while being catchy, easy to remember, easy to pronounce and easy to spell. You should also consider how it will translate to a web domain name. You'll also need to do research to see if there are a) similar business names and b) similar domain names.

7. Get all necessary licenses and permits: Along with a business license, you may need to get additional licenses depending on the type of business and local laws. Many professionals, such as contractors and real estate agents, need to be licensed in the states in which they work. Additionally, you may need licenses to manufacture and/or sell specific products such as liquor, firearms or even lottery tickets. Research all licenses applicable in your county and your state. It's also extremely important to know the zoning laws before you open a business

_____

Self check question (True/False)

1.   Eentrepreneurs' have found out the hard way that there were not enough market shares for them to capture._____

2.   Determine what you have, what you will need and how you will go about getting it._____

_____

4.3 Assignments

4.3.1   Class assignment

1. Collect the Business history of various media organization.

4.3.2   Home assignment

1. What are pattern to adopt brand name recall strengthen?

4.4 Summing Up

This lesson dealt with steps to start a media organization. . Research the costs associated with your business. Know how much money you'll need and decide where it could come from.

4.5   Possible answers to self check questions

1. True

2. True

4.6 Terminal Questions

1. What are the methods for establishing media organization?

4.7   References

1. Hargie O, Dickson D, TourishDenis- Communication Skills for Effective Management, Palgrave Macmillan,India

2. Dr. Sakthivel Murughan M -Management Principles & Practices, New Age International Publishers, New Delhi

4.8   Suggested Further Readings

1. Redmond, J, Trager R -Media Organisation Management, Biztantra, Delhi

2. Albarran, Alan B- Media Economics, Surjeet Publication, New Delhi

4.9   Glossary

You may need licenses to manufacture and/or sell specific products such as liquor, firearms or even lottery tickets.

Lesson 5   Importance of entrepreneurship and fund-raising
_____

STRUCTURE

Lesson 5   Importance of entrepreneurship and fund-raising

_____

In the last lesson we had discussed establishing a media organization. In present lesson, we shall study about the entrepreneurship and fund-raising.

5.0   Objectives

After going through this lesson you will learn:

- Entrepreneurship
- Fund-raising

5.1   Introduction

Entrepreneurship can be defined as the propensity of mind to take calculated risks with confidence to achieve a pre-determined business or industrial objective. That point out the risk taking ability coupled with decision making.

5.2   Entrepreneurship

Entrepreneurship is the tendency of a person to organize the business of his own and to run it profitably, using all the qualities of leadership, decisions making and managerial caliber etc. The term "entrepreneur" is often used interchangeably with "entrepreneurship". But conceptually they are different.

In a way, entrepreneur precedes entrepreneurship. It is concerned with the development and co-ordination of entrepreneurial functions.

Entrepreneurship is an abstraction and entrepreneurs are tangible persons. Well designed and controlled research studies on entrepreneurship are very few. If we view entrepreneurship as opposed to management, it becomes still more difficult to define entrepreneurship.

Entrepreneurship is a role played by or the task performed by the entrepreneur. The central task of the entrepreneur is to take

moderate risk and invest money to earn profits by exploiting an opportunity. For this he must possess far-sightedness to perceive an opportunity so that he can exploit it well in time. Although an entrepreneur has to perform diverse functions yet he must manifest many qualities in himself to be a good entrepreneur.

The word 'entrepreneurship' typically means to undertake. It owes its origin to the western societies. But even in the west, it has undergone changes from time to time. In the early 16th century, the term was used to denote army leaders. In the 18lh century, it was used to denote a dealer who buys and sells goods at uncertain prices. Towards 1961, Schumpeter, used the term innovator, for an entrepreneur.

5.3   Importance of Entrepreneurship

Entrepreneurship being an intangible factor is the moving force and development is the consequence. It has an important role in the context of a developing nation like India which is confronted with major socio-economic problems. Entrepreneurship can play an important role not only in the industrial sector of a country but in the farm and service sectors also.

India is being attacked by baffling problems of over population, unemployment, under-employment, poverty and the like. Entrepreneurship is consistently equated with the establishment and management of small business enterprises and setting up these units is the solution to these baffling problems.

Concentration of economic power, regional imbalances, exploitation by monopolists, and many other giant problems find their solutions in the development of small scale industry which is another name of entrepreneurship in the developing countries. Mahatma Gandhi also asserted the same, entrepreneur ship has not grown much in India but it is gaining importance fast. The factors which retard the success of entrepreneurship in India are inadequate infrastructural facilities, shortage of capital, technical

knowledge, and transport, absence of cheap and good quality raw material and shortage of power etc. The government has been taking significant steps to encourage entrepreneurship as entrepreneurship is the only solution to various problems of developing countries. Entrepreneurship caught strong waves during the last three decades and became a worldwide movement spreading across countries, regardless of their level of development. Even in Europe and United States, revival of small business has been seen for more than a decade. Constant change and innovations are simply a necessity of entrepreneurship and is becoming essential to survive in a global economy.

(i) Detect the opportunities

(ii) Pursue the opportunities and rewarded

(iii) to lessen the consequences of failing.

Features of Entrepreneurship:

Entrepreneurship is the tendency of a person to organize the business of his own and to run it profitably, using various traits like leadership, decision making, innovation, managerial caliber etc. Entrepreneurship is a set of activities performed by an entrepreneur in a way, entrepreneur precedes entrepreneurship. The main features of entrepreneurship are as follows:

(i) Economic Activity: Although classical economists like Adam Smith and Richard Cantillon and many others didn't recognize entrepreneurship as an economic activity but since last few decades' entrepreneurship is catching up and is primarily becoming an economic function because it involves creation and operation of an enterprise.

Schumpeter's argument was that all important changes in the economy are set off by an entrepreneur and then these changes slowly work themselves through economic system, in the form of a business cycle.

(ii) Innovative Activity: According to Schumpeter, entrepreneurship is essentially a creative and an innovative activity. There are five ways of being innovative.

(a) The introduction of a new good;

(b} The introduction of a new method of production ;

(c) Opening of a new market;

(d) The conquest of a new source of supply of raw-material;

(e) The creation of a new organization of an industry.

Schumpeter's entrepreneur combines already existing materials and thereby produces something novel and innovative. It is only at that very moment when some one actually puts together such a combination that he is engaged in entrepreneurship. He suggests that it is very useful to study the constitutive parts of entrepreneurship, different motives that drive the entrepreneur and the main types of innovative behavior that entrepreneurship may result in.

Entrepreneurs tend to tackle the unknown; they do things in new and different ways' they weave old ideas into new patterns; they offer more solutions than exercises. However, just to be innovative is not enough unless that innovation is carried into production to benefit consumers.

(iii) A Function of High Achievement: McClelland identified two features of entrepreneurship, (a) doing things in a different and better way; (b) decision making under uncertainty. People having high need for achievement are more likely to succeed as entrepreneurs. Psychological theories assert that people's capacity for entrepreneurship is decisively influenced by the way they are socialized as children.

David McClelland stressed that entrepreneurs are highly motivated by challenging and competitive work situations.

(iv) Creative and Purposeful Activity: Entrepreneurship is virtually a creative and purposeful activity. Entrepreneurship is a creative response to the changing environment. Earning profit may

not be the sole objective but introduction of something creative and new is the purpose of entrepreneurship. The benefit of this creativity must be enjoyed by people at large.

(v) Entrepreneurship: An Organizing Function: As J.B. Say says: The entrepreneurs function is to combine the productive factors, to bring them together. According to him, an entrepreneur is one, who combines the land of one, the labour of another, and capital of yet another, and thus, produces a product. By selling the product in the market, he pays interest on capital, rent on land, wages to labourers and what remains is his profit. Thus, J.B. Say clearly distinguishes between the role of a capitalist as a financer and the entrepreneur as an organiser.

Marshall also advocated the significance of organisation among the services of special class of business undertakers.

(vi) Entrepreneurship: A function of Risk-Bearing : Richard Cantillon, an Irishman living in France, defined entrepreneur who buys factors of production with a view to sell it at uncertain prices in future. Cantillon concerned of an entrepreneur as a bearer of non-insurable risk. Thus, Cantillon introduces elements of direction and speculation into the function of entrepreneurship.

Entrepreneurship is a dynamic and multi-dimensional concept. It is both an art as well science. It is more an art than science. In short, Entrepreneurship is what entrepreneurs do.

5.4 Fund-raising

An entrepreneur can source for fund through

1. Owner's Equity

2. Loans

3. Grants

a. *Owners Equity*: This is the owner's fund contribution in business. It is also called **risk capital**. This is the most reliable source of funding in business. For it put less pressure on the entrepreneur even if the business failed. This money is raised

from past savings of the entrepreneur. It may be contribution from friends, relations etc. The important thing is that there is no commitment of repayment on the entrepreneur.

b. Loans: This is a facility given to the entrepreneur with obligation to pay the sum and accrued interest at an agreed date, This can be sourced from the private sources or financial institutions such as microfinance houses or commercial banks, It is not the best source of financing new business, because the payment put pressure on the entrepreneur and the business, Where it could not be totally avoided entrepreneur should be careful in taken it. As alternative to this option, a starter is advisee to take up apprenticeship to gather knowledge as well as money to start business,

Types Of Loans And Facilities

1. **Short term loan:** This is the type of loans with repayment period of less than six calendar months. This is the popular type offered by micro banks and venture capitalist.

2. They are usually sourced to finance working capital and ventures with short term gestation. They usually attract payment of interest at high rate.

3. **Medium term loan:** The duration of payment for this facility does not exceed twelve months. Both commercial banks and micro finance institutions are reluctant to grant this type of facility because they need fund to run their own businesses. They avoid anything that will tie down their article of trade (money).

4. **Long term loan**: This type of facility is repaid after two years or more. It is sourced for capital projects, it is usually provided by specialized banks such as Bank of Industry, EXIM etc; small scale business entrepreneur may not be able to access this type of loan because of stringent conditions attached to it.

5. **Overdraft**: This is a facility that allows an entrepreneur to withdraw more than what he/she has in his account. It is an

arrangement between the bank and it customers to withdraw above the balance in the account. It is approved from the appropriate authority in the bank. It is usually for few days or weeks. Micro finance and commercial banks offer this type of facility which is subject to renewal..

6. **Trade Credit**: This refers to different trade arrangement between sellers and buyers whereby payment for goods purchased is postponed till agreed date.

7. **Loan from Credit/Thrift cooperative societies**

8. These associations/organizations are formed to provide credit to their members at affordable/concessionary interest rate compared to what obtained at the money market. Small scale entrepreneurs are encouraged to belong to their associations to enjoy this facility.

9. **Equipment Leasing**: This involve arrangement between the financial institution and its clients, whereby the institution agreed to purchase fixed asset such as equipment/machine for its client who repay the cost of this equipment and interest accrued on it over an agreed period of time. This arrangement checkmate diversion of credit to other uses.

C. **Grants-** Government and non-government organizations sometimes give grants to potential entrepreneurs to start small businesses. This is an allowance that a government or an organization gives to support small business creation in the country. Examples include grants given by EcoBank, state and local governments through their different youth empowerment programmes

An entrepreneur might face the major hurdle of acquiring financing to jumpstart a business and increase the likelihood for success. Depending on the services or products provided, your company might require thousands of dollars to open for business. Fortunately, an array of finance sources is available. However, you must select the

source based on your personal financial standing and that best meets your needs.

1. *Small Business Administration Loan*

    The SBA is a federal government agency that provides financial assistance to new and existing businesses. Offices exist throughout the United States to assist small businesses. Business cash flow is the primary consideration for a loan. Owners with 20 percent or more ownership must personally guarantee the loan. Because there are three SBA loan programs, contact a local office or lender before completing an application to determine the plan best for your company.

2. *Private Loan*

    Execute a loan note that defines the loan amount and terms, including the interest rate. This document becomes a business record that might affect business profit and taxes.

3. *Personal Credit Card*

    Although it is best to separate personal and business transactions, you might consider using your personal credit card to start up a company. Keep records of business-related charges to your credit card. This funding might build equity in the company. However, you might elect instead to reimburse yourself from future revenue.

4. *Venture Capital Investors*

    Generally, venture capital investors provide funds to early-stage startup companies. These investors are interested in industries with high-growth potential, such as information technology. Normally, venture capital investors provide funds to a company in exchange for company shares. These investors require a business plan that demonstrates the probability of success.

5. *Micro-Loans*

    Micro-loans are small loans available to small businesses. These loans can be applied toward working capital, purchasing inventory or buying office supplies. As with other types of bank loans, micro-loans have interest rates and require collateral from the borrower.

6. *Venture Capital Financing*

   Venture capital is money given to companies by investment firms or individual investors known as venture capitalists. Venture capitalists are highly selective about where they plant their money, so only a small percentage of start-up companies with high growth potential receive this type of funding. Venture capitalists want to see their investments grow, so they may expect to sit on the company's board or share ownership in the company to have a say in the business's financial decisions

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Self-Check Questions

1. Execute a private loan note that defines the loan amount and terms, including the interest rate._____

2. Micro-loans are not for small loans available to small businesses._____

5.5 Assignments

5.5.1 Class assignment

Prepare the execution plan as an entrepreneur for starting   online news portal.

5.5.2 Home assignment

1. Write short notes on

a. Owner Capital

b. Entrepreneur

5.6 Summing Up

This lesson dealt with various methods of reliable source of funding in business. Entrepreneurship is a dynamic and multi-dimensional concept.

5.7   Possible answers to self check questions

1.   True
2.   False

5.8   Terminal Questions

1. Explain various sources of fundraising.

2. What are the "Entrepreneur" concepts for starting business?

5.9   References

1.   Hargie O, Dickson D, TourishDenis- Communication Skills for Effective Management, Palgrave Macmillan,India

2.   Dr. Sakthivel Murughan M -Management   Principles   & Practices, New Age International Publishers, New Delhi

5.10   Suggested Further Readings

1. Redmond, J, Trager R -Media Organisation Management, Biztantra, Delhi

2. Albarran, Alan B- Media Economics, Surjeet Publication, New Delhi

5.11   Glossary

Entrepreneur buys factors of production with a view to sell it at uncertain prices in future.